

# The Employability of Older People

**Ronald McQuaid**  
**Employment Research Institute,**  
**Edinburgh Napier University, Edinburgh, UK**  
**<http://www.napier.ac.uk/depts/eri/home.htm>**

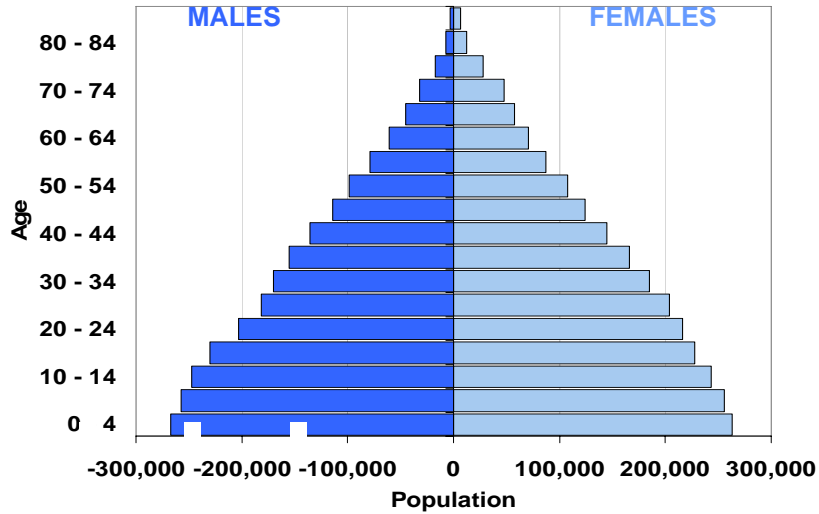
Joined Up for Jobs, Edinburgh  
20<sup>th</sup> August 2009

# Outline

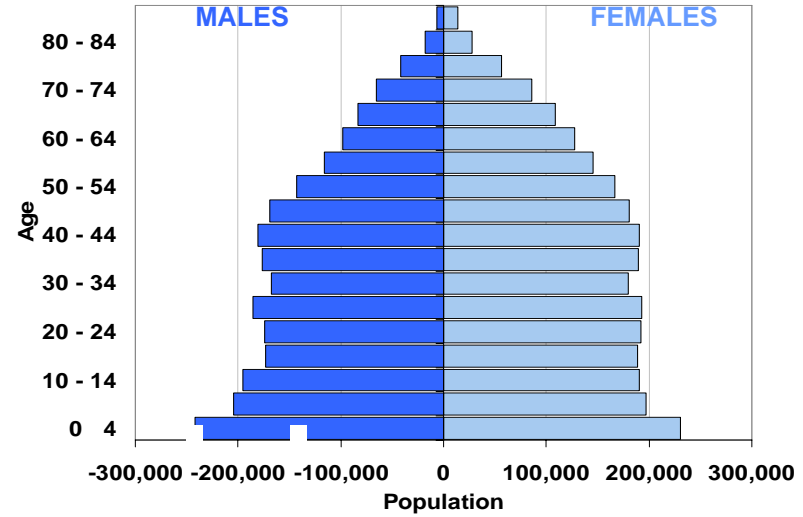
- Introduction
- Demographic changes
- Participation rates
- Some implications
- Conclusions

(Data/figures from GRO(s)/APS/LFS)

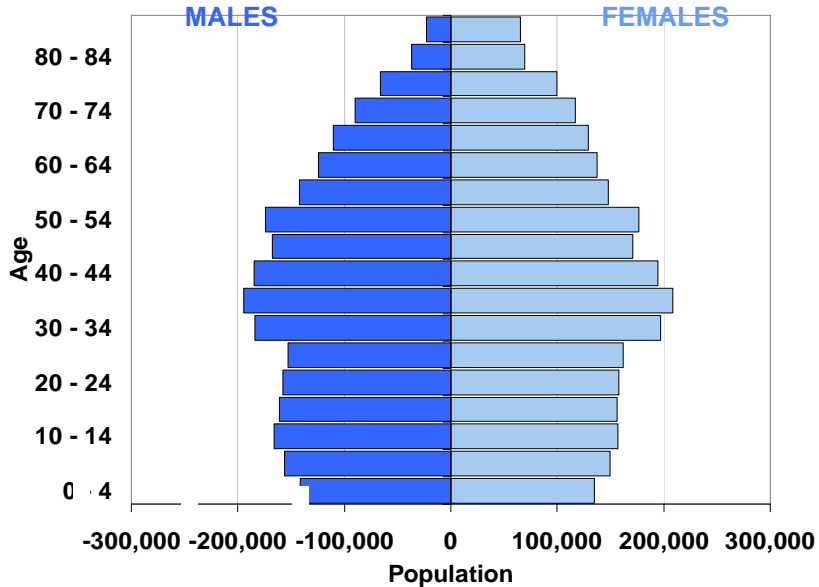
Scotland 1911



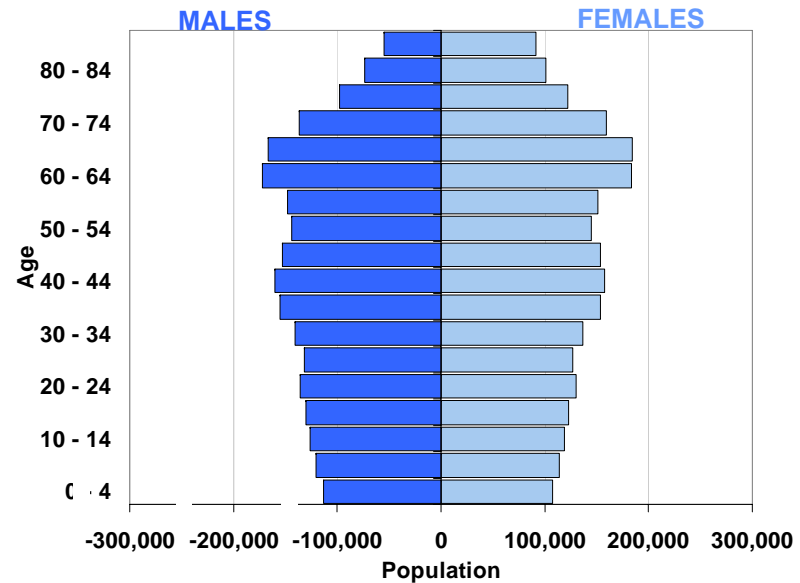
Scotland 1951



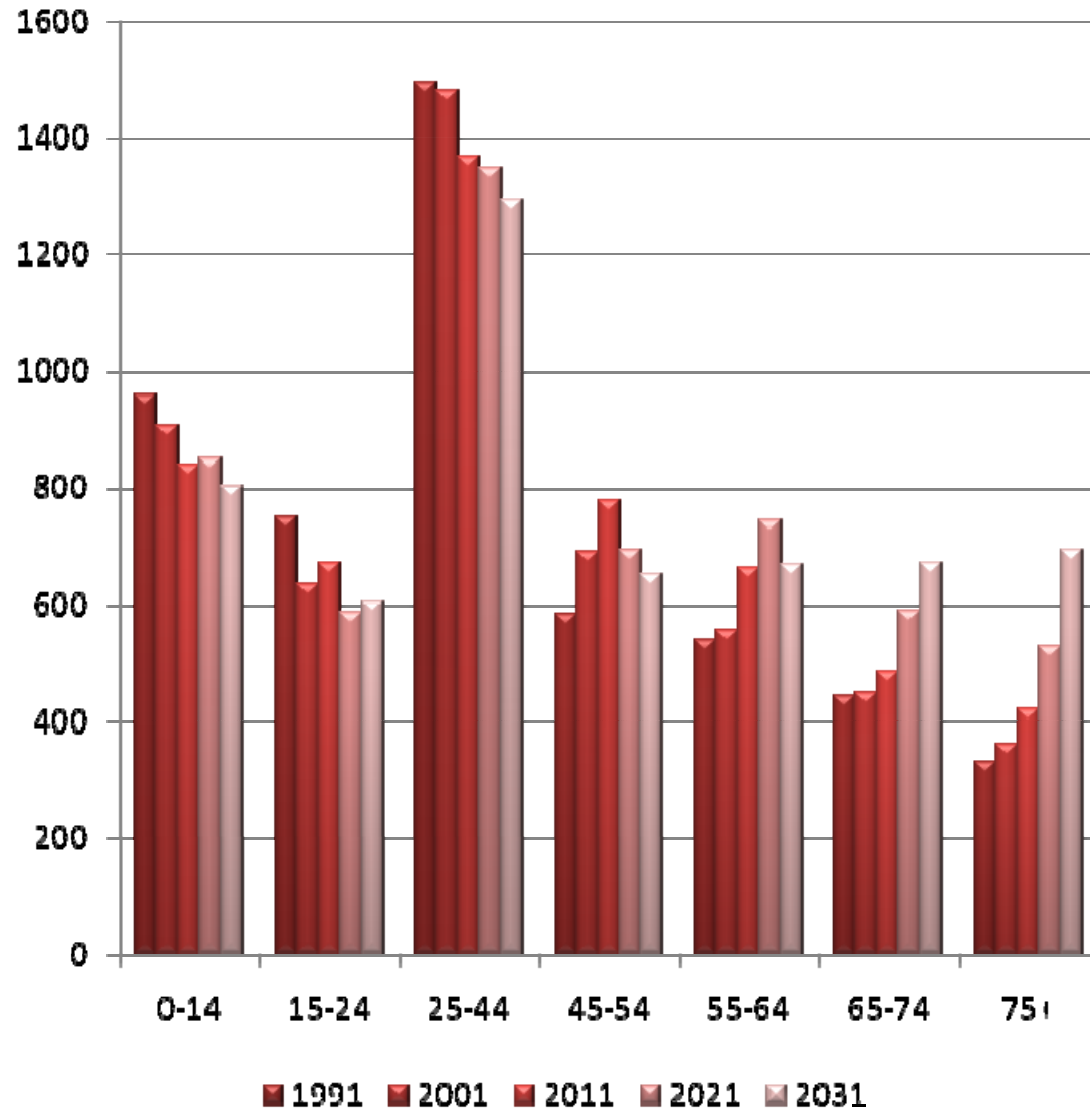
Scotland 2001



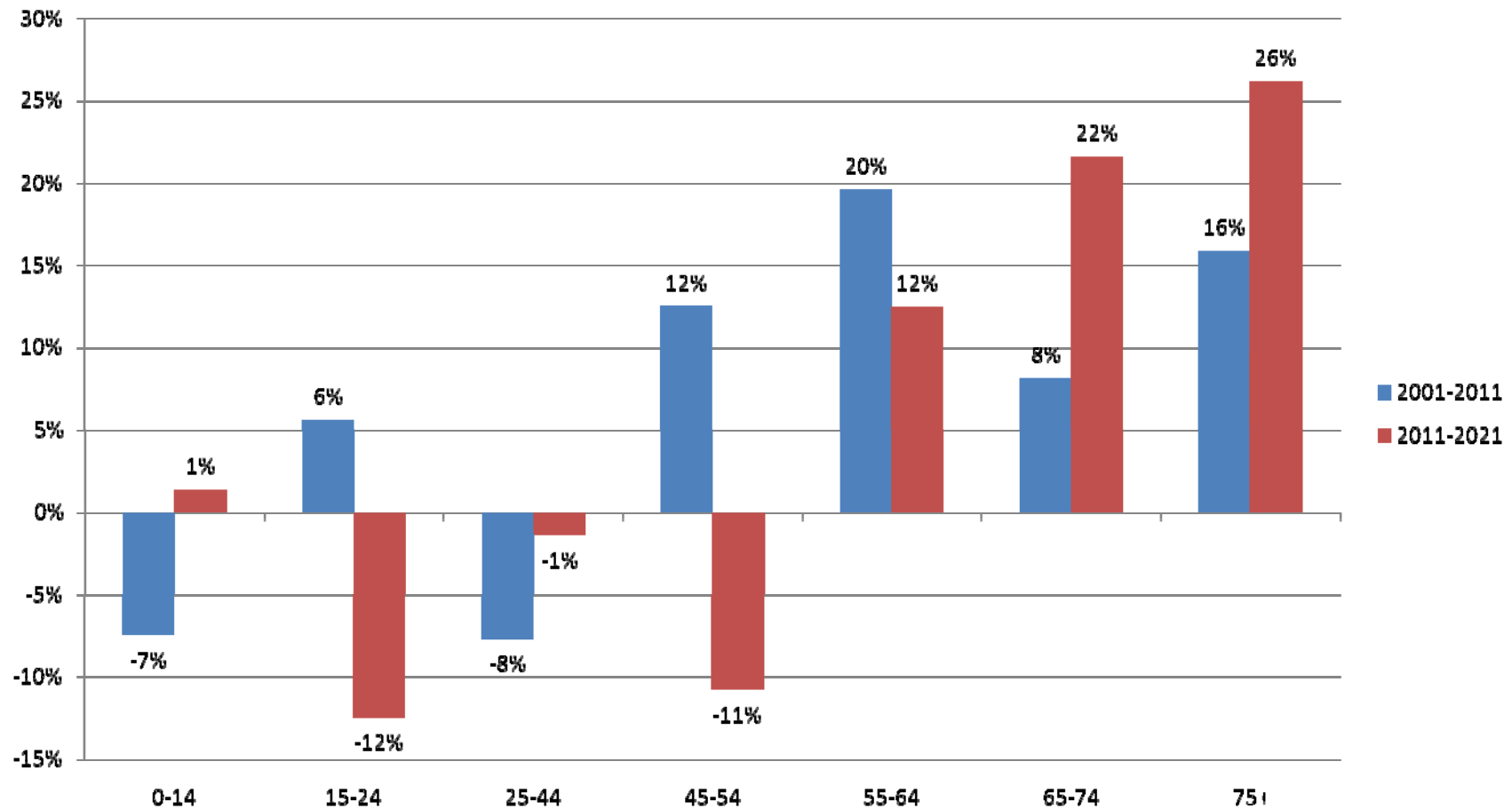
Scotland 2031



## Population structure by age groups (1991-2031)



## Percentage change in age groups (2001-2011, 2011-2021)



## Number of 15-29 year olds in Scotland

**1927 – 1,369,915 (28% of pop)**

- **1952 – 1,258,378 (25% of pop)**
- **1977 – 1,186,595 (23% of pop)**
- **2002 – 938,223 (18% of pop)**
- **2027 – 770,661 (15% of pop)**
- **1977-2002 -21%; 2002-27 -18%; 1977-2027 -35%**

**I.e. we have been through high decline – BUT that was during working population growth period (1977-2002 TOTAL 15-64 YEAR OLDS +2%; 2002-2027 –12.5%)**

*So the number of younger workforce members is falling and the number of older members is rising. But the total does not change much....*

*But, there is the issue of activity and employment rates.*

# Employment Rates 2008

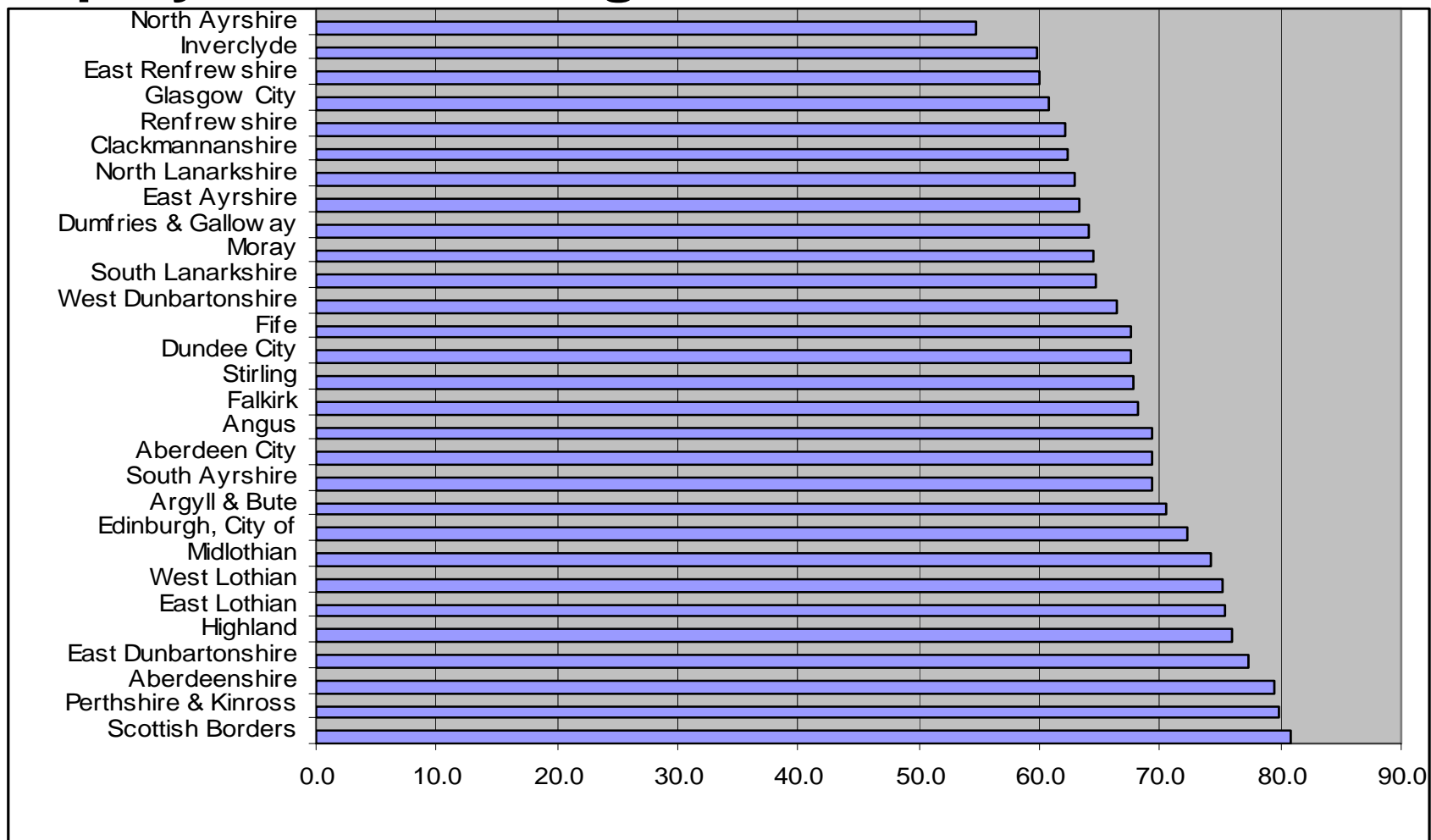
<b><i>Employment rate</i></b>	Edinburgh	Scotland
Working age	76.1	75.6
Working age male		78.7
Working age female		72.3
age 16-24	53.9	60.8
age 25-34	83.9	81.2
Age 35-49	83.8	83.1
age 50-pension age	78.8	72.0

Annual Population Survey, Jan. – Dec.

## Long-term internationally: Activity rates % 1960 & 2010

	Age 15-49 (rising)	Age 50-64 (stable/fall)	Age 65+ (collapsing)
USA	64% to 79%	65 to 65	21 to 9
Japan	71 to 78	70 to 70	36 to 19
Canada	61 to 82	59 to 61	18 to 5
UK	72 to 80	61 to 59	14 to 4
Germany	74 to 80	59 to 57	14 to 2
France	68 to 76	60 to 50	16 to 1
Italy	63 to 75	48 to 41	15 to 3

# Employment Rates age 50-SPA 2004



# Employment rates after State Pension Age

- After SPA the employment rates have been increasing in recent years (possibly affected by the tight labour market)
- Employment rates of those aged above SPA in Scotland (April-June):
  - 1992 – 7.5 (GB 8.1)
  - 2000 – 6.5 (GB 8.1)
  - 2008 – 9.7 (GB 11.8)
- Those aged 50-SPA increasing in all regions of UK (1992-2008)

- *So even if the working age population stays the same, an 'ageing' workforce is likely to have fewer people in the workforce actually working (and working full-time).*

# Ageing of the population

- **Affects demand for services/good** – health, services, pensions, saving rates, wealth distribution and so **labour demand**.
- **Affects – Labour supply**
- Working age population does not fall much, but it does get older, so numbers of workers would fall if activity rates stayed the same.
- So perhaps relatively less scope for Edinburgh to increase employment rates?
- Increased international migration but reduced (national) inter-regional? (A8 already severely ageing, so limited scope of increased A8 migration?)

# Characteristics of older workers in UK labour market (previous DWP data)

- 8.6 million people aged 50 to State Pension Age (SPA), 68% of whom are in employment, - 19% of the total working population
- Older workers (50-SPA) are more likely to work part time (25%)
- Older workers more likely to be self-employed (16%) compared to those 25-49 (11%)
- Average length of current employment is higher for older workers: 12.8 years compared to 7 years for those 25 to 49

# Some potential policy responses

Increasing the size of the labour force through:

- increasing working life (raising pension age, tapered retirement, increasing lifetime average hours);
- employment policies for retaining older workers (e.g. attitude of employers; to training);
- Age Discrimination legislation
- Migration (especially international)
  
- Increasing activity rates
  
- Increasing productivity
  
- Managing decline, e.g. reducing health, welfare, pensions and income standards for future retirees (and others)

# Productivity of older workers

Does higher salary for older workers reflect productivity? Are younger workers more productive (and better at new products/ processes)?

Older workers may have greater life and work experience, longer tenures, lower turnover, less absenteeism and require less supervision than younger workers and loss of productivity among older workers may be due to skills obsolescence, rather than age

Skills development/ training reduces with age in many jobs (worker and employer attitudes etc. – intrinsic and extrinsic factors)

- *Employee Demand for Skills Development: a Research and Policy Review.* Evidence Report 3 (June 2009); a report for UK Commission for Employment and Skills [http://www.ukces.org.uk/pdf/Evidence\\_Report\\_3.pdf](http://www.ukces.org.uk/pdf/Evidence_Report_3.pdf)

Skills development/ training reduces with lower level jobs (many older workers may move into lower level jobs)

# Productivity continued...

- Bottom line – we need to improve productivity of older (and all) workers, which may mean:
- Redesigning workplaces and work processes
- Utilising new technologies more effectively (e.g. Japan and USA)
- Changing attitudes to, and practices in, skills development & employment
- Bringing mothers back into the workforce and helping them up the skills ladder to higher skilled jobs than currently

## Some conclusions

- Major changes are occurring - numbers, skills, characteristics, productivity of labour, training
- So one policy is to increase employment rates and productivity in the medium and long terms, although society's and peoples' expectations will be important
- But 'older people' cover an increasing wide range of people (many will have a significant contribution to paid (and unpaid) work)
- Employers will need to respond –and so will training bodies
- Cannot just do 'business as usual' but need to think through the implications for our organisations as employers and as service providers

Paper available on:

<http://www.napier.ac.uk/eri/>