

Older workers: research readings



NATIONAL CENTRE FOR VOCATIONAL EDUCATION RESEARCH

Edited by
Tabatha Griffin and
Francesca Beddie
NCVER



Australian Government
**Department of Education, Employment
and Workplace Relations**

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Research readings are comprised of a collection of selected research papers on a particular topic of interest.

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About the research

Older workers: research readings

Editors: Tabatha Griffin and Francesca Beddie, NCVET

One of the challenges facing Australia is the ageing of the population. Of major concern, especially to government, is that the dependency ratio – a measure of the burden that economically active persons carry by supporting dependent persons – will increase significantly unless older people keep working or immigration is used to change the demographic profile of the population.

In the latest intergenerational report, the Australian Government identifies a number of education, employment service, and income support initiatives designed to increase participation of older workers. The Consultative Forum on Mature Age Participation, launched as part of the Productive Ageing Package in 2010, will assist in identifying opportunities for the government to further support employment for mature-aged workers.

To help inform the consultative forum, and to generate discussion on older workers more broadly, NCVET commissioned six researchers to draft essays on various issues around keeping older Australians engaged. Topic areas the authors touched on included: international trends in ‘active ageing’; age discrimination; determinants of labour force participation; the economics of population ageing and the effects of superannuation reform; the nature of workforce participation and under-participation; and employability and training. Discussants were invited to present and respond to these essays at a policy roundtable held in May 2011. The essays and the discussants’ responses are contained in this volume, which also includes an introduction that distils the major themes.

The major themes were:

- the need to recognise the diversity of older workers
- the challenge of low literacy and numeracy skills for some groups of older workers
- issues around discrimination and stereotypes
- lifelong learning as a core concept in modern careers, aligned with the notion of active ageing
- that it should not be assumed that all older workers want to keep working.

I hope the essays and responses are a useful contribution to continuing discussions around keeping older Australians engaged.

Readers may also be interested in the reports coming out of a three-year program of research, *Securing their future: older workers and the role of VET*, funded through the National VET Research and Evaluation Program. The research, conducted by Chris Ryan and Mathias Sinning at the Australian National University, investigates issues such as the literacy and numeracy skill use of older workers in the workplace and the characteristics of people who work beyond standard retirement age. These reports are available from the NCVET website.

Tom Karmel
Managing Director, NCVET

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Francesca joined the National Centre for Vocational Education Research in August 2007 and was appointed General Manager, Research, in April 2009. Francesca has a particular interest in the intersection of research and public policy, a topic on which she has written.

Stephen Billett is Professor of Adult and Vocational Education in the School of Education and Professional Studies at Griffith University, Brisbane. Dr Billett has worked as a vocational educator, educational administrator, teacher educator, professional development practitioner and policy developer in the Australian vocational education system and as a teacher and researcher at Griffith University. Since 1992, he has researched learning through and for work and has published widely in the fields of vocational learning and workplace learning.

His books include *Learning through work: strategies for effective practice* (Allen and Unwin, 2001) and *Work, change and workers* (Springer, 2006). He is the founding editor and Editor-in-Chief of *Vocations and Learning: Studies in Vocational and Professional Education* (Springer). In 2009–10 he was awarded an Australian Learning and Teaching Council (ALTC) National Teaching Fellowship, which identified principles and practices to effectively integrate learning experiences in practice and academic settings. In June 2011, he commences a four-year Australian Research Council Future Fellowship on learning through practice.

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Saul writes a fortnightly column for the business pages of the *Melbourne Age* and *Sydney Morning Herald* newspapers, and undertakes a number of other freelance speaking and writing engagements.

He has a first class honours degree in economics from the University of Tasmania and a Graduate Diploma in Applied Finance and Investment from the Financial and Securities Institute of Australia. He has also completed the Senior Executive Program at Columbia University's Graduate School of Business in New York.

Tabatha Griffin is a Senior Research Officer at the National Centre for Vocational Education Research, which she joined in 2006. As a member of the Research Management Branch, she manages research projects funded through the National VET Research and Evaluation program. Tabatha's research interests include issues of equity in tertiary education and training. Prior to joining NCVER, she worked in the research division of the Royal Australian College of Surgeons. Tabatha has a PhD in biological science from the Flinders University of South Australia.

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Hugh holds master's degrees in both science and education. Currently, he undertakes or manages a range of consultancy projects for NCVER and has wide-ranging interests, including VET policy and practice, VET provider and workforce issues, teaching and learning, learner pathways and offshore delivery.

Bruce Headey is a Principal Fellow of the Melbourne Institute of Applied Economic and Social Research. Formerly the Director of the Centre for Public Policy, Associate Professor Headey is a specialist in welfare and distributional issues and is at the forefront of current international research into the efficacy of social welfare policies in Western Europe and North America. He has published extensively in Australia on this and related issues concerning life satisfaction, subjective wellbeing and income inequality. He co-led a major research project on political agenda-setting in Victoria, and has carried out a number of inquiries for the Australian and Victorian Governments on housing and human services.

Michelle Hogan has worked in employment and training, industrial relations and women's services in both government and non-government sectors over a period of 20 years. Michelle has extensive experience in industrial relations, employment, education and training. She was the first female Assistant Secretary of the South Australian United Trades and Labor Council (UTLC). She also worked as a Project Manager with the UTLC in the Trade Union Resource Centre, specifically dealing with employment and training programs.

Michelle Hogan currently works as the Manager of the South Australian Work Life Balance Strategy, an initiative based with SafeWork SA within the Department of the Premier and Cabinet. The strategy aims to work across government agencies and particularly with the private sector, in promoting the economic and social imperative for work–life balance initiatives.

Graeme Hugo is an Australian Research Council (ARC) Australian Professorial Fellow, Professor of the Discipline of Geography, Environment and Population and Director of the National Centre for Social Applications of GIS at the University of Adelaide. His research interests are in population issues in Australia and South-East Asia, especially migration. He is the author of over three hundred books, articles in scholarly journals and chapters in books, as well as a large number of conference papers and reports.

In 2002 he secured an ARC Federation Fellowship over five years for his research project ‘The new paradigm of international migration to and from Australia: dimensions, causes and implications’. In 2009 he was awarded an ARC Australian Professorial Fellowship over five years for his research project ‘Circular migration in Asia, the Pacific and Australia: empirical, theoretical and policy dimensions’.

Michael Keating, AC, FASSA, FIPAA, is member of the Board of Skills Australia, the Economic Development Board of South Australia, and the South Australian Training and Skills Commission. He is the former head of three Australian Government departments.

Dr Keating’s principal research interests include the integration of social and economic policy, particularly as it relates to improving labour market outcomes, and research into how government institutions and policies are responding to modern demands and pressures, and how the relationships between the citizen and the state are changing. Dr Keating’s most recent book, *Who rules? How government retains control of a privatised economy*, discusses the relationship between markets, government and society.

Helen Kimberley is principal researcher in the area of retirement and ageing transition in the Research and Policy Centre of the Brotherhood of St Laurence. Previously, Dr Kimberley managed a range of research and evaluation projects commissioned by the government, not-for-profit and private sectors. Her research interests include combating ageism and promoting the human rights, social inclusion, capability and wellbeing of older people in Australia, the future patterns of ageing, and rethinking Australian social policy for the second half of life. Helen holds a PhD and a BEd from La Trobe University and is an honorary fellow in the School of Social and Political Sciences at the University of Melbourne.

Peter McDonald is Professor of Demography and Director of the Australian Demographic and Social Research Institute at the Australian National University. He is President of the International Union for the Scientific Study of Population for the years 2010–13. He is frequently consulted on the issue of population futures (causes, consequences and policies) by governments around the world, especially in Australia, Europe and East Asia. In 2008, he was appointed as a Member in the Order of Australia. He is Deputy Director of the ARC Centre of Excellence in Population Ageing Research. Peter McDonald holds a PhD in demography from the Australian National University.

Philip Taylor joined Monash University in 2010 as Director of Research and Graduate Studies at its Gippsland campus. Prior to this he was Professor of Employment Policy at Swinburne University of Technology, where he directed the Business, Work and Ageing Centre for Research. Dr Taylor has researched and written in the field of age and the labour market for more than 20 years.

He is currently leading major programs of research considering the management of ageing workforces, which involves extensive employer-based research. His interests include the management of labour supply, individual orientations to work and retirement, employers' attitudes and practices towards older workers, and international developments in public policies aimed at combating age barriers in the labour market and prolonging working life.

Jasper van Loo is senior expert at CEDEFOP, the European Centre for the Development of Vocational Training in Thessaloniki, Greece. He works extensively on ageing, particularly on what it means in terms of working and learning. He is also responsible for research on the causes and impacts of skills mismatch and is involved in work that looks at the specific benefits of vocational education and training. Dr van Loo holds a master's degree in economics from Maastricht University and a PhD in social sciences from Utrecht University and has a wide experience in research on skills, skills obsolescence, competence analysis and employability. He has a number of articles and book chapters to his name, acts regularly as a reviewer for scholarly journals and has organised several international events. Dr van Loo drafted his contribution to this book on a voluntary basis.

Introduction

Georgina Atkinson and Francesca Beddie
NCVER

Some say that 60 is the new 50, which may be just as well, as many people can now expect to work well into their sixties, both to support their chosen lifestyle and to contribute to the national economy. With the ageing of the population, and the large baby-boomer generation moving out of the labour force, the proportion of people working is expected to drop. According to the recent intergenerational report (Australian Treasury 2010)¹, this is predicted to slow the economic growth of the nation. These demographics put the spotlight on the participation of older people in work and the role of education and training in developing and deepening the skills of older workers. That is why NCVER commissioned the essays in this book and brought together the authors with other researchers, community representatives and policy-makers in a roundtable to discuss topics as broad as ageing trends and demographics, employment participation, age discrimination, and education and training. The roundtable and the ensuing publication aim to contribute to the Australian Government's Consultative Forum on Mature Age Participation, as well as add to the broader debate on the labour market participation of older workers.

While policy-makers are worried about the size of the working population, Bruce Headey and Peter McDonald in this volume argue that trends show that the labour force participation of older workers has been on the rise in recent decades and if these trends persist, the number of older people in the workforce will continue to grow. There are many factors that have contributed to this increase in participation.

Education level seems to affect which older workers work longer, with the most-educated and the least-educated tending to work past retirement.² McDonald argues that, as the education levels of the Australian population steadily increase, a greater number of people are likely to work longer. And because people are spending more time in education and training, they also start work at a later age and can therefore be expected to work longer. Furthermore, as older workers are increasingly better educated, they will be more endowed with the skills necessary for a knowledge-based economy, which in turn helps older workers maintain their employability in a competitive labour market.

McDonald identifies other factors contributing to the growth in the labour market participation of older workers: the increasing demand for labour; women of all ages entering or re-entering the labour market; more women delaying child-bearing, leading to financial commitments to children later in life; previous and ongoing changes in the pension age extending the working age of both men and women; and the improvement of health and mortality rates, meaning that people are living longer and able to work longer. In addition to skills and qualifications, the following factors influence the employment of older workers: where they live, their gender, their partnership status and their language background.

Despite the increases in labour market participation, McDonald argues that the retirement of baby boomers will add pressure to an already tight labour market and future increases of older workers in

¹ Australian Treasury 2010, *Australia to 2050: future challenges (the third intergenerational report)*, Treasury, Canberra.

² Ryan, C & Sinning, M 2010, *Who works beyond the 'standard' retirement age and why?*, NCVER, Adelaide.

the labour market are not necessarily going to meet the future demand for labour. The recent *Intergenerational report* (2010) on population ageing estimates that between now and 2050, the number of people aged 65–84 years will double, and the number of people aged over 85 will quadruple. This will have a huge impact on the worker/non-worker dependency ratio. Currently, there are five working aged people for each Australian aged 65 years and over, but by 2050 this is set to drop to 2.7. The decrease in the relative number of working people supporting non-working people is an issue across the globe, and has governments worldwide thinking about how to bolster the labour force participation of older workers by encouraging them to work longer. This fits in with an ‘active ageing’ attitude. In his essay, Jasper van Loo says active ageing is about adjusting lifestyles to accommodate the fact that we live longer, are in better health and are more educated, and about embracing the opportunities offered by these improvements. It means striving for good health, working longer, retiring later and being active after retirement.

The Australian Government’s approach echoes this thinking. Its policy remedies include extending the eligibility age for the age pension, various superannuation incentives, and tax concessions on the incomes of older workers. These interventions have been raised in the essays and at the roundtable, with some criticism aired about these policies, particularly the superannuation incentives and tax concessions for older workers. For instance, Bruce Headey and Saul Eslake dispute the fact that these generous policies have caused workers nearing retirement to work longer; they argue that these policies have presented older workers with the opportunity of a well-funded retirement.

There is no unanimity about the desirability of making older workers work longer in order to solve labour supply issues. Generally, people work hard over their lifetime, so why shouldn’t they be able to retire when they want to and enjoy their leisure or choose flexible working arrangements? As Headey argues in his essay, many of the superannuation incentives introduced to keep people working are more likely to benefit the higher-skilled and higher-educated older workers and give these workers greater choice over their retirement and working options.

Not all workers are in a position to choose when and how they move out of the workforce. Many older workers experience involuntary retirement due to being unfit, unskilled or unable to adapt. As Helen Kimberley and Dina Bowman point out, this is particularly true for people working in occupations and industries where their jobs have been abolished because of restructuring and downsizing. Not surprisingly, the physical effects of ageing also act as a barrier to employment for people who work in manual occupations. Those who are long-term unemployed have even greater difficulty gaining employment. For these people, the challenge of re-engaging with the workforce and training is not easy.

As Philip Taylor discusses in his essay, age discrimination is also a persistent barrier to employment, with older workers continuing to experience discrimination in recruitment, retention and training practices. Much of the discrimination reflects stereotypical attitudes about older workers and their productivity and reliability. A certain level of stereotyping can be expected by employers who are trying to streamline their recruitment process, yet Taylor, along with Michael Keating, argue that there are signs of a shift in attitudes that should benefit older workers. In a tight labour market, employers will have to draw from a wider range of people, including older workers. Both also suspect that the ageing of the population and its concomitant affect on the workforce is prompting employers to pay more attention to the retention of their older workers.

While the changes in the labour market and attitudes will benefit many older workers, not all will be in a position to take advantage of such changes. Those who have been pushed out of jobs due to

downsizing and restructuring have already been mentioned. Those who are unskilled, with low levels of education and low literacy and numeracy skills, also tend to have greater difficulty adapting and remaining employable.

Here, there can be a role for education and training in helping people develop the skills needed to stay in a job or find a new one. This role ranges from teaching people basic literacy and numeracy skills, to deepening existing skills, to completely retraining workers. It can occur informally or formally, at work or in a training institution. And who you are depends on how valuable education and training is. For older workers in their sixties, who may only need to keep working for a short period, education and training may not be appealing or relevant. But for workers in their mid to late forties, education and training can be worthwhile as they may have another 20-odd years in the workforce to achieve a return on the investment in training.

Not surprisingly, older workers – particularly those with low education levels and lower skilled jobs – don't tend to engage in education and training as much as younger workers.³ The barriers that can hinder the participation of older workers in education and training include: age discrimination in workplace-based training, where negative stereotypical attitudes towards older workers about their learning ability and the return on investment from training mean that older workers miss out on opportunities to upskill; their own negative attitudes towards re-engaging in training, including doubts about their ability to succeed; lack of information about training options; work and family commitments; financial difficulties; and employment status.

Stephen Billett argues in his essay that the difficulties faced in accessing education and training raise important questions about Australia's tertiary education system and its ability to meet the lifelong learning needs of older workers. He says the delivery of education and training, in both the workplace and institutions, could better reflect the diverse nature of older workers and their learning needs, such as increasing the focus on workplace learning, recognising that older workers who juggle employment, training and other commitments may need great flexibility in training delivery, and greater recognition of previous learning and experience.

Trying to encourage older workers to maintain their employability and postpone retirement is a dominant policy trend. But as the diversity of opinion in these essays indicates, the topic of older worker participation in employment has many facets. And much like the essays themselves, older workers are a diverse group of people: they vary in age from their mid-forties to those in their late sixties and seventies; they work in all types of industries and occupations, with huge variations in skill levels. Moreover, diversity is also evident in retirement intentions, employment experience and barriers to employment. If policy-makers want to create strategies that improve the labour market participation of older workers, they need to provide the right incentives. Superannuation and social security settings are one part of the story, but so is identifying and removing barriers to employment and education for those who want to upskill and continue working on their own terms.

³ Ryan, C & Sinning, M 2009, *Job requirements and lifelong learning for older workers*, NCVER, Adelaide.

Making the most of mature minds: issues, trends and challenges in making active ageing a reality

Jasper van Loo

European Centre for the Development of Vocational Training (CEDEFOP), Thessaloniki, Greece

Introduction

The effects of population ageing are becoming increasingly visible in many societies across the world. When the debate about the ageing phenomenon began three decades ago, it was approached as a trend with distant future consequences. Today's society is at a turning point, where ageing is beginning to have real impacts on labour markets and the economy. The discussion on population ageing and its impacts has traditionally focused on its implications in terms of employment and the sustainability of pension and social security systems. Governments and policy-makers have responded with initiatives that increase labour market participation among older people, curtail early labour market exit routes and increase the statutory pension age.

Relatively recently, the question of how to support people in having longer careers has become central to discussions about ageing populations. This has reinforced lifelong learning as a core concept of modern careers and supported the notion of 'active ageing'. This concept was originally developed by the World Health Organization, who defined it as 'the process of optimising opportunities for health, participation and security in order to embrace quality of life as people age' (2002). In its definition, the European Union provided more detail by presenting it as:

a coherent strategy to make ageing well possible in ageing societies. Active ageing is about adjusting our life practices to the fact that we live longer and are more resourceful and in better health than ever before, and about seizing the opportunities offered by these improvements. In practice it means adopting healthy life styles, working longer, retiring later and being active after retirement. Promoting active ageing is about promoting opportunities for better lives, not about reducing rights. Adequate income provision and care is a part of the agenda.

(Hutchison, Morrison & Mikhailovich 2006)

This definition underlines shared responsibility. Successful active ageing requires action and commitment from all labour market stakeholders: nation states and governments, employers and individual employees (CEDEFOP 2010).

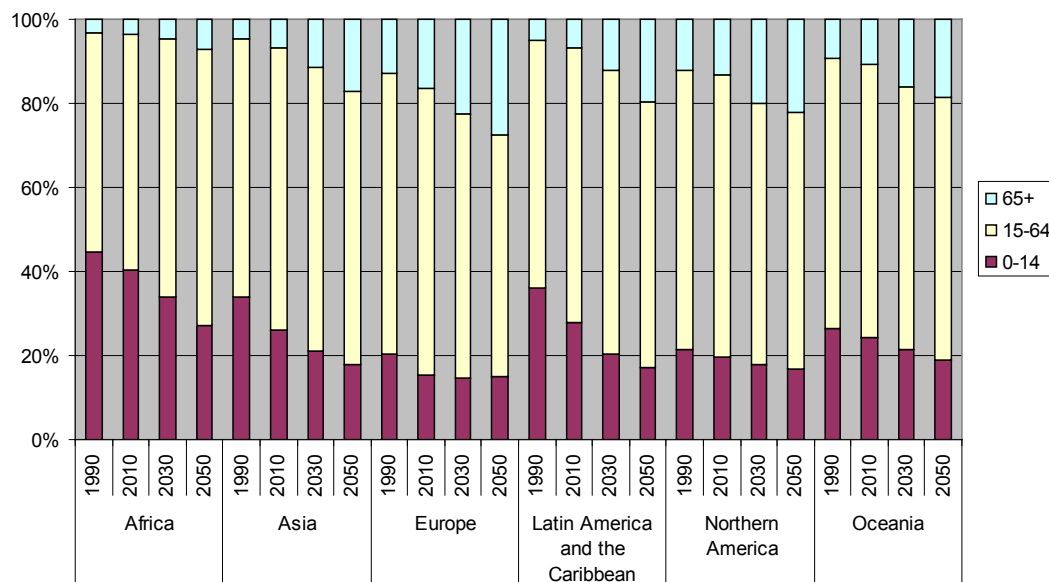
Through a review on recent literature on the topic, this essay examines and describes a number of issues and trends that have a profound influence on successful active ageing in modern societies. After looking into the ageing phenomenon and responses by countries in more detail in the next section, we examine several trends taking place in working life and organisations simultaneously. Following this, we look at how these trends impact on careers and the responsibility for career development. We then identify the barriers and tensions in current labour markets that hamper successful active ageing. Among the issues and trends to be discussed are the consistent findings that

employers recognise ageing as a dominant trend but are not yet sufficiently adapting their human resources practices (the ageing paradox) and the unmet guidance and counselling needs of ageing adults. The paper concludes by listing a number of challenges to guide future policies aimed at making active ageing a success.

Population ageing

Next to increasing skill requirements and initiatives towards greening economies, ageing is one of the megatrends impacting on world societies. Figure 1 gives an overview of the latest United Nations projections by world region of the composition of the population in 2030 and 2050 and compares it with the situation in 1990 and 2010. While the figure clearly confirms that ageing is a worldwide phenomenon, it also reveals that there is some variety between world regions. Europe is ageing most dramatically, with Northern America and Oceania second and third. Africa and Asia are ageing as well, but they will have far smaller population shares of 65+ people in 2050 than in Western world regions.

Figure 1 Population composition by age group, world regions, 1990–2050



Source: United Nations Department of Economic and Social Affairs, Population Division (2009).

Old-age dependency ratios

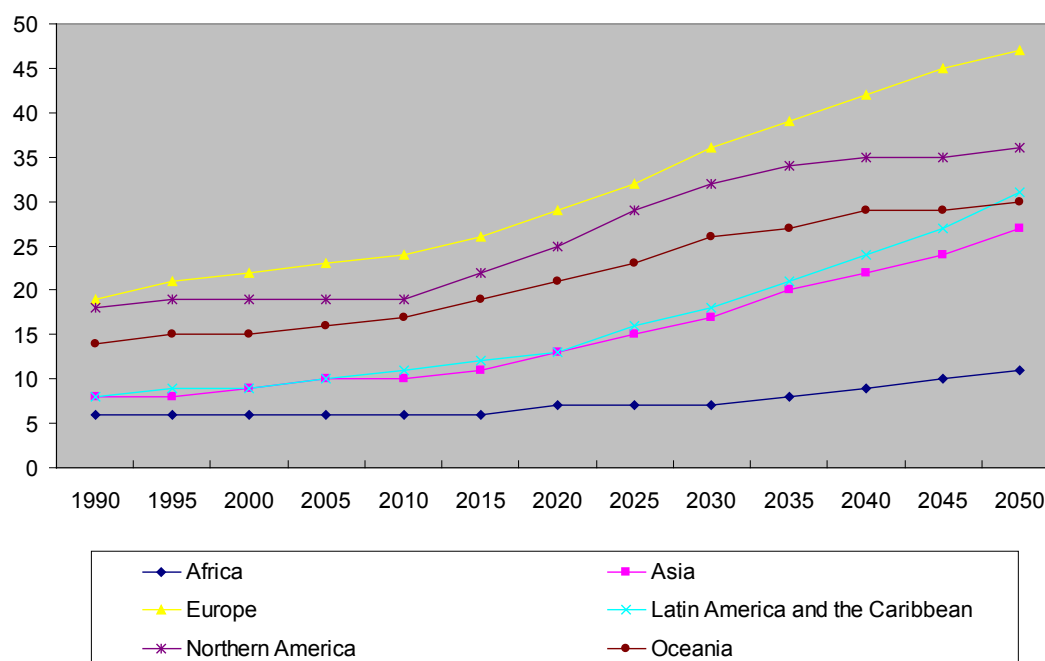
One of the traditional ways to look at the impact of population ageing on society is to consider the old-age dependency ratio. This ratio is defined as the number of people over 65 as a percentage of the working-age population (15–64). Figure 2 depicts the development of the old-age dependency ratio between 1990 and 2050 by world region. It shows that in all regions the old-age dependency ratio will increase. In Europe, the ratio will almost be double of that in 2010, meaning that, while currently there are about four people of working age (15–64) for each individual aged 65+, in 2050, only two people of working age will support each person in old age. The increase in the dependency ratio is substantial in other world regions as well, except for Africa, where there will only be a slight increase.

Responses by governments

Ageing as a worldwide trend has sparked concerns about various issues. A review of progress on the priorities set in 2002 by the United Nations indicated that, despite being at different stages of the

demographic transition, universal concerns exist in all world regions: sustainable systems of social protection; the participation of older persons in the labour market; growing demand for good-quality and accessible health care in general and long-term care in particular; and the rights of older persons in society (United Nations 2008). In general there are three policy options that can mitigate the effects of population ageing on the labour market: higher labour force participation rates, higher retirement ages and proactive economic immigration policy (Muenz 2007).

Figure 2 Old-age dependency ratio, world regions, 1990–2050



Source: United Nations Department of Economic and Social Affairs, Population Division (2009).

Concerns over the sustainability of pension systems, skills shortages and increasing old-age dependency ratios have prompted countries to eliminate mandatory retirement age and extend working lives. Some countries have been pursuing policies that stimulate the participation of older people in lifelong and on-the-job learning. In Europe, where ageing is most prominent, numerous pension reforms have been implemented. These involve changing defined benefit systems into defined contribution systems, reducing benefit levels, encouraging greater participation in pension schemes and providing new incentives to extend careers. Efforts to increase labour market participation among older people also feature prominently in European labour market policy. Current challenges include reducing the barriers that hamper longer working lives (for example, discrimination by employers, and insufficient access to training and development for older people) and closing the gap between statutory and actual retirement age.

Trends in work and organisations

Next to population ageing, several other interrelated trends impacting on the labour market and work in general can be distinguished: changes in work and developments in organisations. The nature of work is changing due to trends in technology and computerisation and the dynamics of modern work organisation. Other trends in the world of work highlighted by the Organisation for Economic Co-operation and Development (OECD) are changing work–life patterns, more flexibility in

the labour market, a growing importance of research and development activities, an expansion of jobs requiring higher education, increasing female employment and rising qualification levels among women (OECD 2010).

Important trends impacting on organisations are: increasing globalisation, intensifying international competition and a greater focus on the quality of goods and services. Thijssen (2000) has summarised the ongoing changes that characterise the transition from industrial organisations to service-oriented organisations in a succinct manner by describing four phenomena (see van Loo 2005, pp.33–4):

- Large and complex network organisations can only be regulated to a small extent by national governments. Only few production processes remain that are dependent on one particular location and do not allow fast transfer of labour across national boundaries. By comparison with organisations involved in low-skilled production processes, where manual labour and physical resources play a central role, modern knowledge-intensive organisations are presented with other possibilities – and constraints – in organising production.
- Modern service organisations also differ from manufacturing organisations in terms of the innovation–competition pattern. While for manufacturing the development and introduction of new products is a time-intensive process, being a fast innovator and being able to access patents may yield ‘first-mover’ profits to innovative firms. In relation to commercial services, competitors can follow the introduction of new products much faster since patents are generally not available for services and the set-up of special production facilities is not needed. Although the investment in physical capital goods can be limited, successful imitation requires an adequate level of relevant knowledge for service workers. Keeping the skills of these large numbers of core workers in service industries up to date is far more complicated than making sure a small team of product designers in manufacturing industries has adequate skills. Since new services may be quite complex, getting the necessary know-how requires considerable effort, and differences between and within organisations in this respect may arise. In conclusion, the innovation–competition pattern in modern service organisations takes place in the ‘front office’, but in manufacturing in the ‘back office’.
- Employment in commercial services increases while employment in manufacturing decreases. The essential difference between services and manufacturing is that in services the labour process is often less controllable. It is less suitable for a strong division of labour and involves more complicated tasks and a higher employee commitment to achieving results. This requires higher-educated employees who manage themselves and their careers. This phenomenon of ‘knowledge workers’ was previously limited to service organisations, but nowadays this image has changed. Automation and information technology have impacted on both industrial and service-oriented production processes.
- Finally, the majority of organisations now acknowledge that well-educated knowledge workers are the key factor for organisational success. This insight has resulted in the development of human resource management (HRM) as a separate management discipline. In the HRM approach, people are seen as valuable resources that are essential in being and remaining competitive.

These trends imply that employers need various forms of personal flexibility: quantitative flexibility in terms of the amount and distribution of work hours, and qualitative flexibility in terms of behaviour and willingness to learn. Organisations need greater productivity and flexibility in order to focus on speed and innovation and to be responsive to market conditions (Hiltrop 1995). We discuss the impact of these ongoing trends on workers in the following section.

Careers, career development and self-management

Psychological contracts

In order to understand the impact of trends in work and organisations on careers and career development for individual workers, we need to consider the psychological contract between workers and firms. The core insight from psychological contract theory is that, next to an explicit labour contract, there exists an implicit non-written contract, which is based on the expectations of workers and employers. The concept was developed in the 1960s (Argyris 1960; Levinson et al. 1962). Van Loo (2005) describes a number of definitions of the psychological contract developed over time. The most relevant definition for our purposes is the one proposed by Rousseau: psychological contracts are an individual's beliefs regarding reciprocal obligations (Rousseau 1990).

Increasing attention to the psychological contract is a consequence of the nature of workers' relationships with their employers changing (van Loo 2005). In traditional careers, which evolved within one of a few organisations over a lifetime, success was defined as salary increases and promotions. However, changes that require flexibility taking place in work have had the effect of changing the relationship between workers and employers: jobs have been moving from involving a traditional employment relationship to becoming governed by a more contingent employment contract. In a traditional psychological contract, workers exchanged loyalty for job security. But this arrangement is not compatible with the needs for cost reduction, flexibility and performance improvement. In a modern psychological contract, workers exchange performance and flexibility for continuous learning and marketability (McLean Parks, Kidder & Gallagher 1998; Sullivan 1999).

Impacts on careers

Changes in the 'deal' between employers and employees also have an impact on careers. Sullivan and Emerson (2000) described three changes marking the transition from organisational to 'boundaryless' careers: a move towards professional loyalty instead of organisational loyalty; a change in focus from extrinsic to intrinsic rewards (or psychological success; see Hall 1996); and a move towards self-reliance.

Moving towards a boundaryless career implies that career development will be cyclical rather than linear, that mobility will become a standard feature of careers and that career-development responsibility shifts from the organisation to the individual (Mirvis & Hall 1994, pp.368–9). The new career concept also appears as the 'protean' career in the literature (Hall 1976). It is defined as: 'a process which the person, not the organisation, is managing. It consists of all the person's varied experiences in education, training, work in several organisations, changes in occupational field, etc. The protean career is not what happens to the person in any one organisation ...' (Hall 1976, p.203).

Self-management

An important concept representing the extent to which employees are in sync with modern psychological contracts is self-management. Self-management can be linked to four career competencies (Ball 1997): optimising the current situation, career planning, engaging in personal development and balancing work and non-work. In terms of labour market, employment and lifelong learning, career planning and engaging in personal development are the most relevant self-management dimensions. In ageing societies characterised by change, self-management is a true core competence enabling successful and satisfying working lives lasting beyond what was, not so long ago, considered retirement age.

Barriers and tensions hampering successful active ageing

The increasing relevance of and attention on active ageing as a means to counteract the impacts of population ageing is a good sign, but does not mean that active ageing is successful across the board. In practice, there are a number of barriers and tensions that hamper making active ageing a reality. Some of the most important issues are the ageing paradox – employers accept the realities of population ageing but do too little about it – generally negative perceptions of age in societies, and unmet guidance and counselling needs of older adults. We turn to each of these issues below.

The employer paradox

National as well as international cross-country research consistently finds that, although employers generally view population ageing as an important trend that may have consequences for their business in terms of future skill shortages, they are not sufficiently adapting their HR policies to the reality of an ever-increasing average age of their staff. At a macro level, this phenomenon is most visible when looking at the participation in training and learning of the employed according to age group. But the mere provision of training and learning opportunities is not the only dimension that is instrumental in active ageing policies. Making learning and training tailored to the needs of older individuals is at least of equal importance. In addition, active ageing also requires that, where needed, workplace conditions are adapted, that older workers are given more opportunities for mentoring and coaching, and that there is sufficient flexibility for workers to manage their job in a sustainable way and to allow a good balance between work and non-work activities.

Van Dalen, Henkens and Schippers (2009) compared employers' attitudes and actions in dealing with older workers (the European Employers Attitudes Survey 2005) in four European countries – Greece, Spain, the United Kingdom and the Netherlands. The majority of employers anticipate future problems due to a shrinking workforce, and the ageing population is one of the core drivers of this. However, only a minority of employers implement or consider implementing measures aimed at retaining personnel, in terms of easing the leisure–work trade-off, reducing stress at work, adjusting tasks and capabilities, and adjusting working conditions.

Negative perceptions of age in society

Stereotyping by employers and the relationship between age and participation in various types of learning have received considerable attention in debates on active ageing, but individual views and beliefs on age and their impact on working life and retirement decisions have been far less prominent (Paloniemi 2006). This is, however, an important issue, as policies can only create the conditions to extend working life: ultimately, the retirement decision is an individual one. Van Loo (2010) examined individual conceptions of age by looking at how individual beliefs, experiences, participation in training, and health status impact on a person's views on the question of what age constitutes old age. It was found that gender (being female), age, level of education and a good health status have a positive impact on the age at which people are seen as being too old to work. Interestingly, the occupation of the person making the determination has a significant impact too. People with occupations in which manual skills play an important role (technicians, craft trade workers etc.) view people as old earlier than people in other occupations. The main lesson to be learned from the analysis is that views and beliefs on age are dependent on a number of personal factors, personality traits and contextual conditions, in terms of one's own job. The implication is that the way age, in terms of the ability to work, is perceived in society is a factor that can have a significant impact on the success of active ageing policies.

Unmet guidance and counselling needs for older people

The changing world of work, changing career patterns and the need for longer working lives requires an expanding role for guidance and counselling for adults. The traditional focus of guidance in terms of occupational and educational choice is supplemented by a need for careers guidance during working life that is aimed at career success, facilitating job mobility and continuous skills updating. This requires a much more holistic approach to careers guidance and, despite a number of encouraging initiatives in some countries, much more needs to be done to support ageing workers with services that really cater to their needs.

One of the core challenges is to ensure that guidance counsellors themselves have the right knowledge and skills to provide these services. Currently, guidance and counselling services are the responsibility of many different stakeholders in the labour market – with little coordination – which contributes to the scattered nature of these services. This makes it difficult to provide counselling services in line with more dynamic careers that are characterised by regular changes and spells of upskilling and reskilling, induced by changing job requirements. A book on challenges for guidance and counselling in Europe (CEDEFOP forthcoming) shows that successful modern guidance services comprise much more than directing people to a particular training course; they involve an assessment of skills and learning needs, including, where required, a recognition of prior learning or experience, a process of selecting and tailoring different training options according to clients' needs, a strong focus on long-time career concerns, and support to assist people to become more self-managing, if needed. Successful active ageing requires that lessons learned from successful initiatives become common principles in guidance and counselling practice.

Lessons for the future

Addressing the consequences of demographic change without considering simultaneous changes taking place in the world of work and its organisation is impossible. Working at advanced age today is different from working at older ages only a few decades ago, with increasing demands on flexibility, changing relationships between employers and workers, and a greater need to manage one's own career.

The currently popular active ageing concept as a key paradigm to deal with the impacts of demographic change is promising. However, much effort is expended by governments on promoting longer working lives without really addressing the issue of the learning and employment conditions necessary to encourage ageing people to stay longer in employment in a sustainable way. Part of the generation of ageing workers reaching their fifties and sixties in the next decade may need to adjust to self-management as a leading career principle, since they began their careers in different circumstances. Targeted, tailored and comprehensive guidance and counselling services can be crucial, but making this a reality is one of the real challenges in the coming years. But equally important is making employers aware of the benefits of investing in their staff. The stereotyping of ageing workers remains a serious issue and underinvestment in the skills of ageing workers is common, despite the fact that in knowledge societies with higher rates of skills obsolescence, the argument that investing in the skills of ageing workers compared with younger workers, is becoming less relevant.

The points raised in this essay indicate that successful active ageing in modern societies requires action on several fronts. Those actions need to be based on sound evidence, and research should play a major role. The complexity of the ageing phenomenon implies that multidisciplinary perspectives are of great value in any effort towards making societies deal with population ageing comprehensively

and coherently. Combining socioeconomic models of trends shaping economies and societies with psychological insights that focus on interactions between labour market actors, responsibilities and career decisions and examining the implications of these trends is one way to begin. It is a good sign that such research efforts are currently emerging.

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Making the most of mature minds: issues, trends and challenges in making active ageing a reality

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Introduction

Lifelong learning is a core concept of modern careers and is supported by the notion of ‘active ageing’. A key concept is the World Health Organization’s notion of active ageing, which is defined as ‘the process of optimising opportunities for health, participation and security in order to embrace quality of life as people age’ (2002). Van Loo maintains that successful active ageing requires action and commitment from all labour market stakeholders: nation states and governments, employers and individual employees.

The initial statement that lifelong learning is a core concept in modern careers and supported by active ageing raises the question of how lifelong learning fits within an active ageing framework. As Walker (2010) notes, active ageing is a multidimensional approach which refocuses ageing away from productivity towards a consideration of all of the factors that contribute to wellbeing. Dr van Loo’s paper raises issues connecting active ageing to active policies. How do the elements of active ageing fit together in policy and practice? How does lifelong learning articulate with other active ageing policies? And conversely, what systemic elements in recruitment and retention facilitate the notion of active ageing?

Population ageing and policy responses

Population ageing and dependency ratios form the demographic background for policy responses. In relation to Australia, while it is incontestable that demographic ageing will intensify, interactions between the 3 Ps, ‘population’, ‘productivity’ and ‘participation’, are ameliorating the size of the effects of the demographic transition on budget deficits and dependency ratios. The third *Intergenerational report* (Australian Treasury 2010) projects government expenditure will exceed revenue by 2.3–4% of gross domestic product (GDP) in 40 years, whereas the previous edition (Australian Treasury 2007) projected a GDP fiscal gap of 3.1–4%. The 2010 *Intergenerational report* projects that the aged to working-age ratio will be 37% in 2050, compared with the 2007 projection of 42% in 2047. The 2010 report attributes the reduced effects to the mitigating factors of increased fertility, longevity, immigration and women’s labour force participation.

Van Loo comments that concerns over the sustainability of pension systems, skills shortages and increasing old-age dependency ratios have led countries into measures such as eliminating mandatory retirement, proposing policies of lifelong learning and shifting to defined contribution pensions.

Policies may be further refined according to whether they integrate government and employers' initiatives, form individualised versus systemic organisational interventions, support participation across the life course or reinforce age segregation. A common policy response has been to extend existing competency-based approaches and the acquisition of 'employability skills' in training discourse. This points to the need to align increased utilisation of the older labour force with demand-side industry policies, trade directions and global competitiveness.

Trends in work and organisations

Next to population ageing the author describes several interrelated trends having an impact on the labour market, including the changing nature of work as a consequence of computerisation and the dynamics of modern work organisation. Large and complex organisations can only be partially regulated by national governments due to a global transfer of labour beyond nations. Modern organisations differ from manufacturing organisations, front-office innovation–competition patterns and 'first-mover' profits. A decline in manufacturing is dismantling the traditional division of labour and shifting the nature of work to technologically embedded knowledge and an HRM approach, in which 'people are seen as valuable resources that are essential in being and remaining competitive'. Responses to these points are discussed in the next section.

Careers, career development and self-management

The author explains the career concept of the 'protean' career (Ball 1997) as a 'process which the person, not the organisation, is managing'. In terms of the labour market, employment and lifelong learning, career planning and engagement in personal development are the most relevant self-management dimensions. The author also claims that in ageing societies characterised by change, self-management is a true core competence, enabling successful and satisfying working lives.

Yet, tensions exist between self-management and older workers' participation. Firstly, tensions may exist between an individual's skill level and his or her marketability due to rapid technological changes in which autonomy in the marketplace depends on highly competitive skills (Brooke 2009). Secondly, training in embedded skills in career trajectories requires specific knowledge of how self-management fits with individual careers. Thirdly, self-management favours the highest skilled: in June 2010, older men aged 55 and over were most likely to be employed as managers (23%) or professionals (20%) and women aged 55 and over as clerical and administrative workers (28%) and professionals (25%) (ABS 2010). Fourthly, older workers are most represented in traditional jobs, commonly in the public sector, which despite increasing flexibilities of working time, are generally situated within traditional bureaucratic employment structures, that is, health and social assistance and education and training. Fifthly, skills policies can conflict with immigration policies; for example, the available older labour pool of workers 45 and over has not been absorbed into the information technology workforce, despite skilled immigration policies. Finally, the countries with the highest educational attainment at older ages (55–64), the United States, Canada, New Zealand, Sweden and Australia (OECD 2010a), have not translated this attainment into the research and development innovation workforce, which is highest in Finland, Iceland, Japan and Denmark (OECD 2010b).

Barriers and tensions hampering successful ageing

The author maintains that employers are not sufficiently adapting their HR policies to the reality of the increasing age of their staff. At the macro level this applies to participation in training and learning

tailored to the needs of older individuals. Workplace conditions can be adapted and older workers given opportunities for mentoring and coaching and flexibility to allow a good work–life balance.

Yet, despite the list of various multidimensional supports, the question remains of how to integrate these. Overall, HRM operates through standardised minimal benefits and procedures, which are generally passive in supporting the career paths of workers. Van Loo (2010) examined individual conceptions of age by investigating individual beliefs, experiences, participation in training and health status based on evidence from the European Social Survey. The main lesson learned is that views of age are dependent on personal factors, personality traits and contextual conditions of jobs. Van Loo notes the passivity of responses by employers based on the European Employers Attitudes Survey 2005 in four countries, Greece, Spain, the United Kingdom and the Netherlands (van Dalen, Henkens & Schippers 2009).

Yet despite the passive employer responses noted by van Loo, concomitantly there were commonly perceived benefits of older workers as being more reliable, committed, and having increased social skills and ‘know-how’, while country variations existed regarding their costs and capacity to deal with new technologies. Relevant to this paper is the finding from the European survey that lifelong learning was generally seen as the employers’ responsibility, with the exception of the United Kingdom, in which it was viewed as the responsibility of government.

Unmet guidance and counselling needs for older people

The author proposes in general terms that the traditional focus of guidance in relation to occupational and educational choice is supplemented by a need for a more holistic approach to careers guidance aimed at career success, facilitating job mobility and continuous skills updating.

This also points to the need to move from an individualistic counselling model to an employment services models linking training with demand-side drivers connected with older labour markets. This requires an ‘active’ employment services model, one that adjusts individual resources and characteristics to changing work environments and occupational and industry drivers. A multidimensional interactive approach involves the balance between older job seekers and the work environment. An example of such an Australian approach is METEOR (Matching Employees and Training to Employers for Ongoing Recruitment and Retention), which undertook training with mature-age job seekers and administered a research instrument based on the Finnish ‘workability’ concept, which refers to the balance between an individual’s resources, including health, skills and experience and organisational demands. This training was funded by the Department of Education, Employment and Workplace Relations (DEEWR) under a Productive Ageing Package, Manufacturing Mentors, targeting mature-age technical and manual workers, and Grey Matters, targeting mature-age job seekers in aged-care work, funded by the Department of Education, Employment and Workplace Relations and the Victorian Department of Innovation, Industry and Regional Development. Skills-focused counselling, as van Loo implies, can ignore holistic approaches to supporting mature-age employment transitions across careers. As he suggests, counselling and guidance should be extended to include holistic factors impinging on career mobility, for example, incorporating health, work–life balance issues, social support and family care giving.

Lessons for the future

The effort to promote longer working lives requires adjustment of the employment and learning conditions necessary to encourage ageing people to stay longer in employment. Self-management is a leading career principle and targeted tailored careers guidance is necessary. The paper points to the

need for multidisciplinary perspectives that examine interactions between counselling, individual psychology and socioeconomic trends.

To connect with labour markets and move from an individualistic counselling model, learning needs to take account of the supply and demand sides. This requires multidimensional interventions in health, education, work structures and the operational environment. The Council of Australian Governments (COAG) human capital reform agenda integrates health, education and training, and work incentives, in common with recent United Kingdom job seekers programs and the Finnish workability framework.

Conclusions

Van Loo's framework connects the changing nature of work, learning and self-management with macro-level drivers. Extending active ageing requires integrated multidimensional support for individualised career counselling and systematic integrated approaches across government portfolios. A refinement of this general direction involves age-targeting niche industries and occupations, emerging growth sectors and innovative enterprises. Finally, at the micro level of occupational career trajectories, tailored learning is required to prolong working lives over the life course.

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Employment at older ages in Australia: determinants and trends

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Background and labour force trends

The 2002–03 *Intergenerational report* emphasised the potential role that increased levels of labour force participation at older ages could play in addressing the policy challenges associated with population ageing in Australia (Australian Treasury 2002). Increased participation at older ages means that people will be on the tax-paying side of the ledger rather than on the tax-disbursal side of the ledger. Working longer would also mean that the people concerned would be able to build up their superannuation entitlements before retiring, again reducing the government's potential liability. The policy direction of the 2002 *Intergenerational report* was colloquially referred to as 'work till you drop'. Other official reports have made the same points (Productivity Commission 2005; House of Representatives Standing Committee on Health and Ageing 2005).

Soon after its election in 1996, the Howard government tied the level of the Australian public pension payment to 25% of average weekly earnings for males. Subsequent to the 2002 *Intergenerational report*, the same government made a number of changes to superannuation, tax and pension arrangements in order to encourage higher rates of participation at older ages. This included provisions to allow for the transition to retirement through a combination of pension and employment income, and substantial superannuation tax incentives, the most recent of which strongly encourages the delay of superannuation take-up to ages 60 and above.

Prior to the Howard government, the Labor government had introduced the Superannuation Guarantee (now a compulsory employer contribution of 9% of salary) and provided for the gradual increase of the pension age for women from 60 to 65 years so that it would be equivalent to the pension age for men.¹ Under the current Labor government, the superannuation-guarantee obligation has been extended to age 75 from age 70. However, in general, federal worker's compensation legislation does not apply to workers aged 70 and over. Labor has also determined that the eligibility age for the age pension will rise from 65 years to 67 years. The qualifying age for the age pension for both men and women will be increased by six months every two years beginning 1 July 2017. At 1 July 2023, the qualifying age will reach 67. On the other hand, it is possible that more favourable tax treatment of superannuation may be an incentive to earlier retirement once people have reached age 60 because they will have comparatively more cash in hand.

The government strategies discussed above tend to be long-term in orientation, but a newer, shorter-term justification for increased participation at older ages has emerged. With low levels of unemployment and a tight labour market, and with the prospect of future labour shortages, increased

¹ The original Commonwealth legislation in 1908 provided for a pension age for both men and women of 65 years but the eligibility age for women was reduced to 60 in 1910 on the grounds that women were 'incapacitated for regular work at an earlier age than men' (Kewley 1973, p.75).

participation of older workers is discussed as a means by which short-term skills needs in the economy might be met (Commonwealth Government 2010). This is sometimes advocated in terms of an alternative to higher levels of immigration.

Table 1 Labour force participation rates at older ages, Australia 2000–10 (month of July)

Year	Males			Females		
	55–59	60–64	65+	55–59	60–64	65+
2000	71.6	46.5	10.1	48.0	21.7	2.9
2001	70.2	47.0	10.2	49.2	21.8	3.4
2002	71.4	48.4	10.5	49.4	23.8	3.3
2003	72.3	50.5	10.5	51.7	27.8	3.2
2004	75.4	51.9	10.4	53.7	30.8	3.5
2005	76.2	54.8	12.2	55.8	30.6	4.4
2006	77.5	56.1	12.4	58.7	32.9	4.2
2007	77.1	56.6	13.4	59.1	36.7	5.2
2008	76.5	57.7	14.7	61.1	37.6	5.6
2009	79.2	58.4	15.8	63.0	41.5	5.9
2010	81.0	61.7	15.3	63.5	43.2	6.7

Source: ABS Labour Force Surveys, July of each year.

Table 1 shows that participation rates at older ages increased substantially during the decade 2000–10, especially for women. If the participation rates at ages 55 and over had remained the same as they were in 2000, there would have been 514 000 fewer workers at older ages in 2010 (table 2). This is a very substantial number but it is relatively small compared with the total increase in employment in Australia in the 2000–10 decade of over two million. Also, these rises at older ages were offset to some extent by falls in participation at younger ages (under 45 for men and under 25 for women). Overall, 88% of the increase in employment between 2000 and 2010 was due to increases in population through immigration and through the advance of the baby-boomer generation into the older ages of the labour force. Only 12% was due to increases in participation. Thus, while increases in participation at older ages were significant in the decade 2000–10, these increases did not come close to meeting the additional demand for labour in that decade.

Table 2 Additional workers in 2010 due to the increase in labour force participation rates between 2000 and 2010

Age group	Males	Females
55–59	61 663	95 813
60–64	91 838	130 792
65+	71 624	62 006
Total 55+	225 125	288 611

Source: Author's calculation.

For males, the increases in participation at older ages commenced in the years 2004 and 2005, soon after the calls for increases that were made in the first *Intergenerational report* (Australian Treasury 2002) and policy changes following that report. The rises for men seemed to be levelling off from around 2007 but have had a new impetus since then. For women, the rises in participation were continuous across the decade. In age group 60–64, the participation rate for women doubled in the decade and 131 000 women in this age group were working in 2010 who would not have been working if participation had remained at its 2000 level. These rises for women were due to the ‘cohort effect’ of increasing participation of women across time at younger ages flowing through to older ages. However,

the increase in the pension age eligibility for women probably also contributed to the increase in the age group 60–64 years. Table 3, based on census data, shows that participation rates rose solidly from 1996 to 2006 in all older age groups up to and including age group 70–74 years. Thus, the increase in participation at older ages applies both above and below the pension eligibility ages.

Table 3 Labour force participation rates by sex and age group, Australian censuses

Sex and age group	Labour force participation rates: Australian censuses*		
	1996	2001	2006
Males			
55–59	73.4	72.6	76.3
60–64	46.5	49.6	57.2
65–69	16.3	20.5	26.7
70–74	7.8	10.4	11.9
75+	3.4	5.5	5.3
Females			
55–59	43.0	50.0	58.3
60–64	17.6	24.6	34.7
65–69	6.9	9.6	13.0
70–74	3.1	4.4	5.2
75+	1.2	2.1	1.8

Note: * Labour force status not stated was pro-rated. At the oldest ages, this is problematic as the numbers with labour force stated were much larger than the numbers stated to be in the labour force.

Source: Calculated from community profiles, census time series tables.

This paper discusses the potential determinants of the increases in labour force participation that have occurred at older ages over the past decade and speculates about possible future changes. In the next decade, the large baby-boomer generation will be moving out of the labour force and this will bring pressure to bear upon an already very tight labour market. While higher rates of participation at older ages are even less likely to meet the future increase in labour demand than they did in the past decade, higher participation could still play a useful role in the coming decade.

Potential determinants of increased labour force participation at older ages

In 1999, McDonald and Kippen (1999) argued that labour force participation rates at older ages would increase in Australia irrespective of any policy interventions because:

- Education levels were increasing with each cohort and education is correlated with continued employment at older ages.
- Each successive cohort was less likely to have been employed in industries that had been subject to restructuring in the 1980s and 1990s (especially manufacturing). In particular, those at older ages who were not in the labour force because of retrenchment from these industries would age out of the main working ages.
- Each successive cohort is more highly endowed with the skills required for a knowledge-based economy and these skills are increasingly important in continued employment.
- Each successive cohort will have commenced work at a later age on average and therefore can be expected to work longer.
- The nature of employment is moving away from physically demanding jobs.

- Successive cohorts have more experience of changing jobs across their lifetimes and this may assist them to move into transition-to-retirement jobs in older ages.
- Labour demand would be strong and this would encourage higher rates of participation at older ages. An implicit argument here is that employers prefer younger workers to older workers (discrimination) but that, in a tight labour market, employers' choices are more limited.²
- The lives of Australians are increasingly work-defined so that leisure alternatives would be less attractive for some. Multiskilling also meant that for many people jobs were more interesting and more satisfying.
- With the delay of child-bearing, many people would still have responsibilities for children at older ages.
- The fall in the age difference between husbands and wives would mean that women were less likely to retire early because their (older) husbands had retired.
- Health status was improving and this would enable people to work longer.
- For women, labour force participation would rise at older ages because it had already been rising when the same women were at younger ages – a cohort effect.

McDonald and Kippen also encouraged policy initiatives in relation to the financial incentives to retire, citing the OECD (1998, pp.19–20), which recommended the reform of public pension systems, taxation systems and social transfer programs in order to 'remove financial incentives to early retirement, and financial disincentives to later retirement', and the introduction of measures to 'ensure that more job opportunities are available for older workers and they are equipped with the necessary skill and competence to take them'.

As described above, successive Australian governments in the 2000–10 decade implemented a wide range of policy initiatives that were largely in keeping with these OECD recommendations, but some of these, especially the favourable tax treatment of superannuation payments, may be incentives to earlier retirement. In an excellent series of studies, Gruber and Wise (Gruber & Wise 1999; Wise 2010) have consistently shown that national differences in labour force participation at older ages are strongly related to the incentives built into each nation's retirement policies. Thus, the adequacy of retirement incomes and the incentives to retire built into public policy are important considerations in examining participation rates at older ages. An Australian analysis based on the Household Income and Labour Dynamics in Australia (HILDA) survey has shown that the Australian system is characterised by incentives to retire early but that men are more likely to respond to these incentives than women (Warren & Oguzoglu 2010). Again using data from this survey, Ong (2009) observed that the Australian system of self-provision was crucially dependent upon attachment to the labour force and so those with a history of unemployment or those who had been out of the labour force for caring reasons had low expectations that they would be able to provide for themselves in retirement. Accordingly, they intended to rely on the public pension. Clare (2004) also emphasised the disadvantage that mothers face in accumulating an adequate retirement income. Cobb-Clark and Stillman (2009) comment on the fact that those in jobs with well-defined superannuation benefits are more definite in their retirement expectations.

Retirement is not simply a matter of choice, as around six in every ten retired persons report that their retirement was involuntary and was due to their health or to downturns in the economic cycle

² For a recent appraisal of age discrimination, see Australian Human Rights Commission (2010).

(Knox 2003). Knox also made the point that, for those relying upon investments for their retirement, the performance of the stock market would have an impact on their retirement. Five years later, the Global Financial Crisis reduced the retirement incomes of many people who held shares and other forms of wealth that were hit badly by the fall in the stock market in October 2008. This may have encouraged or even necessitated that the people affected continued to work longer.

Finally, it seems likely that more recent cohorts at older ages have higher expectations regarding their standard of living in retirement than has been the case in the past. For a long time in Australia, ownership of one's own home and the public pension were seen as an adequate basis for retirement for most people. It is very likely that the recent cohorts of aged persons do not see this level of living as adequate and this has been emphasised by increased and successful lobbying for one-off increases in the age pension payment. There are also a number of very vocal aged persons' lobby groups that are active in calling for increased age pension entitlements. Increased age pensions are an incentive to earlier retirement but increased aspirations relating to standard of living in retirement are disincentives to early retirement because people will want to build up their retirement incomes before retiring.

The remainder of the paper elaborates on these various potential explanations of changes in labour force participation rates at older ages in Australia referring to new studies and new data. Extensive use is made of new tables from the 2006 census which show how employment rates by characteristics of the person change from one age group to the next from age 55–59 onwards. While the observed changes are not cohort changes, they provide a good indication of how particular characteristics affect participation in employment as people age.

Post-school training

Employment is very strongly related to qualifications at all ages, especially to having a university degree (tables 4 and 5). For example, men aged 60–64 with a university degree had an employment rate of 65.4% compared with 48.8% for men with no post-school training. Furthermore, the implied 'retirement rate'³ for men between ages 60–64 and 65–69 is much higher for men with no qualification and those with non-degree qualifications than it is for those with a degree.

Table 4 Employment at older ages according to post-school qualification level, males, 2006 census

Age group	% of age group employed			% distribution in total population		
	Degree	Non-degree post-school qualification	No post-school qualification	Degree	Non-degree post-school qualification	No post-school qualification
55–59	83.3	77.8	66.4	17.7	37.4	44.9
60–64	65.4	58.1	48.8	14.6	36.4	48.9
65–69	42.3	26.8	22.6	11.7	36.6	51.7
70–74	24.5	11.4	10.2	9.2	33.6	57.2
75–79	14.7	5.9	5.9	8.7	31.7	59.5
80–84	8.7	3.4	3.5	8.5	30.8	60.7

³ The ratio of the employment rate at ages 65–69 to that at ages 60–64.

Table 5 Employment at older ages according to post-school qualification level, females, 2006 census

Age group	% of age group employed			% distribution of total population		
	Degree	Non-degree post-school qualification	No post-school qualification	Degree	Non-degree post-school qualification	No post-school qualification
55–59	75.6	67.3	48.0	16.5	20.7	62.8
60–64	53.4	44.3	27.3	13.0	17.7	69.3
65–69	26.9	19.3	9.9	9.8	14.2	76.0
70–74	12.2	8.7	4.0	7.3	11.9	80.8
75–79	6.8	4.0	1.9	5.9	10.7	83.3
80–84	4.3	2.4	0.9	4.4	8.6	87.0

For women, the association between qualifications and employment is even stronger. It is interesting, for example, that in age group 65–69 the employment rate of women with a university degree is higher than the employment rates of men of the same age in the two categories that did not have a university degree.

Tables 4 and 5 also show that the percentages holding qualifications rise strongly for those in the younger end of the age range. Thus, we can conclude that increasing education levels will lead to higher employment rates at older ages. However, the effect of compositional change is relatively small in the short-term. For example, the 26.4% of men employed at ages 65–69 in 2006 would increase to 27.7% if the education composition for 55 to 59-year-old men had applied to them.

Those with a university degree are very likely to have started working later than those without a degree. Research using the HILDA survey has shown that length of employment is a highly significant determinant of retirement age (Warren & Oguzoglu 2010). Given that successive generations are commencing work at later and later ages, many in order to obtain qualifications, this will be a factor tending to increase retirement age for a long time into the future.

English competency

Not unexpectedly, employment levels are much lower for those who do not speak English well compared with those who do (table 6). What is perhaps somewhat unexpected, however, are the relatively high percentages of Australians aged 55 years and over who do not speak English well. English proficiency thus appears to be a relatively unrecognised employment disadvantage among older Australians. Its salience, however, can be expected to fall across time because immigrants increasingly have been selected on the basis of English competence, but again the process will be long-term rather than short-term.

Table 6 Employment at older ages by level of English competence, 2006 census

Age group	Males			Females		
	% employed, speaks English well*	% employed, does not speak English well	% of age group not speaking English well	% employed, speaks English well	% employed, does not speak English well	% of age group not speaking English well
55–59	71.9	45.6	17.8	49.5	18.3	23.2
60–64	52.6	26.0	22.1	28.0	7.7	28.8
65–69	24.6	9.0	27.1	10.4	2.7	36.8
70–74	10.3	2.9	32.4	4.3	1.1	44.4
75–79	5.5	1.4	36.1	2.3	0.5	46.8
80–84	4.0	0.9	36.7	1.5	0.3	45.9

Note: * Speaks English well or very well.

Overseas-born

Differences in employment rates at older ages between those born in Australia or New Zealand and those born in other countries are relatively small for men but a little more significant for women (table 7). In detail not shown here, employment rates were lowest for Australians born in Eastern European countries, followed by Southern European countries. The employment of these European immigrants is likely to have been affected more by the restructuring of manufacturing industry than for other Australians. As the proportion born overseas does not vary very much from one cohort to the next, compositional change by country of birth is unimportant in explaining recent changes in participation at older ages.

Table 7 Employment at older ages by whether Australian and New Zealand-born or other overseas-born, 2006 census

Age group	Males			Females		
	% employed, Australian & NZ-born	% employed, overseas-born	% of age group Australian and NZ-born	% employed, Australian & NZ-born	% employed, overseas-born	% of age group Australian and NZ-born
55–59	73.9	72.3	67.0	59.0	51.3	67.8
60–64	55.0	53.1	65.8	35.8	29.2	68.1
65–69	28.3	22.7	63.1	14.5	9.6	65.8
70–74	13.6	8.6	62.2	6.0	3.4	65.9
75–79	7.7	4.2	64.8	2.7	1.6	69.6
80–84	4.4	2.7	65.5	1.4	0.9	69.6

Capital city versus remainder

Employment rates are higher in capital cities than in the remainder of the country before age 70 but the relationship reverses above age 70 (table 8). This applies to both men and women. As shown later in this paper, at ages above 70, primary industry constitutes a growing proportion of employment and this is sufficient to explain the result in table 8. Again, the proportion of the population living in capital cities does not vary much across the age cohorts shown in table 8, so compositional change by place of residence is an insignificant factor in the increase in employment at older ages in recent times.

Table 8 Employment at older ages, capital city and remainder, 2006 census

Age group	Males			Females		
	% employed, capital city*	% employed, remainder	% of age group in capital city	% employed, capital city	% employed, remainder	% of age group in capital city
55–59	75.6	69.8	60.9	58.4	53.3	62.1
60–64	57.3	50.1	59.2	35.7	30.7	59.8
65–69	27.5	24.7	57.3	13.0	12.7	58.9
70–74	11.2	12.4	57.3	4.6	5.9	59.6
75–79	5.7	7.7	58.5	2.0	2.9	60.7
80–84	3.1	4.8	60.0	1.1	1.5	62.3

Note: * Sydney, Melbourne, Brisbane, Adelaide, Perth and Canberra.

Partnership status

In the age groups 55–59 and 60–64, partnered men are very much more likely than unpartnered men to be employed (table 9). However, the retirement rate is high for partnered men around the pension age and the difference becomes much smaller between partnered and unpartnered men after age 65. In sharp contrast, there is very little difference between the employment rates at older ages between partnered and unpartnered women. In the age group 55–59, the employment rate is almost the same for unpartnered men and unpartnered women. Thus, between the ages of 55 and 65, being partnered is a significant determinant of whether or not a man is employed. The question is whether this is because partnered men have a greater incentive to work, perhaps because they are saving for the retirement income of the couple, or whether the salient factor is that unpartnered men have a low rate of employment, perhaps because not being employed and not having a partner have similar personal determinants.

Table 9 Employment at older ages by partnership status, 2006 census

Age group	Males			Females		
	% employed, partnered	% employed, not partnered	% of age group not partnered	% employed, partnered	% employed, not partnered	% of age group not partnered
55–59	77.8	59.9	21.6	57.2	57.1	27.9
60–64	58.1	44.4	20.8	33.8	35.9	30.4
65–69	28.1	22.1	20.7	13.2	12.8	35.1
70–74	12.3	10.5	21.7	5.7	4.5	43.5
75–79	6.8	6.3	24.7	3.1	2.0	55.5
80–84	4.0	3.9	30.5	2.0	1.1	69.5

Note: * Married or in a de facto relationship.

Composition by partnership status varies greatly between men and women. For men, the proportion not partnered does not change much from age to age until men have passed age 80. In contrast, women become increasingly likely with each advance of age to be unpartnered. This means that, at older ages, women are the major beneficiaries of both public and private transfers.

Warren (2008) observed that women experienced more pressure from their partner to retire than men did and having a partner not in the labour force increased the expectation of earlier retirement. She also observed that, for women whose partners were not yet retired, their partner's expected retirement age had a substantial impact on their own expected retirement age. Thus, while the joint participation of husbands and wives continues to increase strongly as it has in the past decade, it can be expected that employment of both men and women at older ages will increase. It can be

hypothesised that the increase in the pension eligibility age for women may have also had an impact in extending the retirement ages of their husbands.

Home ownership

The proportion of people renting at older ages, both men and women, does not change very much from age to age, being around 12–15% (tables 10 and 11). However, the proportion shifting from being a home purchaser (mortgager) to a home owner (full ownership) between ages 55–59 and 65–69 is substantial. While these are not real cohorts, it can be safely concluded that older Australians attempt to pay off their houses before they reach age 65.

Renters, both male and female, have significantly lower employment rates than non-renters, especially between ages 55 and 65. An obvious explanation of this is that most people who are not employed are unable to get a loan to buy a house and so they will be renters, often public renters. They may well have a history of not being employed that can be traced back before age 55.

Another interesting feature of tables 10 and 11 is that, between ages 55 and 65, home owners have much lower employment rates than home purchasers. Those still purchasing have an incentive to continue working so that they can pay off the house before they reach pension age. On the other hand, many home owners may feel comfortable enough not to work because they have the security of home ownership. Over time, people have purchased their houses at older ages on average and so, along with purchases that occur after marriage breakdown, more people in future may be paying off houses in their late fifties. This would stimulate increased participation in the labour force.

Table 10 Employment at older ages by housing tenure, males, 2006 census

Age group	% of age group employed			% distribution of total population		
	Home owner	Home purchaser	Renter	Home owner	Home purchaser	Renter
55–59	70.6	84.1	60.4	50.1	34.2	15.7
60–64	51.0	71.1	44.8	64.1	21.9	14.0
65–69	24.5	43.5	21.1	74.9	12.0	13.1
70–74	11.4	20.9	9.2	79.5	7.8	12.7
75–79	6.5	11.4	5.2	82.0	5.9	12.1
80–84	4.0	7.2	3.4	83.2	5.5	11.3

Table 11 Employment at older ages by housing tenure, females, 2006 census

Age group	% of age group employed			% distribution of total population		
	Home owner	Home purchaser	Renter	Home owner	Home purchaser	Renter
55–59	53.0	69.7	44.9	56.3	28.8	14.9
60–64	31.2	50.3	26.5	69.1	17.0	13.9
65–69	12.3	22.0	9.6	76.0	10.1	13.9
70–74	5.2	8.1	3.7	77.9	7.9	14.2
75–79	2.5	3.8	1.9	79.0	7.0	14.0
80–84	1.3	2.4	1.2	79.3	6.9	13.8

Disability status and health

Being disabled at older ages has a huge impact on the likelihood of being employed (table 12). Over recent years, there has been a large build-up of people at older ages (below the pension age) who receive the disability support pension. The incentive for them to work is low, because, in most cases,

they have not been working for many years and because they are approaching age pension eligibility. As they reach the pension age, they are converted to age pension status. It is likely that many people receiving the disability support pension would report themselves as disabled in the census. At the same time, the proportions reporting themselves as being disabled below age 75 are small and so even a large increase in employment of disabled people would not make much difference to total employment.

The Australian census does not obtain information on health status, but a number of studies have examined the impact of health on retirement and employment in Australia using the HILDA survey results. All of these studies show a strong association between employment, retirement and health. Zucchelli et al. (2010), for example, conclude that negative shocks to health greatly increase the likelihood of retirement, especially for men, but that a partner's health status does not influence retirement. Warren (2008) found that for women pressure to retire most commonly came from their doctor, and that ill health was the most common reason that men retired and the second most common reason for women. Borland and Warren (2006), Austen and Ong (2010) and Cai and Kalb (2007) also observed that health status was a significant determinant of retirement.

Table 12 Employment at older ages by disability status, 2006 census

Age group	Males			Females		
	% employed, no assistance required	% employed, assistance required*	% of age group requiring assistance	% employed, no assistance required	% employed, assistance required	% of age group requiring assistance
55–59	76.7	10.4	4.9	58.5	9.9	4.2
60–64	57.9	7.2	6.7	35.3	5.3	5.1
65–69	27.9	4.2	6.8	13.6	2.5	6.4
70–74	12.7	2.4	9.2	5.6	1.0	10.4
75–79	7.3	1.6	14.4	2.7	0.7	17.9
80–84	4.7	1.2	25.0	1.6	0.4	31.8

Note: * Those people needing help or assistance in one or more of the three core activity areas of self-care, mobility and communication, because of a disability, long-term health condition (lasting six months or more) or old age.

Using mortality data as an indicator, the health of Australians has been increasing rapidly since the 1960s. The probability of death of a 70-year-old man in Australia in 2007–09 was equivalent to the probability of death of a 58-year-old man in 1960–62. Likewise, at age 70 in 2007–09, 3.8% of men were in the last two years of life compared with 10.5% in 1960–62. Despite these wide movements in health as measured by mortality, the pension age entitlement has remained at 65 years for men from 1908 until today, although it will increase gradually by two years commencing in 2017. Almost certainly, relative to the demands of work, Australians on average are increasingly able to work longer from a health perspective.

Volunteering status

The argument is sometimes made that older people, particularly older women, play an important role in the voluntary sector and if they were to be induced into paid employment, society would have to find ways to compensate for the loss of their voluntary work. Table 13 throws some light on this issue, in that it shows that volunteers have very similar employment rates to non-volunteers for both men and women. It should be noted that volunteering in the census is defined as formal volunteering (unpaid voluntary work through an organisation or group). Thus, caring for family members is not included as volunteering.

There is another common view that people take up volunteering when they retire, but the data in the table do not bear this out, as the percentages volunteering do not vary as the pension age is crossed. Interestingly, the rates of volunteering are only a little higher for women than for men in older ages. While the census may be a crude way to collect information about volunteering, the results here run counter to the conventional wisdom about employment, retirement and volunteering.

Table 13 Employment at older ages by volunteering status, 2006 census

Age group	Males			Females		
	% employed, volunteers*	% employed, not a volunteer	% of age group volunteering	% employed, volunteers	% employed, not a volunteer	% of age group volunteering
55–59	74.5	73.3	19.5	56.4	56.8	23.4
60–64	52.9	55.1	20.8	33.1	34.3	25.9
65–69	28.7	26.1	21.7	14.8	12.5	26.9
70–74	15.3	11.2	20.8	6.9	4.8	24.4
75–79	9.3	6.1	18.3	3.5	2.2	20.5
80–84	5.9	3.6	14.3	2.2	1.1	13.6

Note: * People who spent time doing unpaid voluntary work through an organisation or group, in the 12 months prior to census night.

Hours of work and transition to retirement

Thompson (2007) reports that between a third and a half of people leaving full-time employment at older ages were transitioning to retirement through part-time work. The self-employed and tradesmen, labourers and men employed in clerical jobs were more likely to use a transitional approach to retirement through working part-time (Warren 2008). Table 14 shows the 2006 census percentages of Australian workers working full-time at older ages. Moving from age group 60–64 to age group 65–69, there is a marked shift to part-time work and this shift tends to continue as age rises.

Table 14 Employment at older ages by full-time status, 2006 census

Age group	Employed persons: percentage full-time*	
	Males	Females
55–59	79.5	49.4
60–64	70.1	41.1
65–69	55.5	31.3
70–74	43.2	27.8
75–79	39.9	29.7
80–84	41.3	30.4

Note: * 35 hours per week or more.

Self-employment and government employment

At older ages, employed persons become increasingly likely to be self-employed and increasingly less likely to be government employees (tables 15 and 16). At ages 70 and over, more than 50% of employed men are self-employed, compared with just over 30% in age group 55–59 years. Self-employment is increasing across time and this may be a factor that increases employment participation in the future. Borland and Warren (2006) using HILDA data also observed that public-sector workers retire early and the self-employed retire late.

Table 15 Employment at older ages by self-employment status, 2006 census

Age group	Employed persons: percentage self-employed	
	Males	Females
55–59	31.2	17.6
60–64	35.3	21.5
65–69	43.7	30.5
70–74	49.5	37.0
75–79	52.0	41.0
80–84	52.4	39.8

Table 16 Employment at older ages, government employment, 2006 census

Age group	Employed persons: percentage government employees*	
	Males	Females
55–59	14.4	20.3
60–64	11.3	17.6
65–69	8.5	13.2
70–74	6.2	8.7
75–79	4.7	6.5
80–84	3.0	5.5

Note: * Commonwealth, state/territory and local government.

The results in relation to government employment are interesting, in that it is government that frequently admonishes private employers for discrimination against older workers, but it seems that government has a strong aversion to workers over the age of 65 years or that workers have a strong aversion to government employment once they reach 65 years. Whatever the direction of causation, it is very evident that government is not providing a good example in relation to the employment of older workers. This is in sharp contrast to the role that government has played in recent decades in promoting the employment of women.

Occupation

For men, as age progresses beyond age 65, managers and professionals make up increasing proportions of those employed, while technicians and trades workers, clerical and administrative workers, and machinery operators and drivers make up decreasing proportions. Other occupations remain relatively constant. In general, these results tend to support the argument that the secular shift from blue-collar to professional and paraprofessional jobs would enhance employment at older ages (table 17). For women, with the exception of managers (for whom the increase is strong), no occupation group increases its share of employment as age increases (table 18). These results can be affected by cohort influences. For example, the proportion of employed women who are professionals may fall off as age increases because this has been the situation across the lifetimes of these cohorts.

Table 17 Employed persons at older ages: occupational distribution, males, 2006 census

Occupation	Percentage distribution by occupation: males				
	55–59	60–64	65–69	70–74	75–79
Managers	21.0	21.0	26.0	34.4	41.8
Professionals	19.1	18.3	19.9	21.0	21.5
Technicians and trades workers	19.1	18.1	15.3	10.6	8.6
Community and personal service workers	3.8	3.6	3.3	2.9	2.4
Clerical and administrative workers	7.3	7.2	6.7	6.1	5.9
Sales workers	5.9	6.7	6.8	6.8	5.9
Machinery operators and drivers	13.2	13.4	10.7	7.0	4.1
Labourers	10.6	11.7	11.4	11.2	9.6
Total	100.0	100.0	100.0	100.0	100.0

Table 18 Employed persons at older ages: occupational distribution, females, 2006 census

Occupation	Percentage distribution by occupation: females				
	55–59	60–64	65–69	70–74	75–79
Managers	11.9	13.4	19.3	27.8	34.0
Professionals	22.4	21.4	20.9	18.0	17.2
Technicians and trades workers	3.9	3.7	3.4	3.4	3.4
Community and personal service workers	11.8	11.2	9.2	7.5	5.6
Clerical and administrative workers	28.4	28.8	27.0	23.6	22.5
Sales workers	9.2	9.0	8.5	8.0	7.1
Machinery operators and drivers	1.9	1.7	1.5	1.2	0.8
Labourers	10.6	10.9	10.2	10.5	9.5
Total	100.0	100.0	100.0	100.0	100.0

Industry

The same analysis can be applied to the distribution of employment by industry at older ages (tables 19 and 20). The most evident pattern in these tables is the substantial increase, for both men and women, in the proportions employed in agriculture, forestry and fishing as age increases. It seems that farmers never retire. This potentially also explains the strong increase in employment of managers. For men, mining, manufacturing, construction and public administration all fall in their share of employment. Thus, as expected, the heavier blue-collar industries are less likely to have older workers. The falling share of public administration with increasing age is consistent with the observations made above about government employment. For women, as with occupation, the variations of industry distribution by age are not as wide as those for men, although the education and health industries that employ a large proportion of women tend to drop in importance as age increases. This again may be associated with public employment.

Table 19 Employed persons at older ages: industry distribution, males, 2006 census

Industry	Percentage distribution by industry: males				
	55–59	60–64	65–69	70–74	75–79
Agriculture, forestry and fishing	5.1	7.3	13.1	21.9	30.4
Mining	1.8	1.2	0.8	0.5	0.4
Manufacturing	14.4	13.8	10.9	8.0	7.4
Electricity, gas, water and waste services	1.8	1.4	0.9	0.4	0.3
Construction	11.1	10.7	9.5	6.7	4.8
Wholesale trade	5.4	5.7	5.3	5.0	4.8
Retail trade	7.0	7.7	7.9	7.8	6.4
Accommodation and food services	3.3	3.4	3.5	3.5	3.1
Transport, postal and warehousing	9.1	9.2	8.1	5.8	4.2
Information media and telecommunications	1.7	1.3	1.2	1.1	1.2
Financial and insurance services	2.8	2.5	2.7	3.1	4.1
Rental, hiring and real estate services	1.9	2.2	2.8	3.6	4.0
Professional, scientific and technical services	7.0	7.3	8.4	9.0	8.2
Administrative and support services	3.1	3.3	3.1	2.5	1.8
Public administration and safety	7.7	6.1	4.4	3.3	2.6
Education and training	6.6	5.8	5.3	4.4	3.4
Health care and social assistance	5.3	5.5	6.2	6.5	7.0
Arts and recreation services	1.1	1.3	1.6	2.0	2.1
Other services	3.9	4.2	4.5	4.6	3.9
Total	100.0	100.0	100.0	100.0	100.0

Table 20 Employed persons at older ages: industry distribution, females, 2006 census

Industry	Percentage distribution by industry: females				
	55–59	60–64	65–69	70–74	75–79
Agriculture, forestry and fishing	3.4	5.7	12.5	21.4	27.8
Mining	0.2	0.2	0.1	0.2	0.2
Manufacturing	6.3	5.8	5.2	4.9	5.4
Electricity, gas, water and waste services	0.3	0.3	0.2	0.2	0.1
Construction	2.5	2.7	2.8	2.3	2.0
Wholesale trade	3.3	3.3	3.2	3.3	3.2
Retail trade	10.9	10.9	10.5	10.0	9.6
Accommodation and food services	5.1	4.8	4.6	5.1	4.3
Transport, postal and warehousing	2.6	2.5	2.5	2.2	2.4
Information media and telecommunications	1.3	1.4	1.2	1.1	1.2
Financial and insurance services	3.1	2.5	2.3	2.8	3.9
Rental, hiring and real estate services	1.9	2.2	2.8	3.4	4.1
Professional, scientific and technical services	5.4	5.9	6.7	6.5	5.5
Administrative and support services	3.7	3.7	3.3	3.0	2.3
Public administration and safety	6.4	5.3	4.1	2.9	2.8
Education and training	15.3	13.8	12.0	8.9	8.1
Health care and social assistance	23.7	23.9	20.4	15.7	11.5
Arts and recreation services	1.2	1.4	1.9	2.3	1.9
Other services	3.4	3.6	3.7	3.9	3.6
Total	100.0	100.0	100.0	100.0	100.0

Concluding remarks

The following factors appear to be associated with the increase in labour force participation at older ages over the past decade:

- for women, the cohort effect of increased employment rates at older ages because of past increases at younger ages
- improvements in health status relative to the demands of work
- the increase in the pension eligibility age for women and possible flow-on effects to the retirement age of their husbands
- increases in education and the shift of employment away from blue-collar work to professional and paraprofessional jobs. This shift also means that successive cohorts have commenced work at an older age and therefore will continue working to a later age
- the buoyancy of the labour demand and the shortage of labour supply and the implicit reduction of age discrimination
- the direct effects of the Global Financial Crisis on retirement incomes of some people and the indirect effects of the crisis on retirement savings plans
- the increasing availability of part-time work opportunities and retirement transition strategies

- more favourable tax treatment of superannuation taken after the age of 60 resulting in increases in participation up to age 60.

It is also likely that successive generations in recent years have increased their aspirations about living standard during retirement. This means that they will work longer in order to accumulate greater benefits once they retire. Thus, many of the factors leading to increased participation reflect broader social and economic trends rather than policy approaches to retirement incomes.

The retirement income system in Australia, however, is still characterised by incentives to retire early. The 'lifetime' pension provided by the disability support pension and its transition to the age pension is an incentive not to work at older ages. Favourable tax treatment of superannuation may mean that people are able to reach their planned retirement incomes at a younger age. The increases in the relative value of the public age pension in recent years (faster than the increase in average male weekly earnings) also offers an incentive to retire. In trend terms, the factors associated with early retirement are all characteristics of the Australian retirement incomes system.

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Employment at older ages in Australia: determinants and trends

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Professor McDonald's paper is a comprehensive and insightful analysis of increasing participation of older workers in the Australian workforce over the last decade. It contains a considerable amount of new data derived from the 2006 census which clearly show differences between socioeconomic and demographic groups in participation in the workforce. This provides insights into the drivers of change in participation and there are also a number of important comments about policy interventions and their impacts. My comments seek to amplify some of the trends discussed in the paper and elaborate on the significance of the findings.

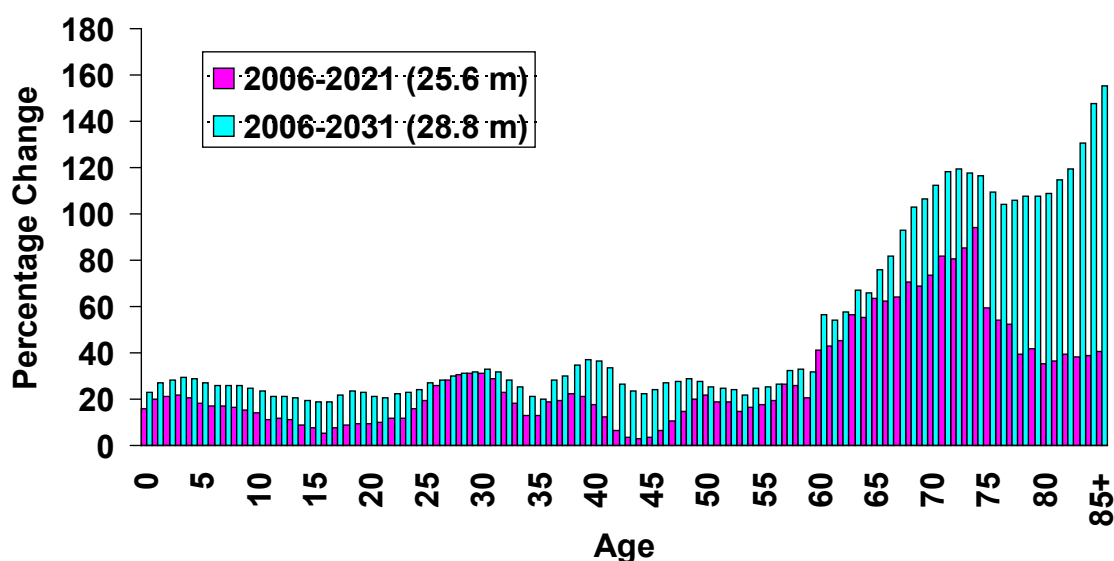
The changing Australian context is crucial to any understanding of trends in workforce participation at older ages. Two aspects of this context are worth stressing. Table 1 shows the huge improvements in life expectancy in older ages in Australia. Since 1970 almost nine years of extra life has been added to Australian males aged 50, and seven years to their female counterparts. This has not only substantially extended the number of years Australians are spending in the older ages; it has potentially extended their work lives considerably. The second factor of ageing is demonstrated in figure 1, which shows that, even under a relatively high immigration scenario which would see the Australian population grow to almost 29 million in 2031, the fastest growth will occur in the older age groups over the next two decades.

Table 1 Australia: expectation of life at age 50 for 1901–10, 1970–72 and 2009

Year	Males	Females
1901–10	21.2	23.7
1970–72	23.0	28.3
2009	31.7	35.3

Source: ABS (2005).

Figure 1 Australia: change by age for 2006–21 and 2006–31



Source: ABS (2008 projections, series B).

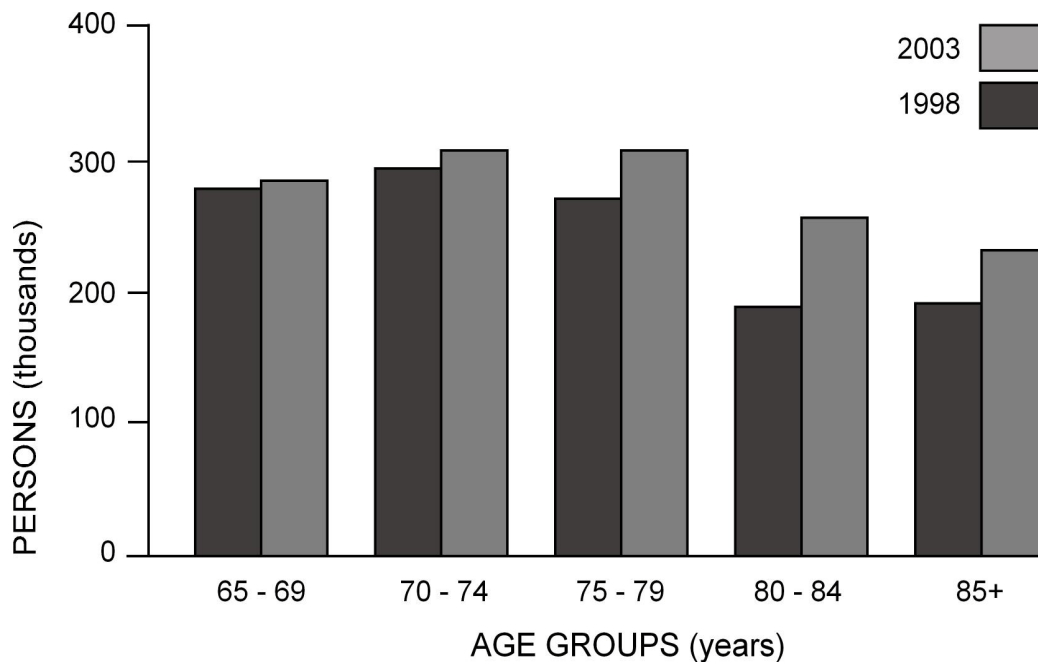
A major thread of findings in Professor McDonald's paper is the equity implications of changing levels of workforce participation among older Australians. Almost without exception it is shown that the groups who have high (and increasing) levels of participation are better off. There are clear differentials with education, occupation, income, home ownership, disability and country of birth. The people who are least able to take advantage of being able to work longer are those who have engaged in jobs which have significant physical requirements, who don't have training and education to enable them compete for modern jobs, or who are suffering some form of social, physical or economic disadvantage. There are clear implications for policy here, such that any initiative taken must be careful not to exacerbate such inequalities. Measures to increase the pension age need to take account of these factors and there are important messages for the retraining and training of workers to facilitate their transitioning to appropriate forms of work.

One of the most striking findings in the paper is that 60% of Australians who retire before the pension age do so involuntarily. In fact, this is a longstanding pattern in Australia that belies the popular stereotype of early retirees being motivated by seeking extended leisure (Hugo 1986). The fact that a majority of early retirees are forced out of the workforce, largely due to health factors or redundancy, is of critical significance for policy development aimed at keeping people in the workforce longer. This also would question Professor McDonald's suggestion that there has been an implicit reduction in age discrimination among employers.

The heavy reliance upon census data in Professor McDonald's paper precludes much consideration of the influence of health on participation in the workforce at older ages, but it is apparent that this is a major factor influencing whether or not people can work longer. Professor McDonald suggests that improved life expectancy is an indicator of the improved health of older Australians. While there is considerable truth in this, it is also important to consider the ABS data depicted in figure 2 that show that self-reported disability has *increased* among older Australians. This perhaps reflects the fact that improved mortality may involve 'rescuing people who earlier would have died from a heart attack' but their survival is not as fully healthy individuals. Another health risk factor which needs to be borne in mind in this context is obesity. Figure 3 shows that the baby-boomer generation is the most

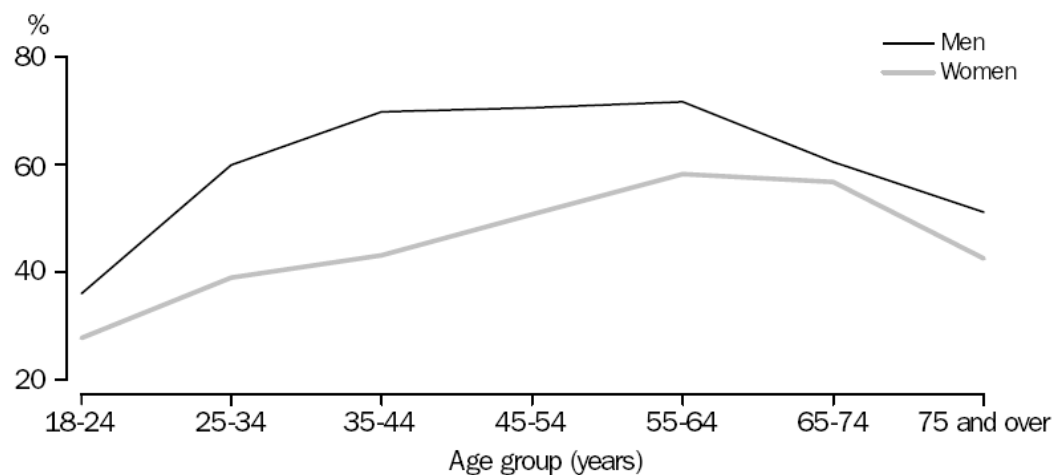
obese and overweight group in contemporary Australia. Clearly this is a factor which can be a significant barrier to workforce participation in this age group. It also points to the necessity for encouraging healthier eating and lifestyles among the baby boomers. This is not only in the interests of improving the quality of their lives in their older years, but it would also greatly facilitate their remaining in the workforce longer. Current obesity programs are understandably focused on children and young adults, but there is only a short window of opportunity to reduce obesity and overweight among baby boomers.

Figure 2 Persons aged 65 years and over with disabilities



Source: ABS (2005, p.74).

Figure 3 Percentage of Australians overweight or obese by age and sex, 2004



Source: ABS (2008, p.7).

The health factor in early retirement is very important, especially among manual workers. In the Northwest Adelaide Health Survey it was found that, among male baby boomers surveyed in 1991, 35% had left the workforce five years before they reached the pension age. Health was the most important element in leaving. Of those who left, 69% received a Centrelink benefit other than the aged pension (Buckley 2011).

Professor McDonald in his paper correctly points out that the census does not include information on care work as part of volunteering. It is apparent, however, that the group who is targeted to increase older workforce participation is also a group with significant caring responsibilities. Later ages of child-bearing may mean that some have children still at home, and there is a high incidence of grandparents taking on significant child-caring roles in Australia. In addition, however, the increased longevity of Australians means that many will have caring responsibilities for their aged parents. This burden falls disproportionately upon women and needs to be considered in any efforts to increase the time that people stay in the workforce.

Professor McDonald's paper provides a comprehensive and insightful picture of changing patterns of workforce participation in older ages over the last decade. It would be useful, however, to look forwards as well as backwards. To what extent do the characteristics of younger baby boomers, who are poised to enter their older working years, likely to be more or less susceptible to remaining in the workforce longer?

One of the strengths of Professor McDonald's paper is the discussion of relevant policy interventions and their impact. This is highly useful, but it focuses very much on the policies and trends which operate to encourage increased labour force participation at older ages. It would also be useful to look at the other side of the coin. What are the barriers and blockages to increased participation? How can they be removed or at least ameliorated?

The paper includes some analysis of differences in older workforce participation between capital cities and the rest of the state. This, I believe, is a first step to a much-needed, more refined spatial analysis which considers differences between different types of areas. This would not only reveal considerations of locational disadvantage but also indicate whether targeting of intervention to areas as well as subgroups would be a useful strategy.

Professor McDonald indicates surprise at the census findings that there is no difference between older people in and out of the workforce in volunteering. This is indeed counter to the findings of many surveys. In the Northwest Adelaide Health Survey referred to earlier there was a 15% gap between retirees and those still working in volunteering.

A final issue which emerges from Professor McDonald's excellent paper is the need for us to gain a greater understanding of the transitions between work and retirement among older Australians. To what extent is remaining in the workforce longer associated with changing the type of work engaged in, the hours worked, the employer, the location of work etc?

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Ageism and age discrimination in the labour market and employer responses

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Introduction

This paper reviews what is known about employer attitudes, policies and practices in relation to the employment and retention of older workers. Age discrimination appears to play an important role in the labour market. Older and younger workers may be prevented from working entirely, or from progressing at work because of age-discriminatory policies and practices. These may be based on ageist attitudes and assumptions about an individual's motivation, experience, abilities, skills or knowledge. Other influences can be transmitted via human resource management policies, company ethos and marketing.

There is increasing concern about the implications for labour markets of ageing populations among the industrialised nations. The nature of the shift in labour supply is dynamic and pressures brought about by changing demography will be felt in discrete occupations and industries at different times. Some occupations and industries are already beginning to feel their impact, in particular those that have traditionally relied on young labour market entrants, those with ageing workforces, or those without optimum working arrangements or conditions (Rolland 2004). Public policy is increasingly aimed at promoting an extension to working lives (Keese 2005). Questions have been raised, however, about employer commitment, with surveys historically showing modest interest among managers in recruiting and retaining older workers. Employer efforts to develop and maintain policies targeting the employment of older workers appear to have depended on market conditions. Among the developed nations Australia may currently be viewed as an unusual case. Levels of unemployment are very low and there are ongoing concerns about the threat of severe labour shortages as its economy continues to grow. With potentially conducive market conditions for non-traditional labour supply pools such as older workers, there is potential value in examining attitudes and practices towards them among employing organisations. This paper reports some recent evidence.

The paper begins with a general perspective on the extent to which ageism and age discrimination are prevalent in employment, drawing to a large extent on experimental studies. Ageist practices are often assumed to exist, but what is the evidence and how do they operate? The paper then attempts to review the substantial literature on surveys of employer policies regarding older workers. This is followed by a review of age barriers. The paper continues with a review of evidence of age stereotypes and the role they might play in determining employment outcomes. This is followed by a report of recent Australian research on employer attitudes and practices towards older workers carried out by the author, which brings the review of evidence up to date.

Evidence for ageism in recruitment, retention and training

The starting point for many discussions of age and employment is that age discrimination exists, is measurable and influences the employment prospects of older people. The literature is somewhat equivocal on the role age plays in determining employment outcomes (Adams & Neumark 2006), and while the labour market situation of older people is often described in negative terms, for example, as being about discrimination or premature labour market withdrawal, this does not accurately reflect the realities of the lives of many such workers. Nevertheless, age-related bias does appear to affect the employment prospects of older people. For instance, Metcalf and Meadows (2006) report from a British survey of employers that approximately a fifth viewed certain jobs as more suitable for particular age groups and rather less for jobs deemed to be managerial in nature, with a tendency for 'prime age' workers to be preferred over younger and older ones. During the recruitment process, selection evaluations are based on systematic or automatic (for example, use of heuristics) processes and it is the latter that generally take priority. Age-related norms are known to be important. Research has found that individuals who violate them do not automatically receive negative evaluations. Subordinate ratings by managers have been found to be lower when subordinates were older than the normative age for their career level, whereas the opposite was the case when the subordinate was younger. Workers who were younger than the normative age for their career level were seen as on the 'fast track', whereas older workers were seen as being behind schedule (Perry, Kulik & Bourhis 1996). The implications of these findings are that the younger person who applies for the kind of job typically reserved for an older person might be considered incongruent, but this would be offset by the positive perception that the individual is aspiring. Older and younger workers who applied for jobs considered age normative would be considered congruent. However, an older person applying for what might be considered to be an age-inappropriate job or where a 'youth' culture existed might be considered incongruent and lacking in aspirations.

In simulated hiring situations, research has found that rater bias against older workers had an important role in applicant evaluations. In one study, while it was found that age was not a central factor affecting perceptions about personal work-related traits, in a simulated hiring situation its significance increased with applicant age and expectations regarding the probability of remaining working life (Craft et al. 1979).

Moreover, there is also evidence from simulated hiring situations that, when raters were presented with a scenario where they were facing high levels of cost pressure, they reverted to age stereotypes relating to the capacity to learn, and consequently were less likely to recommend training when the hypothetical employee was older than if they had been younger (Erber & Danker 1995). Similarly, another research study found that raters were more likely to attribute poor performance by hypothetical older subordinates to stable, permanent factors than was the case for younger subordinates. In addition, job simplification rather than training was felt to be more appropriate for older subordinates (Dedrick & Dobbins 1991). The meaning of these findings is that recruiters are likely to consider older applicants to have a fairly stable set of attributes that would be unresponsive to remedial actions, such as training. Recruiters would not be as likely to make such an assumption about younger applicants.

Regarding performance evaluations, several literature reviews (Ferris & King 1992; Liden, Stilwell & Ferris 1996) concluded that there is an inverse relationship between age and these. Studies have found that, when objective measures of productivity are employed, performance is often seen to increase with age. However, when supervisor or manager ratings are employed, a negative relationship is frequently observed (van Dalen, Henkens & Schippers 2010; Waldman & Avolio 1986).

This appears to 'highlight the ambiguous and highly subjective nature of ratings, and characterises this process as one which provides ample opportunity for non-job-related factors to influence the evaluations' (Ferris & King 1992). It is a particular problem, given that subjective evaluations are the predominant means by which job performance is judged, for example, the degree to which a person is liked, how similar to the evaluator they are perceived to be, beliefs, attitudes and whether the subordinate is considered to fit in (Ferris & King 1992, p.342).

Age discrimination appears to operate beyond recruitment. For example, while many employers may view training opportunities as being age-free, there is evidence (Warr & Birdi 1998) that older workers are treated less favourably than younger ones in the provision of training. Trinder (1992) has suggested that low levels of training among older workers are largely a result of a lack of opportunities. Recent analysis of the UK Labour Force Survey would seem to bear this out, providing evidence that the key factor constraining older workers' training activities was the lack of opportunities provided by employers rather than uninterest among older workers (Taylor & Urwin 2001). This contrasts with the view of some employers that older workers are unwilling to retrain.

Employer policies towards older workers

Questionnaire surveys over several decades have sought to elucidate employer attitudes and practices towards older workers. An historical review of such research presents a picture of older workers generally being viewed as occupying a relatively low and peripheral status in the minds of employers, at least in terms of behaviours. Although some employers have responded to demographic change by taking more active steps to recruit older people, these have generally been characterised by their short-term and temporary nature (Hayward et al. 1997; Metcalf & Thompson 1990; Thompson 1991). Loretto and White (2006a) suggest that most organisational policy-making directed towards older workers is non-strategic. Where policies have been aimed at older workers to address skills shortages, they have often been used in conjunction with other approaches and have usually been targeted at recruitment (such as encouraging line managers to engage older workers, or to raise recruiting ages) rather than training and developing older employees (Thompson 1991). In times of labour shortages older workers seem to be regarded as a last resort (Lorretto & White 2006b). For the majority of employers, strategies for meeting labour and skills shortages have tended to focus on alternative options (Taylor & Walker 1994).

For instance, an analysis of data collected in 1992 from French organisations with 500 or more employees (Guillemard, Taylor & Walker 1996) found that early-exit policies (for example, enforced retirement) were more likely to be identified by managers as a means of tackling workforce ageing than policies based on the integration of older workers (for example, reorganisation of working practices). The most popular solutions were enforced retirement (47.4% of respondents) and incentives for early retirement (37.8%). In addition, 12.7% of respondents stated that dismissal would be their preferred response. By contrast, only 22.5% of respondents stated that their approach would be an internal reorganisation of working practices. Respondents were also asked what their response would be to labour shortages. Regarding strategies they already had in place, few firms were targeting policies at the employment of older workers. Only 3% of firms were seeking to recruit more older workers and no respondents were encouraging later retirement. Similarly only 10% of responding organisations were retraining older workers. On the other hand, almost one-fifth (19%) of organisations were utilising partial retirement – the gradual phased withdrawal of an older worker as a transition to retirement. The status of older workers can be gauged by reference to other groups. To combat labour shortages, 14% of organisations were making use of foreign labour, while almost a third

(31%) were recruiting more women. Also, when asked to contemplate strategies they might adopt in the future, older workers came low on the list of policy options. Recruiting older workers and encouraging later retirement were favoured by 9% and 12% of respondents, respectively. Interestingly, partial retirement was favoured by 35% of respondents. This would suggest that partial and later retirement are not viewed as synonymous and would seem to confirm the view that partial retirement is treated as a form of early retirement in many organisations. Retraining older workers was an option that almost a quarter (24%) of respondents favoured for the future.

Recruiting or retaining older workers was a little-used strategy across all sizes of firm and this did not vary between sectors. Some sectoral differences did emerge, however. For example, gradual retirement was more likely to be considered as a strategy for the future in building and public works organisations than in other sectors.

Further analysis of data collected from this research among employers of all sizes found that employers were making few efforts to retain older workers (Le Minez 1995). For example, they had less access to training, particularly in small enterprises. Concerning early exit, this study reports what others have also suggested: that early retirement is essentially taking place in larger enterprises with older age profiles. The author argued that enterprises were choosing the exit of older workers more because of their economic difficulties than because of negative attitudes towards this group, and that there is not a clear link between negative attitudes and employers' use of early retirement pathways, a theme which will be picked up later in this paper.

Apparent ambivalence towards older workers is evidenced in other studies. For instance, in Australia, Steinberg et al. (1996) found in a (small) sample of employers minimal interest in employing older workers. Meanwhile, in the United Kingdom, Taylor and Walker (1994) found among a national sample of 304 large employers rather more current interest in employing older workers among service-sector employers (25%) than either those in construction (11%) or manufacturing (10%). In this study, in the context of specific policies towards older workers, offering later or partial retirement was a feature of less than 10% of the large companies surveyed. A Dutch survey of firms in most industrial sectors (excluding agriculture) with more than ten employees found that in response to labour shortages, 21% were seeking to recruit more older people and 40% had introduced partial retirement schemes. On the other hand, only 13% were encouraging workers to stay on until the age of 65 and only 10% were bringing back retired employees. Furthermore, policies targeting older workers came behind the increased employment of women and people with disabilities and also more general policies such as introducing more flexible working hours and job-share schemes (Remery et al. 2000).

More recently, longitudinal research undertaken in the United Kingdom (Goldstone & Jones 2001) between 1999 and 2000 found that, in relation to training, the vast majority of employers stated that age was not a criterion in deciding who was proposed. Similarly, regarding redundancy, a very small minority of respondents reported using age as a criterion in decisions. While the proportion of employers offering phased retirement options was small (14%), this is more than was found in the earlier UK survey mentioned above (Taylor & Walker 1994) but considerably fewer than reported in the findings of the Dutch survey, also above. Regarding retirement, there appeared to be considerable flexibility among employers. Thus, according to respondents, some or all employees could work beyond company retirement age if they wished in two-fifths of cases. Also, in a quarter of cases, retired employees were retained as consultants.

However, policy-making in relation to older workers is clearly not a one-way street of evolution towards more inclusive practices. Henkens and Schippers (2008) in a study of Dutch employers found

that older workers were far behind people with disabilities and women in terms of preferred solutions for tackling labour shortages. Moreover, between the years 2000 and 2005, there was a dramatic decline in interest in all labour supply measures, including the recruitment of older workers. They attribute this to a weakening of the Dutch economy in the middle of the decade, resulting in a buyer's market for labour. Interest in retraining older workers was relatively low and declined between the years 2000 and 2005. Other Dutch research by Henkens, Remery and Schippers (2008) further nuances the picture regarding organisational orientations to older workers. They report findings from an employer survey carried out in 2002 demonstrating that staff shortages encouraged employers to focus on the recruitment of new categories of workers, including older ones. Such an approach was more often used in larger organisations and in the service and health and welfare sectors. They also report that increasing the supply of labour from among existing workers, for example, by encouraging employers to delay retirement, was a strategy adopted as staff shortages increased. Organisations in local government and the health and welfare sector were more likely to adopt this approach.

Finally, Metcalf and Meadows (2006) in a survey of British employers report that a belief that age affected suitability for certain jobs varied according to organisation size (larger organisations were more favourable); was less often reported among public-sector employers; was more commonly held by respondents in construction and manufacturing and rarely reported by respondents in public administration and defence and education; and was less commonly reported in establishments which recognised trade unions.

How should the findings of these various studies be evaluated? Undoubtedly, question and sample differences have played a role in determining variations in findings, as will have nuances in national public policy. However, there are also some apparent broad commonalities. These suggest that, for the majority of employers, recruitment policy has not tended to be as strongly focused on older workers as other groups. In the service sector, for example, there has been a primary emphasis on attracting more women – and in some instances older workers – into employment by improving flexibility in working hours. By comparison, the construction and production sectors have concentrated on improving training programs to enable the existing workforce to be better utilised, along with moves towards technological improvement (Arrowsmith & McGoldrick 1996a; Taylor & Walker 1994). Research to date is also indicative of organisational policy-making that is rather 'soft' and not only in the direction of organisational stances that are conducive to the inclusion of older people in the workforce; that is, it is clear that employers are willing to remove policies or end practices if they are perceived as no longer being required. Thus, an ongoing overall weak orientation to older workers is evidenced, although research is also indicative of sectoral differences and differences according to organisational size.

The role of age stereotypes

It is frequently asserted that ageist stereotypes are prevalent and explain much of the exclusion of older workers. Interestingly, in contrast to stereotypes concerning the unproductiveness and rigidity that often accompany policies aimed at encouraging early exit and restricting access to training, companies tending towards the employment of older workers have reported success in terms of trainability, reliability, lower turnover, flexibility and their ability as sales people (Barth & McNaught 1991; Hogarth & Barth 1991; Thompson 1991). This indicates that age stereotypes may also work in favour of older workers. They also point to ageist stereotypes against the young, an issue that has regrettably received inadequate attention in the international literature. On the other hand, studies have found that employers also perceive that there were important supply-side factors limiting the

extent to which they could move towards the employment of older workers, including a shortage of older applicants and a lack of skills and qualifications amongst them (Thompson 1991).

Numerous studies have explored employer attitudes towards older people. Decker (1983) found that business students rated older people lower on the attitude dimensions of autonomy, effectiveness and personal acceptability and concluded that older people would continue to face job discrimination. Slater and Kingsley (1976) found that younger employers tended to report less favourable attitudes towards older employees than older employers and that employers from firms comprised of large numbers of older employees tended to have more favourable attitudes towards them. These studies have shown that older workers are rated as more likely to be in poorer health, less likely to be with a company for a long period, more resistant to change, less creative, more cautious, as having a lower physical capacity, less interested in technological change, less trainable and more accident-prone (Rosen & Jerdee 1976a, 1976b; Craft et al. 1979) and, despite evidence casting considerable doubt on such stereotypes (Davies & Sparrow 1985), it would appear that they are persistent.

An Institute of Manpower Studies survey of 20 employers carried out in order to examine attitudes and practices towards older workers showed that, in response to demographic changes, employers were taking more active steps to recruit older people (Metcalf & Thompson 1990). However, employers felt that older people were suitable for employment only in low-skill, low-responsibility and repetitive jobs, while physically demanding, time-pressured or IT-based jobs were deemed unsuitable. Employers also considered older workers less trainable.

In their survey of a nationally representative sample of 304 organisations, employing 500 or more people, Taylor and Walker (1994) found that over two-fifths (43%) regarded age as an important consideration in recruiting staff. When asked about their perceptions of older workers, significant proportions of employers regarded them as being difficult to train (43%), unable to adapt to new technologies (40%) and too cautious (36%). The research did, however, identify more positive attitudes, with respondents considering older workers to be more reliable than younger workers (74%) and being productive employees (63%). Nevertheless, 44% of the personnel managers questioned agreed that older workers were less likely than younger workers to be promoted in their organisation.

Hayward et al. (1997) in a telephone survey of British personnel managers found that older workers were still often regarded as being difficult to train (30%), unable to adapt to new technologies (34%) and too cautious (36%). With regard to more positive attitudes, they were also considered to be more reliable than younger workers (79%), as being productive employees (83%) and offering a good return on human investment (84%). Although this survey indicates that employers' attitudes towards older workers are more favourable than those recorded by previous research, this may be due to differences in reporting or data-collection methods.

While research points to discrimination against older workers in the labour market, it should nevertheless be stressed that, as shown already, employers often do appear also to hold positive attitudes towards them. This has been explored in greater depth by Arrowsmith and McGoldrick (1996b), who found evidence of positive attitudes towards older workers among a group of managers. A management survey carried out as part of a detailed case study of a major retailer found that characteristics of a 'qualitative' or motivational nature (for example, service, pride in job, cheerfulness, reliability) were more likely to be ascribed to older workers, whereas 'quantitative' characteristics (for example, fast pace, trainability, handling new technology) tended to be ascribed to younger workers. On the other hand, there was evidence that, even though their recruitment potential was recognised, 'Traditional sources of labour supply were still identified by the

management sample as the core response to future recruitment needs' (Arrowsmith & McGoldrick, 1996b, p.53). Similarly, van Dalen, Henkens and Schippers (2010) in a recent study of employer and employee attitudes observed a convergence in terms of views of older and younger workers: older workers were viewed as having better social skills, to be more reliable and accurate, and to be more committed to their work, whereas younger ones were rated more highly in terms of skills with new technology and their mental and physical capacity, willingness to learn and flexibility.

Such findings raise questions about the relationship between managers' attitudes towards older workers and employment practices. Taylor and Walker (1998a) explored this relationship empirically using data collected as part of their survey of employer attitudes and practices towards older workers. Some attitudes towards older workers were found to be associated with recruitment, training and promotion practices. For example, they report that managers believing that age was an important consideration in the recruitment of staff were more likely to report that older workers were hard to train and could not do heavy physical work. Also, respondents who believed that age was related to promotional opportunities were likely to take the negative position that older workers were marking time until retirement, lacked creativity, were too cautious and did not have a great deal of mileage left in them. The findings from these studies are suggestive of a complex relationship between the characteristics that managers associate with older (and younger) workers and their behaviour towards them. A better understanding of these relationships might help the development of more effective educational campaigns among employers.

Finally and notably, recent studies have found that older workers are not necessarily rated negatively in terms of productivity. In the United States, one study found that older workers, particularly white-collar workers, were not generally rated negatively (Munnell, Sass & Soto 2006), although the smallest and the largest private-sector firms rated older workers' productivity as lower, while companies with a lower, on average, workforce age profile did likewise. Recent Dutch research (van Dalen & Henkens 2005) found that only 7% of employers they surveyed felt that older workers were less productive than young ones. Notably, they also report that the population as a whole had a rather more negative opinion about older workers' adaptability than employers. On the other hand, when it came to prolonging working lives, most employers were ambivalent at best.

Despite the fact that much of the research on workplace age barriers has examined the incidence of age-related stereotypes among employers, their role and importance in influencing company policies and practices and in determining the experiences of older workers is unclear. One view (Farr, Tesluk & Klein 1999) is that company policies are determined by norms and the representations of age and stereotypes relating to younger and older workers. Another view is that the attitudes and assumptions held by senior and middle managers towards older workers – as well as those of their colleagues and peers – are important in determining whether and how policies and practices are implemented (Itzin & Phillipson 1993). Much may also depend upon organisational structures and the role of HR departments, trade unions and staff associations. However, this is probably only partially true. Marshall (1998) argues that age 'is rarely explicitly considered by corporate management or by unions' (p.200) and that 'corporate policies and programs have differential effects on older and younger workers, but these are largely what sociologists call "unintended consequences"' (p.202). Similarly, it has been argued that the early termination of the employment contracts of older workers is generally not the result of negative attitudes towards older workers per se. Instead, it comes from staffing calculation methods, a desire to maintain harmonious industrial relations, the opportunity to use public or private-sector early retirement mechanisms and the age structure of the workforce (Jolivet 2000).

Perceived barriers to employing older workers

Studies have also investigated perceived barriers to older workers' employment. Taylor and Walker (1994, table 5) asked employers about factors that might discourage them from recruiting and employing older people. By far the most important factor, cited by almost three-quarters (72%) of respondents, was the perceived lack of appropriate skills. The perceived skills gap had been reported earlier by Thompson's (1991) survey, which found that 58% of respondents were concerned by the paucity of skills among older workers. Other factors cited by Taylor and Walker as being important barriers to older workers' employment were the lack of qualifications held (51%) and the truncated returns from training (49%).

In their survey of employers, Hayward et al. (1997) found that the greatest deterrent to employers recruiting older workers remained the perceived low return from training investment, cited by two-thirds (65%) of employers questioned. Employers also remained concerned about the perceived lack of appropriate skills (50%) and qualifications (46%) among older workers.

More recently, a study from the United States suggested that perceived cost might be a barrier to employing older workers. Forty per cent of private-sector employers surveyed rated older workers as more costly, particularly large employers (Munnell, Sass & Sato 2006). On the other hand, two-thirds viewed older workers as neither less or more attractive than younger ones, although this was more likely to be the case for professionals and managers. In the Netherlands, a recent study (Henkens, van Solinge & Cozijnsen 2009) found that important factors influencing views about whether to retain older workers were the degree to which the person was thought to possess valued corporate knowledge and their health. Of note was the observation that managers drew upon contextual information in considering whether or not to retain an older worker, for example, the need for downsizing of the organisation or the situation of a tight labour market.

An analysis of qualitative data collected from human resource managers (Taylor & Walker 1998b) has also identified a number of internal organisational factors that might encourage or discourage the employment of older people. In particular, the data showed that there may be a significant difference between a formal, paper policy of non-discrimination and the actual practice of line managers, who might continue to discriminate against older people. This is of particular importance, as many employers seek to decentralise personnel functions. Where senior managers had been successful in influencing the operational culture of the organisation, older people had experienced increased opportunities with regard to employment and promotion. Where this had not occurred, there was evidence of hostility towards older workers and of positive managerial policies being ignored further down the organisational hierarchy.

Recent Australian studies

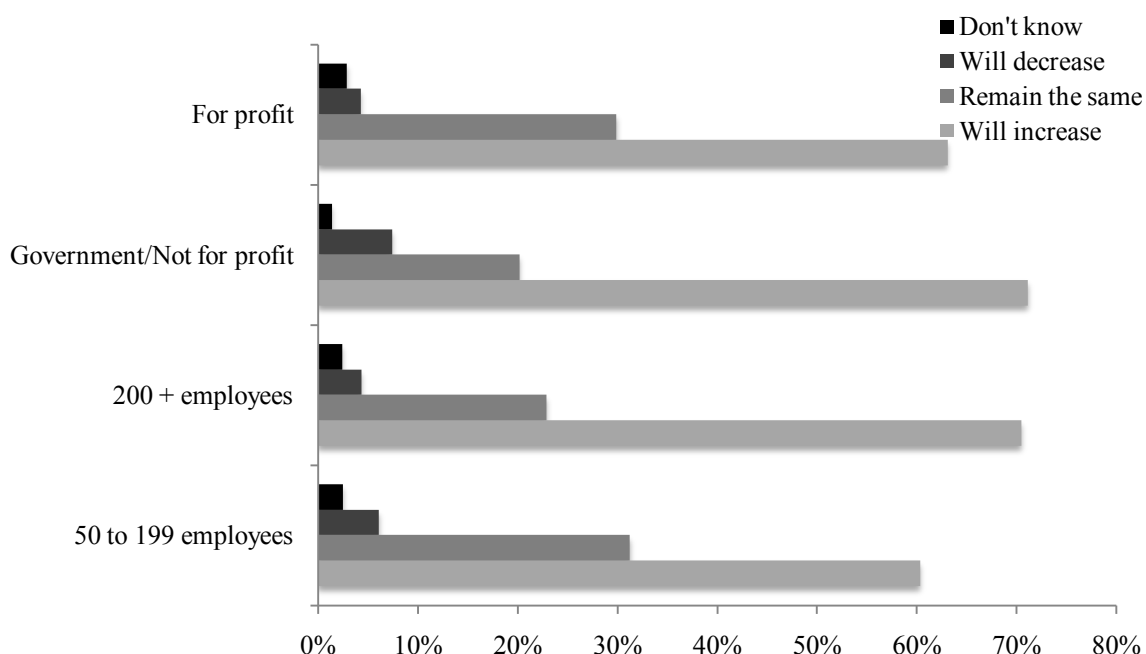
In Australia, recent attempts to elucidate employer attitudes and practices towards older workers have been relatively few and generally not on the scale of the European studies discussed above. The management policies towards older workers have been studied in relation to particular occupations, such as information technology workers (Brooke 2009) and those working in postal service delivery, manufacturing and retailing logistics and distribution (Brooke & Taylor 2005) using qualitative methodologies. Policies managing the retention of older workers were shown to be weak and failed to avert early retirement, thus acquiescing to continuing ageist stereotypes of older workers. While such studies have been useful, there is a strong need to better understand the relative current position of Australian older workers against the backdrop of a strong public policy push in favour of

prolonging working lives due to concerns about population ageing and the increasing evidence of labour supply concerns.

This section of the paper reports key findings from a recent study examining current attitudes and practices towards older labour in the context of the potential utilisation of other labour supply options amid a broad tightening of labour supply. The aim was to examine employer perceptions on the need to act in relation to issues of workforce ageing and to explore the relationship between perceived competition for labour and workforce ageing; the role of these issues in determining organisational policy on older workers was also examined. The data on which this analysis is based come from an Australian project, Working Late. This project was funded by the Australian Research Council and industry partners and included a CATI (computer-assisted telephone interviewing) survey of 2000 Queensland employers (29% response rate, that is, 590), carried out during February–June 2010. Employers with more than 50 employees were surveyed. The survey covered all employment sectors and asked a broad range of questions on the management of labour supply, including the employment of older workers. Because the Queensland Government was a funding partner on the grant, Queensland employers were surveyed. Queensland, as with the rest of Australia, has been experiencing low levels of unemployment, with projections suggesting that employment growth will be solid and labour market activity will remain strong (Reserve Bank of Australia 2010), with a tightening of the labour market in particular industry sectors, such as construction, due to commodities investment, indicating that vacancies for skilled workers may re-emerge as a frustration for business activity.

The analysis to be reported here consists of descriptive statistics showing the status of workforce ageing in these employing organisations, comparative data on the extent of adoption of different solutions to issues of labour supply, and organisational responses to issues of workforce ageing. As noted above, the survey questionnaire asked about a range of issues relating to perceptions about labour supply, workforce ageing and organisational responses. Larger organisations with over 200 employees and public-sector organisations were more likely to foresee an increase in the proportion of their workforces aged 50 and over in the coming five years, although, overall, a majority of all organisations expected to experience workforce ageing (figure 1).

Figure 1 Expected change in employees aged 50 and over in coming five years



Respondents were also asked when they thought they would need to respond to the issue of an ageing workforce (figure 2). Notably, a significant number of smaller organisations foresaw no need to respond at any point, and private-sector organisations were rather more likely to foresee no need to respond than public-sector or not-for-profit bodies. The majority of all organisations felt that action was required within a five-year time horizon. However, approximately a third of public-sector or not-for-profit employers saw an immediate need to act.

Figure 2 When a response to ageing workforce is required

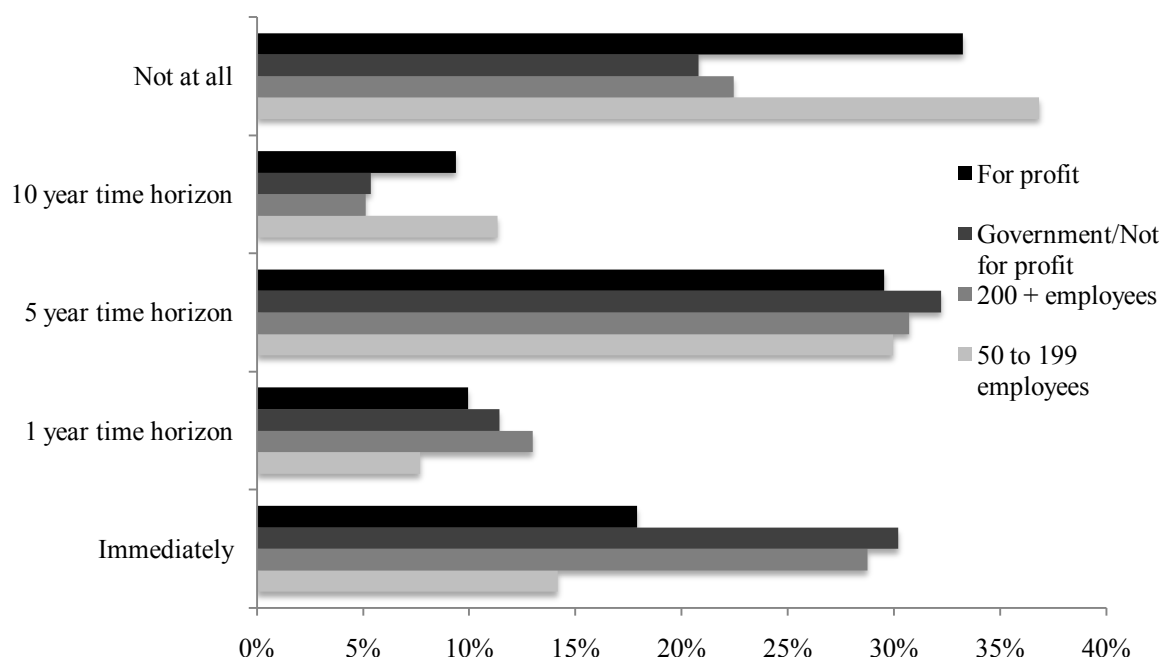


Figure 3 presents findings on how organisations were responding to workforce ageing. Notable was the greater engagement exhibited by public-sector, not-for-profit and larger employers and the wide variations between kinds of employer on some responses. Confirming earlier studies, retraining for older workers was not a common response, although continuous professional development was rated highly. Knowledge capture and transfer were important responses overall, with health and wellbeing being an important response for public and not-for profit organisations. Also of interest was the relatively low incidence of offering part-time retirement among private-sector employers compared with the picture overall.

Figure 3 Responses to ageing workforce already applied

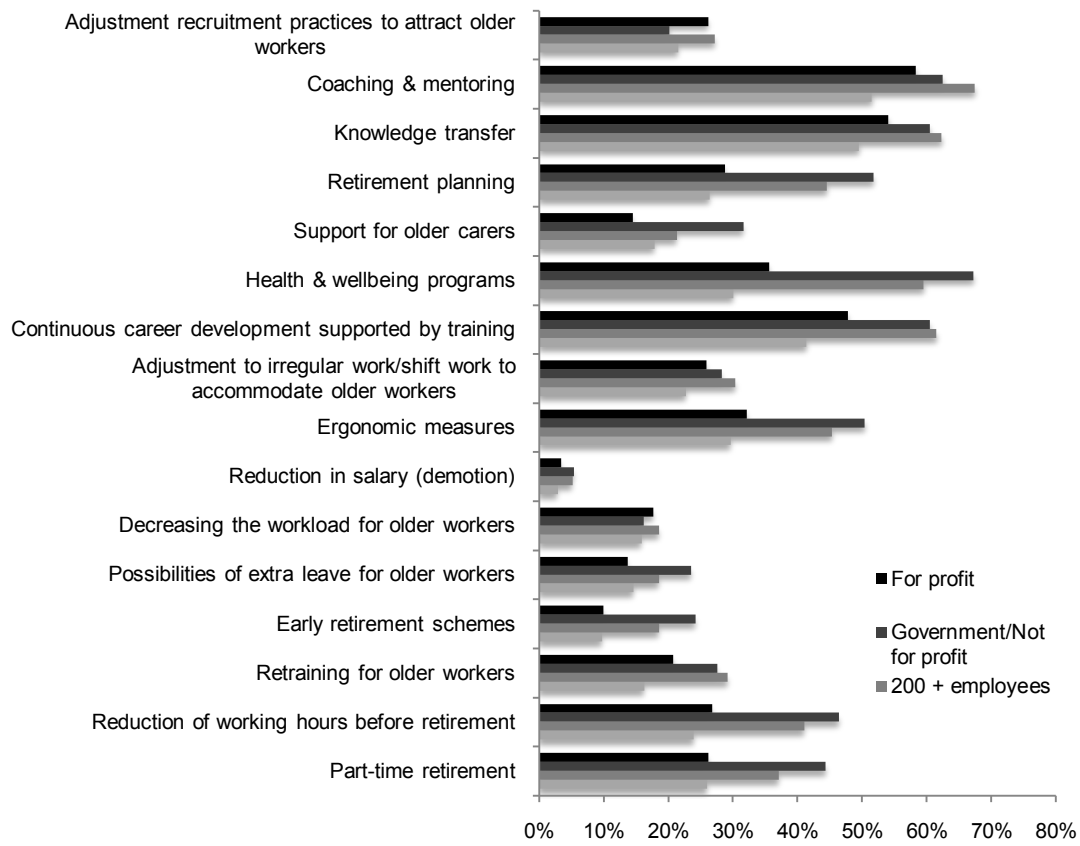
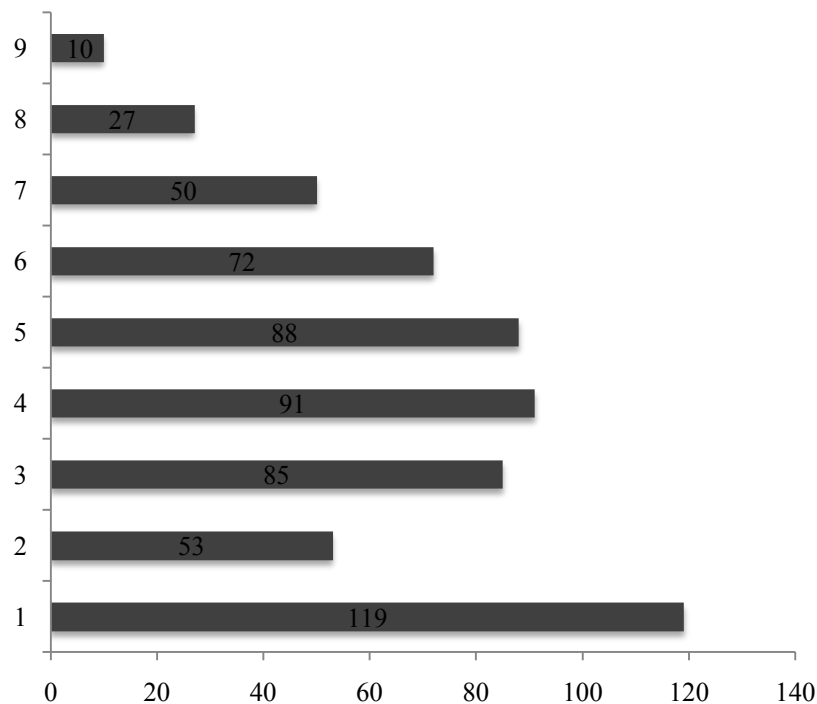


Figure 4 presents findings on the incidence of various policies that might be described as being conducive to the employment of older workers. Notable is a wide range of responses among a substantial number of responding employers. This is suggestive of the emergence of something akin to 'age management', including a diverse range of actions designed to respond most appropriately to issues of workforce ageing.

Figure 4 Number of age-friendly responses to workforce ageing in use



Note: Horizontal axis = no. of employers in survey; vertical axis = no. of age-friendly policies they have implemented.

Figure 5 presents the average number of age-friendly practices implemented by industry sectors and included:

- decrease in the workload for older workers
- adjustment to irregular work/shiftwork to accommodate older workers
- continuous career development supported by training
- retirement planning
- knowledge transfer
- health and wellbeing programs
- provision of coaching and mentoring
- adjustment to recruitment practices to attract older workers.

These findings are somewhat complicated by difficulties in determining the industry a particular organisation is operating in and so should only be treated as broadly indicative. As would be expected from the findings presented already, they demonstrate a broad private/public-sector division and identify sectors such as mining and quarrying where policy-making seems to have developed only weakly.

Figure 5 Average number of age-friendly practices by industry

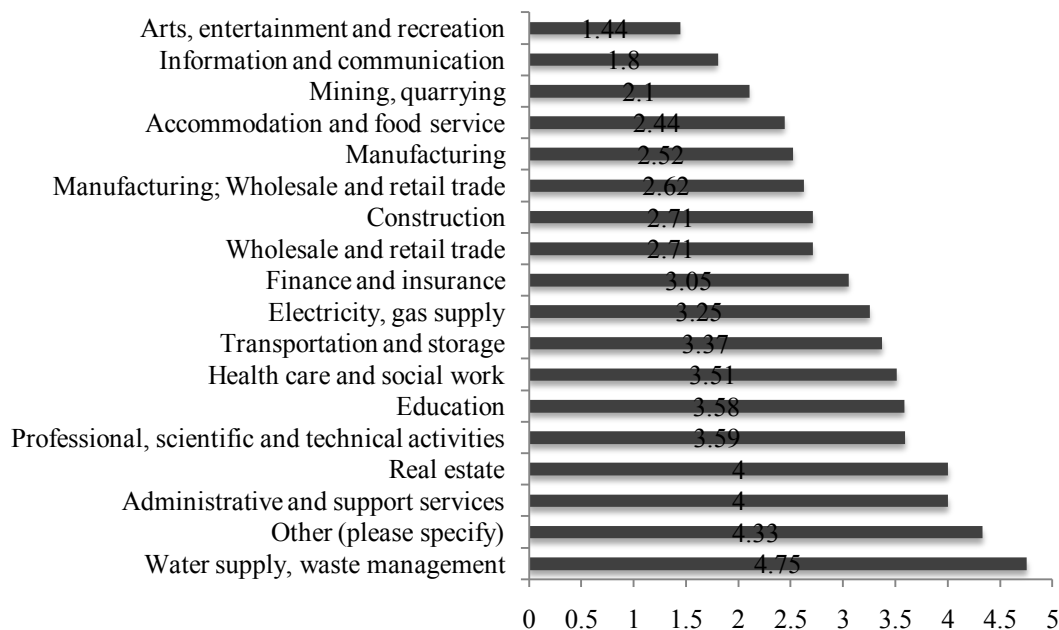


Figure 6 presents findings relating to the anticipated effects of workforce ageing on organisations. Notable among government and not-for-profit employers is a concern for, first of all, a looming loss of substantial numbers of staff due to retirement and, secondly, an increase in sick leave. On the other hand, the primary concern among for-profit organisations was an increase in remuneration costs.

Figure 6 Expected effects of workforce ageing by five years: increase

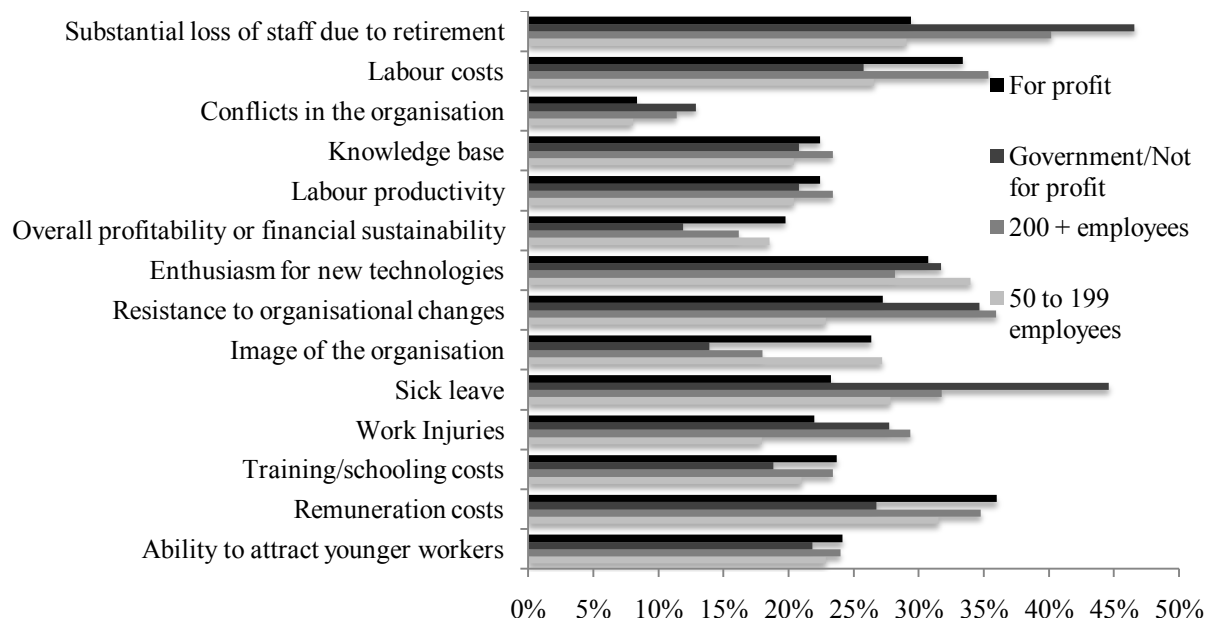
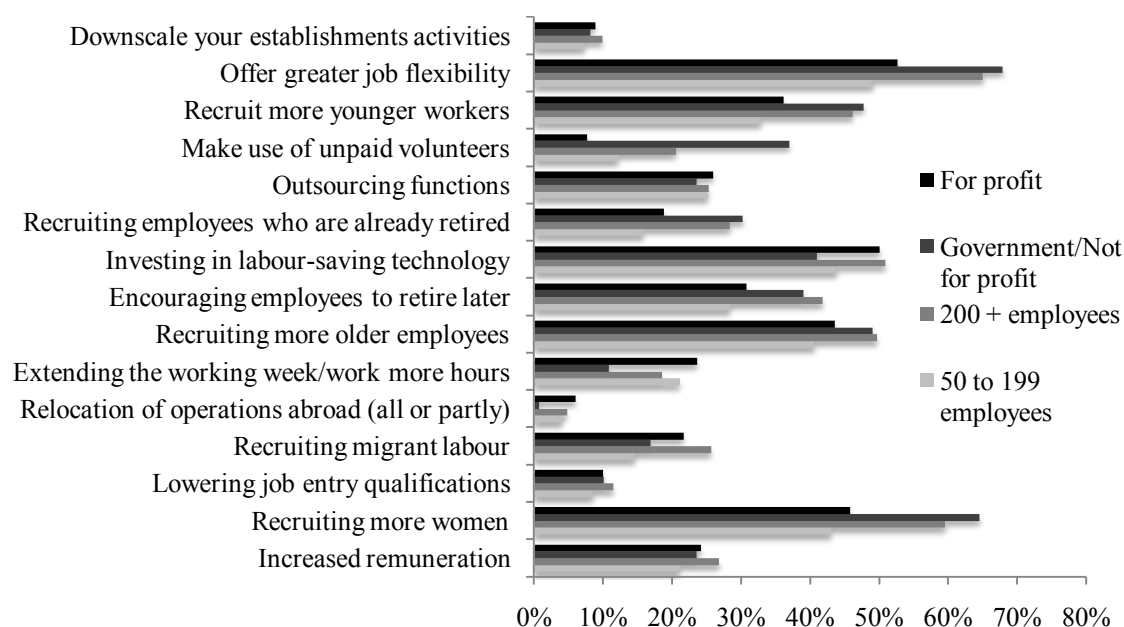


Figure 7 presents findings describing responses to labour shortages that organisations had already applied. Echoing the findings of earlier studies, increasing job flexibility and promoting the employment of women were commonly reported, particularly among public and not-for-profit

organisations. Of particular note was the unusually favourable response to older workers among both private-sector and public and not-for-profit organisations. Investing in labour-saving technology was also rated highly by employers in the public sector. Also of interest were efforts to recruit more younger workers among public and not-for-profit employers, perhaps in an effort to rebalance the age profiles of their organisations.

Figure 7 Responses to labour shortages in use



This study provides important new data on employer attitudes towards, and practices implemented with, older workers in Australia. Critically, and unusually in research on age and employment, this study has found evidence of employers appearing to demonstrate a relatively strong orientation to this group. These findings contrast favourably with studies in other countries and earlier Australian research. The author can offer three explanations. First, it could be argued that the employers surveyed in this study may be somehow different from those surveyed elsewhere. Although this possibility cannot be examined easily, earlier studies appear broadly consistent in some of their key findings, whatever the methodology employed. Second, it may be that this finding represents a recent general shift in attitude towards older labour among employers, perhaps as awareness of the likely impact of population ageing on the Australian labour market (particularly through promotion by government policy-makers) has increased and as organisations themselves experience the ageing of their workforces. Third, this finding may represent the effect of severe labour shortages in the Australian economy at this time, which is forcing employers to cast their net wider than they otherwise would in their search for more diverse sources of labour supply. Our preliminary analysis would suggest that these last two factors are playing a role, although workforce ageing appears to be the primary driver of organisational policy-making. This may indicate that in Australia a perception among managers in relation to a longer-term trend towards workforce ageing could be replacing more immediate labour supply concerns, perhaps resulting in the sustainability of older worker policies, rather than a more short-term approach which has been evidenced elsewhere previously.

On the other hand, our finding of little interest among employers in retraining older workers, consistent with previous studies, perhaps suggests that older workers are in fact viewed by employers as temporary measures. Managers may be considering older workers for roles for which training is

considered unnecessary, or at least for roles that are not viewed as long-term and for which investment in human capital is not considered worthwhile (Loretto & White 2006). This is rather more suggestive of a lack of a long-term commitment to some older workers, with the potential for a precarious end to working life for some, if a lack of human capital investment equates with vulnerability to joblessness. Yet, the willingness demonstrated by employers in managing age-friendly workplaces by applying a suite of responses, it is hoped, presages the increased inclusion of the ageing workforce in an era of tightening labour supply. These issues will be explored in greater detail during a further qualitative element to this research.

Concluding observations

Australian and other research is somewhat suggestive of a general shift in attitudes towards older workers. Although this may be strongly shaped by the point in the economic cycle, a recognition of the extent of workforce ageing may also be playing a role. Despite encouraging recent results for Australia, questions nevertheless remain about the extent to which employers facing ageing workforces will respond, by implementing policies aimed at promoting age management. The flexible firm may be unwilling and feel unable to countenance employing older workers or place them in peripheral positions in organisations (Lyon, Hallier & Glover 1998). While tackling ageism is of great importance, it is not the only relevant perspective when considering the relationship between age and the labour market. Older workers have been caught in the wash of industrial restructuring that has been under way for decades. Ageist attitudes and practices play a part in determining their employment prospects, but as important is their over-representation in declining sectors and chronic underinvestment in skills and workplaces where practices are not adapted to ageing workforces, leaving them highly vulnerable to joblessness (Jorgensen & Taylor 2008).

At this time, it is notable that workforce ageing is clearly of concern for many Australian employers. This points to the need for substantial support activities to assist them in developing the appropriate policies. While governments will play a role, employer representative bodies will have greater credibility. Good practice guides and a large number of employer case studies are available internationally; more could be done to produce and promote Australian case studies. Industry-specific support is also necessary, with messages suitably nuanced. Stronger 'business cases' than exist currently are also required. What is available is unconvincing. On the other hand, there are many other Australian employers who do not view workforce ageing as an issue requiring a response. Engaging with these organisations and raising awareness is also necessary.

Caution is required in the interpretation of the findings of the various studies referred to in this paper, indeed of most studies that have considered the attitudes and behaviour of employers. First, who was responding to surveys should be considered. There is almost always an over-representation of those responsible for human resource matters. Given the considerable coverage of age issues in the specialist personnel press for more than a decade, it might be expected that awareness would have increased among HR professionals. However, this is less likely to have been the case among other types of managers and supervisors. Second, there is the issue of whether the survey respondent was in a position to comment on company *practices* or was merely reporting *policies*. Studies have found that that actual practice does not always adhere to these policies and that both employees and line managers often had limited knowledge of policies (Goldstone & Jones 2001), raising serious concerns about the relationship between manifest organisational stances and real-world behaviours (Loretto & White 2006b). Also, while company policies may not overtly exclude older workers, this does not mean that they will

participate in large numbers in practice; for example, there may be hidden institutional barriers limiting their participation, such as in terms of access to training (Taylor & Urwin 2001).

Despite a recent proliferation of research studies in this area, researchers still have only a limited understanding of the behaviour of organisations with regard to the management of workers of different ages. Recent research has gone some way towards increasing this, but most studies of organisations have been reliant on a limited number of data sources within organisations and have been carried out at one point in time. Not only does this lead to problems of unreliability of data, it also means that it is not possible to tell how workplace policies develop and change over time and how workers and managers influence, respond to and are affected by these changes. In particular, there is evidence that attitudes and practices towards older workers may vary over the economic cycle, as demonstrated by Henkens and Schippers (2008). This points to the need for Australian longitudinal studies and more refined qualitative research of employer attitudes and practices in order to properly discern trends and to understand behaviours.

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Ageism and age discrimination in the labour market and employer responses

Discussant: Michael Keating
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Philip Taylor's paper focuses on employer attitudes as a factor in determining the demand for labour. The underlying premise is that age discrimination by employers plays an important role in the labour market. The paper is essentially a review of the evidence supporting that premise.

The paper commences with a review of the international literature covering employer attitudes and demand for older workers. European surveys suggest the following:

- Although age may not be a central factor in hiring decisions, its significance increased with applicant age and expectations regarding the probability of remaining working life.
- There is a particular bias against training for older workers, especially when the enterprise is facing cost pressures.
- Although objective measures of productivity show improved performance with age, subjective evaluations predominate, often to the disadvantage of older workers.
- Faced with skill shortages, few employers target older workers; the most common response reported was to recruit more women, followed by recruitment of foreign workers; the most common strategy reported affecting older workers was to encourage gradual retirement through part-time work.

There were also differences according to sector, organisational size and the position in the business cycle. Age was less likely to be believed to affect suitability for jobs in large organisations, among public-sector employers, especially in public administration and defence and education, and negative views were more commonly held by respondents in construction and manufacturing. Similarly, employers had more positive attitudes to older workers who are professionals or managers. These sectoral differences raise some interesting questions which I will return to later.

The paper then turns to the role of age stereotypes: how prevalent they are and how much they explain the exclusion of older workers. Again the international literature reports that significant proportions of employers regard older workers as being difficult to train, unable to adapt to new technologies, and too cautious. However, more positive attitudes were also identified, with respondents considering older workers to be reliable, cheerful, providing service and taking a pride in their job. By comparison, younger workers were rated more highly in terms of skills with new technology and their mental and physical capacity, willingness to learn and flexibility.

But how far do these age-related stereotypes amongst employers raise barriers to the employment of older workers? Survey responses by employers suggest that the most important factor that might discourage them from recruiting and employing older people is their perceived lack of appropriate skills, followed by the truncated payback period from training. Qualitative data also suggest a

significant difference between an official policy of non-discrimination and the actual practice of line managers who are responsible for the employment decisions.

The second half of the paper focuses on the findings from an Australian survey carried out last year of almost 600 Queensland public and private-sector employers with more than 50 staff. Some of the more interesting findings reported are:

- A substantial majority of all organisations are expected to experience workforce ageing over the next five years, with larger organisations (over 200 employees) and public-sector organisations being more likely to foresee this ageing.
- The majority of all organisations felt that action was required over the next five years, but a third of public-sector employers saw an immediate need to act.
- A variety of responses to employee ageing were reported, with wide variations between kinds of employers on some responses, and greater engagement from public-sector and large employers. Confirming earlier studies, retraining for older workers was not a common response, and there was a relatively low incidence of private employers offering part-time retirement.
- The incidence of age-friendly practices implemented by industry tends to be almost twice as high in more sedentary occupations compared with those that require more physical activity.
- Public-sector and not-for-profit employers are more concerned about future losses of staff, sick leave and resistance to organisational changes as a result of their ageing workforce.
- Consistent with earlier studies, increasing job flexibility and employment of women were commonly reported, as the responses already applied to labour shortages, particularly among public and not-for-profit organisations. Of particular note was the unusually favourable response to recruiting more older workers.

Taylor concludes that the research reported is somewhat suggestive of a general shift in attitudes in favour of older workers. He further suggests that this shift may be influenced by the point in the economic cycle, and, in Australia's case, by emerging labour shortages, but he also considers that a recognition of the extent of workforce ageing may be playing a role. Indeed, as far as Australia is concerned, Taylor believes that workforce ageing may be the primary driver of organisational policy-making. If so, older-worker policies may prove more sustainable in future in Australia, rather than older workers being just a short-term response to labour shortages, which has previously been evidenced elsewhere.

My comment on this paper is that I wonder if anyone is really surprised by the findings reported – I certainly am not. The more interesting question, I suggest, is whether the practices reported in these findings are soundly based or whether employers are missing out on a source of productive labour at a cost to their firms.

In attempting to respond to this question, I would first like to consider the issue of stereotyping. Of course, in principle we are all against stereotyping, as it seems blatantly unfair to assume that someone is bound to share some common characteristics of any defined group, without considering that individual's personal experience, qualifications and performance. On the other hand, the reality is that employers can be faced with multiple applicants for a job, and they need some quick way of separating out which people should be shortlisted for interview. Stereotyping provides such a means of determining the initial cut. It doesn't have to be stereotyping by age, it could be by qualification or even by where the qualification was obtained, or by the reputation of the previous employer.

If further evidence is required, just consider other approaches to managing the time demands of the recruitment process. Other common approaches are to hire people by order of application, irrespective of merit, as long as they meet a few basic requirements, or to hire on the recommendation of a relative or friend of the applicant who is known to the employer.

The critical point about the efficiency of stereotyping is whether the factors that determine the stereotype are sufficiently common among members of the relevant group and how significant they are in terms of future employment performance.

So really the question is in what circumstances is age likely to prove a factor in future employment performance and to what extent? Here what I find interesting is that the occupations where age is most likely to be viewed negatively are mainly found in the blue-collar category, rather than being professional occupations. However:

- Blue-collar occupations make greater physical demands on their workers, which means that aged people are typically at a disadvantage. Indeed, many older tradesmen voluntarily quit relatively early and take up alternative employment, say as VET teachers, because they find their former employment too hard as they get older.
- Older blue-collar workers are less likely to have language, literacy, and numeracy skills than younger workers, because more older workers left school earlier than their younger fellow workers.

By comparison, the professions are distinguished by the following:

- All professional members of a particular occupation are equally well educated, at least in terms of their base-level qualification, irrespective of their age.
- Professional judgment is often critical to performance, and that judgment often improves with experience, so that age can even be an advantage, at least up to a certain point in many but not all professions.

Looking to the future, I am reasonably optimistic about the prospects for older workers. The ageing of the population will, I think, lead to a cultural shift in favour of older people. Businesses will discover the purchasing power of this older and more numerous generation, in much the same way as they discovered the purchasing power of teenagers 40 years ago when today's elderly baby boomers were teenagers. Like Taylor, I think this cultural shift will be more favourable to the employment of older workers, and the ageing of the population means that the demand for labour will tend to run ahead of the supply *ceteris paribus*. In short, I think that employer demand may be less of a problem for older workers in the future than in the past, as attitudes are changing and there is a structural shift in favour of workers with an overall tightening of the labour market compared with the experience of the previous 40 years.

However, it will be critical to ensure that older workers are able to take advantage of this changing situation and are able to take up the jobs that I think will be on offer. At present some 40% of Australians lack sufficient language, literacy and numeracy skills to ensure that they can fully realise their potential in the modern Australian workplace. Moreover, it is highly likely that this proportion is higher among older workers. This means that we face a considerable challenge: firstly, to ensure that education and training opportunities are available for older workers who missed out in their youth, or who have so far lacked the opportunity to upskill; and, secondly, to make sure that we are able to attract older workers to take up these education and training opportunities.

Economics of population ageing: Australia may not have a labour supply problem, but recent superannuation reforms have not helped

Bruce Headey

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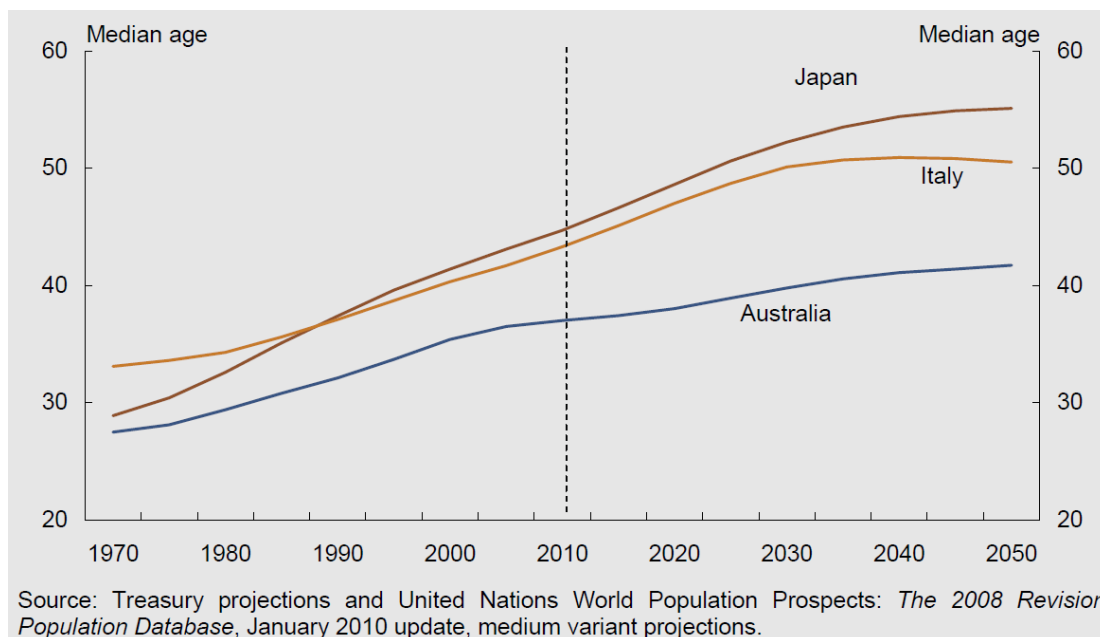
There is a widely held view that in the next 40 years Australia is going to have serious economic problems due to population ageing. This view is based on reports produced by the Australian Treasury (2002, 2007, 2010) and the Productivity Commission (2005). The first *Intergenerational report* (Australian Treasury 2002), and the Productivity Commission's analysis both estimated that the rate of economic growth would halve between 2000 and 2045, falling from just under 2% a year to about 1%. The main reason given for this projected decline was inadequate labour supply, with the retired person dependency rate (the percentage of people aged 65 relative to those aged 15–64) expected to increase from 19% in 2003–04 to 41% by 2044–45.

Later revisions of the *Intergenerational report* in 2007 and 2010 have been somewhat less pessimistic. Since the first report was issued, immigration has increased and so has the birth rate. So the Australian Government through the Treasury now projects that growth will decline only from 1.9% a year in recent decades to 1.5% by 2050. The main basis for this revised claim is that the working-age population (15–64) will shrink from 67.4% of the total now, to 60.2% by 2050. Recommended countermeasures include providing increased incentives for mature-age employees to remain in the labour force, rather than retire. The latest *Intergenerational report* (Australian Treasury 2010) indicates that if the labour force participation rate of 55 to 64-year-olds could be increased from its current level of 60% to 67% by 2049–50, this would increase GDP substantially.¹

There is no doubt that most European countries, and also Japan, are going to have serious labour supply problems due to population ageing in the next 40 years. In these countries official reports have painted a very gloomy picture of economic prospects for the medium- and long-term future. There is also little doubt that the Treasury and the Productivity Commission have been strongly influenced by these reports and have echoed Western European claims in their own work. However, as figure 1 shows, Australia's predicament is much less dire.

¹ It is estimated that GDP would be 2.4% higher than otherwise if increased participation could be achieved.

Figure 1 Population projections to 2050: Australia, Italy, Japan



Several Western European countries and Japan are going to have so-called ‘graveyard’ population distributions, with heavy concentrations in the 65+ and, indeed, 80+ age groups. Plainly, viewed in an international comparative perspective, Australia has much less of a problem, or, as I will suggest in the remainder of the paper, not much of a problem at all.

The paper is in two quite distinct parts. The first part examines recent trends in the labour force participation rate and suggests that, if these trends continue, the country will not have a labour shortage – or perhaps just a minor shortage – in coming decades. In particular, more than 67% of 55 to 64-year-olds will be working in 2049–50. Further, continuing increases in women’s labour supply are likely to almost make up for any labour shortages that remain. In the second part of the paper the effects of recent Australian Government Budget changes are assessed, changes which were intended to provide incentives for mature-age people to increase their labour supply. These changes have mainly related to superannuation, but also to the taxation of the labour incomes of mature-age individuals. We shall find that these changes have not had the desired effects in the short term, although it is possible that they will be effective in the longer run.

Will Australia really have a labour supply problem in 2010–50?

In order to assess whether Australia is likely to have a labour supply problem peaking around 2050, we need to examine both continuing trends in labour force participation and projected shifts in the future age structure of the population. Figures 2 and 3 show trends in male and female mature-age participation in recent decades.

Figure 2 Participation rates of mature-age men, 1966–2009

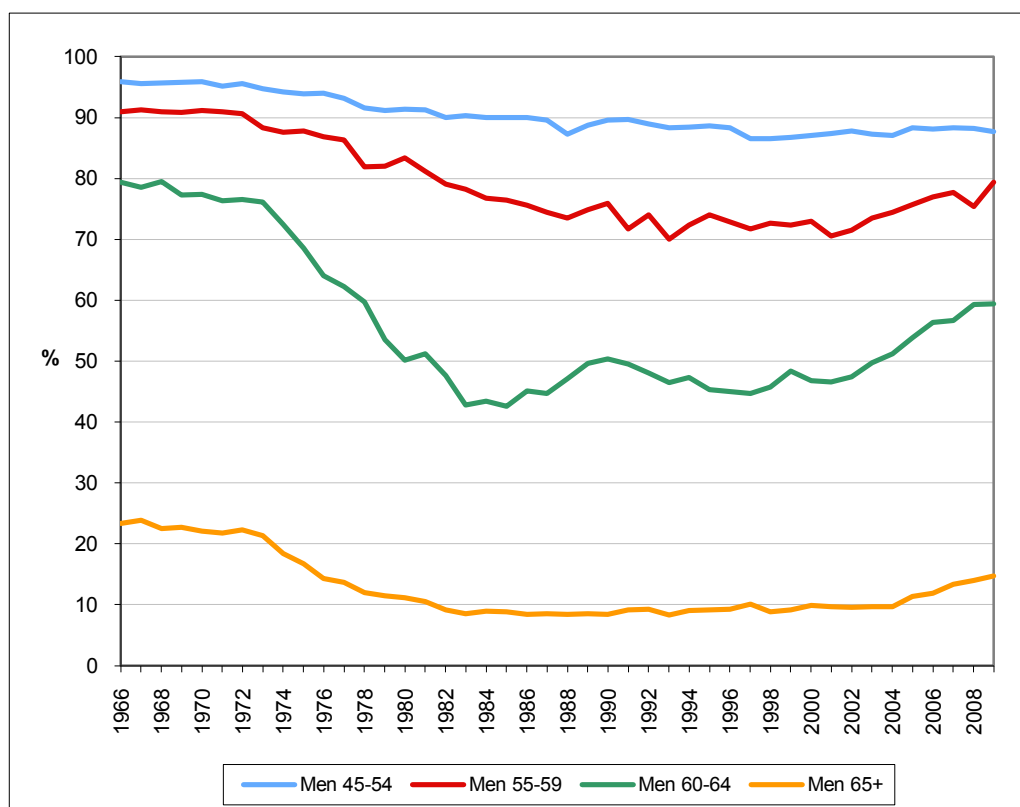
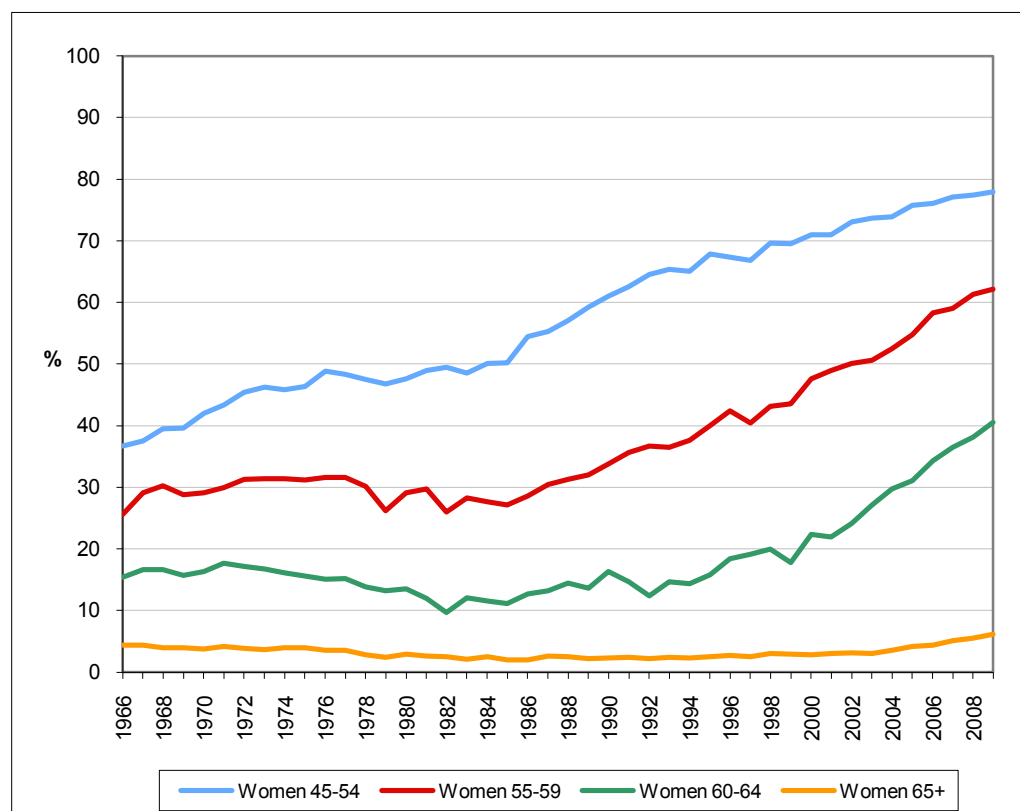


Figure 3 Participation rates of mature-age women, 1966–2009



Source: ABS (2009, 2010a).

These data show that since the mid-1980s the participation rates of mature-age men aged 55–59 and 60–64 have steadily increased. The previous trend towards early retirement has been reversed. Only men aged 45–54 have not been part of the steady upward trend. Women’s labour supply has never trended downwards since the Second World War, and is still rising strongly.

These graphs just give the broad picture. Let us now look at some more recent numbers and use them as a basis for making projections about the future. Australian Bureau of Statistics (ABS) publications regularly give detailed figures showing changes in labour force participation over the previous 20 years. Table 1 shows participation rates for each gender–age group for the latest 20-year period, 1988–89 to 2008–09. The three columns on the right-hand side of the table give my (amateur) projections for 2050. The 2050 numbers are guesswork, of course, but they are all based on fairly conservative projections of trends under way between 1988–89 and 2008–09.

Table 1 Labour force participation rates of gender-age groups: 1988–89, 2008–09 ... and 2050 (projected)

Gender–age groups M = male F = female	1988–89 lfp rate %	2008–09 % of pop.	2008–09 lfp rate %	2008–09 % part-time	2050 projected % of pop.	2050 projected lfp rate %	2050 projected % part-time ^a
M 0–14	0	9.5	0	na	8.5	0	na
F 0–14	0	9.5	0	na	8.5	0	na
M 15–19	61	3.0	57	57	2.5	55	57
F 15–19	59	3.0	59	78	2.5	55	78
M 20–24	90	3.5	85	26	2.5	75	26
F 20–24	85	3.5	77	39	2.5	75	39
M 25–54	94	22.0	90	8	17.5	90	8
F 25–54	63	22.0	76	41	17.5	85	41
M 55–64	62	5.0	69	17	7.5	75	17
F 55–64	24	5.0	52	50	7.5	70	50
M 65+	9	6.0	15	46	11.0	20	46
F 65+	2	7.5	6	70	12.0	10	70
		(100)			(100)		

Note: a It is projected that, within each gender–age group, the ratio of part-time employees to full-timers will not change between 2008–09 and 2050. It is further assumed that the actual hours worked by male and female full- and part-timers will remain unchanged, so male full-timers are assumed to average 41 hours per week, while female full-timers average 37 hours. Both male and female part-timers average 19 hours per week.

Source: (ABS 2010, pp.193, 197, 234, 239, 244; Australian Treasury 2010, pp.9–10).

The population groups which recorded large increases in labour force participation between 1988–89 and 2008–09 are:

- men and women aged 55–64
- men and women aged 65 and over
- women aged 25–54.

Men aged 55–64 increased their participation rate from 62% in 1988–89 to 69% in 2008–09, while women in this age group increased their rate from 24% to 52%. These trends show no sign of slowing, so it seems reasonable to project that the men’s rate by 2050 might be (say) 75%, and the women’s rate might be (say) 70%. Both these projections are conservative, in that they imply an annual increase in participation in the next 40 years of little over half the rate recorded in the last 20 years. Yet they still mean that the labour supply of 55 to 64-year-olds will easily surpass the 67% level mentioned as desirable by Treasury for 2049–50.

Historically, men and women aged 65 and over have had very low participation rates, although rates have risen quite sharply in recent years. Men have been eligible for the age pension at 65 and their younger wives/partners have, in many cases, retired at more or less the same time. But the financial circumstances of this age group are set to change. By 2023 both men and women will have to wait to 67 before becoming eligible for the pension. This factor alone is likely to give a further upward tilt to their rising trend of labour force participation. In table 1 it is projected that the rate for men aged 65+, which has risen from 9% to 15% in 1988–89 to 2008–09, will rise to 20% by 2050. Women’s participation has risen from 2.3% to 5.6% in the last 20 years and is projected to rise to 10% by 2050.

There is of course a wide band of uncertainty around estimates of future increases in the participation rates of mature-age groups. However, we can be fairly sure that the rates will continue to go up, because some of the underlying reasons for past trends are clear and will continue to exert their effects. In particular, it is clear that mature-age people who are healthier and better educated are more likely to continue working than those who are less healthy and less educated (Headey et al. 2007). Since the health and education levels of people in their fifties and sixties are certain to continue to improve, we can be almost certain that more of them will continue in work, rather than choosing to retire (assuming jobs are available). It is also probably the case that the replacement of blue-collar jobs by physically less demanding white-collar jobs has a positive effect on mature-age participation.

Quantitatively, the most significant gains in labour force participation have come from increases in the number of prime-age women in paid work. This upward trend has continued ever since the Second World War. However, it may now be slowing slightly, which makes it somewhat harder to make projections for 2050. Between 1988–89 and 2008–09 the participation rate of women aged 25–54 increased from 63% to 76%. Somewhat arbitrarily, but perhaps conservatively, I have guessed at an 85% rate in 2050 (still 5% below the projected male rate).

Now let’s take account of trends for all gender–age groups listed in table 1 in order to estimate *national changes* in the participation rate between 2008–09 and 2050.² This necessarily requires inclusion of groups which have recorded small declines in participation – notably prime-age men – as well as those whose participation has increased. To work out national changes we need to take account of the changing (that is, ageing) population distribution, particularly the fact that by 2050 a smaller proportion of the population will be of ‘normal’ working age. Assumptions made about changes in the population distribution are shown in table 1; data come from the Australian Bureau of Statistics and the latest *Intergenerational report* (ABS 2010; Australian Treasury 2010, p.10).

Taking everything into account, a labour force participation rate which is only 1.7% down from the actual rate in 2008–09 is projected for 2050.³ This appears to be below the forecasts that the Treasury made to arrive at its workforce estimates and its consequent estimate of a large fall in

² Detailed worksheets are available from the author. Note, however, that all elements required for calculations are given in table 1 and the table notes.

³ Participation rates have been calculated as a percentage of the total population, rather than as a percentage of those aged 15–64, which is more conventional. The 2008–09 rate is estimated at 53.1% and the 2050 projection is 51.4%. From the standpoint of wanting to know about the size of the economically active population versus the economically dependent population, it seems preferable to use the total population (not the so-called working-age population) as a base.

national economic growth (Australian Treasury 2010, p.11).⁴ Certainly, our estimates of the participation rates of older Australians (55+) are higher than the *Intergenerational report* estimates.

Working hours and productivity

Although the numbers projected to be working in 2050 do not seem particularly alarming, it is still possible that GDP could suffer due to either (a) a sharp reduction in total hours worked and/or (b) a decline in productivity due to the changed gender–age structure of the workforce. The issue of productivity cannot be dealt with adequately here. Briefly, there appears to be no reason to expect lowered (or any change in) average productivity due to the biggest change in structure of the workforce, namely, the presence of more female employees. The effects of ageing are more open to debate. It may well be true that, on average, productivity declines when people reach their late fifties and sixties. However, the individuals who actually continue in work, rather than retire, are partly a self-selected group and partly an employer-selected group. Studies of the productivity of actual older employees have turned in mixed results, but mostly do not report declines in productivity (Encel & Studencki 1996; Pickersgill et al. 1996; Encel 1998; Bennington & Tharenou 1999; House of Representatives 2000; Bittman, Flick & Rice 2001).

It is clear that the number of hours worked per employee by 2050 is likely to decline more than the labour force participation rate, because full-time men are to some extent going to be replaced by part-time women and part-time older employees. I have made an estimate of the likely decline in national hours worked (per 10 000 population) by making two further conservative assumptions. One is that, in each gender–age group, the ratio of full-time to part-time workers (shown in table 1) will remain unchanged between 2008–09 and 2050. A second assumption is that, as in 2008–09, full-time men will continue to average 41 hours per week, whereas full-time women will average 37 hours (ABS 2010). Part-time men and women both average 19 hours a week. On this basis it is estimated that there will be a 4.5% decline in national working hours (per 10 000 population) by 2050.⁵ This compares with our earlier estimate of a 1.7% decline in the labour force participation rate.

Again, this decline does not seem too drastic and is probably lower than *Intergenerational report* estimates. It also seems arguable that the assumptions behind the estimate are too conservative. The average hours of full-time women, relative to full-time men, have been trending slightly upwards. If, by 2050, full-time women actually averaged the same hours as full-time men, then about half the projected decline in national working hours would disappear. Another fairly likely change is that women in their fifties and sixties, who are now predominantly part-timers, will tend to shift towards full-time work. If, by 2050, about half the working women in this group were full-timers and the other half were part-timers, then most of the remaining shortfall in hours would be eliminated. A final moderately likely change is that older people will gradually increase their working hours, although doubtless many will always want to work part-time.

In thinking about future labour market developments, it is important to keep in mind the dynamics and incentives which are likely to be in play. In particular, it is obvious that, as the availability of prime-age employees declines, employers will *demand* greater labour supply from older people and also from

⁴ An estimated labour force participation rate of 60.6% in 2049–50 for the population aged 15+ is given in the 2010 *Intergenerational report* (p.12; see also p.117 and pp.121–22 for sensitivity analyses). Australian Government estimates are generated by the Treasury's FAPmod (Fiscal Aggregate Projection Model). Our comparable estimate, based on the projections in table 1, is 62.0%. The main reason for the difference is that we estimate a higher projected rate of female participation: 58.5% compared with the 54.4% (Australian Treasury 2010, p.117).

⁵ There does not appear to be a comparable published *Intergenerational report* estimate available.

women who have not yet entered the labour force or who have temporarily dropped out. Employers will have strong incentives to adapt working conditions, working hours and perhaps pay scales to the preferences of women and older people. Changed incentives on the employer side will probably do much to alleviate the labour shortages which might otherwise occur in the next few decades.

A final point is that all calculations made here assume that the relationship between labour force participation rates and actual employment rates remain unchanged. In recent times about 5% have been ‘participating’ but are unemployed (and seeking work). Clearly, if unemployment either rose or fell sharply in future decades, the consequences for dependency rates and economic growth would be substantial.

Budget changes intended to increase mature-age labour force participation — have they helped?

In the second half of the paper the aim is to assess the effects of recent Budget changes on the labour force participation and hours worked by mature-age people. The most important of these changes were announced in the 2006 Budget and took effect on 1 July 2007. From that date onwards individuals aged 60 and over were permitted to collect all of their superannuation tax-free as a lump sum if they wished. The superannuation withdrawal tax was abolished, as was tax on earnings from superannuation accounts in pension phase.⁶ The concept of reasonable benefit limits was ended, so that individuals in future could hold much higher levels of assets in superannuation accounts in pension phase, free of taxes on earnings (including capital gains). Also, individuals who were receiving superannuation income (that is, their accounts were in ‘pension phase’ rather than ‘accumulation phase’) could in future remain in or return to paid work and have their labour income taxed from a zero base. Previously, labour income was added to super income and taxed at the appropriate marginal rate. Further, in the 2006 Budget, the amount of income which could be deposited in superannuation accounts on favourable tax terms as ‘concessional contributions’ was increased substantially (varying by age group). The government also introduced a matching contribution scheme for low-income Australians, whereby their contributions were matched by government contributions up to a \$1000 limit.

In announcing the changes, the Treasurer, Peter Costello, said that he expected that they would provide strong incentives for mature-age people to continue their careers, undertaking at least part-time work rather than retiring. He framed the changes as the culmination of a series of reforms aimed at increasing mature-age labour supply, including the 2004 Budget changes, which had first made it possible for older people to both collect their superannuation and continue in paid work.⁷

The government did not directly claim that its main aim was to provide increased work incentives for highly skilled older people, who could contribute most to the economy. But clearly the incentives affected individuals with high levels of earnings and superannuation — the high-skill segment of the labour force. It may be noted that reducing the effective rates of taxation on high-earning, highly skilled individuals is a central tenet (recommendation) of optimal tax theory (Stern 1987). This is a

⁶ Prior to the change, once a person started drawing a pension from their superannuation account (‘pension phase’ as distinct from ‘accumulation phase’), tax was only due on earnings on savings which exceeded so-called ‘reasonable benefit limits’. The large majority of superannuants did not exceed these limits.

⁷ However, this reform only allowed people to collect their super as an *income stream* and still work. They were not permitted to collect a lump sum.

theory of which Treasury officials are doubtless well aware, but one which, for obvious political reasons, is not easy to implement in a democracy.

Before assessing the effects of the reforms, it may be worth commenting on assumptions about incentives apparently made by the government. To some observers it was far from obvious that most high-skill, high-super individuals would choose work rather than retirement and leisure, given the new choices available to them. The choice which many faced was between reasonably well-financed leisure versus the opportunity to become considerably better off by continuing in work, with good opportunities to add to one's lump sum and earn a labour income at very favourable tax rates. The government's thinking was apparently that most high-skill, high-super individuals would be something like lifetime income and wealth maximisers. But there was also the possibility, surely, that many people would jump at the chance of well-financed leisure.

In assessing the effects of the reforms on mature-age labour supply, we use longitudinal panel data for 2001–08 from the Household Income and Labour Dynamics Australia (HILDA) survey (Watson & Wooden 2004). This survey began in 2001 with a sample of about 15 000 respondents in about 8000 households. All household members aged 15 and over are interviewed and interviews are conducted annually. The representativeness of the sample is maintained by tracing and interviewing 'split-offs', that is, household members who leave their original home and form or move into a new household. The survey provides a large enough sample of mature-age respondents for it to be feasible to evaluate the effects of the 2005 (and other) reforms on labour force participation and hours worked.

Our first analyses were focused on whether the reforms affected the labour force participation rates of (a) men aged 55–69 and (b) women aged 55–69. We did not expect that any significant effects would be detected when the target groups were defined so broadly, and so it transpired. We then focused more specifically on individuals with high levels of superannuation – the group most likely to be 'incentivised' by the reforms.

An appropriate policy-evaluation method for assessing whether a particular set of changes had a greater incentive on one group than another is 'difference-in-difference' analysis (Blundell & Dias 2008). We first focus on men aged 55–69 who held above-average amounts of superannuation and compare their behaviour (that is, their participation in the workforce) before and after the policy change with the behaviour of those with below-average amounts of superannuation. (The mean amount of super held by men in the 55–69 age group in 2001–08 was \$201 000.) The coefficient of main interest in table 2 relates to 'difference post-policy', that is, the difference in participation rates after the policy was introduced in July 2007 between the high-super group and the low-super group. (Technically, 'difference post-policy' is an interaction term between the variable 'after July 2007' and a variable splitting the sample into those with above the mean and below the mean levels of superannuation). Also included on the right-hand side of the equation, essentially as 'controls', are other variables which affect labour supply. These include variables measuring aggregate demand (GDP growth rate etc.), preferences and constraints known to affect mature-age labour supply (age, partner's age etc.), and household budget variables (owns home outright etc.).

In interpreting the results in table 2 and subsequent tables, it is important to bear in mind that mature-age labour supply was steadily trending upwards throughout this period. Essentially, the evidence in the tables shows whether (or not) the policy reforms gave a further upward tilt to an ongoing trend. The ongoing trend was driven by high economic growth and variables already mentioned, including the improving health and education levels of older people.

Table 2 Effects of the 1 July 2007 policy changes on mature-age (55–69) men’s labour force participation: difference-in-difference analysis

Explanatory variables	Participation (1–0)	
After policy change	-0.100 (0.147)	
July 2007 (1–0)	Marginal effect -0.011 (0.016)	
High super	-0.265*	(0.119)
Difference post-policy	-0.051	(0.16)
<i>Aggregate demand</i>		
GDP growth rate (1-year lag)	-0.023	(0.041)
Year	-0.002	(0.027)
<i>Preferences & constraints</i>		
Age	-0.131***	(0.016)
Partner’s age	0.007	(0.01)
Partnered (1–0)	-0.705	(0.615)
Carer (1–0)	-0.287	(0.247)
Long-term health problem (1–0)	-0.822***	(0.097)
Partner: long-term health problem (1–0)	-0.013	(0.1)
Education: years	0.100**	(0.034)
Work experience	0.049***	(0.007)
English competence (1–0)	-0.882	(0.763)
Partner works (1–0)	1.556***	(0.178)
<i>Budget variables</i>		
Owns home outright (1–0)	-0.613***	(0.106)
Net property equity (\$)	-0.029	(0.016)
Other net equity (\$)	0.003	(0.008)
Occupational status	-0.001	(0.003)
Partner: net hourly pay	-0.157**	(0.057)
Constant	5.151***	(1.386)
Log likelihood	-1587.6455	
Wald chi-sq	354.52***	
Sample size	4402	

Notes: Metric coefficients (standard errors in parentheses).

*** significant at 0.001; ** significant at 0.01; * significant at 0.05; # significant at 0.1.

Source: HILDA 2001–08.

The evidence in table 2 indicates that there was no differential response to the July 2007 policy changes between men with high- and lower-super holdings. The coefficient of -0.051 is not even significant at the 0.10 level and, since it is negative, certainly does not indicate that high-super men were more likely to participate after the changes took effect.

Many more difference-in-difference analyses were conducted, all with statistically non-significant results. There appeared to be no differential policy response on the part of men with high levels of earnings (high hourly rates) compared with low-earning men. Similarly, there were no significant differences post-policy in the participation of highly educated versus less educated men, or men with high rather than low occupational status; nor did it make any difference when these various groupings were split by age into those aged 55–59, 60–64 and 65–69.

Table 3 reports parallel results for women aged 55–69, where the focus is again on any differences that might be found between those with high and low super holdings.

Table 3 Effects of the 1 July 2007 policy changes on mature-age (55–69) women’s labour force participation: difference-in-difference analysis

Explanatory variables	Participation (1–0)	
After policy change July 2007 (1–0)	0.104 (0.151)	
	Marginal effect 0.021 (0.030)	
High super	-0.290*	(0.132)
Difference post-policy	-0.240	(0.178)
<i>Aggregate demand</i>		
GDP growth rate (1-year lag)	-0.041	(0.043)
Year	0.001	(0.029)
<i>Preferences & constraints</i>		
Age	-0.142***	(0.018)
Partner’s age	0.012	(0.014)
Partnered (1–0)	-2.019*	(0.894)
Carer (1–0)	-0.152	(0.188)
Long-term health problem (1–0)	-0.644***	(0.106)
Partner: long-term health problem (1–0)	0.136	(0.114)
Education: years	0.069	(0.037)
Work experience	0.020***	(0.003)
English competence (1–0)	1.548*	(0.712)
Partner works (1–0)	1.801***	(0.162)
<i>Budget variables</i>		
Owns home outright (1–0)	-0.486***	(0.113)
Net property equity (\$)	0.044**	(0.016)
Other net equity (\$)	-0.012	(0.009)
Occupational status	0.006*	(0.003)
Partner: net hourly pay	-0.214***	(0.043)
Constant	5.839***	(1.328)
Log likelihood	-1456.7238	
Wald chi-sq	273.08***	
Sample size	3562	

Notes: Metric coefficients (standard errors in parentheses).

*** significant at 0.001; ** significant at 0.01; * significant at 0.05; # significant at 0.1.

Source: HILDA 2001–08.

The evidence here again indicates that the policy changes had no significant effect on labour supply. The sign of the policy coefficient is actually negative (-0.240), but it is not significant even at the 10% level.

Some additional analyses were conducted to determine whether the reforms affected hours worked, a possibility even though workforce participation rates were not affected. Table 4 reports results of a Tobit regression relating to hours worked before and after July 2007 by 55 to 69-year-old men (Tobin 1958).⁸

⁸ Tobit regressions are appropriate when the dependent variable (hours worked) includes a large number of zeros.

Table 4 Effects of the 1 July 2007 policy changes on mature-age (55–69) men’s working hours: longitudinal Tobit analysis

Explanatory variables	Hours worked (1–0)	
After policy change July 2007 (1–0)	0.977	(1.006)
<i>Aggregate demand</i>		
GDP growth rate (1-year lag)	-0.53	(0.319)
Year	-0.637**	(0.224)
<i>Preferences & constraints</i>		
Age	-1.798***	(0.161)
Partner’s age	-0.001	(0.11)
Partnered (1–0)	-1.221	(6.301)
Carer (1–0)	-2.98	(2.532)
Long-term health problem (1–0)	-7.978***	(0.929)
Partner: long-term health problem (1–0)	-2.117*	(0.848)
Education: years	0.602	(0.358)
Work experience	1.028***	(0.086)
English competence (1–0)	-13.22*	(6.404)
Partner works (1–0)	15.495***	(1.216)
<i>Budget variables</i>		
Owns home outright (1–0)	-6.436***	(0.82)
Net property equity (\$)	-0.381**	(0.14)
Superannuation (\$)	0.062	(0.113)
Other net equity (\$)	0.069	(0.068)
Occupational status	0.002	(0.023)
Partner: net hourly pay	-1.508***	(0.369)
Constant	51.34***	(14.9)
Log likelihood	15 743.456	
Wald chi-sq	1 276.54***	
Sample size	4 244	

Notes: Metric coefficients (standard errors in parentheses).

*** significant at 0.001; ** significant at 0.01; * significant at 0.05; # significant at 0.1.

Source: HILDA 2001–08.

Plainly, the policy changes had no significant effect on working hours. The coefficient of 0.977 for the policy variable is not even close to significance at the 10% level.

A parallel analysis for women aged 55–69 indicated that for them also the July 2007 policy changes did not lead to any significant change in hours worked.

Table 5 Effects of the 1 July 2007 policy changes on mature-age (55–69) women’s working hours: longitudinal Tobit analysis

Explanatory variables	Hours worked (1–0)	
After policy change July 2007 (1–0)	0.028	(0.022)
<i>Aggregate demand</i>		
GDP growth rate (1-year lag)	-0.011	(0.007)
Year	-0.005	(0.005)
<i>Preferences & constraints</i>		
Age	-0.180***	(0.003)
Partner’s age	0.001	(0.002)
Partnered (1–0)	-0.309*	(0.140)
Carer (1–0)	0.005	(0.031)
Long-term health problem (1–0)	-0.100***	(0.018)
Partner: long-term health problem (1–0)	0.034	(0.018)
Education: years	0.008	(0.006)
Work experience	0.003***	(0.000)
English competence (1–0)	0.131	(0.086)
Partner works (1–0)	0.343***	(0.024)
<i>Budget variables</i>		
Owns home outright (1–0)	-0.076***	(0.017)
Net property equity (\$)	0.004	(0.002)
Superannuation (\$)	0.014***	(0.002)
Other net equity (\$)	-0.002	(0.001)
Occupational status	0.000	(0.000)
Partner: net hourly pay	-0.033***	(0.007)
Constant	1.354***	(0.191)
Log likelihood	-1393.377	
Wald chi-sq	747.74***	
Sample size	3652	

Notes: Metric coefficients (standard errors in parentheses).

*** significant at 0.001; ** significant at 0.01; * significant at 0.05; # significant at 0.1.

Source: HILDA 2001–08.

Once again, the policy coefficient of 0.028 is not even significant at the 10% level.

In concluding this section it seems clear that, in the short-term, the superannuation and taxation reforms introduced in July 2007 did not have the intended effect of increasing mature-age labour supply. The upward trend in mature-age people remaining in the workforce continued, but the trend was not tilted upwards by the reforms. A possible interpretation of this result is that, for every mature-age person who saw the reforms as a chance to maximise lifetime income and wealth, another saw them as an opportunity for well-financed retirement and leisure. The latter type of person might well think to themselves: ‘Thanks to the tax-free lump sum, I have now got enough money to retire – I am satisfied now that I can reach my target retirement income’. This person could be termed an income *satisficer*, rather than an income maximiser. Yet another possible explanation of the lack of impact of the July 2007 reforms on labour supply may be that successive governments have made so many reforms to superannuation that many individuals (and their financial advisers) do not believe that any set of current incentives will last.

Discussion and policy implications

It is usual to finish a paper of this kind with a discussion of policy implications. However, since the conclusion of the first part was that concerns about the economic implications of an ageing population have been overstated, the policy implications may be slight. It is likely that sufficient incentives are already in place to induce mature-age individuals and prime-age women to make up any shortfalls in labour supply which might otherwise occur. The Australian superannuation and tax 'systems' already have substantial inbuilt incentives to encourage mature-age labour supply, even if some recent changes appear not to have had additional positive effects. Saving via superannuation already receives very favourable tax treatment, and older people can earn moderate amounts without losing much of their pension or being taxed at high marginal rates. The tax system also favours partnered women, and secondary earners in the family, to the extent that each individual is taxed separately, rather than on a household basis, as happens in some Western countries.

It even seems possible that the extraordinarily generous tax treatment of superannuants, which has been supplemented in recent years, has overshot the mark and that enough older people would remain in work without such treatment. Certainly, the cost of the new concessions is high; Treasury estimates put them at \$31 billion for 2012–13, and they may amount to about 2.7% of GDP by 2049 (*Financial Review*, 21–22 November 2009). The concessions will add substantially to Budget deficits projected for the 2040s. Some might think it more equitable to spend the money, if it is going to be spent at all, on age pension increases.

On balance though, at least for the next few years, it may be time to let existing incentives lie, and allow people to get used to them and respond to them. Continual reform is not credible and can lead to diminished response to incentives, which may be perceived as here today but revised tomorrow.

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Economics of population ageing: Australia may not have a labour supply problem, but recent superannuation reforms have not helped

Discussant: Saul Eslake
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Bruce Headey's paper seeks to challenge what has become, in the phrase coined by JK Galbraith, the 'conventional wisdom' regarding two aspects of demographic change in Australia over the next four decades: first, that population ageing will materially detract from labour force growth, and hence from real GDP growth, over this period; and, second, that policy changes which have reduced the incidence of taxation on superannuation savings represent an appropriate and effective response to that threat.

The most recent *Intergenerational report* (Treasury 2010) projected that Australia's labour force participation rate would decline from 65.4% at the time when it was released to 60.6% by 2049–50. This latter figure represented a substantial upward revision from the end point projected in the previous *Intergenerational report* (Treasury 2007), which envisaged the participation rate falling to 57.1% by 2046–47. That was, in turn, an upward revision from the first *Intergenerational report* (Treasury 2002), which assumed that the participation rate would fall to just over 55% by 2041–42. So, over an interval of eight years, Treasury's long-term projection of the participation rate has been revised upwards by almost 5.5 percentage points. Indeed, given that the end point of the projection in the first *Intergenerational report* was eight years earlier than that of the most recent report and that the projections have always had a declining trend, it's likely that the most recent Treasury projection for the participation rate in 2049–50 is closer to six percentage points above what would have been projected for that year in the first *Intergenerational report* if the projection horizon had extended that far.

Headey's projection of a participation rate of 63.8% in 2049–50 – he doesn't give a figure but instead suggests a 'rate which is only 1.7% down from the actual rate in 2008–09' (which was 65.5%) – would thus require a further upward revision of 3.2 percentage points from the projection contained in the most recent *Intergenerational report*, a slightly smaller upward revision than the one which occurred between the second *Intergenerational report* and the most recent one. Hence, even as a matter of arithmetic, it's by no means an outlandish prediction.

Of course, Headey's prediction is based on more than mere extrapolation of revisions to previous *Intergenerational report* projections. It derives largely from the observed upward trend in the participation rates of women over the age of 55 since the mid-1980s (something which, unlike the participation rates of women aged 20–55, had not been trending upwards before then), and of men over the age of 55 since the end of the 1990s (something which had not been anticipated in the first

report, and which represented a significant reversal of a trend which had been in place since the recession of the early 1980s).

Moreover, Headey provides plausible reasons why these more recent trends can be expected to continue, in particular, the improvements in the health and education levels of people now in their fifties and sixties compared with earlier cohorts and the gradual replacement of blue-collar jobs with less physically demanding white-collar jobs.

Hence I see no reason to quarrel with Headey's conclusion that population ageing will not detract from labour force participation by as much as successive *Intergenerational reports* have suggested.

I'm not sure I would go as far as to agree with him that Australia has 'not much of a problem at all' stemming from demographic change (although I would agree that whatever problems we do have are significantly less than those facing Western European countries, Japan or, for that matter, China).

Australia would still derive potentially significant economic and social benefits from lifting the labour force participation rates of a number of groups. Notwithstanding the upward trend in the participation rates of Australians in their fifties and sixties over the past decade, they are still lower than those of people of similar ages in the United States, the United Kingdom, Canada and New Zealand – countries with similar social structures and traditions as Australia (Australian Treasury 2010, p.xiv).

The Henry Review (2010, p.8) noted that 'Australian women curtail their engagement in the workforce during the typical child-bearing years more than is the case in New Zealand, the United Kingdom and the United States' and that 'the employment rate for women with a youngest child aged between three and five years is below the average for all OECD countries that collect the data'. The Henry Review presented evidence suggesting that one of the reasons for this could be the impact of very high effective marginal tax rates faced by many women in this position, arising from the interaction of a progressive income tax scale with the withdrawal rates for family tax benefits.

And the participation rates of both men and women with no post-school educational qualifications are around 10 percentage points lower than those with post-school qualifications (Kennedy, Stoney & Vance 2009).

The labour force participation rate of Tasmanians is 5 percentage points below the national average; about half of this difference is attributable to Tasmania's demographic profile (a higher proportion of the population in older age groups and a smaller proportion in the 20–40 age group), and much of the rest is probably the result of Tasmanians being less well educated, on average, than those on the mainland. However, I suspect Tasmania's experience in this regard, which is readily identified as a result of Tasmania being a state, is mirrored in the non-metropolitan areas of other states.

The second half of Headey's paper examines the impact of the changes to the tax treatment of income generated by superannuation funds made by the Howard government in its last term in office on the labour supply of older age groups. His conclusion is that 'in the short term ... they did not have the intended effect of increasing mature age supply': that the participation rate of and average hours worked by older men and women continued to increase after the introduction of these measures, but at no faster a rate than it had done before they were introduced.

I agree entirely with this conclusion. I also agree entirely with Headey's admittedly rather gratuitous assertion that 'the extraordinarily generous tax treatment of superannuants, supplemented in recent years, has overshot the mark and that enough older people would remain in work without such

treatment'. And I suspect (though of course I can't prove) that the Henry Review would have come to much the same conclusion had it not been explicitly precluded from examining this area of taxation policy by Treasurer Wayne Swan in establishing the review.

Let me go even further than Headey has done. I regard the 2006 Budget decision to exempt entirely from income tax (and from consideration in the income tests for age-pension eligibility purposes) income paid out to people aged 60 and over (a decision from which I should acknowledge that I expect to benefit personally) as one of the worst taxation policy decisions made by any Australian Government in the last two decades, although it has some competition for that title from the decision to halve the rate of capital gains tax in 1999 and the 2001 decision to abandon the indexation of petrol excise.

Headey is, in my view, being too charitable in saying that 'the [Howard] government did not directly claim that its main aim was to provide increased work incentives for highly skilled older people, who could contribute most to the economy'. Of course it wasn't. It might have been partly about simplifying an area of the taxation system that has become extraordinarily complex as a result of the repeated tinkering with it by successive governments. But it was mainly about winning votes.

And in that respect, it would seem, the change of government in 2007 has changed nothing. Nor would any subsequent change of government.

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Understanding mature-age workforce participation in Australia

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Introduction

Recent reports (Gilfillan & Andrews 2010; Australian Treasury 2010) have expressed concern about the relatively low level of workforce participation among mature-age people (45–64) in Australia. For example, the 2010 *Intergenerational report, Australia to 2050: future challenges* (Australian Treasury 2010) cites 2008 OECD data that show that Australia's mature-age participation rate (58.9%) is lower than comparable countries such as Canada, New Zealand and the United States, and much lower than Scandinavian countries such as Sweden. The so-called 3 Ps (population, participation and productivity) framework underpins the analyses in the 2010 *Intergenerational report*. This report suggests that the level of mature workforce participation is a cause for concern because as workforce participation declines, so does 'real economic growth'. The focus of concern is on the 'disappearing taxpayer': a smaller workforce will be faced with meeting the increasing costs of older people's care needs. To avoid this, so the argument goes, workforce participation needs to increase. Yet, as in most countries, the main policy attention in Australia is directed towards the cost of aged care and pension reforms and 'the important role of the labour market does not feature in ... policy prescriptions to address the concerns of ageing societies' (O'Brien 2010, p.257)

The 2010 *Intergenerational report* does acknowledge that achieving their proposed 5% increase in participation by 2049–50 will require ongoing policy effort to address 'cultural (including employer) attitudes, workplace flexibility, educational attainment, features of the tax and transfer system, and the availability of retraining and support services (such as health and rehabilitation services, career advice and employment services)' (Australian Treasury 2010, p.30). But it does not suggest *how* the extensive cultural, social, economic and political changes and the resulting increased participation rates are to be achieved. Like many economic analyses, it tends to ignore the complex interrelated factors that shape the workforce participation of mature-age Australians, the messy realities of people's lives and the sometimes contradictory logics that shape people's decisions.

Considerable research attention has been paid to the retention of mature-age workers (Kellard et al. 2002; National Seniors Australia 2010), training and retraining (Lundberg & Marshall 2007; National Seniors Australia 2010), retirement intentions and retirement (National Seniors Australia 2009a). Increasingly, research attention is turning to underemployment (see, for example, OECD 2009 on the incidence of involuntary part-time workers data or ABS Australian labour market statistics); and involuntary retirement (Cully 2004; Encel 2003; Spoehr, Barnett & Parnis 2009).

At the Brotherhood of St Laurence the focus of concern is on preventing poverty and disadvantage, and we find that taking a life-course perspective enables deeper understanding of what shapes the patterns and experience of people's lives. We peered through this lens at the workforce participation of the baby-boomer generation of Australians, especially in relation to involuntary non-participation or underemployment. In so doing, we drew on Johanna Wyn and Dan Woodman's understanding of generation, which situates individuals within social, economic, cultural and political contexts across

the life course. As Wyn and Woodman (2009) point out, an individual's life experiences and any particular vulnerabilities they face usually comprise individual, social and systemic dimensions, many of which are strongly influenced, even determined, by their membership of a generation and the cohort effect of that generation's place in time and space.

We developed a small multi-method study as a step towards a deeper examination of the issues in the future. The study comprises three separate but related elements. First, we contracted the National Centre for Social and Economic Modelling (NATSEM) to undertake an analysis of Household Income and Labour Dynamics in Australia (HILDA) Wave 8 survey (2008) data to better understand the contours of participation (Gong & McNamara 2010). Second, we briefly reviewed the social, cultural, economic and political landscape over the past 50 years to better understand the changing context of the working lives of Australian baby boomers. Building on this evidence we developed a small qualitative study, in which we asked ten not employed or underemployed members of this generation to reflect on their working lives since leaving school, their current circumstances and their future aspirations (Bowman & Kimberley 2011). These three aspects of the research provide different insights into the workforce participation of mature-age Australians. In this essay, we draw on each of the three elements of the research.

Who's working, how much, and why?

As Spoehr and his colleagues observe in their review of mature-age employment, retirement is not always voluntary and doesn't always occur at the anticipated age. They point out that 'many older workers who become unemployed do not intentionally retire but find that this happens by default when they fail to find employment' (Spoehr, Barnett & Parnis 2009, p.5). Indeed, Encel has suggested that the term 'early exit' is a more apt description than 'early retirement' (Encel 2003, p.7). To better understand the nature of mature-age workforce participation, we needed to distinguish between those voluntarily and involuntarily not working. We then identified sub-categories to provide a finer description of the data (refer table 1).

Table 1 Voluntarily/involuntarily not working

Voluntarily not working	Involuntarily not working
Not in labour force, and do not want a job	Unemployed
Not in labour force but report that they might want a job, AND they are not looking for a job	Not in labour force, but want a job
Not in labour force, did not report whether or not they wanted a job, AND their main activity is one of 'retired/voluntarily inactive/study/travel/holiday/leisure/doing voluntary job'	Not in labour force but might want a job, AND they are not looking for a job
	Not in labour force and did not report whether they want a job

Throughout this paper we use the terms 'working' or 'not working', and 'participation' or 'non-participation' and, where relevant, distinguish between 'involuntary' and 'voluntary'. The focus of analysis here is on non-participation and underemployment. (For a more detailed analysis, see Gong & McNamara 2010.)

Of the ten interviewees in our qualitative study, half were employed, two had full-time 'permanent' jobs, one worked on a casual basis, one had a permanent part-time job, and one took short-term jobs when available. Half of the interviewees were not employed at the time of the interview. All, whether employed or not, wanted to work, and often wanted to work more hours, depending on the nature and conditions of the job.

Age and gender

As may be expected, Gong and McNamara's (2010) analysis shows that workforce participation decreases with age. The data show that, while almost a fifth of baby boomers aged 45–54 are not participating in the workforce, this rises to a third of those aged 55–59 and more than half of those aged 60–64. The gap between men's and women's participation is fairly constant over the age range 45–59 years, being about 11.8% for those aged 45–54 and 11.6% at for those aged 55–59, but falling to about 9% for the 60–64 age group (Gong & McNamara 2010, p.14). However, the picture of involuntary non-participation tells a different story: 20.5% of non-participants aged 45–64 are involuntarily not working. Furthermore, the highest involuntary non-participation rate of nearly a third (32%) occurs in the 45–54 age group. The involuntary not working figures decrease as people move towards age 65 and eligibility for the age pension; nevertheless, even at later ages a considerable proportion of people are involuntarily not working (Gong & McNamara 2010, p.14). In addition to the baby boomers who are involuntarily not working, there is a considerable percentage who report being underemployed.

Among baby boomers involuntarily not participating, men accounted for 44% and women 32%. This gap of 12% progressively narrowed to about 3% at ages 55–59 and 60–64. Gong and McNamara's analysis also suggests that nearly a third of men (31%) and a fifth of women (20%) would like to work more hours. Examination of both involuntary non-participation and underemployment rates presents some cause for concern, especially for men aged 45–54 years who comprise almost 44% of the involuntary not working category and 47% of those reporting underemployment in this age range. Lattimore (2007, p.138) suggests that, for men, marriage is an important determinant of workforce participation, particularly for men aged 45–54 years. He draws on HILDA data to suggest that men who did not participate in the labour force had 'roughly double the divorce rate of those who are employed'. Furthermore, compared with employed men, a 'much greater proportion' of single men had never married.

Gong and McNamara found that men were more likely to work long hours (50-plus hours), and women were more likely to work fewer hours. The generational experience of baby-boomer workforce participation reflects the dominance of the male breadwinner model in Australia. Indeed, most of the men we interviewed saw work as central to their understanding of the role of husband and father. As one 57-year-old explained:

I think as a husband and a father you have a commitment to provide for your family. No matter what happens you've still got to provide for those people.

Women's shorter work hours may reflect enduring social norms about being a 'good' wife and mother that shaped (and continue to shape) women's employment patterns. In our small study, taking time out of the workforce to care for their children had significantly affected the women's careers. Two interviewees lost their jobs upon marriage, because at that time – 1960s and 1970s – the public service did not employ married women. All six of the women interviewed had interrupted their employment to have their children (birth or adoption). Only one woman had the option of maternity leave and she was demoted to a part-time position on her return.

Employability

In Australia, identity and status have long been closely allied to paid employment. For our interviewees, wanting to work but being unable to find a job undermines self-esteem and erodes self-confidence. These attitudes to work have been much shaped by generational experience, as have perceptions of their own employability, which may not match current workplace requirements.

Employability relates to a person's capability of being hired in the external labour market, and encompasses more than sets of skills (Patrickson & Ranzijn 2003). It has been defined as 'qualities of resourcefulness, adaptability and flexibility ... as such, employability has more potential as a term to signal the qualities needed for success not only in paid employment but also in other domains of life' (Australian Chamber of Industry and Commerce & Business Council of Australia 2002, p.4). These active qualities often contrasted with the more passive attributes, such as reliability, punctuality and ability to accept direction, that baby boomers learned to value during their formative working years (Lundberg & Marshallsay 2007, p.14), and the mismatch often disadvantages them (Patrickson & Ranzijn 2003, p.59), as was the case for a woman in our qualitative study. Jocelyn, aged 58, believes that she does not need formal training because she is capable of learning on the job if she is given the chance. She is puzzled about the reasons for her lack of success, wondering whether it was her personality, age or lack of training.

I've been through agencies and honestly I don't know. My resume is brilliant, I'm a good worker, I'm a hard worker, I'm not clock watcher, I'm very punctual and I don't know. I cannot find a job ... I don't know what they want from a person, I honestly don't know.

Like the participants in Patrickson and Ranzijn's study (2003), our interviewees believed they were employable, were keen to earn an income, most regularly engaged in job-search activities, and all displayed a willingness to work in jobs that fit their requirements. But these attributes are no longer sufficient for success in getting a job. Over the baby-boomer life course, the requirement to undertake extended formal education has grown. Typically, baby boomers like Jocelyn have fewer formal qualifications and lower levels of educational attainment than younger people (Kimberley & Simons 2009; National Seniors Australia 2009b).

While most of our interviewees had left school at a relatively young age, for the women this was seldom a matter of choice. One 63-year-old interviewee explained how she came to leave school at 12 years of age.

I'm from a family of six and my sister and I, we were the two eldest, and of course, we had to look after the young ones ... It wasn't my choice. I cried for months. I was forced to leave school, therefore ... I didn't have a really good education – so could just go to a factory because I knew how to sew.

When Carole, a 58-year-old interviewee, turned 15, her father said, 'Get to work', even though she would have preferred to finish school. She had aspired to study veterinary science, but 'they didn't take women and you had to train in Sydney'. Like others we interviewed, this lack of educational opportunity had serious long-term consequences for her working life.

Not only is there a greatly reduced number of low-skilled jobs available to baby boomers, those who received their training on the job may find their skills are industry-specific and comparatively narrow (House of Representatives 2000). As well, the nature of skills in demand has changed over the past 50 years, as exemplified by a decreased demand for engineering expertise in the IT industry compared with the new IT skills that have superseded it (Brooke 2009).

As would be expected, the National Centre for Social and Economic Modelling analysis found that higher levels of educational attainment correlated with employment. Baby boomers who had not completed secondary schooling (Year 9 or lower) were twice as likely to be 'not working' compared with those who were 'working'. Over a quarter of those 'working' had a degree or diploma compared with 13.2% of those 'not working'. However, Gong and McNamara's analysis suggests that individuals with more qualifications are slightly over-represented in the 'involuntary' group (Gong & McNamara

2010, p.17). Conversely, those with lower levels of education were less likely to be involuntarily not working; this finding warrants more examination.

Income and housing

Housing, income and workforce participation combine to create layers of advantage or disadvantage. Gong and McNamara found that 'not working' baby boomers living in households without a second-income earner were overwhelmingly likely to fall into the bottom quintile of equivalised disposable household income (Gong & McNamara 2010, p.18). This is consistent with the further finding that there are 'very sharp differences in housing tenure' (p.20). As Gong and McNamara point out: '59 per cent of the involuntary non-participants own or are purchasing their home (compared with 77.6 per cent of the voluntary group), with around 40 per cent renting in the private or public market. For women, these differences are particularly marked, with only 54 per cent of the involuntary group owning or purchasing their home. While some of the remainder of these women (23.3%) are in public housing, 20.7 per cent are renting in the private market' (Gong & McNamara 2010, p.20), a tenure type which is insecure and is associated with risk of poverty in later life. In our small study, only one of our interviewees was renting on the private market; as a 58-year-old divorced single woman she experienced a high degree of anxiety. She explained that having lost her job as a 'permanent casual', she is now on a 'shocking' rate of pay which is much less than had been agreed when she was appointed.

Now I am suffering because the salary I get pays my rent and one or two bills and that's it! It is very difficult and I am stressing about it.

Assets and wealth

Home ownership and superannuation are the two most important forms of wealth for older Australians. Indeed, in their analysis of HILDA data, the National Centre for Social and Economic Modelling uses home ownership as a proxy for wealth. Both these forms of wealth are gendered (Stewart 2009). Like many Australian women, the female interviewees in our study had accumulated minimal superannuation balances (Australian Human Rights Commission 2009). With the exception of one woman, all had been in occupations where superannuation for employees, especially women, was the exception rather than the rule until the introduction of the *Superannuation Guarantee (Administration) Act 1992*. Most of the women we interviewed had been in low-paid part-time or casual jobs, where employers' contributions were very low or not required by law.¹ Although two of them had been public servants, any superannuation accumulated prior to marriage had been cashed out on leaving the service as, at that time, there were restrictions on superannuation schemes for married women. Another woman explained that relief teaching had been organised in such a way that the schools avoid making any superannuation contribution.

¹ Superannuation Guarantee is the requirement, under federal law, for all employers to contribute to a superannuation fund or a retirement savings account on behalf of their eligible employees.

Generally, to be an eligible employee you must be aged 18 years or over, but under 70; and paid a minimum of \$450 in a calendar month (before tax).

You may not be eligible to receive the superannuation guarantee if the following applies to you:

- You are paid to do work of a private or domestic nature for 30 hours or less each week
- You are a non-resident employee and you are paid to do work outside Australia
- You are a member of the Army, Navy or Air Force Reserve
- You are a foreign executive holding a specific class of visa or entry permit, or
- You are working in Australia only temporarily for an overseas employer and are covered by a bilateral social security agreement.

The other problem was that you had to earn \$450 per month to be eligible for super so lots of schools gave two days per month to keep you under the limit so they wouldn't have to pay. It was dreadful work.

These women's experiences confirm other research findings that baby-boomer women experienced overall labour market disadvantage due to the impact of interrupted labour force participation over time and entrenched structural and ideological factors (Carson & Kerr 2003; Thomson 2000). The cumulative effect of poor work conditions, lower rates of pay and lack of superannuation savings over their life course place many female baby boomers at risk of poverty as they age (Ozanne 2009; Australian Human Rights Commission 2009).

In a similar way, the cumulative effects of policies that supported home ownership and a 'traditional' family with a male breadwinner mean that some baby boomers are doing well, even if they are not working. For example, Andrew (57) had worked in a full-time permanent job with excellent superannuation – 'not enough to retire really comfortably, but enough not to be sneezed at'. Andrew plans to rely on the pension, and in the meantime, he picks up casual and temporary work, and his wife works part-time. As a home owner in a semi-rural area, he is confident that the sale of his home will enable him to move to a smaller home and fund a decent retirement.

The economic downturn had affected the superannuation – and retirement plans – of some interviewees, as Joseph (64), who was unemployed at the time of the interview, explained:

I was 52 and I thought well I'm going to retire at 55, but then in the last six years the whole thing has turned itself right around and people now I feel have to work until 65, now it's 67. The way that costs of living ... what you were earning at 55 – unless you had a really, really good super scheme, I mean even the super got a real big hiding a couple of year ago. I know friends of mine that have lost big money, like a hundred thousand in super. They've retired at 55 and they're now having to rethink their retirement plans.

Most of the interviewees have very few assets other than their home. Not surprisingly, they were more concerned with budgeting rather than financial planning and will have to rely on the age pension once they reach eligibility age.

Health and care issues

As Gong and McNamara (2010, p.22) point out, those people with a long-term health condition that limits their work are more likely not to be employed. Poor health and disability are significant factors in involuntary non-participation in the workforce (National Seniors Australia 2009b; Gilfillan & Andrews 2010, p.52). In our study, those who had done hard physical labour across their working life were more likely to suffer health effects, and, quite reasonably, were reluctant to put their health at risk by returning to work. For example, Gina (63) and not employed explained:

I worked hard. I worked hard on the land and I worked hard here. I think I would be inclined to look after my health due to my past history of illness. I'd be looking after that first if I want to be around. I'd like to be fit if I'm going to live a little bit longer. I think a woman that works hard in factories – I think the ideal age for retirement is 60. I really do because you know ... it is hard work in factories.

Unpaid care responsibilities also shape paid employment. As age increases, people are slightly more likely to become main carers. Overall, Gong & McNamara (2010) suggest that a substantial minority (19.5%) of baby boomers not in paid work have some level of caring responsibility. In our qualitative study, caring was not mentioned by interviewees as a reason for non-participation in the

workforce. However, many reports have highlighted the ways in which different forms of family care shape women's engagement with the labour force (for example, see Gilfillan & Andrews 2010; Nepal et al. 2008).

Down and then out, or out and then down

Industry in Australia has undergone significant restructuring and reshaping over the past 50 years. The manufacturing sector has declined, with its contribution to GDP halving in the 50 years from 1950–51 to 2000–01; the services sector grew to almost half of GDP in 2000–01 – up from around 25% in 1950–51; agriculture fell to only 3.7% of GDP; and mining's contribution to GDP has more than doubled since 1950–51 (ABS 2005, p.428). Furthermore, in Victoria (as elsewhere), public service jobs that had been stable and secure were lost with the privatisation of early 1990s (Anderson, Griffin & Teicher 2002, p.12).

Like the rest of their generation, the baby boomers we interviewed experienced considerable turbulence in economic conditions during their post-school years: the prolonged period of economic and industry restructure in the 1980s and 1990s as tariffs were progressively removed, competition policy implemented, workplaces restructured and the public sector downsized and privatised, leading to retrenchment of large numbers of workers in the 1980s and 1990s.

In our study we found that most of the interviewees had experienced downward employment trajectories, having lost their permanent jobs, for whatever reason. Rather than advancing in their jobs, they found themselves suddenly demoted, retrenched, underemployed and effectively locked out of decent stable employment. For example, one 52-year-old interviewee had been a competent senior secretary, until she had children. Unfortunately, the years she took caring for her children coincided with the computerisation of offices and the decline of general secretarial jobs. Unable to find a position in her previous occupation, she found work first as a care worker in a supported accommodation facility, and then as a cook at a childcare centre. She lost that job when it was taken over by a national provider, which contracted out food preparation.

Then it's been all downhill from there. The childcare centre was taken over by [company name supplied] c.1998 and food was brought in ... and since then all I've been able to get are casual sandwich hand positions.

With no formal qualifications but plenty of experience she has limited job options.

Casual work

The increased demand for casual and subcontracted labour is another by-product of the changes in the economy and industrial relations laws (Vosko, MacDonald & Campbell 2009). Increasing demands by employers for flexibility in wages and conditions (House of Representatives 2000) mean that many baby boomers returning to the workforce are likely to be offered less secure, casual, temporary, part-time and otherwise marginal positions (Weller 2004). While, theoretically, casual employment may in the long-term lead to permanent employment, data from the ABS indicates that 'casual employment is more likely to result in a cycle of involuntary employment arrangements and insecure and irregular employment' (House of Representatives 2000, p.98). The gloss of terms like 'portfolio of work opportunities' (House of Representatives 2000) were, to the baby boomers we interviewed, just weasel words used to disguise poor-quality, insecure and low-paid work opportunities. The increasing casualisation of the workforce reflects a shift in risk from employers to employees, as employers manage wage costs, forcing casual employers to manage uncertainty of time (due to uncertain and irregular hours) and income.

Most interviewees in our study had worked on a casual basis. Sometimes the trade-off between a higher hourly pay rate and the insecurity of casual work seemed reasonable because the casual position appeared long-term. Indeed, several interviewees referred to their casual jobs as ‘permanent casual’. But, faith in the permanency of ‘permanent casual’ jobs is often misplaced, as one 63-year-old interviewee found. Having taken a ‘permanent casual’ job as a truck driver, after five years he lost it when he asked for some time off work. Even with six weeks’ notice and his employers’ agreement for the time off, when the time came they changed their minds.

They said – do you want to work or don’t you? And I said I told you I needed this time off and I gave you plenty of notice. And they said look if you don’t want to work, we’ll have to let you go.

He has not had a job since then. As a reliable, responsible worker he could not understand why he had been treated with such disregard.

And when you are older and reliable you’d think they’d compromise a little bit. I was there for 5 years, never took a day off, apart from when my father died. Never smashed their trucks, but it was the way it went.

Casual work is not only insecure, it is often poorly paid, as another interviewee pointed out.

A lot of jobs are not really good paying. You find that there are plenty of jobs there and you think I wonder why people aren’t going for them? And you look at how much they are getting paid and that’s why!

Age discrimination

It has been suggested that discriminatory recruitment practices constitute one of the most difficult barriers facing mature-age workers. As the Australian Human Rights Commission puts it:

Unlawful age discrimination in recruitment has been described as rampant, systemic and the area of employment decision-making where managers use age to differentiate between people most extensively. (Australian Human Rights Commission 2010, p.12)

In our study, age discrimination was the most frequently discussed issue by our interviewees. When Mac, a 52-year-old greenkeeper was made redundant, the younger greenkeepers were retained. Having applied for more than 20 jobs, Mac believes that employers discriminate against him because of his age.

They don’t even read applicants who are over 30 as supervisor at a golf club so they can control them easier.

The consequences of age discrimination and stereotyping of mature workers is not only exclusionary but contributes to a downward work spiral for many baby boomers, as casual employment or non-participation in the workforce precludes them from access to education and training that is timely and relevant to specific jobs. As a result, they may have difficulty gaining anything other than low-paid, insecure and irregular employment.

Ironically, given that baby boomers led the cultural shift that celebrates youth, many of our interviewees commented on the loss of respect which they felt they were due, given their age. They also expressed some resentment towards younger managers who are perceived to be appointed to management positions on the basis of their formal qualifications rather than their experience.

The boss wouldn’t consider any input/suggestions ... I was going backwards so I resigned ... She was constantly criticising and finding fault. I got so nervous I was on edge and crying all the time. (Liz, 47)

Ageism is often gendered and, despite expertise and experience, several of the women we interviewed remarked on discrimination based on their appearance.

At my age you tend to get used a bit – they know you have to work. They put the young ones out the front. It's OK making the sandwiches but the cleaning shift is very tiring. I do the closing shift (12.00–5.30 pm – the worst one). (Carole, 58)

These kinds of experiences reflect generational attitudes such as those exhibited by employees in a recent National Seniors Australia study (2009a). Such intergenerational tensions may militate against the participation of baby boomers. The Australian Human Rights Commission cites research by Handy and Davy (2007), who suggest that the problem of ageism is exacerbated by an increasing tendency to outsource recruitment to agencies staffed mainly by young employees who often use indirect tactics to screen out older candidates, such as calculating age from other information provided in resumes and at interview, reflecting the general tendency of people to recruit from their own age group (Australian Human Rights Commission 2010, p.12). Handy and Davey (2007, p.96) argue that an emphasis on teamwork and the trend to emphasise 'team fit' is used as 'an acceptable, psychologically mandated, rationalisation for discrimination'.

So what's needed?

Our research has provided some insights into the nature of involuntary workforce participation or the under-participation of baby boomers in Australia. We know that the workforce participation of mature-age Australians is gendered and that social, cultural, political and economic factors shape the accumulation of advantage or disadvantage over time. For this reason it is not only important to understand the situation of baby boomers now, but to acknowledge the circumstances that have shaped their workforce participation. So what is needed? First, and perhaps most importantly, a better understanding of the lived experience of baby boomers is required. A sociological understanding of the concept of generation is useful because it goes beyond stereotypes and situates individuals in economic, political, cultural and social contexts. Importantly, a life-course approach acknowledges that individuals journey through life, making what seem reasonable decisions and choices according to their resources, their personal circumstances and the prevailing social and economic conditions. The long-term consequences of decisions are unforeseeable, given the pace of social, economic, technological and cultural change.

Many baby boomers have lost permanent full-time work as a result of factors outside their control. Industry restructure, privatisation and technological change have radically altered the nature of work in Australia. Much of the focus of policy attention on mature-age workforce participation has been on individuals, but our research suggests that employer attitudes and workplace policies and practices are key (as does the research of the National Seniors Australia and the Australian Human Rights Commission, for example). There is an urgent need for powerful strategies to address age discrimination, including better diversity management not only in recruitment but also for existing employees.

Important too is the nature of the available jobs. The idea of a 'portfolio of work opportunities' (House of Representatives 2000) can be used to disguise poor-quality, insecure and low-paid work opportunities. For the many baby boomers wanting to work, the key issues are the type, terms and conditions of the jobs on offer and the mismatch between actual skills and formal credentials.

Like organisational change, changing generational attitudes and perceptions is a slow, difficult process. Yet change of this magnitude is needed. Simplistic approaches to addressing involuntary non-participation, such as 'training people up' through government-sponsored programs are unlikely to

succeed without close attention being paid to building on the expertise that baby boomers can offer. As Capelli and Novelli (2010, p.30) point out, if the epithet ‘experienced’ were substituted for ‘older’ as a descriptor of workers, they would be worth far more as employees. The identification and formalisation of existing skills is important, but the processes need to be generationally appropriate and respectful of previous working lives that have been productive and successful. Recognition of prior learning and the new Recognition of Informal Learning Certificate² recently accredited in Victoria are potentially important here.

Research suggests that more Australian baby boomers want to work – that isn’t the problem. Paid employment provides many social, economic, psychological and emotional benefits, but it must be decent, safe and appropriate. The problems are cultural, political, social and systemic. Overcoming them is the challenge for government, industry and society as a whole.

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² 21896VIC Course in recognised informal learning.

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Understanding mature-age workforce participation in Australia

Discussant: Michelle Hogan
SafeWork SA Work Life Balance Strategy

Part of a body of work commissioned by the Brotherhood of St Laurence, Kimberley and Bowman's paper addresses the factors affecting the mature-age workforce and consequently it reflects the particular focus of the agency on strategies to prevent poverty and disadvantage. Using a multi-method approach to their analysis, Kimberley and Bowman examine the workforce participation of the Australian baby-boomer generation, highlighting the issue of involuntary non-participation or underemployment.

The paper begins by highlighting the low level of workforce participation among mature-age people (45–64) in Australia, where the focus of concern is the impact on economic growth, in particular the notion of 'the disappearing taxpayer' (a smaller workforce meeting growing costs). The study critiques this approach and reviews the range of issues which contribute to the capacity of individuals to remain in the workforce and takes a life-course perspective on the generational influences that shape the patterns and experience of people's lives.

The body of the paper explores a series of issues which provide a sociological understanding of mature-age workforce participation, illustrated by contributions from the various components of the methodology. One key area of interest raised in the paper is voluntary and involuntary workforce participation and the disjuncture between the preferred and actual hours and type of work available to older workers. The paper highlights that nearly a third of involuntary non-participation occurs in ages 45–54. Men in this age group comprise almost 44% of the 'involuntary not working' category and 47% of the underemployed for this age range. The generational male breadwinner–female carer model is strongly reflected in the Australian baby-boomer workforce participation experience, with men working longer hours, while women average fewer hours, with significant impact from the time spent out of workforce for carer responsibilities. (Case studies outline the historical requirement to resign from the public service after marriage and the lack of maternity leave support.)

The paper reflects on the notion of older workers' 'employability' and the significant generational experience of early school leavers, who received on-the-job training but who find it difficult to respond to changing skills requirements and the demand for formally recognised qualifications. The 'passive attributes' of the baby-boomer generation, such as reliability, punctuality and the ability to accept direction, are contrasted against the current 'active' definitions of employability, such as resourcefulness, adaptability and flexibility.

Issues that background the level of resilience to changes in the labour market, such as home ownership, assets and wealth, and health and care obligations, highlight the need to examine the heterogeneous experience of mature-age workers and not generalise the capacity of all workers to extend their workforce participation. The differing impact of high- and low-income work, home ownership and rental, work in industries demanding hard physical labour and the demands of care provision all contribute to the level of capacity to remain in the workforce. Home ownership and superannuation are gendered forms of wealth and women's experience in low-paid, part-time and

casual jobs and their interrupted participation due to caring responsibilities have an enormous influence on their levels of workforce participation and predicted poverty in later life.

Kimberley and Bowman explore the impact of industry restructuring and reshaping over the past 50 years, as a result of the decline in the Australian manufacturing industry, public sector downsizing and privatisation, and services industry growth, accompanied by the growth of casual work, with the shift in risk from employers to employees. Case studies highlight the experience of women returning to a changed workplace after raising children and the continuing experience of 'permanent casuals'. Instead of advancing in jobs, older workers find themselves increasingly demoted, retrenched, underemployed and effectively locked out of decent stable employment.

Finally, the paper outlines the contribution age discrimination is making to the growing pool of discouraged older job seekers. Case studies highlight the experience of discrimination in recruitment practices which force older workers into precarious employment with the consequent cycle of fewer opportunities, little training and lack of income security. The paper concludes with 'So what's needed?' and a call for a better analysis of the lived experience of older workers, informed by a sociological understanding and a generation/life-course approach. It calls for a move away from the focus on the idea of a deficit individual to an examination of employer attitudes and workplace policies and practices. It proposes a change in terminology, with the replacement of 'older' with 'experienced' to describe this category of worker and highlights the urgent need to address age discrimination and the mismatch between jobs (type/terms/conditions) and skills/formal credentials.

The sociological approach taken in the research – with a combination of research data and case studies and particularly the gender analysis on the contributing factors to the levels and quality of mature-age workforce participation – is useful and illuminating. The illustration of the issues through individual lived experience brought depth to the work, although I felt that it was limited by the number and range of case studies. Some of the issues identified but not explored were the impact of single status on women's participation, the experience of different cultural groups, further detail on the impact of caring responsibilities on participation and why workers with lower levels of education are *less* likely to be involuntarily not working.

The paper highlights the huge issue of long-term unemployment and the need to address the early exit and underemployment of older workers in a labour market where employers increasingly claim labour shortages. It signals the urgent necessity for practical policy and program responses, with coordination across state and federal programs, in addressing possible employment incentives and current disincentives in tax, welfare and superannuation payments. For a program such as the South Australian Work Life Balance Strategy, it highlights the need for assistance to enable managers to change the way work is organised: to incorporate high-quality flexible work as part of workforce planning and retention strategies; to address direct and indirect discrimination in recruitment; and to recognise the benefits of age diversity in the workforce.

Older workers, employability and tertiary education and training

Stephen Billett
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Older workers and employability

As working populations age, issues associated with older workers' employability and lifelong learning arise for national economies, enterprises, communities and these workers themselves (OECD 2006). This paper seeks to outline the range and extent of these issues and how the provision of Australian tertiary education and training might best respond to them. In all, it proposes that, rather than proceeding with responses of a uniform kind, these issues likely play out in distinct ways for particular categories of older workers (that is, those over 45). The workers most warranting an education or training response are in occupations that are age-intolerant; have lower levels of educational achievement and engagement in low-status work with narrow pathways, leaving them vulnerable; and have workplace circumstances, health or dispositions that constrain their capacity for learning during their working life.

The issues associated with older workers' employability are not wholly age-related. Factors other than age shape their prospects for ongoing employability (Karmel & Woods 2004). Therefore, rather than comprising a problem for all workers aged over 45, issues associated with their employability will be varied and distributed differently across the older working population. Indeed, there may be greater similarities with other measures of disadvantage (that is, levels of education, kinds of employment, life chances etc.) than with categories of age.

The paper commences by advancing propositions about older workers' employability and their lifelong learning and offers suggestions for the most appropriate responses from the tertiary education and training system. When considering how best to promote older workers' employability through education or training initiatives, the following premises are noteworthy. Firstly, workers normally learn through their work, and older workers are no exception. They report possessing and demonstrating the capacity to engage with new tasks, novel work practices and emerging technologies as part of their work. Secondly, however, wholesale change can be confronting for these workers, particularly those who have had stable work histories comprising similar kinds of activities over an extended period of time. Thirdly, enduring perceptions of employers and supervisors about older workers' limited capacities are often contradicted by other forms of evidence, which are doggedly ignored. Fourthly, the often reported reluctance of older workers to participate in training (Noonan 2007) might arise variously through a lack of confidence, or beliefs by these workers that they are already competent and effectively address new challenges, which is what they frequently report (Billett 2009; Billett et al. 2009). Fifthly, opportunities for employment and employability within the growing fields of professional and technical work and for meeting changing work requirements are most likely to impact on workers with low levels of educational achievement and those whose work histories have not provided them with opportunities to engage with and learn that technology. Finally, approaches to continuing education for these workers may need to go beyond those provided through existing education and training provisions, which are

primarily established for initial occupational preparation and position learners as students, rather than as collaborators in their own and others' learning.

Older workers, employability and lifelong learning: some propositions

The following propositions arise from a consideration of the growing body of literature on older workers and recent empirical work undertaken by the author. They comprise a synthesis of that literature and work and are advanced as the bases upon which the elaboration of the specific issues associated with older workers' employability might progress. They both refine and augment the findings of much of the existing literature on older workers, particularly those found through mass surveys.¹ These propositions are as follows.

- The Australian workforce is ageing and, for the foreseeable future, is likely to work longer than previous generations (Colebatch 2009) (that is, pension entitlement is now at 67).
- Yet, like all workers, those aged over 45 will need to sustain their employability by:
 - maintaining workplace competence, including being deemed worthy of promotion and advancement, should they want them
 - resisting unemployment by securing a level workplace performance that sustains their employment, even during recessions or when significant changes in work requirements occur
 - having the capacities to secure re-employment should they become unemployed (Gringart & Helmes 2001).
- However, for such workers, these issues may be more prevalent because:
 - societal perceptions of older workers' capacities are far from uniformly positive (Disney & Hawkes 2003; Kossen 2003; Quintrell 2000)
 - employers' largely negative attitudes towards these workers appear entrenched (Rosen & Jerdee 1988; Steinberg, Donald, Najman & Skerman 1996)
 - changing requirements of work (for example, technology) are often seen to be misaligned with some older workers' capacities (Billett et al. 2011)
 - the brute fact of ageing does restrict and inhibit the range of work and occupations in which these workers can participate (Bosman 1993; Sigelman 1999).
- Such factors have consequences for older workers in terms of:
 - security of employment, opportunities for advancement, and contributing to and having access to training and development opportunities (McNair, Maltby & Nettleship 2007)
 - most perilously, for those older workers who are unemployed, finding re-employment and sustaining employability (Gringart & Helmes 2001; Kossen & Pedersen 2008).
- However, some important qualifications need to be made here. These are:
 - some forms of work and occupations are more age-tolerant than others, meaning that issues of any disadvantage associated with age are not uniform across the ageing workforce
 - in some instances, being older brings distinct advantages over younger workers (Billett et al. 2010)
 - these advantages are most likely to be found when older workers have high levels of education, are engaged in professional work, or where experience or maturity is essential (Billett et al. 2010; Karmel & Woods 2004)

¹ These studies used a combination of interviews and surveys with particular cohorts of older workers in Australia, Singapore and drew on partners' work from Scotland. Their findings partially contradicted much of what is proposed from survey studies alone.

- these advantages are least likely to be found when these workers are engaged in low-skill, low-esteem forms of employment or physical, high-energy and high-impact work, or where being youthful is an essential criterion (Billett et al. 2010).
- When considering how best to promote older workers' employability through education and training initiatives, the following findings from empirical studies are likely to be worth noting:
 - workers ordinarily continue to learn through their work, and older workers are no exception, reporting that they have the capacity to engage with new tasks, novel work practices, and emerging technologies as part of their everyday work
 - wholesale change for these workers can be confronting, particularly if their work histories have been stable and have comprised similar kinds of activities over an extended period of time
 - employers' and supervisors' perceptions of older workers' limited capacities are often contradicted by other forms of evidence
 - reluctance to participate in training might arise through a lack of confidence or genuine beliefs by these workers that they are competent and effectively address new challenges
 - changing work requirements, including the increase in conceptual and symbolic knowledge and the growth of professional, paraprofessional and technical work, are most likely to impact upon workers with low levels of educational achievement, which includes many older workers
 - approaches to and models of education and training for these workers need to look beyond those existing provisions primarily established for initial occupational preparation and which position learners as students, rather than collaborators in their own and others' learning.

A discussion of each of the above propositions is important, as they all require further elaboration and qualification. However, this is not possible within the scope of this paper, nor is it necessarily appropriate to its focus: on how tertiary education and training policy and practices can assist older workers' employability. Instead, after a short set of preliminary comments, this final set of propositions about older workers' employability is discussed, as are implications for individuals' lifelong learning and the education and training system's response for supporting and sustaining the employability of Australian workers aged over 45.

Starting point: older workers, employability and lifelong learning

From an analysis of selected literature and a program of research across three countries (Billett 2011; Billett et al. 2009; Billett et al. 2010), the discussion here is framed by a conclusion that, while there may be societal attitudes that act against older workers, the processes of maturation are not always helpful to older workers and that changing work and work practices are not always aligned with older workers' needs and aspirations. Yet, the issues of older workers' employability cannot be constrained to ageing. That is, older workers' employability is dependent upon:

- the kinds of work they undertake
- whether they are employed or not
- their level of education
- the kinds of support they secure in their workplaces
- their occupational capacities, personal attributes and interests
- their age (Billett 2010; Billett et al. 2009; Meyers, Billett & Kelly 2010).

Consequently, having a focus on age and older workers per se is less likely to be as productive or as helpful as a consideration of the factors which make employability problematic for certain kinds of older workers. Through such a focus, the intention here is to suggest ways in which tertiary education and training provisions can address these workers' needs. Some of these factors will need responses at the societal level (for example, beliefs about the standing of older workers), but most likely the key benefits arising from interventions associated with education and training are those targeted at particular kinds of older workers, and probably at a local level. However, the more fundamental concern is the way the education and training system assists Australians to secure their employability across their working life, regardless of age. This emphasis on development across working life was one of the original goals for the formation of a national vocational education system nearly five decades ago (Byrne & Kirby 1989).

Older workers learn through everyday work activities

The proposition that older workers per se are not good or effective at learning new tasks and activities (that is, 'cannot teach old dogs new tricks') appears to be a fallacy, despite being a commonly held belief about older workers. The evidence suggests they continually learn in and through their work (Billett 2010), as most contemporary accounts of cognition would predict (Valsiner 2000). More important is understanding those areas or forms of learning they find difficult to achieve in their everyday activity, and the reasons for these difficulties.

Workers aged over 45 consistently and not surprisingly refer to the significant changes in their work in the past decade (Billett 2010; Billett et al. 2009), indicating that these changes vary in scope and extent. They also refer to engaging in new roles and responsibilities and in new forms of work and employment. Put simply, if older workers were inept or incapable of learning, they would not be able to meet the changing requirements of that work, take up those new roles and responsibilities and change employment. As all of these circumstances require learning and, indeed, new learning (that is, the development of novel conceptual, procedural and dispositional knowledge), there is clear evidence that learning throughout everyday practice at work occurs for these workers. This finding is consistent with contemporary understandings about cognition that suggest that the processes of learning and experiencing are one and the same and that individuals learn through engaging in activities and when negotiating wholly new experiences (Anderson 1993; Billett 2009; Rogoff 1990, 1995). Moreover, the studies reported here (Billett 2010, 2011; Billett et al. 2009) indicate that these workers also routinely deploy a range of strategies when engaging with and learning new activities. They report accessing a range of resources (for example, others, books, the internet etc.), and also overwhelmingly see that the responsibility for this learning for employability largely resides with themselves. Hence, beyond the normal cognitive processes that ordinarily engage workers in the learning process, these workers often referred to being quite intentional and proactive (that is, agentic) in the learning associated with their work. This agency extends to being active in seeking out, through an array of means, the kinds of knowledge they need to acquire.

Discussion and implications for tertiary education and training

This proposition has quite different implications for older workers and depends upon whether they are employed or not. For the employed, the prospect of sustaining their employability is found within opportunities often accessible in workplaces. These include engaging in novel activities, which will assist them to further develop their capacities, so that eventually they become highly competent in those new activities. Their ongoing engagement in the workplace means that their ability to respond

to new activities will be enhanced. The important point is that these workers, if they are given adequate opportunities to engage in new tasks and roles as they arise in the workplace and access to some support in these activities, are likely to develop further their employability, even with activities different from those previously encountered. The evidence suggests that there is little or no evidence that older workers are unable to learn new tasks, activities and roles and continue to do so across their working life. So, for those in work, sustaining employability comprises participating fully in, and securing support to participate in, work activities, including new opportunities and challenges.

However, for older workers who are unemployed the challenge of sustaining employability is far more severe. They will not have access to opportunities for the kinds of everyday learning referred to above. Moreover, as many of the workplace performance requirements are situational, older unemployed workers participating in courses may find that these do not provide the kind of routine and non-routine experiences necessary to develop the employability required for the workplace. Consequently, education and training provisions for older unemployed workers necessarily require practice-based components to enable these workers to participate in workplace settings as active and engaged employees, and for longer duration than simply to provide experience of those settings.

Significant workplace and occupational change can be overwhelming

While much evidence suggests these workers have continued to learn across their working lives and in ways that permit them to be successful in managing new tasks, requirements, roles and responsibilities, wholesale change can be quite confronting, and/or the requirements become overly demanding and intimidating (Billett 2011; Billett et al. 2009). Shifting to a new occupation or an entirely new way of working can be overwhelming for a worker of any age, with some types of work becoming particularly overwhelming as workers age (Meyers, Billett & Kelly 2010). For instance, it is acknowledged that frontline work roles in defence and emergency services become too difficult as workers age. Hence, areas such as these have traditions of early retirement and transition arrangements associated with workers' movement to other forms of employment. However, there are other age-intolerant occupations, for instance, the examples reported in the recent research included work by professional cooks in frontline restaurant work and marketing workers in the private sector. These informants reported, respectively, that the physical demands of the work became too much, and that the requirements and profile for working in marketing were strongly associated with youth and the ability to work excessive hours. One informant, when asked what it meant to be an 'older worker', suggested that for the concreter it was 40 years, yet for an academic it is far older (Billett et al. 2009). The point being here is that the physical demands of being a concreter are such that this work is age-intolerant, which is not the same for academic work.

However, the data provided examples of how older workers managed to negotiate these circumstances. For instance, the chef moved to work which didn't require à la carte style of restaurant cooking, and the marketing person secured a position within the public sector in the public relations section of a government department (Billett et al. 2011). However, not all workers will be able to negotiate such changes, particularly if there are no appropriate opportunities, or their specialism offers no such options.

Discussion and implications for tertiary education and training

Assisting workers to deal with significant change of the kind outlined above requires responses that are timely, incremental and focused on the individual. Timing is important because wholesale change can bring about issues of anxiety, concern and self-doubt, which might inhibit productive engagement

in work and learning by older workers. Incremental responses may be the most appropriate way to assist individuals to learn about large amounts of new knowledge gradually and non-threateningly. Hence, an educational response might seek to assist learners to understand the overall nature of these changes and requirements, to inform them about occupation-specific changes, and finally to aim to develop in them the capacities enabling them to be effective in their new workplace roles, tasks or activities. Specific education and training might also be required to assist older workers to move to more age-tolerant versions of their existing work, or be supported in transitions to occupations that are. It is nevertheless important to keep in mind that, as in much of continuing education and training, the kinds of challenges individuals will have to face will be person-dependent (Meyers, Billett & Kelly 2010). Individuals will have different levels of readiness and capacity and their concerns about significant workplace change will vary. Curriculum and pedagogic initiatives to assist individuals learn for new roles, tasks and even occupations are likely to require knowledge of the individuals themselves. Rather than presuming to know the workers, it is important to identify their needs and determine how these might best be met in responding to these new challenges.

Employers' and supervisors' views represent barriers to older workers' employability

Consistent across the international literature (Bartel 2000; Brunello 2001; Brunello & Medio 2001; Giraud 2002) and very much from Australia (Gringart, Helmes & Speelman 2005) is a view that employers demonstrate a strong preference for the employment of younger over older workers and that this is also exercised in terms of which of their employees receive support for ongoing development. The views supporting this preference are reported to be highly constant and propose that older workers are far less capable than younger workers and also far more difficult to train. Older workers are therefore positioned as not being worthy of opportunities for further development or training. Other reports, on the other hand, are less dismissive of older workers and indicate that this group of workers is highly valued for their diligence, reliability, problem-solving capacities etc., although concerns remain about the currency of their skills and their ability to continue learning, with these influencing employers' decisions about the worth of older workers as employees (Bittman, Flick & Rice 2001). That is, they are good, but are still not up to the job.

The quantitative evidence from Europe, North America and Australasia indicates that employers are more likely to spend funds on developing the capacities of younger and well-educated employees than on older employees (Bartel 2000; Brunello & Medio 2001; Giraud 2002). Here, a cost–benefit analysis is often held to be the key source of decision-making: can the employer secure a return from their investment in the further development of employees? Because older workers are seen to have a finite period of employment, it may not be worthwhile to expend funds on them since younger workers are potentially long-term employees. However, such analysis denies that the most mobile of workers are young educated workers and the least mobile of workers are older workers (Giraud 2002). Other groups of employees (non-native speakers, women, migrants etc.) may also be denied access to employer support for further skill development (Brunello & Medio 2001), which indicates that age alone is not the key barrier to receiving.

While many widely held views on older workers do not help their case for being able to secure either employment or opportunities for advancement and training within the workplace (Gringart et al. 2005), many workplaces that employ older workers strongly endorse their worth (McIntosh 2001), particularly their diligence, reliability, punctuality and their problem-solving skills and ability to work with others. What is particularly ironic here is that these are the very qualities which employers

frequently request that education systems generate in their students (Department of Education, Science and Training 2002). However, seemingly, when faced with workers who have these capacities they view them with low esteem. Or do they?

In the studies reported here, it was found that managers' perception of older workers was far more nuanced and diverse than some of the views reported above. For instance, some of the informants indicated that it was not age per se that was the basis of their decisions, but other kinds of fit with work. There were repeated instances where older workers had been employed and also granted opportunities for progression. Moreover, in an employment-related scheme in Singapore, in which employers have to consider the options for workers approaching the age of 62, it has been found that many of them exercise the option to continue to employ that worker. It is only those who are perceived to be poor performers who are subjected to any re-employment interview. One group of mature-age nurses reported that, because of a shortage of nurses, they did not experience any work-related bias, could access opportunities for development and were able to negotiate a kind of shift arrangement which suited their needs (Billett et al. 2010). In addition, some older workers suggested that, rather than their being the subject of workplace bias, younger workers found it far more difficult to establish their professional profile and to gain secure employment in situations where employers were commonly using contracts for new employees.

Discussion and implications for tertiary education and training

It seems that there is a widely held attitude that privileges youth over age (Giddens 1997) and which also appears to shape decision-making by employers about both employment and developing further older workers' employability. Just as issues associated with equity for the employment of women in the workforce required and continue to require concerted action to overcome societal bias, so too there is a need for action at several levels to secure equity in employment for older workers. Firstly, at a society level, a response is necessary that emphasises the importance of workers aged over 45 and the kinds of contributions that they make. Secondly, there is a need for decision-making about participation in ongoing development to go beyond views linked to gender, age, race etc. and to be based upon evidence rather than norms and beliefs. More effective advice and tools for employers for considering the basis on which they expend funds on their employees (for example, retention, portability, employability etc.) might be made more widely available. Thirdly, the education and training system needs to develop continuing education and training provisions that meet the requirements and imperatives of older workers and allows them to demonstrate competence and achieve recognition (certification) outside their workplace setting. When crucial decisions in enterprises are failing to address the national interest, then appropriate educational provisions may be needed. Consider, by way of example, the provisions, such as group training schemes, enacted to assist young people. This kind of approach would necessitate understanding the ways in which older workers engage with tertiary education and training initiatives in meeting their needs. Initiatives in this area would need to be enacted locally and directly meet these workers' needs and interests and extend their knowledge.

Bases by which older workers want to maintain their employability

In some instances the literature reports older workers as being unwilling to participate in training programs and vocational education training (Noonan 2007). This is often taken as their being uninterested in further and ongoing development, which in turn positions them as being unworthy or undeserving of the support of employers or the state. Certainly, in the empirical work some workers

expressed this view. However, they were in a minority. The majority report either engaging or being willing to engage in such programs, depending on availability and accessibility. They also emphasised, almost universally, that they understood it was their responsibility to learn through and for work. Moreover, older workers' attitudes towards training are premised on a range of factors that go beyond mere reluctance. Firstly, many reported being adequately skilled for their work and not in need of further training and provided evidence of this (Billett 2010; Billett et al. 2010). They also indicated that they had the ability to continue much of their own development in self-directed and locally organised ways.

A number of workers reported that the kind of training they were offered was often inappropriate or inaccessible, or considered to be demeaning (positioning them as 'learners'). Some workers referred to preferring an approach of skill development in which they could play an active part rather than being positioned as a student. For instance, some reported being involved in dialogue forums, where they could both share their knowledge with other workers and also learn from those workers. Going beyond concerns about their engagement in ongoing development or ambitions associated with advancement (that is, promotion), many of these workers referred to currently assisting other workers to learn and making lasting contributions in this regard. For many of these workers certification of their skills was not necessarily a high priority. That is, their interests were likely to be more associated with performing in their field of practice in ways that provided them with satisfaction as an employee, than with becoming a manager or supervisor (Meyers, Billett & Kelly 2010). Indeed, many of these employees claimed that their contributions to the workplace were often underestimated, particularly through working with others, developing the capacities of others and performing competently (Billett 2010; Billett et al. 2010).

Discussion and implications for tertiary education and training

The majority of older workers interviewed and surveyed indicated that they were actively learning in and through their work, and that they were willing to engage in structured training programs should these be appropriate and accessible. So, against a view that suggests that these workers are unwilling learners, the evidence suggests quite the opposite is the case. Indeed, what these workers claim is that the means by which they are learning needs to be supported in ways derived from their particular imperatives and needs. The existing research suggests that a greater consideration of these workers' needs, readiness and interests is required – rather than assuming that the existing educational provisions are perfectly adequate and that, if older workers do not wish to engage with them, they are demonstrating reluctance or unwillingness. It is also clear that there may well be a preferred pedagogy for those who are continuing to learn within their existing work practice to ensure that they are not positioned as 'learners' or 'students'. As noted above, a starting point might well be to gain an understanding of the diversity of their needs, readiness and imperatives, and build pedagogic practices which best respond to them. This process might also facilitate an assessment of the fit between these workers' needs for developmental courses and their access to them. Courses tailored to the specific needs of older workers are likely to reveal their value to workers who had previously expressed little interest in them.

Changing work requirements

Some of the features of contemporary work may present difficulties to older workers. Firstly, the occupations that are increasingly available in the labour market are those associated with professional and paraprofessional work, which normally have high educational requirements for entry (Bailey 1993;

Berryman & Bailey 1992; Billett 2006). Consequently, given the changes in levels of educational certification over recent decades, many older workers may lack the necessary entry qualifications for these occupations. Secondly, many contemporary forms of work now require a greater component of conceptual and symbolic knowledge (Martin & Scribner 1991; Zuboff 1988). This is a consequence of the introduction of electronic technology, which has seen a decline in easily discernible and observable mechanical and processing activities (Barley & Batt 1995; Suchman 1996; Whalley & Barley 1997) and an increase in work that requires forms of knowledge which are highly opaque and symbolic in nature. For instance, a study of the knowledge requirements for computer numerically controlled lathes compared with those of manually controlled lathes demonstrated that workers whose ways of knowing and understanding were premised on the latter had great difficulty adapting to the former (Martin & Scribner 1991). That is to say, workers whose work–life history has privileged the development of capacities associated with one way of knowing and forms of knowledge may struggle to operate with new forms of working knowledge (Lewis 2005). The effort these workers have expended on developing understandings about their practice is wasted and the competence and standing they enjoy from possessing that knowledge is imperilled. Moreover, this symbolic kind of knowledge is perhaps more difficult to learn and less accessible in practice. Hence, workers may need specialised and focused educational experiences to help them understand and comprehend this different type of knowledge. However, these experiences are often not provided to the majority of older workers, as indicated in a series of studies internationally. Thirdly, new forms of work organisation and participation can present new challenges to contemporary workers. For instance, teamwork and group decision-making might be seen as being a threat to the seniority of older workers and a process that denies their contributions and experience (Billett 2010). It can also result in their deriving little satisfaction from their work.

Discussion and implications for tertiary education and training

One of the positive features of the Australian tertiary education and training system when compared with other countries is the relatively high level of articulation across and within the educational sectors. In some ways, these represent pathways or curriculum for individuals' career trajectories. Consequently, for those older workers without certification or appropriate levels of certification, these pathways might have to be enacted in ways that make them more obvious and easier to access and traverse. Mechanisms such as the recognition of prior learning, credit, and articulation through and beyond the vocational education and training sector's programs might need to become far more explicit and also involve mechanisms that allow individuals to move smoothly through the industry-focused vocational education programs. It appears that pathways and articulations premised upon movement vertically within an industry may not be the kind of trajectory which is typically practised by workers: individuals engage in some kinds of work until retirement. However, this is far from a common experience and progression across occupations and within industry sectors is likely to be a more common experience.

Articulation arrangements that therefore permit individuals to move through occupation-specific programs and certification and do so in ways which provide maximum credit for existing capacities might well be an important curriculum innovation. These curriculum arrangements should also necessarily involve pedagogic practices to assist these workers to develop the kinds of conceptual knowledge required for working and understanding components that increasingly rely upon symbolic representations. The use of analogies, explicit explanations, diagrams and other means of representing knowledge, which has long been a priority within science education, might guide the selection of pedagogic strategies for such purposes. Moreover, extending these pedagogic practices

into workplaces may well be required for ongoing learning. Curiously, many of these strategies arise from work-based experiences.

Models of continuing education and training appropriate for older workers

Much of the existing provision of tertiary education and training in Australia and elsewhere is premised on the requirements for young people learning an occupation. That is, the provisions are either based across workplace and educational settings, as in traineeships or apprenticeships, or else they are college-based provisions, which are premised on daytime attendance. Of course, there are evening and weekend provisions, as well as other forms of flexible delivery within the vocational education system. However, it is not at all clear whether these kinds of models of continuing education and training are those which are most suited to older workers. For example, participating in an apprenticeship program can take as long as or longer than securing a university degree. This emphasis on initial preparation is a common feature across most vocational education systems, which were established to assist young people to secure the occupational skills and other capacities needed for work and civil life. Indeed, Australia has better structures than many countries for the provision of continuing education and training.

The establishment of the contemporary Australian vocational education system in the 1970s emphasised that this was not to be a system for young people only, but a system for Australians of all ages. Yet, predominantly, it has remained exactly for the former and it is only in times of economic distress that the percentage of older Australians participating in vocational education increases (that is, when labour shortages dictate the need for further vocational qualifications). However, it seems likely that other and perhaps structural factors inhibit high levels of participation by older workers. For instance, in the late 1990s it was found that the vast majority of participants (92%) in vocational education in Victoria were participating in only one or two modules rather than completing certificates. This is despite vocational education programs being based upon a series of qualifications that are premised on national occupational standards and certification. This suggests that there may well be a mismatch between the needs of students and the kinds of provisions made available to them. This may also apply to older workers, for whom a college-based program may be entirely inappropriate. The kinds of models that might attract older workers to participate may be those associated with wholly local provisions and which might require the types of engagement that value the contributions of these workers and position them as both contributors to the learning process – particularly those who have specific and valuable knowledge – and learners.

Discussion and implications for tertiary education and training

There is a clear need to look beyond the existing provisions of education and training, which are primarily focused on initial occupational preparation and full-time attendance or engagement by young people. The prospect of completing a lengthy period of study over a number of years to secure a certificate which may not materially assist the older worker is not a particularly attractive prospect. Instead, there is need to identify models of continuing education and training that have curriculum elements (the ordering of experiences) that are suited to the needs and goals of older workers and which are supported by pedagogic practices appropriate to their needs as adults and mature learners.² Not all these provisions need to be considered as being of the kinds which are offered within vocational education institutions; those that can be supported and sustained within community

² This work has recently been commissioned by NCVET and will be undertaken by a consortium from Griffith University.

or workplace settings also need to be identified and developed. The evidence strongly suggests that the majority of workers continue to learn across their working lives in ways that sustain their employability through their everyday engagement in their work activities. Yet, there is also other evidence that suggests that these experiences need to be strengthened and augmented, and there is much to be gained for both the worker and the employer when opportunities arise for workers to come together and share experiences, understandings and procedures. Models such as these are not necessarily difficult to organise, and in some occupations are standard practice (for example, the clinical supervision model employed by social workers and psychologists). However, these kinds of approaches cannot be fully understood unless the goals, readiness, capacities and circumstances of older workers are more fully understood so that the education and training models – the most appropriate curriculum and pedagogic arrangements – meet their needs to the same extent as those who sponsor them (that is, government and industry enterprises).

Conclusion

In summary, it seems that:

- *Australian workplaces* need to be encouraged to employ, engage and develop further the capacities of mature-age workers and advance their employability. This will likely require redressing a societal preference for youth over age, but, more realistically, understanding the business case for employing these workers.
- *Tertiary education and training institutions* need to identify the educational purposes and processes most likely to be helpful in sustaining the employability of mature-age workers. In particular, it is probable that age-related bias and disadvantage will play out amongst workers who have low levels of education and are employed in low-skilled work and whose employment tenure is contingent (Billett et al. 2009, 2010, 2011; Karmel & Woods 2004).
- *Workers aged over 45* need to engage in intentional and focused programs of learning within their work and, where appropriate, through the tertiary education and training system. Without interest and a specific attention, their learning is likely to be limited, and efforts by workplaces and educational institutions will not be wholly realised. At the same time there may be a need to overcome concerns about mature-age workers' capacities and to build their confidence and ability in engaging in new forms of work and education.

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Older workers, employability and tertiary education and training

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What the paper is saying

The Australian workforce is ageing and people are going to have to work for longer than previously. This paper throws up a whole series of challenges, not the least of which is how to skill and re-skill older workers. In particular, Dr Billett is concerned with what responses might be appropriate from what he terms the 'tertiary education and training' sector. He sees this as a sector predominantly oriented towards initial occupational preparation and younger people, and therefore set up to service their needs best.

Age, per se, is not necessarily the key factor in maintaining employability. However, he identifies three major at-risk groups of older workers where tertiary education and training can play a real role: first, in helping those who are in occupations that are age-intolerant; second, for those with lower levels of educational achievement and whose engagement in low-status work with narrow pathways leaves them vulnerable; and, third, for those who 'have workplace circumstances, health or dispositions that constrain their capacity for learning during their working life'. The tertiary education and training sector's responses need to be targeted. Rather than proceeding with training and other responses of a uniform kind, these issues are likely to play out in distinct ways for particular groups of older workers. The interesting issue for me, however, is the respective roles of the components of this broader tertiary education and training sector and the degree to which these various components have a role – and the experience – to deal with the more at-risk older worker cohorts.

Some of the 'myths and legends' that seem to surround older workers and beliefs about their abilities to continue to learn and develop include being seen as inflexible and incapable or unwilling to learn. Solid evidence to the contrary can be doggedly ignored, particularly by their employers and supervisors.

Dr Billett also suggests that older workers in particular should not be seen as a tabula rasa. It is better to '... position them as collaborators in their own and others' learning' rather than as students with little or no previous knowledge, skills or experiences of value. In fact, their knowledge, skills and experience are the very things that can make them valuable employees.

Implications of the paper

The author advances a series of six propositions about older workers and their implications for the tertiary education and training sector. It is these propositions that I wish to discuss.

Older workers learn through everyday work activities

Workplaces are important sites of learning. In my view, they have to have an appropriate learning culture, work design and support so that older workers have an opportunity to sustain their employability. This is in addition to anything supplied by an external education or training provider. However, this issue is all the more significant for older people who are not in work, or relevant work.

For me, the challenge for workplaces and the tertiary education and training sector is to provide programs which sufficiently emphasise the key learning-to-learn skills as well as providing learning experiences which are sufficiently valuable and authentic to have currency with potential employers. As I highlighted above, the author raises the issue of older workers not wishing to be positioned as 'learners' in the workplace, but as individuals who wish to engage with others to share what they know and also learn at the same time.

Work and significant workplace and occupational change can be overwhelming

Wholesale change in work or shifting to a new occupation can be confronting for any worker, and older workers are no exception here. Older workers may also find themselves unable to continue in their occupation because it becomes too physically demanding, or the 'ideal' occupational profile is oriented to younger workers. In my view, the tertiary education and training sector can play an important role in change management at both the individual employer and industry levels, which is under-recognised at present. Its programs can also assist occupational transitions, but only if its systems for recognising existing skills through skills mapping and recognition of prior learning are sound. There is a strong argument for flexible approaches in delivery and case management and more care in advising older people on both course and module selection. Shorter and more focused awards and courses may present the best options for them, but are these actually available, or does a 'one size fits all' mentality prevail?

Employers' and supervisors' views represent barriers to older workers' employability

Employers and supervisors are variable in the value they place on older workers and the extent to which they are prepared to invest in their continued development. For me, much of our policy in education and training is still too youth-oriented, and this needs to change, as do any unwarranted attitudes of employers to older workers and their capacities. Also, the provision of tertiary education and training is focused on that required by younger people entering the workforce, not those who have rich experience.

Older workers want to maintain their employability

One of the myths is that older workers do not wish to participate in VET programs. This, the author asserts, is generally untrue and as a group they acknowledge their responsibility to be active learners. For me, a key element for education and training policy and practice is that certification is not necessarily a high priority for older workers. In addition, learning approaches must be respectful of what they already know and can do. There is a real opportunity to design learning systems where learners and their teachers/trainers mutually support each other so that each benefits from the skills and knowledge the other holds. This issue also raises the question of whether training packages are yet sufficiently flexible. The ideological battle between individual entitlement approaches and industry control over components of the tertiary education and training sector remains very real.

Changing work requirements may present difficulties for older workers

Changes in the nature of work and the underpinning skills required have tended to change what older workers need to know and be able to do. This tends to take the required qualifications to higher Australian Qualifications Framework levels that, as Dr Billett notes, '... value conceptual and symbolic knowledge'. The author has highlighted the relative flexibility and availability of pathways across sectoral boundaries in Australia. While this might be true, in my view there is still much to be done to make these pathways more permeable and to break down unnecessary silos between industry sectors.

In particular, I am concerned that 'onward and upward' entitlement approaches may be in conflict with the way the education and training market actually behaves and also be not in harmony with giving people the full range of options they may need to sustain meaningful employment.

The tertiary education and training sector's learning models, focused as they are on younger people and initial occupational learning, may not best suit older workers

While Australia has better arrangements than many countries and a wider profile of age participation in tertiary education and training, Dr Billett notes that there are a number of structural and other factors that may be inhibiting higher levels of participation by older people. I agree. The sector as a whole needs to look to new and more flexible arrangements for delivering programs to this cohort. In my opinion, this may require even better relationships and partnerships between providers and employers and across the broad range of providers in the tertiary education and training sector. To be most effective, strategies need to be locally conceived, and this requires providers to have the freedom needed to ensure they are meeting their clients' needs, whether individuals or enterprises.

