



Demographic change and implications for workforce ageing in Europe: raising awareness and improving practice

Dr Andrea Winkelmann-Gleed

Email: A.Winkelmann-gleed@londonmet.ac.uk

WLRI WORKING PAPER 5

Working Lives Research Institute
London Metropolitan University
31 Jewry Street
LONDON EC3N 2EY
Telephone +44 (0) 0207 320 3042
Email: workinglives@londonmet.ac.uk
www.workinglives.org

PAPER TITLE:

**DEMOGRAPHIC CHANGE AND IMPLICATIONS FOR WORKFORCE
AGEING IN EUROPE
- raising awareness and improving practice**

Dr Andrea WINKELMANN-GLEED

**Working Lives Research Institute
London Metropolitan University
Email: A.Winkelmann-gleed@londonmet.ac.uk
31 Jewry Street
London EC3N 2EY, UK**

'The views expressed in this paper are those of the author, and do not represent the collective view of WLRI.'

ABSTRACT

Despite differences between EU member countries, most experience demographic change characterised by a decrease in mortality and fertility rates leading to a growing proportion of older people with effects on the working population. This poses a range of economic challenges in terms of financing health care and retirement as well as maintaining the employment skills base.

This paper is based on a research project with the aim of identifying what policies employers and employment related organisations need to adopt in order to extend the labour market participation of older workers. Between 2005 and 2007 the ESF Article 6 funded CAWA (Creative Approaches to Workforce Ageing). This project was carried out by four European partner institutions based in: Spain, Austria, Sweden and the UK with further input from Bulgaria. The project partners had strong links to trade unions, employers organisations and regional authorities, facilitating multilayered debates related to raising awareness of demographic change among policy makers and developing best practice guidelines.

The findings presented relate to key employment areas and are explored from employers' and workers' perspectives. The organisational identities/commitment literature provides a conceptual framework to gain understanding of the push and pull factors associated with workforce ageing.

The paper concludes by arguing that the debate on workforce ageing needs to be focussed on deeper understanding by employers and policy makers of the work and non-work related identities of older workers.

Keywords

Older worker, demographic change, workforce ageing, organisational commitment, Europe

INTRODUCTION

As the baby boom generation approaches retirement age, larger cohorts of workers will be retiring while the numbers of new labour market entrants will be

insufficient to replace them. As a result, a major labour shortage is expected, which will pose a serious threat to macroeconomic performance and competitiveness, despite productivity and technological advances (Villoso *et al*, 2008).

Consequently demographic change, workforce ageing and the management of older workers is increasingly becoming an issue of policy concern for governments and employers. Social stability, physical security, improved living conditions and economic as well as medical progress have contributed to longer life expectancy and improved quality of life (Commission Communication, 2006). Free movement of labour across EU member countries has further affected the demographic situation (Pollard, Latorre and Sriskandarajah, 2008), leading to a further decline of the proportion of people in work in many regions of the EU (De Jong and Eding, 2000). The current worldwide economic downturn has effects on employment and migration in Europe affecting the whole of the labour market. At the time of writing this paper much of these issues are as yet unclear or just evolving. As demographic change is a long-term phenomenon, the employment of older workers is no less important than that of the young.

This situation poses not just economic challenges in terms of financing health care and retirement, it also poses dilemmas for individual older workers. Some will desire early exit from the labour market or some will be too ill to continue in work while others want to continue working but on their own terms. Others have to continue in work for financial reasons or face discrimination and are pushed out of the labour market. These push and pull factors highlight the complexity of work-related commitments with non-work-related ones. It seems that 'free choice' to continue in some form of work beyond statutory retirement age (SRA) is left to the financially secure, well-educated non-manual workers (Commission Communication 2006). This paper outlines that more could be done to address the push and pull factors, including addressing age discrimination and stereotypical perceptions of older workers which affect early labour market exit. Deeper understanding of the role of work as one contributor to overall quality of life is required in order to offer more workers over the age of 50 years a realistic opportunity and choice to continue being economically active.

EUROPE'S DEMOGRAPHIC SITUATION AND FUTURE PREDICTIONS

The figures show that since the 1950s, while life expectancy has increased by eight to ten years there are significant variations between the old and new EU member states. For example, a 60 year old woman can now expect to live six years longer in France (to 85.3 yrs) than in Bulgaria (to 79.3yrs). A 60 year old man can expect to live 5.4 years longer than in Spain (to 80.7yrs) than in Latvia (to 75.3yrs).

This increase in life expectancy is leading to an increase in the population between 55 and 60 years by about 1.4% between 2002 and 2010. As a result, by 2050 as much as 20% of Europe's population could be above 80 years of age (Age Concern, 2008). This leads to predictions that Europe's old-age dependency ratio - the number of people 65 years old and older compared with the number of working-age people (15-64years of age) will more than double by

2050 from 1:4 to 1:2 or even less (Kinsella and Phillips, 2005; Lutz, 2006). Today with at least 16% of the population over 65 years old, Europe has the highest proportion of older people in the world, higher than the US and other developed nations (Haub, 2007). Some predict that natural population growth (the ratio of births over deaths) will turn negative for the EU in 2010 and the vast majority of Europe's member states, including the new accession countries are projected to decrease in population over the next 25 years (Kinsella and Phillips, 2005; Lutz, 2006; McDonald, 2001).

Yet, these predictions are precarious as Europe's demographic change is also influenced by migration. Migration figures are composed of firstly out-migration of young, skilled workers who move temporarily or permanently particularly from the new accession countries to work abroad. For example, Poland saw many skilled workers migrating to Great Britain or Ireland. If not reversed, this trend could lead to a lack of skilled young personnel in socio-economically emerging regions of the EU (Pollard, Latorre and Sriskandarajah, 2008; Commission Communication, 2006). Secondly, net immigration into Europe is projected to increase even leading to overall population growth in Europe and delaying the predicted population decline until 2035 (EUROPOP 2008). It is estimated that in 2008 at least 1.6 million more people migrated to the European Union than from it (European Commission, 2008) and such numbers of mainly young people coming into the EU has positive effects on the age dependency ratio.

While the effects of demographic change on workforce ageing are currently still a predominately European issue, it will soon develop into one affecting the whole of the developed Western world characterised by high proportions of populations over 60 years of age by 2025 (US Census, 2000). This population ageing will affect health expenditure (United Nations, 2002); lead to a reduction in overall employment rates as well as an increase in the proportion of older workers in the EU15 (Jimeno, 2004). Thus the demographic shift calls into question both the sustainability of pension systems and the future of Europe's labour supply (Villosio *et al*, 2008). Cowell (2004) called this the 'timebomb' threatening European pensions as he commented on Adair Turner's report on the UK pensions. Turner (2004) concluded that in order to afford continued, guaranteed pensions, generations after the baby boomers will have to save more, pay higher taxes and work longer. Roseveare *et al* (1996); Fougère and Mérette (1998) and Grant *et al* (2004) have stated that unless changes in labour force participation patterns take place, the rise in public health expenditure associated with ageing would increase the fiscal burden and public debt. Thus the management of workforce ageing has to remain topical within the current precarious economic situation.

Currently in the EU15, the employment rate for older workers, aged 50 to 65 years of age, is only around 40% with 50.1% for men and 30.5% for women. This implies that, within Europe the majority of over 50 year olds are economically inactive. The European Commission has forecast that by 2030, the European Union will face a shortage of some 20.8 million people of working age. While high proportions of older people are not working, the implication is that part of the labour shortage could be met through delayed retirement.

EUROPEAN EMPLOYMENT OF OLDER WORKERS

As a result of these predictions European governments are increasingly recognising that older workers are important to the economy as their participation in the labour market could assist in securing economic productivity as well as sustaining social welfare and pension systems (Roseveare *et al*, 1996; Fougère and Mérette, 1998; Grant *et al*, 2004). Therefore, Europe has developed policy responses, such as the Lisbon European Council of 2000 (Lisbon Council, 2000) and the Stockholm European Council of 2001 (Stockholm European Council, 2001) which state agreed strategic aims to strengthen employment, economic reform and social cohesion in a knowledge-based economy. The principal goal is to increase the average employment rate of older people aged 55–64 years to 50% by 2010. Meeting this would mean an increase of employed older workers by 5 million across the EU15 states. These targets do not incorporate current migration statistics which, even though unpredictable, may distort the predictions.

While the economic pressure may be the main driving force behind these targets, more understanding of push and pull factors is required to facilitate an extension of older people's working lives in order to reach these targets. This involves addressing current evidence that older workers face discrimination when trying to access training and promotion or changing employers (ACAS, 2006). It also involves addressing issues that some older workers could be expensive in terms of salary and pension and perceived cost related to potential sick leave, loss of productivity and lack of adaptability to change (Phillipson and Smith, 2005).

Current legislation on age (Rubenstein, 2005) has been criticised for being driven by the objective of increasing productivity among older workers (Meadows, 2003). Yet the 2000 Employment Directive on Equal Treatment Article 13 requires all Member States to introduce national legislation outlawing direct and indirect discrimination on grounds of age, sexual orientation, religion and belief, and disability by December 2006 (European Commission, 2005).

QUALITY OF LIFE

While much of the literature on ageing in the labour market is driven by economic arguments or an analysis based on economic theory (Henkens *et al*, 2008; Adams and Beehr, 2003), intrinsic, non-financial, arguments also shape the discussion on how to encourage workers to remain in the labour market for longer. A prerequisite for this aim is increased job quality and sustainability over the lifecycle in order to match work with individual quality of life. The EU's taskforce on employment, led by Wim Kok, submitted a report to the European Council which called for Member States to consider the following key measures to meet employment targets for older workers (Age Concern, 2008):

- to provide incentives for workers to retire later and for employers to hire and retain older workers
- to promote access to training for all regardless of age and to develop lifelong learning strategies

- o to improve the quality of work to provide attractive, safe and adaptable work environments throughout the working life, including the provision of part-time work and career breaks

These recommendations echo the three key areas investigated in the research project:

1. employment transitions, including access to training
2. work/life balance and flexible working
3. work organisation, taking health and wellbeing into consideration

This paper looks at work as one aspect of overall quality of life and thus draws on the organisational behaviour literature and particularly the concept of 'commitment to stay in work' (Meyer and Allen, 1997). Meyer and Allen (1997) point out that one can be committed to stay with an organisation for a number of reasons without necessarily identifying with what the organisation symbolises: people may stay because they need the financial security, expressing 'continuance commitment'; if employees have received support in the past, they may feel a moral responsibility to stay, expressing 'normative commitment' to the organisation. Therefore 'just' staying in work can adversely affect morale, performance, overall productivity and lead to absenteeism. In extreme cases it can even lead to retaliation and various forms of 'employee deviance' (Neuman and Baron, 1998).

Consequently, from an employer's perspective, 'affective commitment' among workers is the most desirable, as it describes employees who are committed because they identify with what the organisation stands for and freely choose to associate themselves with that organisation (Meyer and Allen, 1997) in return for money and intrinsic benefits. These concepts of organisational commitment shed light on the underlying motives as to why a person would remain in work, thus stressing the argument that older worker's continued employment should above all be based on free choice and fair treatment. Work needs to be balanced with other personal commitments and apart from the economic benefits, continued employment beyond retirement age is reliant on work impacting positively on overall quality of life.

THE RESEARCH PROJECT

The Creative Approaches to Workforce Ageing (CAWA) project was funded by the European Social Fund (ESF) Article 6 and was carried out between November 2005 and November 2007. It was coordinated by the Working Lives Research Institute (WLRI) which forms part of London Metropolitan University in the UK and worked with partners based in Spain, Sweden, Austria as well as an observing partner in Bulgaria who participated in some of the international workshops, but not the case studies. These partners had strong links to third party social partners, including trade unions, employers organisations and regional authorities thus facilitating multilayered cooperation and debate.

CAWA's aim was firstly, to increase awareness of the issues related to demographic change and secondly, to identify the policies employers and employment related organisations needed to adopt in order to address the 'push' and 'pull' factors causing older workers either to remain in or exit early

from the labour market. This was done through organisational case studies and semi-structured interviews with workers over the age of fifty years, their employers and social partners such as trade unionists and employment bodies.

Push and pull factors related to labour market exit were identified and structured into three key policy areas based on the existing literature, namely: employment transitions, work/life balance and work organisation. A 'best practice guide' along these policy themes was produced as result of benchmarks developed at international, interdisciplinary workshops. Best practice was defined within the existing legal context and as such had to be free of any discrimination while further including innovative elements to facilitate extension of working lives for older workers.

The project focused on case studies from a range of different employment sectors and geographical regions. The selection and participation of case study organisations involved national project steering groups and existing best practices aimed at older workers within the organisations which could be capitalised on as part of the awareness raising element of the project. In total this led to eleven different case studies providing a real life window into the experiences of demographic change at the workplace and how this was being managed in the different countries. Table 1 provides a summary of sectors covered by case study organisations by country, demonstrating variety of types of organisations with differences in ownership, size and structure. The case studies were conducted based on a common methodology which consisted of one-to-one, semi-structured interviews with older workers and key informants. The shared topic guide covered the key areas of: employment transitions, work/life balance and work design.

Table 1 Case studies: Employment sectors by partner country

COUNTRY	SECTOR, including NACE code¹
<p>AUSTRIA Less than a third of all over 55 year olds are in employment. The Austrian government introduced <i>Altersteilzeit</i>, enabling older workers to reduce their working time with proportionately less loss in earnings (Kaun, 2003; Heuberger, 2004). As costs exceeded the budget, numbers of beneficiaries decreased. Some measures encourage labour market retention, but the national social security system supports early retirement. Chosen sectors represent different labour market aspects.</p>	1. The metal sector (NACE DJ) with 70% of enterprises having less than 50 workers, but most workers working in large enterprises. High proportion of male, blue collar workers, low general educational standard, 10% over 50 years with 7.5% over 55 years, most full-time and high proportion of shift work
	2. Hotels and restaurants sector (NACE 55) and travel agencies (NACE 633001 and 633002) with 93% employing less than 50 workers, high proportion of female workers, low general educational standard, 11% between 50-59 years, most full-time with seasonal fluctuations and weekend working
<p>UK Age discrimination legislation introduced in Oct 2006 leading to increased awareness of demographic change and encouraging some change in practices (Age Concern, 2006). Despite compliance with legislation, many employers do not go far enough with the implementation of truly innovative practices. The sectors have developed some innovative practices.</p>	3. Electricity, gas and water supply (NACE E 40.2) National energy provider, apprentice schemes for long term unemployed
	4. Health and social work (particularly public hospitals in London and the West Midlands) (NACE N 85.11) High proportion of ward nurses coming up to retirement age
	5. Transport, storage and communication (particularly public bus transport in London) (NACE I 60) Job changes to accommodate older bus drivers
<p>SWEDEN Labour market as a whole characterised by embedded good practices to encourage continued employment of older workers. Leading to high proportions of older workers in some sectors and becoming explicit in some innovative approaches to extend working lives. Sectors show best practices which other countries can benefit from.</p>	6. Electricity, gas and water supply (NACE E) 25% between 55-64 years
	7. Construction (NACE F), problem of ageing while working in physically demanding job
	8. Secondary education (NACE M) In Education 25% of employees are 55-64 years (20% is average), in upper secondary schools proportion of older teachers is even higher.
	9. Financial intermediation (NACE J) 25% of employees over 55 years
<p>SPAIN Little awareness of existing legislation; employers generally do not yet perceive demographic change as a problem. Chosen sectors employ relatively high proportion of older workers.</p>	10. Hotels and restaurants (NACE H55)
	11. SMEs in the retail trade (NACE G52)

¹ The NACE-code system is based on the European standard for industry classifications and was introduced in 1970. In 1990 a revised version became applicable. NACE means "Nomenclature Generale des Activites Economiques dans l'Union Europeenne" (General Name for Economic Activities in the European Union). The first four digits of the code are the same in all European countries. The fifth digit might vary from country to country and further digits are sometimes placed by suppliers of databases. <http://www.schober-international.com/nace.html>
http://ec.europa.eu/comm/competition/mergers/cases/index/nace_all.html

² Age related form of part time working.

The project commenced with a review of the existing literature, aiming to identify push and pull factors related to labour market exit among people nearing retirement age. Based on these the national, sectoral case studies were conducted and good practices discussed in a range of trans-European meetings.

FINDINGS

Contrary to what existing European and national legislation set out to achieve, in reality many older workers experience discrimination (ACAS, 2006; Phillipson and Smith, 2005). Within the main human resources (HR) functions, including recruitment and professional development, the study found that there were differing experiences of age related anti-discrimination in the participating sectors and countries. At the beginning of the project, in October 2006, the UK was implementing national Age Discrimination legislation and as a result companies were aware of the need for inclusiveness with HR managers revising recruitment, selection and training policies in light of this. In contrast, project partners from Austria and Spain reported that companies there had little experience with anti-discrimination practices. Despite existing legislation, few Spanish stakeholders were aware of it as the perception was that the Spanish labour market did not yet seem to be affected by demographic change and early retirement policies left low proportions of older workers. By comparison, the Swedish labour market as a whole was characterised by advanced and embedded good practices related to the employment of older workers. Moreover, the Swedish trade unions, representing 85% of the workforce, engaged actively with the debate on demographic change. The trans-European cooperation which was part of this project showed that even where legislation existed, good practice was not always implemented. Overall findings stressed the importance of social dialogue, allowing for shared learning and transfer of good practice. The findings are presented along the three key employment areas and are based on the interviews and case study data as well as outcomes from the discussion workshops.

1. Employment transitions

Employment transitions involve the HR functions, such as recruitment, training, promotion, redundancy and age monitoring. From the employer's perspective training and development were important throughout the life cycle of employment and they generally acknowledged the contribution made by older employees through their skills, experience and commitment.

Related to older workers the focus was two-fold: on the one hand individuals needed to develop their skills in order to maintain competitiveness in the labour market and on the other hand older workers were viewed by some employers as resources for skill transfer between the generations. The employers in high-skilled sectors, such as teaching, engineering, skilled construction work and banking made the case that retaining older workers was more cost-effective compared to what it would cost to recruit and retrain a new person for the same post. These employers further made the business case argument related to

knowledge transfer from older to younger workers. They utilised the knowledge, understanding and related skills of older workers by enabling them to mentor younger workers either formally or informally. Such mentoring schemes were implemented in the training of younger gas engineers in the UK and construction workers and secondary teachers in Sweden.

At the same time, the case study findings also highlighted the importance of introducing and promoting re-training schemes for older workers in order for them to maintain their competitiveness in the labour market. For example, in cooperation with the trade unions, a Swedish construction company offered retraining schemes for older workers, allowing them to use their experience and knowledge in a different role or different part of the company.

In the UK a London based bus operator viewed the recruitment of experienced, older bus drivers and their retention as more cost effective than training new staff. Furthermore older workers were seen as more reliable and stable and their experience was an important source of information for newer staff. Because the company wanted to develop its image as a nondiscriminatory employer, pay and working conditions for older bus drivers were addressed by offering staff over sixty-five years the opportunity to stay in work. Flexible working, a mentoring scheme and final salary pension scheme made this a realistic option.

Yet other employers from different sectors, stated the opposite, saying that the higher salary cost of older workers compared to younger ones made it economically more viable for them to only employ young, inexperienced employees. This was the case in the hotel, catering and restaurant sector where little training and induction is required and staff turn over is generally high. For example, in Austria and Spain, the staff in restaurants and hotels was largely young and while training was officially accessible to all staff, few older workers continued working beyond the age of forty in these sectors. The same was the case among workers in the metal industry in Austria where the offer of training could not prevent labour market exit.

Ahead of the introduction of Age Discrimination legislation in the UK a number of companies implemented specific initiatives aimed at recruiting older and/or long-term unemployed workers with the objective of training them for existing jobs. While this affected relatively few individuals, the fact that such programmes received considerable publicity allowed them to be seen as good practice examples which further raised awareness of the issues of long-term exclusion from the labour market due to age, ethnicity or social status and how this could be alleviated.

Employers raised the argument that pensions provisions and retirement schemes were too expensive and that finances could be better used by keeping people in employment rather than forcing them into retirement. Yet, simply doing the reverse, by forcing people to work longer, could have little positive impact in addressing the economic shortfall or in maintaining a healthy working life.

Older workers themselves articulated mainly two different perspectives: one came from those who had to continue in work and wanted to retire as soon as

possible and the other from those who wanted to remain in employment but under more flexible working conditions.

Among the first group, a range of motivations for continuing in employment were stated with the main one being financial reasons, including providing for dependent relatives or subsidising pension shortfalls. Other workers' motivation to work had lessened and they were anticipating retirement at the statutory retirement age or earlier if possible. In some countries, such as Austria the social security system acted as a disincentive for individuals to continue in work. Others, for example those working in small, family run businesses in Spain, felt trapped. They had to continue working despite long hours and sometimes little financial incentives on the grounds of loyalty to relatives.

Among the second group, workers reported that they wanted to remain in work out of free choice, because they enjoyed their career or because they felt a social responsibility to continue making contribution to society through their profession. However, they also desired more flexibility in their working arrangements, thus showing the complexity between work and general quality of life. For some workers continuing in work also required being offered roles with less work-related stress. Such 'step-down' options were, for example, offered to gas engineers in the UK who could request a change in role with fewer 'on call' duties thus making their working time more predictable and reducing stress associated with the uncertainty that comes with 'stand by' rotas involving cover for emergencies.

Other workers saw the social context, their interaction with colleagues or clients at work, as a pull factor to remain in employment. As such, the shared, collective aspect of some jobs can make a positive contribution to experienced job satisfaction and overall wellbeing as it affirms individual's significance.

The trade union perspective on extending working lives was weighed down by their long history of arguing for early retirement, making it difficult to now switch perspectives with the aim of engaging in bettering options for older workers to remain in work. Thus trade union representatives participating in the study advocated the importance of personal choice among workers rather than retention being based on economic arguments related to the funding of retirement. It was further noted that among the trade union movement retired members tended to give up their membership, as their loyalty did not extend beyond the workplace into the wider, political agenda.

2. Working hours and work/life balance

According to the latest European Commission's demographic report, the majority of men aged fifty-five to sixty-four still in work, worked forty hours or more per week, whereas, in most Member States, only a minority of women worked so many hours. The proportion of part-time employment among older workers was higher than among prime age workers. However, particularly for older men below the statutory retirement age, the choice was typically between

full-time work and complete labour market exit with gradual retirement not being very widespread (European Commission, 2008).

Choice over working hours and maintaining a meaningful work/life balance became increasingly important to older workers. A range of personal and workplace factors influenced individual employees' employment needs and hopes. These included caring responsibilities for children or ageing family members, financial obligations, considerations related to a partner's employment or social relationships formed at work. Thus the availability of part-time working and flexible working were essential to retain older workers in employment.

Some managers indicated that their companies wanted to be seen by the public and their customers as being socially responsible, so they actively promoted the values older workers were adding to their organisation and wider society. While they were offering flexible working arrangements aimed at older workers, in practice uptake was often low and compromised by a cut in salary, or a reduction in organisational status.

For example in the UK, NHS employers were generally aware of an increasingly ageing workforce, particularly among the nursing staff. This led to recommendations by central management bodies to implement flexible working arrangements more widely by NHS Trusts. As a result, one hospital involved in the study found that a third of workers between the ages of forty and fifty-nine wanted to reduce their working hours. Such high proportion of part-time flexible workers clearly caused management issues.

Interviews with other older NHS staff showed that many nurses chose to retire from full-time work as soon as possible and those who wanted flexibility in their working arrangements signed up with either an external nursing agency or a hospital-based nursing bank. This gave the individual the desired choice over when and how long to work for and as hospitals were generally short staffed, there was no risk of not getting work. For the employers such schemes involved a rise in staff costs and it would have been more cost effective to manage flexible working arrangements without a third party involved.

Other specific successful flexible working transitions have been implemented and run for the past five years by a Swedish electricity producer and distributor: the so called '80/90/100 model' gave older workers the opportunity to work 80% of normal working hours for 90% of normal pay and a 100% contribution to their occupational (service) pension. The 80/90/100 model was available at management discretion and in 2006 taken up by 165 out of 900 employees who were at least fifty-eight years old, an equivalent of 20% of all older employees. According to the company's calculations the measure was cost neutral as it reduced sick leave and helped lessen rehabilitation costs. Yet, despite this cost-benefit analysis, when the model was introduced as part of the CAWA project's European discussion workshops there was much skepticism among the non-Swedish partners to introduce similarly innovative schemes in their countries.

The case studies in the hotel and restaurant sector conducted in Austria and Spain showed that not all employers were interested in offering better work/life balance. There were only a very small number of employers operating within

the niche market of these sectors who were willing to implement flexible working practices beyond the required legal standards for a few of their senior staff. Generally though individuals were easily replaceable. As a result older workers may be forced out of these sectors as they might not be able to continue with shift work or night working in light of having to balance demands made by their employers with their own non-work related commitments. This showed that individuals needed to be aware of the risk factors associated with working in certain sectors and either improve their chances of retention by training in management or face having to change careers in mid life.

As workers grew older, the desire to match personal interests and family commitments with the need or desire to continue in work became apparent among workers in all sectors covered by the study. Older workers mentioned the need to feel valued and stated the importance of being acknowledged as an individual related to the perceived societal value of one's work as one reason to continue in work. In addition to the importance society places on work, the individual level of personal job satisfaction linked to a personal interest in work and personal development were listed as important pull factors for continuing in an occupation. A strong argument for being able to continue in work related to the ability to successfully organise work as one contributor to general quality of life. Overlap between work and non-work related commitments included factors such as the time and energy required to carry out caring responsibilities for dependents or sick relatives; the desire to travel more or spend more time on a hobby or a partner retiring or continuing in work. The ability to manage retirement plans with personal circumstances will determine continued labour market participation for those workers who are financially secure.

In Spain it was reported that the trade unions' lack of urgency about the issue of demographic change affected their engagement with best practices. However, as a result of their involvement with the CAWA project, they committed themselves to include older workers in future collective agreement negotiations. Among the SMEs, in theory self-employment offered some older workers a certain element of flexible working, but many ended up working long hours in order to maintain their business. Thus while the issue of work/life balance is gaining attention, in practice the case studies showed many shortfalls.

3. Work organisation and workplace design

Work organisation and workplaces should be designed in such a way that all employees can achieve full working lives (McNair *et al*, 2004). Employees of all ages can be affected by ill-health, long-term sickness or disability and the management of workplace design requires clear policies which are adjustable to individual circumstances and based on consultation with individuals and trade unions, particularly as workers get older and physical strength may be reduced. Job design further focuses on health related issues and are particularly important in physical and manual jobs which have high attrition rates and costs related to ill-health.

In some sectors requiring a high level of physical fitness, the cost of sick leave as a result of work related ill-health among older workers could impede their employment. Thus the work environment needs to be managed in order to

establish preventative measures that promote good health and thus address absenteeism due to ill-health. Bus drivers, for example were able to extend their working lives up to the age of seventy as a result of redesigning their workplaces, making driving physically less demanding.

In terms of customer service, while there is little empirical evidence that customers prefer to receive services from workers who match them in terms of age, gender or ethnicity, this was cited by employers as a reason to continue employing older workers. Achieving likeness between customers and service providers may require retraining or re-design of the working environment as workers get older. This became apparent in the interviews with older gas engineers.

Generally training related to health and safety, including physical handling was included in mandatory staff training in order to prevent work related injuries. This is the case for workers in the health care service, in construction, engineering and bus driving.

More proactive policies were preventative measures including occupational health assessments in the form of regular health reviews. As part of protecting workers from ill-health, the importance of physical exercise and healthy eating were mentioned by workers and employers alike and several measures had been implemented by employers participating in the case studies: the provision of good staff canteens or vending machines offering healthy snack options; rest places at work where shift working required staff to take their rest near their workplace; subsidised membership at gyms and health clubs; education about health and fitness and support for staff suffering from mental health problems related to stress at work.

Yet other schemes went further and an example was provided by the Swedish construction sector where work was physically demanding and for many workers it was difficult to continue working even up to retirement age. An innovative co-operation between employers, unions and governmental bodies had proven successful in tackling the issue of long term ill-health: unemployed workers and employees who were on sick leave were able to participate in the scheme which placed the worker in a company where the job was adjusted taking account of the particular disability. For workers this meant re-entering the labour market in a different role and for employers it meant making the most of older workers' experience. However innovative, even this scheme had only been successful for a relatively small number of older workers and more needs to be done to prevent ill-health at work, not just within the construction industry, but all sectors of employment. This has to involve improving work organisation, including changes to organisational culture and individuals' attitudes towards older workers.

DISCUSSION AND CONCLUSIONS

The CAWA project enabled some European trade unions, employers, regional authorities and other stakeholders to reflect on the concerns related to demographic change and workforce ageing. The results underlined the significant differences between the four member states and regions in terms of their labour markets, their general awareness of demographic change and its forthcoming influence on social and economic wellbeing as well as their

development of age-friendly policies. These differences imply that solutions have to be specific and nuanced according to the nature of local, regional and national labour markets. While states such as Sweden have integrated policies and practices, other states continue to fund early exit from the labour market through their social systems or favor lower paid migrant workers in industries requiring little previous experience. These policies hamper individual choice for older workers who should neither be forced to continue working nor feel compelled to leave employment. The case studies, conducted as part of the CAWA project highlighted a range of measures related to existing good practices, but they also highlighted firstly, the lack of awareness of the issues of workforce ageing among some employers and indeed within certain nations and regions of the European union and secondly, the need to expand on existing good practice (CIPD, 2005) by making them available on a wider scale. The project findings have also made clear that even where best practices existed, these were only implemented on a small scale, within certain companies and affecting a limited number of older workers despite the fact that they can be cost-neutral.

While the overall situation is complex and ultimately policies will have to be developed within the national, regional and sectoral employment context, there are overarching concerns: firstly, employment transitions related to the key human resources functions need to be free of discrimination and based on data resulting from age monitoring; secondly, the issues of work/life balance and flexible working need to be addressed in a consultative manner with the individual worker and thirdly, workplace design needs to be supportive of the needs of all workers in order to prevent and manage ill-health.

The findings showed considerable lack of awareness of demographic change and the effects on workplace management and future labour supply which seemed to be fostered by existing social security systems and policies of early retirement. Furthermore employers in some sectors, namely hotels, tourism and restaurants were less concerned about developing ways to continue employing older workers than employers in sectors where more training and skill was required from the employee, such as secondary teaching, banking, gas engineering and health care. Hence, for employers to engage in innovative measures to prevent early exit from the labour market seems most applicable in sectors with limited competition for workers of similarly highly skilled level. These findings are in line with the existing literature (Phillipson and Smith, 2005; Green, 2005).

Innovative and flexible measures should be found related to workload and working times, including staged retirement plans with the option of gradually reduced working hours and adaptable working options. These can assist in creating a new balance of priorities between working, living, health and wellbeing, giving a stronger priority to both physical and psychological aspects of occupational health. Flexible working policies are one way for employers to offer improved work/life balance as well as bridging the gap between the company and the community by promoting new modes of paid and unpaid work and make these more accessible in later life (Phillipson and Smith, 2005).

As a result, one recommendation would be for employers and policy makers to start developing good practice guides in knowledge based sectors with low

physical energy needs and a high level of transferable skills. Sectors such as restaurants, catering and hotels with a high turn over, high proportions of young, low-skilled workers currently provide little incentive for employers to invest in policies aimed at retention of older workers and extension of working lives. In other sectors, such as SMEs and family run businesses, some older workers continue in work, not necessarily out of choice, but for a lack of alternative opportunities and driven by a need for manpower. Here initiatives of cooperation between businesses may achieve better work/life balance for the individuals.

The constructive management of extending working lives for older workers seems to depend on successful employment relations, involving open and clear communication with the individual employee. In this context, it is important to monitor the working conditions of workers approaching retirement age, namely those between forty-five and fifty-four years old to determine the factors which may lead to their early exit from the labour market. Karppinen, Director of the European Foundation for the Improvement of Living and Working Conditions made the point that it is also important to monitor and improve work sustainability among young workers, who face a higher incidence of job insecurity and risk exposure (Jorma Karppinen in: Villosio *et al*, 2008).

There is evidence of older workers being more loyal to the company, particularly in smaller enterprises. While organisational commitment (Mowday, Steers and Porter, 1979) is not always in the interest of the employer, especially if this commitment is normative or continual commitment (Meyer and Allan, 1997), in some sectors, such as SMEs and highly professional jobs, requiring many years of training and experience it is essential to foster dedicated staff who are willingly making a positive contribution to the organisation. Unless employers match cost effectiveness with elements of the employment process and encourage workers to positively identify with the organisation and their job, some workers will stay in work for the wrong reasons and not be productive. An organisation's effectiveness or capacity can be judged by such factors as the strength of motivation and morale of staff and the creation of a work environment in which staff can contribute their capabilities willingly (Beckhard, 1969; Mullins, 2002). In light of demographic changes within Europe, the ability to foster affective commitment among workers in order to deliver productivity could become increasingly important, as there will be fewer people in employment.

Related to the employment transitions, there remains the need to ensure that training and re-training opportunities are available to older workers and that they are not discriminated against during recruitment, selection and promotion. In the UK for example, public funding for workplace training is often focused on the eighteen to twenty-six age group. Mayhew and Rijkers (2004) confirm this by making the point that access to training is limited for older workers, particularly those in routine or semi-routine occupations (Molinié, 2003). An important issue in this context concerns access to new technologies, especially information technology (IT) which has increased productivity, but has been found to be biased against low-skilled workers and resulted in job losses for older workers (Crépon and Aubert, 2003).

Within the body of organisational behaviour and psychology literature, Tajfel (1978) developed the concept of social identity theory whereby individuals' social identities are partially composed by their membership in groups, such as community groups or workgroups (Tajfel and Turner, 1979). Personal identities interact with work-related ones and thus affect facets of wellbeing and effectiveness at work (Côté and Morgan, 2002; Warr, 2002). Thus achieving balance between work and individuals' other aspects of their life is of real importance. This applies not just to older workers, but to them in particular as individuals desire to make the most of good health while they are still able-bodied enough or need to balance their own or their partners' ill-health with continued employment (Phillipson and Smith, 2005). Others have to consider partners who have either retired or are in need of care or have caring responsibilities for ageing parents, grandchildren or children. While mothers have the right to request flexible working, older worker's caring responsibilities can easily be overlooked (Evandrou and Glaser, 2004; Loretto, *et al*, 2005). The study has shown that there is a lack of awareness among employers and policy makers of the non-work related issues faced by older workers. Both workers and employers acknowledged that policies encouraging workers to stay in employment beyond retirement age need to incorporate elements of part-time working, flexible working, phased retirement, reduction or change in workload, job modification, rotation and job re-design.

The social aspect of working in a team was a significant pull factor for some workers and Arnold *et al.* (1998) point out that very little research has been done about the area of relationships at work. Even so, it is acknowledged that poor relationships reflect low levels of interest, trust and supportiveness and these can negatively affect job satisfaction, motivation and wellbeing at work while positive relationships have the opposite effect (Arnold *et al.*, 1998).

Other studies have shown that inflexible working hours can contribute to pushing workers into early retirement as they interfere with non-work related commitments and interests (Gustman and Steinmeier, 2004; Penner *et al*, 2002). While there is no clear evidence from the existing literature that family friendly working practices, including flexible working arrangements are positively linked to performance (Giardini & Kabst, 2008), they are needed to encourage an extension of working lives for individuals. Any practical measures need to be implemented in a fair and transparent manner. Hence, non-standard working hours need careful discussion with individual workers, such as shift working, night working or working on weekends. This discussion could form part of annual staff appraisals and take place well before an individual is due to retire.

In the literature there is the underlying assumption that work-related identities and the motivation to work and to contribute to the organisation can be managed, hence calling for policies that take personal situations into consideration (Dutton and Dukerich, 1991; Elsbach and Kramer, 1996). However, the case studies showed that in practice such management was dependent on the willingness of employers and the constraints associated with working in certain sectors.

One of the main push factor leading to early exit from the labour market is ill-health (Humphrey *et al*, 2003; Mc Nair *et al* (2004); Barnes *et al*, 2002) and financial incentives to retire as a result of social systems and retirement plans

(Phillipson and Smith, 2005). Hence in order to constructively manage older workers to continue to make a fulfilling contribution, in addition to flexible working arrangements, workplace design or re-design need to be considered in an innovative and non-discriminatory manner. Companies using older workers as mentors or the offer of a role change without compromising pension arrangements were examples of this. Other sectors with high proportions of manual workers may need to develop less physical demanding alternatives or work in cooperation with trade unions and employers' organisations on rehabilitation programmes as the Swedish construction case has shown.

The health and safety of workers employed in physical and manual work who may be unable to sustain work within the same sector into later life need to be considered further through cross-sectoral cooperation between employers. In some cases the creation of alternative employment may need more innovation as well as the protection of pay and pensions with the avoidance of earnings reductions for older workers in areas of work where pay is directly related to productivity and where that productivity may be difficult to sustain at consistent levels as the worker nears retirement.

Further research is needed at European national level to disentangle push and pull factors affecting exist from the labour market. With increasing globalisation, further work is also needed to conceptualise the correlations between labour migration and demographic change with its effects on sending and receiving countries. Another strand related to demographic change that requires more research and policy action is related to more gender equality both at work and at home. While the pay gap between men and women is well documented (Commission Communication, 2007), women's fertility is also constrained as a result of lack of child care, embedded prejudices against working women in some societies and lack of support mechanisms to better reconcile family care and paid work. Furthermore, the cases of black and minority ethnic older workers and minority ethnic, cultural and religious groups within Europe need to be understood in more depth and are under researched.

With improved financial security, social status and health care flexible retirement options in order to achieve active ageing are becoming increasingly important for workers. In order to maintain a committed older workforce, this should be turned into concrete and flexible options of working, such as annualised working hours or 'gap years', allowing individuals to combine work with pleasure or non-work related responsibilities. There is a lack of research and promotion of truly innovative initiatives which build better bridges between the various stages in life and create a more equitable balance between the individual's interests. Here trans-European working and learning can be of real benefit to member states.

While economics are an obvious driver to prolong working lives and the concern over pensions has driven much of the debate on demographic change, there are other, more individual aspects related to the push and pull factors which need to be heard and addressed in order to implement extended working policies successfully. Demographic pressures as well as legal and structural changes in the world of work mean that increasing numbers of workers will be working beyond the current statutory retirement age and European employers will be forced to adapt accordingly. If Europe manages to develop coherence

and cooperation in looking into these issues, it will have much to offer the rest of the developed world as demographic change becomes an increasingly global challenge.

BIBLIOGRAPHY

ACAS (2006) Guidance on age and the workplace. London: ACAS.
<http://www.acas.org.uk/index.aspx?articleid=801>

Adams, G.A. and Beehr, T.A. (2003) *Retirement, Reasons, Processes, Results*. New York: Springer.

Age Concern (2006) The Employment Equality (Age) Regulations 2006. UK: 1. October 2006.

http://www.ageconcern.org.uk/AgeConcern/age_discrimination.asp

Age Concern (2008) Key facts: The European Union, older workers and employment. London:

http://www.ageconcern.org.uk/AgeConcern/eu_and_employment.asp

AMS (2006): Altersteilzeitgeld, Stand 1.1.2006,

http://www.ams.or.at/neu/3016_815.htm

(27.04.2006)

Arnold, J., Cooper, C.L. and Robertson, I.T. (1998) *Work Psychology*. London: Financial Times Publishing.

Barnes, Helen, Parry, Jane and Lakey, Jane (2002) *Forging a New Future: the experiences and expectations of people leaving paid work over 50*, Bristol: Policy Press.

Beckhard, R. (1969) *Organization Development: strategies and models*.

Reading, MA: Addison-Wesley Publishing Company.

CIPD (2005) Age and employment, fact sheet. Originally issued in May 1996; latest revision October 2005. London: Chartered Institute for Personnel and Development

<http://www.cipd.co.uk/subjects/dvsequ/agedisc/ageandemp.htm?lsSrchRes=1>

Commission Communication (2006) The Demographic Future of Europe – from challenge to opportunity. *Commission of the European Communities*. Brussels: 12.10.2006.

Commission Communication (2007) COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE EUROPEAN PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS. Tackling the pay gap between women and men.

http://ec.europa.eu/employment_social/news/2007/jul/genderpaygap_en.pdf

Côté, S. and Morgan, L. M. (2002) A longitudinal analysis of the association between emotion regulation, job satisfaction, and intentions to quit. *Journal of Organizational Behavior*. 23: pp947-962.

Cowell, Allan (2004) Demographic time Bomb threatens Pensions in Europe. *New York Times*: November 26, 2004.

<http://www.nytimes.com/2004/11/26/international/europe/26pension.html>

Crépon, B. and Aubert, Patrick, 'Productivité et salaire des travailleurs âgés', *Economie et Statistique*, No. 368, 2003, pp157–85.

De Jong, A.H. and Eding, H. (2000) main trends in the labour force in the European Union. *Maandstatistiek van de Bevolking*. 10: pp9-16.

Dutton, J. E. and Duckerich, J. M. (1991) Keeping an eye on the mirror: image and identity in organizational adaptation. *Academy of Management Review*, 34: pp517-554.

Elsbach, K. and Kramer, R. (1996) Member's responses to organizational identity threats: encountering and countering the Business Week rankings. *Administrative Science Quarterly*, 41: pp442-476.

European Commission (2005) Age Discrimination and European Law. Employment and Social Affairs. Brussels.
http://ec.europa.eu/employment_social/publications/2005/ke6805147_en.pdf

European Commission (2008) Commission Staff Working Document. Demography Report 2008: meeting social needs in an ageing society. Brussels.

Evandrou, M. and Glaser, K. (2004) 'Family, Work and Quality of Life: Changing Economic and Social Roles through the Life Course' *Ageing and Society*, 24: 771-91.

Fougère, Maxime and Mérette, Marcel (1998) Population ageing and economic growth in seven OECD countries, Working Paper No. 1998-03, Ottawa: Department of Finance, 1998.

Giardini, A. and Kabst, R. (2008) Effects of work-family human resource practices: a longitudinal perspective. *The International Journal of Human Resource Management*, Vol 19, 11: pp2079-2094.

Grant, J., Hoorens, S., Sivadasan, S., Loo, M. van het, DaVanzo, J., Hale, L., Gibson, S. and Butz, W., (2005) Fertility and population ageing. Causes, consequences and policy options, Santa Monica-Leiden-Cambridge-Berlin: RAND Corporation, 2004.

Green, Francis (2005) *Demanding work: The paradox of job quality in the affluent economy*. New York: Princeton, Princeton University Press.

Gustman, A.L. and Steinmeier, T.L., Minimum hours constraints, job requirements and retirement, *NBER (National Bureau of Economic Research) Working Paper* No. 10876, Cambridge, MA, NBER, October 2004.

Haub, Carl (2007) World Population Data Sheet. Population Reference Bureau, US.
http://www.prb.org/presentations/07WorldDataSheet_presentation.ppt

Henkens, Kène, Remery, Chantal and Schippers, Joop (2008) Shortages in an ageing labour market: an analysis of employers' behaviour. *The International Journal of Human Resource Management*. Vol.19, no.7: pp1314-1329.

Heuberger, Richard (2004): Actvage, Deliverable 2: WP 2 – Country Report Austria. Active Ageing and the Labour Market, May 2004

Humphrey, A., Costigan, P., Pickering, K., Stratford, N. and Barnes, M. (2003)

Factors Affecting the Labour Market Participation of Older Workers. London: DWP.

Jimeno, Juan, F. (2004) Demographic Change, immigration, and the labour market: A European perspective. *Documento de Trabajo* 2004-18. September. <http://www.fedea.es/hojas/publicaciones.html#Documentos de Trabajo>

Kaun, Maria (2003): Die neue Altersteilzeitregelung, in: ASoK 8/2003

Kevin Kinsella and David R. Phillips, "Global Aging: The Challenge of Success," *Population Bulletin* 60, no. 1 (2005) [PDF: 575KB](#)

Lisbon Council (2000) <http://www.euractiv.com/en/future-eu/lisbon-agenda/article-117510>

Loretto, W., Vickerstaff, S. and White, P. (2005) 'Older Workers and Options for Flexible Work', *Working Paper Series No.31*. Manchester: Equal Opportunities Commission.

Lutz, Wolfgang (2006) *European Demographic Data Sheet 2006*. Vienna and Washington, DC: Vienna Institute of Demography, International Institute for Applied Systems Analysis, and Population Reference Bureau, 2006.

Mayhew, Ken and Rijkers, Bob (2004) How to improve the human capital of older workers, or the sad tail of the magic bullet. Paper prepared for the joint EC OECD seminar on Human Capital and Labour Market Performance held in Brussels, 8. December 2004.

McDonald, Peter (2001) Low Fertility not Politically sustainable. *Population Today*, August/September 2001. <http://www.prb.org/Articles/2001/LowFertilityNotPoliticallySustainable.aspx>

McNair, S., Flynn, M., Owen, L., Humphreys, C. and Woodfield, S. (2004) *Changing Work in Later Life: A Study of Job Transitions*, University of Surrey: Centre for Research into the Older Workforce.

Meadows, Pamela (2003) Retirement Ages in the UK: A review of the literature, *Employment Relations Research Series*, No. 18. London: Department of Trade and Industry.

Meyer, J. P. and Allen, N. J. (1997) *Commitment in the Workplace, Theory, Research and Application*. London: SAGE.

Molinié, A-F., European Foundation for the Improvement of Living and Working Conditions, Age and working conditions in the European Union, Luxembourg, Office for Official Publications of the European Communities, 2003, available online at: <http://www.eurofound.europa.eu/publications/htmlfiles/ef02107.htm>.

Mowday, R. T., Steers, R. M. and Porter, L. W. (1979) The measurement of organisational commitment. *Journal of Vocational Behaviour*, 14: pp224-247.

Mullins, L. J. (2002) Managerial behaviour and effectiveness. In: Mullins, L. J. (Ed.), *Management and Organisational Behaviour*, 6th ed.: pp207-251. London: Prentice Hall.

Neuman, J. H. and Baron, R. A. (1998) Workplace violence and workplace aggression: evidence concerning specific forms, potential causes, and preferred targets. *Journal of Management*, 24: pp391-419.

Penner, R.G., Perun, P. and Steuerle 2002) C.E., Legal and institutional impediments to partial retirement and part-time work by older workers, Urban Institute Research Report, Washington, DC, Urban Institute: 2002.

Phillipson, Chris and Smith, Allison (2005) Extending Working Life: a review of the research literature. *DWP Research Report No 299*.

Pollard, Naomi, Latorre, Maria and Sriskandarajah, Dhananjayan (2008) Floodgates or turnstiles? Post-EU enlargement migration flows to (and from) the UK. IPPR, London: 30 April 2008

Roseveare, Deborah, Leibfritz, Willi, Fore, Douglas and Wurzel, Eckhard, (1996) Ageing populations, pension systems and government budgets: Simulations for 20 OECD countries, Economics Department Working Papers No. 168, Paris, OECD.

Rubenstein, M (2005) *Draft Age Discrimination Regulations: An EOR Guide in Equal Opportunities Review*, no 145

Stockholm European Council of 2001: www.ec.europa.eu/infonet/forum/026.pdf

Tajfel, H. (1978) *The Social Psychology of Minorities*. London: Minority Rights Group.

Tajfel, H. and Turner, J. C. (1979) Social groups and identities. In: Robinson, W. P. (Ed.), *Developing the Legacy of Henry Tajfel*. Oxford: Butterworth-Heinemann.

Turner, Adair (2004) Turner Commission report: 'Pensions: Challenges and Choices,' *Independent Pensions Commission*. Tuesday, 12 Oct 2004 19:04

United Nations (2002) World population ageing: 1950–2050, New York, UN Population Division,
<http://www.un.org/esa/population/publications/worldageing19502050/>.

U.S. Census Bureau (2000) <http://www.census.gov/acsd/www/subjects.html>

Villosio, Claudia, Di Pierro, Dario, Giordanengo, Alessandro, Pasqua Paolo and Richiardi, Matteo (2008) Working conditions of an ageing workforce. *Office for Official Publications of the European Communities*. Dublin.
www.eurofound.europa.eu

Warr, P. (2002) The study of wellbeing, behaviour and attitudes. In: Warr, P. (Ed) *Psychology at Work*. London: Penguin Books.

