

Older Workers:

Challenging Myths and Managing Realities





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Our greying workforce – the demographic context

1.0 Defining the issue

1.1 Population and workforce ageing: Implications for employers

Population and workforce ageing occurs as a result of more people living longer while fewer are being born, resulting in more older people and fewer children. While population ageing is less severe in New Zealand than in many other countries, such as Japan and those of Europe, it remains a critical issue for the New Zealand economy.

By 2031, New Zealand will be home to more than one million people aged 65+, or one in every five people. For the first time ever, there will be more people aged 65 and over than children under 15.

This means the supply of young people entering the labour force is declining, just as the large baby-boom cohort approaches the 'traditional' retirement age. The first baby-boomers turned 65 in 2011, with the retirement of many resulting in a reduced labour force supply and skills shortages.

New Zealand's Department of Labour estimates that there will be about 50,000 job vacancies *per year* due to retirement over the next few years, but just 118,000 people entering the workforce for the first time in the five years to 2016. Similar scenarios overseas are regarded as an unsustainable.

1.2 The post-recession labour force and skills shortages

The recent global recession and the continuing economic downturn has masked the early impacts of these trends due to relatively high unemployment in New Zealand. However, labour shortages typically follow the end of economic recession, and these shortages will be accentuated by the overall ageing of the workforce.

1.3 Extending working lives

Encouraging older employees to keep working will enable organisations to remain competitive and will help prevent significant labour shortages, as well as ensuring health and welfare systems remain sustainable.

While some argue that the market forces of supply and demand will lead to people having longer working lives, others argue that there are opposite pressures that arise from discrimination against older people and the risk of redundancy.

1.4 Industry and individual variation

The impact of population ageing on the workforce varies across industries. Both international and New Zealand evidence shows some areas, particularly high-skill sectors such as health, education IT and other professional and technical areas, will experience shortages; this is less likely in declining and lower-skill

sectors, such as manufacturing and retail. These areas may experience surpluses, resulting in redundancies.

Similarly, at an individual level, not all older workers will be able to or willing to continue working, but evidence shows that unless older workers are assessed on their merits rather than age, their skills may be lost entirely. Research tells us that there are greater differences in capability *within* age groups than *between* age groups.

1.5 Employers appear slow to address the issues

The keys to extending the working lives of those who want to remain in employment are good workforce management and proactive responses to the reality of the ageing workforce at firm or industry level.

But the evidence over the last few decades indicates that relatively few companies are paying attention to the implications of our ageing workforce.

2.0 New Zealand data on older workers

2.1 What is an older worker?

The generally agreed definition of an older worker is age 55+, but the data and information gathered around older workers ranges from 45+ to 65+.

2.2 Labour force participation at older ages is relatively high

New Zealand has a relatively high level of participation in paid work by older people, partly due to the age of eligibility for the state pension rising to 65 and a lack of alternative superannuation sources. While this suggests a certain level of employer willingness to hire and retain older workers, other evidence shows discrimination and barriers still exist.

2.3 Labour force participation at older ages is increasing

It is becoming apparent that fewer young people are entering the workforce, and New Zealand is now seeing a decline in the proportion of workers who are in the prime ages of their working lives: 35 to 44.

From 2001 to 2011, the fastest-growing sector of the labour force was women aged 50+ and men aged 60+. There are now more 60 to 64-year-olds in the workforce than 15 to 19-year-olds.

2.3 Retirement plans and incentives to keep working

Retirement is a changing concept rather than an outdated concept; for most people, retirement no longer means an abrupt transition from full-time paid work to none. But concepts of retirement differ across New Zealand society, and there will be increasing individual variation.

Recent surveys show that just 20% to 30% of New Zealanders don't intend to do any paid work after "retiring"; on average, they expect to continue to work 15 hours or so every week. Māori and Pacific people are more likely to still work full-time at the age of 65; they are also less likely to have thought about retirement and prepared for it.

Many New Zealanders need to still work for financial reasons, but many continue in paid work because they want to contribute and like to be occupied.

In one study, around a third of New Zealanders who weren't in paid work at 65 said they would like to be employed. But they felt that employers didn't want older workers, or could not accommodate their health needs, or their need to balance work and caring responsibilities for grandchildren or partners.

3.0 How to extend New Zealanders' working lives

3.1 Adopt an integrated approach

Overcoming the pressures that work against attracting and retaining older workers requires an integrated response from government and employers.

3.2 Challenge myths and change attitudes

The talents of older workers risk being wasted due to false assumptions and stereotypes about their skills and performance. Among the most pernicious of these is that older workers cost more, are more prone to health problems, can't adapt to workplace changes and new technology, perform more poorly than younger workers, and represent a poor return on training investment.

Current and future cohorts of older workers will be healthier and fitter than those of generations past, as well as better educated, more familiar with technology and likely to have longer working lives. However, there is still a need to identify and accommodate those who are disadvantaged.

3.3 Communicate the business benefits of mature workers and provide positive role models

Employers can demonstrate their belief in the value of mature workers by providing exposure to role models that do not fit stereotypes, as well as informing workforces on the business benefits of older workers. These benefits may include older workers' lower turnover and absenteeism, their reliability, commitment, experience, life experience and people skills – the latter two points are particularly helpful for companies wishing to engage with an ageing and relatively affluent consumer market.

3.4 Adopt a life-long learning approach

It is widely agreed that a lifelong-learning approach is necessary to ensure workers' skills remain relevant as they age.

3.5 Provide flexible working arrangements

Virtually all the research on attracting and retaining older workers notes the need to provide flexible working arrangements, such as flexible or reduced hours, extended leave and carer's leave, phased retirement, special projects, and home-based working. These are key ways in which older workers can continue to work while balancing health needs, caring responsibilities and lifestyle preferences.

Some research indicates a need for more attention to the implementation and mechanisms of such flexibility policies.

3.6 Consider adaptations to the workplace

Employers may need to consider making adaptations to meet the identified needs of some older workers, ranging from protection against noise and temperature to specific ergonomic adjustments and preventative measures, and adjustments in workloads and the way work is organised and jobs designed.

Examples include using technology to reduce the demands of physical tasks, adjusting the pace of work and the scheduling of breaks, and pairing older workers and younger workers to draw on the strengths of each in terms of knowledge, experience and physical capacity. Such adaptations have been shown to be cost-effective through improved performance, lower claims and reduced medical costs .

3.7 Offer health and wellness programmes

Offering health and wellness programmes and medical checks are recommended in order to help maintain the performance and productivity of an ageing workforce.

3.8 Adopt an age-neutral approach to management, policies and practices

Audit company policies and procedures through an age lens, considering recruitment, training, performance management and promotion. Employers should ensure practices and decisions are based on individual needs and abilities, not age.

Our greying workforce – the evidence

“Population ageing will continue to intensify the challenge for New Zealand to become more adept at harnessing the skills of an older workforce. Achieving this will bring about important gains in overall productivity levels and workplace performance.” (Department of Labour, 2009: 19).

1.0 Defining the issue

1.1 Population and workforce ageing: Implications for employers

Population and workforce ageing occurs as a result of more people living longer just as fewer are born, resulting in more older people and fewer children (IBM, 2004; Taylor, 2003; Ilmarinen, 2005).

The proportion of the world’s population aged 60+, which was 10% in the year 2000, will double to 22% by 2050, when this group will outnumber children less than 15 years of age (Taylor, 2003:2).

By 2031, New Zealand will have more than one million people aged 65+, making up one in five New Zealanders. For the first time ever in New Zealand, there will be more people over the age of 65 than children under 15 years¹.

For the workforce, this means the supply of young people entering the labour force is declining just as the large baby-boom cohort approaches the ‘traditional retirement’ age. The first baby-boomers turned 65 in 2011, with their retirements expected to result in reduced labour force supply and skills shortages (OECD, 2006; Hudson, 2004; Equality and Human Rights Commission, 2010; Taylor, 2008; Jorgensen and Taylor, 2008).

New Zealand’s Department of Labour (2012:3) estimates that there will be about 50,000 job vacancies *per year* due to retirement over the next few years, but just 118,000 new workers entering the workforce between 2011 and 2016². A similar scenario overseas is regarded as “an unsustainable level of retirement” (Taylor, 2003:5).

Population ageing is less severe in New Zealand and the US due to their higher birth rates compared to other OECD countries (OECD, 2006; Hudson, 2004; Taylor, 2003 & 2008; Maestas, N. and Zissimopoulos, J. 2010).

While New Zealand has traditionally turned to immigration to boost its labour force, there will be strong global competition for skilled workers (OECD, 2006; Hudson, 2004).

¹ Statistics New Zealand: March 2012 National Population Projections (2009 base), http://www.stats.govt.nz/browse_for_stats/population/estimates_and_projections/NationalPopulationProjections_HOTPO9base-61.aspx

² From Statistics New Zealand National Labour Force Projections, May 2010 in [Workforce Demographic Trends 2012](#) (EEO Trust, 2012).

1.2 The post-recession labour force and skills shortages

The recent global recession and a continuing economic downturn has masked the early impacts of these trends due to New Zealand's relatively high unemployment. However, labour shortages typically follow the end of recession. In the US, it is projected that despite current high unemployment levels, there will still be a shortage of workers within the next decade (Bluestone and Melnik, 2010).

This scenario is echoed in New Zealand. "The need to recruit older people will become increasingly inescapable as the working population ages and skill shortages become apparent" (Drake New Zealand, 2007:20; Hudson, 2004).

In New Zealand, retirement is predicted to be highest in high-skill occupations, such as health and education professionals (Department of Labour, 2010).

1.3 Extending working lives

Encouraging older workers to keep working will enable organisations to remain competitive and reduce labour shortages, as well as ensuring health and welfare systems remain sustainable (Ministry of Social Development, 2011; Bluestone and Melnik, 2010; Hudson, 2004; Smeaton and Vegeris, 2009; Taylor, 2003 & 2008; OECD, 2006; Drake, 2007; Davey and Davies, 2006).

In the UK, it has been estimated that the extension of a person's working life by 1.5 years could reduce government borrowing by 1% of GDP, which equates to approximately £15 billion (Equality and Human Rights Commission, 2010:5).

In New Zealand, it has been estimated that a projected increase in workers aged 65+ from around 4% today to 10% by 2051 could generate tax revenue of \$1.8 billion in 2051, up from \$200 million today (Ministry of Social Development, 2011: 1).

While some argue that market forces of supply and demand will lead to longer working lives, others argue that there are opposite pressures from discrimination against older workers and redundancy (Taylor, 2003; Jorgensen and Taylor, 2008; Equality and Human Rights Commission, 2010; Drake, 2007).

These are a hangover from recent decades in which early retirement was encouraged, or age-based redundancy policies met the need for downsizing in declining industries such as manufacturing and other low-skilled areas (Taylor, 2008). While it was believed such approaches were justified to make way for younger workers, such policies were not correlated with reduced youth unemployment (Taylor, 2008).

Mitigation of these barriers to attracting and retaining older workers requires an integrated response from the Government and employers (Equality and Human Rights Commission, 2010; Taylor, 2003; Drake, 2007).

1.4 Industry and individual variation

The impact of population ageing on the workforce varies across industries. Evidence from both overseas (Adler and Hilber, 2008; Bluestone and Melnik, 2010; Jorgensen and Taylor, 2008; Head et al, 2006) and in New Zealand (Department of Labour, 2009; Ministry of Social Development, 2011), shows some areas will experience shortages while others will not, particularly those in declining and lower-skill sectors such as manufacturing and retail. In fact, these areas may even experience staff surpluses, resulting in redundancies. In New Zealand, there will also be regional differences, as areas outside Auckland have older age profiles (Ministry of Social Development, 2011).

In industries with shortages, such as health, education, IT and professional and technical services, employers will need to accommodate older workers' needs and preferences around issues such as working arrangements and training, and create a culture of respect among younger workers and managers (Adler and Hilber, 2008).

At the same time, they will need to address the needs of older workers in declining industries like manufacturing: that is, people who still need to work but are more at risk of being laid off and then having difficulty finding a new job unless they get skills training to help them transfer to high-demand areas (Adler and Hilber, 2008; Taylor, 2008).

The areas with the greatest demand for workers – the knowledge and service sectors – are the areas that can most easily accommodate older workers' needs, while physically demanding jobs are in the decline (Adler and Hilber 2008; Rho, 2010; Stark, 2009). However, some types of knowledge work will also face competition from outsourcing to emerging economies such as India, which have highly skilled and youthful workforces (Jorgensen and Taylor, 2008).

In addition to variation in the impacts of an ageing population and workforce across industries, variations on almost all work-related factors are greater within age groups than between age groups (Ministry of Social Development, 2011; Ilmarinen, 2005; Top Drawer Consultants, 2008).

Whether the older age group continues in paid work varies by factors such as socio-economic level, educational qualifications and sex, as well as health and redundancy. (Smeaton and Vegeris, 2009; Jorgensen and Taylor, 2008; Rho, 2010).

Employers should avoid making assumptions about all older workers' abilities based on age rather than individual capabilities. It's also important to address the needs of those unable to work or who require workplace adaptation (Taylor, 2008; Rho, 2010).

1.5 Employers appear slow to address the issues

The keys to extending the working lives of those who want to remain in employment are good workforce management and proactive responses to the reality of the ageing workforce at firm or industry level (Smeaton and Vegeris, 2009; DoL 2009).

But the evidence over recent decades suggests that too few companies are paying attention to the implications – there is need for companies to identify the business case for embracing older workers in their organisations and becoming more proactive (Drake, 2007; IBM, 2004; Taylor, 2003; Head et al, 2006; CIPD, 2010; Spezia, 2002). Policies are not enough; there is a need to ensure line managers and employees are aware of the issues (Taylor, 2003).

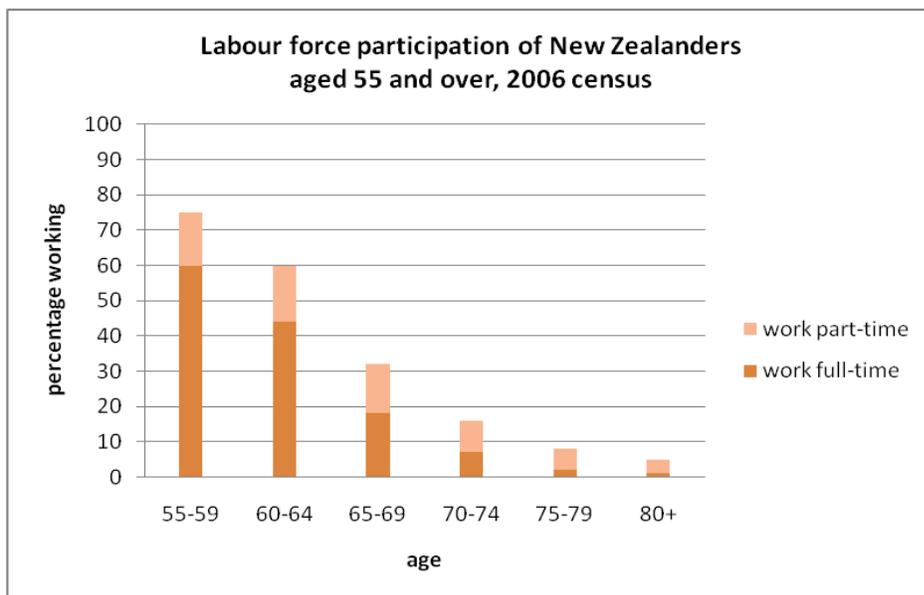
A survey of New Zealand organisations in the late 1990s found that most didn't think workforce ageing would affect their business (Davey and Cornwall, 2003:55). Unpublished EEO Trust qualitative research in member organisations in 2006 also found that while most organisations were reasonably aware of population and workforce ageing, most were not actively addressing the issue.

2.0 New Zealand data on older workers

2.1 What is an older worker?

The most typical definition of an older worker is 55 years and over (Department of Labour, 2009; Top Drawer Consultants, 2008; CIPD, 2010). However, some data is only available from age 45+ and other studies focus on age 65+.

Figure 2.1



Source: Statistics NZ customised data from 2006 census for EEO Trust July 2010.

2.2 Labour force participation at older ages is relatively high

New Zealand has a relatively high level of older workers in paid employment, partly due to the age of eligibility for the state pension rising to 65 and a lack of alternative pension sources. (Murray, 2002; Ministry of Social Development, 2011; Statistics New Zealand, 2009). While this suggests a willingness

on the part of employers to employ and retain older workers, other evidence shows discrimination and barriers still exist.

New Zealand: One in five over-65s still working

New Zealand has one of the highest rates of labour-force participation in the OECD for the 65+ age group.³ In 2011, nearly 1 in 5 (19%) of New Zealanders aged 65+ was in the workforce, up from 9% in 2001.⁴

Māori aged 65+ are more likely to still be in the workforce than Europeans of that age,⁵ and those over 65 are more than twice as likely to work part-time as those aged under 65.⁶

Nearly 1 in 3 workers are aged over 50, and more than 1 in 10 over 60⁷. There are now more 60-64 year olds than 15-19 year olds in workforce, and those aged 60+ are almost double the number and percentage of 15-19 year olds⁸.

For more detail, see [Workforce Demographic Trends](#) (EEO Trust, 2012).

³ Statistics New Zealand, 2009: Labour force participation of New Zealanders aged 65 years and over, 1986-2006.

⁴ Statistics New Zealand, 2011: Household Labour Force Survey Dec 2011 quarter.

⁵ Statistics New Zealand, 2009: Labour force participation of New Zealanders aged 65 years and over, 1986-2006.

⁶ Ibid.

⁷ Statistics New Zealand Household Labour Force Survey 2011 and 1991, www.stats.govt.nz/infoshare

⁸ Statistics New Zealand Household Labour Force Survey 2011 and 1991, www.stats.govt.nz/infoshare

2.3 Labour force participation at older ages is increasing

Figure 2.2a New Zealand Labour force changing age profile, 2001 - 2021⁹

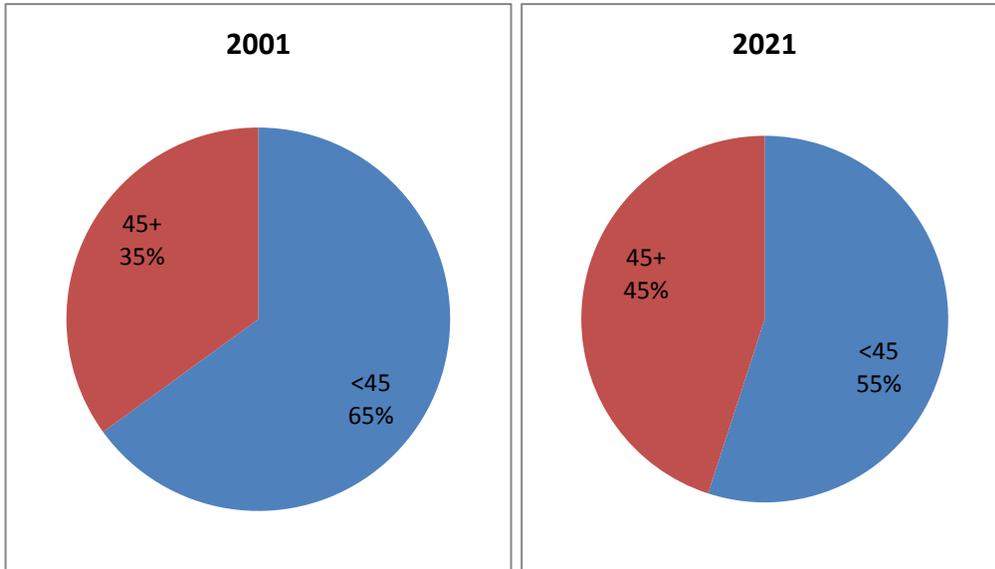
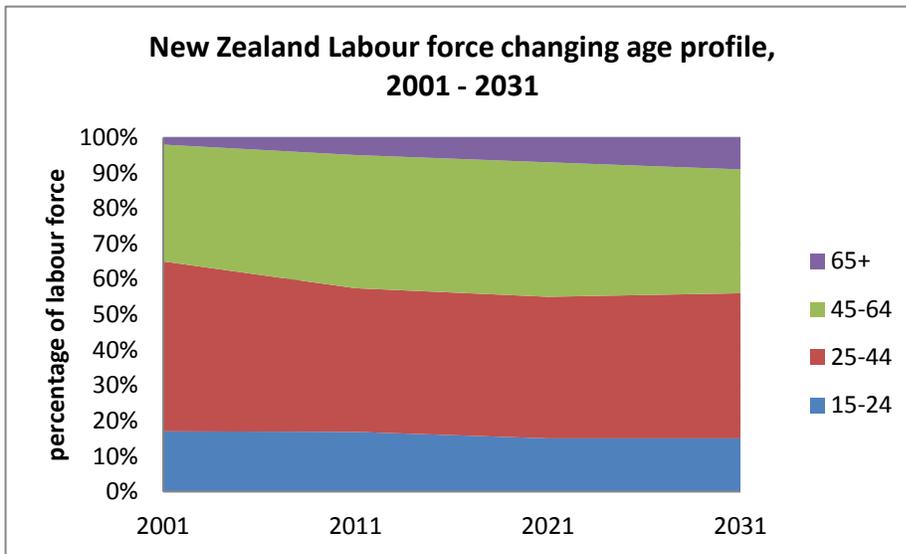


Figure 2.2b



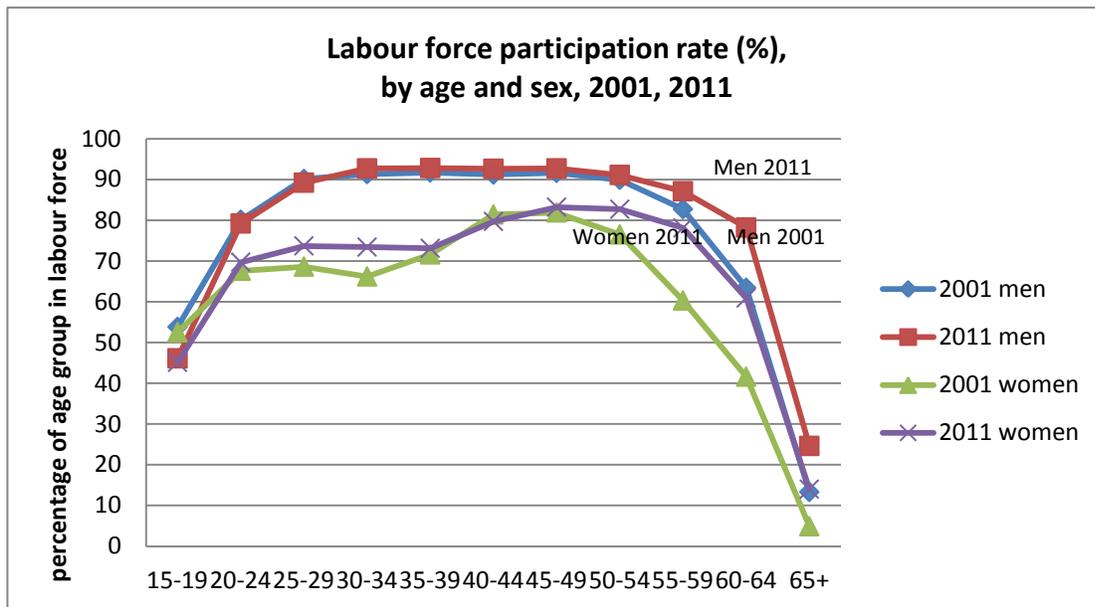
In Figure 2.1b above, note the decline of workers aged 35 to 44, traditionally seen as being in the prime years of their working lives, and the growth of those aged 45-64 and 65+. Not only are there fewer young people entering the workforce, the decline is now flowing through to prime working ages.

⁹ Statistics New Zealand Labour Force Projections, May 2010.

The fastest-growing sector of the labour force from 2001 to 2011 was women aged 50+ and men aged 60+, as can be seen in the graph below.¹⁰ In 2011, over half of women aged 60-64 were still in the workforce (61%) and nearly 4 out of 5 men (78%), as shown in graph below (Figure 2.3).¹¹

In 2011, 1 in 4 men and 1 in 7 women aged 65+ were in the workforce.¹² This is nearly double the proportion of men aged 65+ a decade ago (13% in 2001), and nearly three times the proportion of women (5%), as shown in the graph below (Figure 2.3).¹³

Figure 2.3



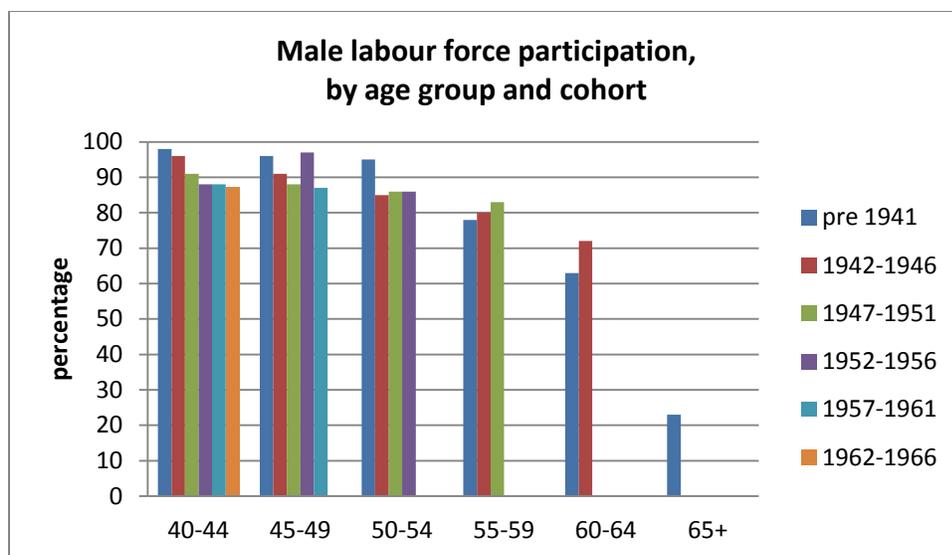
This growth in labour force participation at older ages can also be seen by following birth cohorts as they move into the older ages. The following graphs show that more women and more men are in paid work in their 50s and 60s. Full-time work accounts for most of the increase.

¹⁰ Statistics New Zealand, 2011: Household Labour Force Survey Dec 2011 quarter and Dec 2001 quarter, www.stats.govt.nz/infoshare.

¹¹ Ibid.

¹² Statistics New Zealand, 2011: Household Labour Force Survey Dec 2011 quarter and Dec 2001 quarter, www.stats.govt.nz/infoshare.

¹³ Ibid.



2.4 Retirement plans and incentives to keep working

Retirement is a changing concept rather than an outdated concept; for most people, it no longer means an abrupt transition from full-time paid work to none (Dixon and Hyslop, 2008).

In a 2008 survey, the average age at which 45 to 64-year-old New Zealanders planned to retire was 63.¹⁴ For those aged 60 to 64, the intended retirement age was 66. But just 21% didn't intend to do any paid work after 'retiring'; on average, they expected to continue to work 15 hours a week.

In another New Zealand study (Alpass, 2008) a similar 70% planned to continue some kind of paid employment after retirement. However, another local study found that few intended to work past 70 (Ministry of Social Development, 2009).

Māori and Pacific workers are more likely to be still working full-time at 65 and less likely to have thought about retirement and prepared for it (Alpass, 2008).

According to the Ministry of Social Development (2009:29), while two-thirds of 65-year-old employees were still working because they needed the income, the majority continued in paid work because they wanted to contribute and remain occupied. This same study showed that around a third who were not in paid work at 65 would have liked to be, but felt employers didn't want older workers or couldn't accommodate their health needs or the flexibility desired in order to balance caring responsibilities for grandchildren or partners.

¹⁴ *Enhancing wellbeing in an ageing society*. EWAS Monograph No.2, Family Centre social Policy Research Unit Wellington and Population Studies Centre, University of Waikato, Hamilton, March 2010, p.67-68.

There is evidence that part-time work adds to total productivity, as it encourages longer participation in paid work over a lifetime (McPherson, 2004 and 2005).

3.0 How to extend New Zealanders' working lives

3.1 Adopt an integrated approach

Overcoming the pressures that work against attracting and retaining older workers requires an integrated response from government and employers.

Finland's Programme on Ageing Workers is often cited as an example of success (Taylor, 2003; Jorgensen and Taylor, 2008; Spezia, 2002; Ministry of Social Development, 2011), with OSH and employment services, training, and communication and awareness campaigns targeted at older workers' needs.

3.2 Challenge myths and change attitudes

The talents of older workers risk being wasted due to false assumptions and stereotypes about their skills and performance (Department of Work and Pensions, 2001). Among the most pernicious of these is that older workers cost more, are more prone to health problems, can't adapt to workplace changes and new technology, perform more poorly than younger workers, and represent a poor return on training investment (Australian Human Rights Commission, 2011; Taylor, 2003; Davey 2006; Davey and Cornwall, 2003; McGregor and Gray, 2001).

Current and future cohorts of older workers will be healthier and fitter than those of generations past, as well as better educated, more familiar with technology and likely to have longer working lives. However, there is still a need to identify and accommodate those who are disadvantaged (Top Drawer Consultants, 2008; Taylor, 2003 & 2008; Maestas and Zissimopoulos, 2010; Stark, 2009).

Knoll says, "Although empirical findings and scientific analysis have deemed the deficit model of ageing no longer tenable, it remains nonetheless deeply ingrained in company culture, as shown by empirical investigations/research" (2003: 357).

3.3 Communicate the business benefits of mature workers and provide positive role models

Provide exposure to role models that overturn stereotypes as well as information on the business benefits of older workers. These may include lower turnover and absenteeism, reliability, commitment, experience, good life skills, people skills for good customer service (Department of Work and Pensions, 2001; Davey, 2006) as well as reflecting the ageing consumer market (Turner and Williams, 2005).

3.4 Adopt a life-long learning approach

It is widely agreed that a lifelong-learning approach is necessary to ensure workers' skills remain relevant as they age (Department of Labour, 2009; Taylor, 2003 & 2008; Jorgensen and Taylor, 2008; Department of Work and Pensions, 2001). More information can be found in this report in the section titled Older workers and training¹⁵.

3.5 Provide flexible working arrangements

Virtually all the material on attracting and retaining older workers notes the need to provide flexible working arrangements (Ministry of Social Development, 2009; Taylor, 2008). This may include flexible or reduced hours, extended leave and carer's leave, phased retirement, special projects, and home-based working. All are key ways in which older workers can continue to work while balancing health needs, caring responsibilities and other lifestyle preferences. More detailed information can be found in the section Managing an ageing workforce¹⁶.

A New Zealand study found that there is a gap between theory and practice in relation to flexible work practices conducive to older workers staying on, with greater emphasis needed on the mechanisms for implementing such policies (McGregor and Gray, 2001).

3.6 Consider workplace adaptations

Employers may need to consider making adaptations to meet the identified needs of some older workers, ranging from protection against noise and temperature, to specific ergonomic adjustments and preventative measures, to adjustments in workloads and the way work is organised.

A key aspect of workplace adaptation is adjusting the way specific jobs are designed to fit the changing needs and capacities of older workers. Examples include using technology to reduce the demands of physical tasks, adjusting the pace of work and the scheduling of breaks, and pairing older workers and younger workers to draw on the strengths of each in terms of knowledge, experience and physical capacity. Such adaptations have been shown to be cost-effective through improved performance, lower claims and reduced medical costs¹⁷.

¹⁵ See the section Older workers and training in this report.

¹⁶ See the section Managing an ageing workforce in this report.

¹⁷ See the section Managing an ageing workforce in this report.

3.7 Offer health and wellness programmes

Offering health and wellness programmes and medical checks are recommended for maintaining the performance and productivity of an ageing workforce.¹⁸

3.8 Adopt an age-neutral lens on management, policies and practices

It is recommended that employers audit policies and procedures through an age lens, covering recruitment, training, performance management and promotion. Employers should ensure practices and decisions are based on individual needs and abilities, not on age¹⁹.

¹⁸ See the section Health, physical and mental capacity, and older workers' productivity and performance in this report.

¹⁹ See the section Managing an ageing workforce in this report.

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Getting a Job: Difficulties and barriers – the summary

1.0 Introduction

- Many older job seekers believe employers don't want older workers, and this keeps them out of the labour force or unemployed.
- Older workers are more likely to become long-term unemployed than other age groups. They are less likely to be classified as unemployed, but once unemployed take longer to be rehired.
- There is evidence of age discrimination against older job seekers in New Zealand and elsewhere.
- Other barriers to older workers getting a job include:
 - Stereotyped negative attitudes towards older people by employers, younger workers, managers, recruiters and society;
 - The internalisation of negative stereotypes by older job seekers resulting in a lack of confidence and withdrawal from labour force;
 - Myths associated with older workers relating to absenteeism, training and promotion, technology, cognitive abilities, productivity, and how much longer they will be able to work/will want to work;
 - Experience, traditionally seen as a strength for older workers, being devalued by the fast pace of workplace technological change, coupled with a belief that older workers' skills are outdated and that they are unwilling or difficult to retrain;
 - A shift from a manufacturing based to service-based economy that requires some older workers to acquire different skill-sets;
 - Qualifications that are not recent or relevant, or a lack of formal qualifications in areas where these are given more weight than experience
 - The perceived costs of hiring older workers, such as the perception that older employees will demand higher wages by virtue of their seniority in the workforce rather than accept the pay a job is worth, and the idea that an older employee may not stay in a role long enough to ensure a "return on investment" in training costs;
 - The perceived costs of retraining in time and money to older job-seekers who may have to accept lower remuneration in an entry-level job whereas in their previous occupation they were paid for years of service and experience and skill in a particular job;
 - The limited effectiveness of anti-discrimination legislation around the recruitment of older workers.

Ways for New Zealand to make better use of older workers

- Attitude change through education on the realities of the ageing workforce and the best way to manage the resulting issues;
- Deconstruct myths that perpetuate negative, ageist stereotypes;
- Promote strengths of older workers such as interpersonal and customer service skills, lower turnover rates, reliability and work ethic, experience and knowledge and problem-solving abilities;
- Age and diversity training for managers and recruiters, particularly those who are younger;
- Recruitment and promotion based on merit, not age;
- A lifelong-learning approach to training and development and performance management in the workplace;
- Age-appropriate training methods, and content and training that is job-specific;
- Job agencies geared to the needs of older workers and staffed by peer group;
- Quality jobs – not just low-skill, low-pay work – that also accommodates those older workers who wish to ‘downshift’ in choosing roles with less responsibility;
- Working conditions such as flexibility, extended leave and part-time work ;
- Raise awareness of older people’s eldercare responsibilities and that they may be assisting in out-of-school care of grandchildren;
- Avoid equating older age with poor health, but consider job redesign and the health and safety needs of those who may have health issues but need to keep working;
- Wording and placing job advertisements to reach older workers and indicate they will not be excluded on the basis of age, by saying, for example, that older workers welcome or encouraged to apply. When advertising, specifying the experience and competencies required for a role rather than asking for a fixed number of years’ experience.

Getting a job: Difficulties and barriers – the evidence

1.0 Introduction

“Population ageing will continue to intensify the challenge for New Zealand to become more adept at harnessing the skills of an older workforce. Achieving this will bring about important gains in overall productivity levels and workplace performance.” (Department of Labour, 2009:19).

Recent studies in the UK and Australia have found that while their governments are encouraging older workers to remain in employment to address demographic shifts, opposing forces are pushing people out of work early. Many older workers seeking to re-enter the workforce find themselves rejected. (National Seniors Australia, 2011; Equality and Human Rights Commission, 2010).

The Australian study estimates that age discrimination in employment costs the country over \$10 billion a year in lost skills and experience (National Seniors Australia, 2011).

2.0 New Zealand statistics on older job seekers

2.1 What they want

In a recent Ministry of Social Development study (2009a:40-41), a third of non-working 65-year-old New Zealanders said they would like to have a job, but a third of them believed employers did not want older workers (31%). Aside from health problems, (43%), this was the most common reason cited for being jobless. The third was being unable to find a suitable job.

In this same study, 12% of all 65-year-olds said they had been out of work and looking for a job at some stage since they had turned 60. Most said they would have been interested in a scheme where employers took on older workers to mentor and train other workers, or in an employment service tailored to workers over 50.

2.2 Who employs them

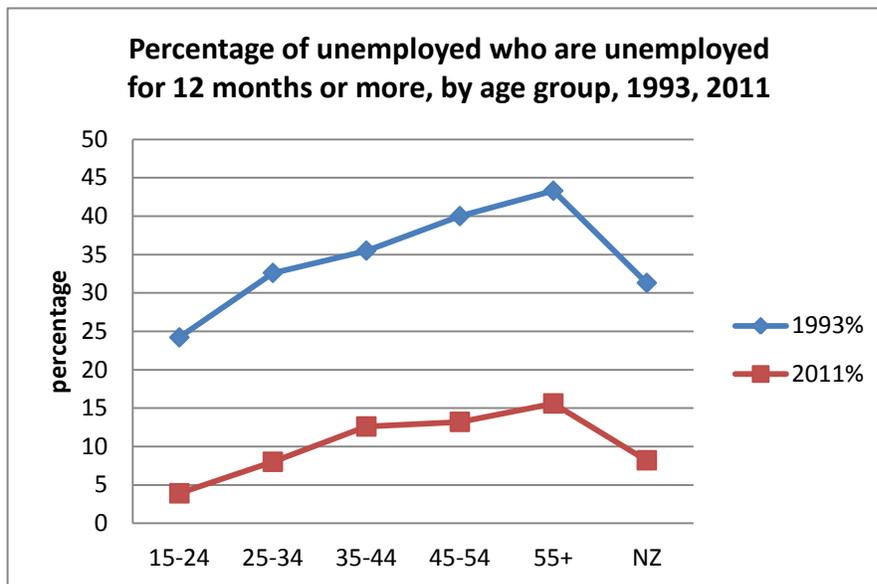
Local research has found that those industries most likely to hire older workers are generally those that already have a high proportion of older workers (Dixon, 2009). However, there are some variations: many manufacturing organisations, forestry, food and beverage services, library and information services, broadcasting, sport and recreational activities, and air transport and telecommunication recruited a lower proportion of older workers relative to their representation in the existing workforce. This may reflect an effort to achieve a more balanced workforce age profile and ensure there is a pipeline of younger workers coming through to replace those nearing retirement.

Those sectors who tend to employ more older workers are: preschool and school; residential care; professional, scientific and technical services; agriculture; administrative services; retail; medical and

health care; social services; and transport. Many of these have an above-average level of part-time work available, which appeals to older workers.

2.3 New Zealand statistics on length of time out of work

Older workers are much more likely than other workers to be out of work for six months or more. While young people are more likely to be unemployed in general, once older people are out of work they take longer to find another job. The 2011 data below is compared to 1993, a period when New Zealand suffered high unemployment resulting from economic restructuring (Figure 1)

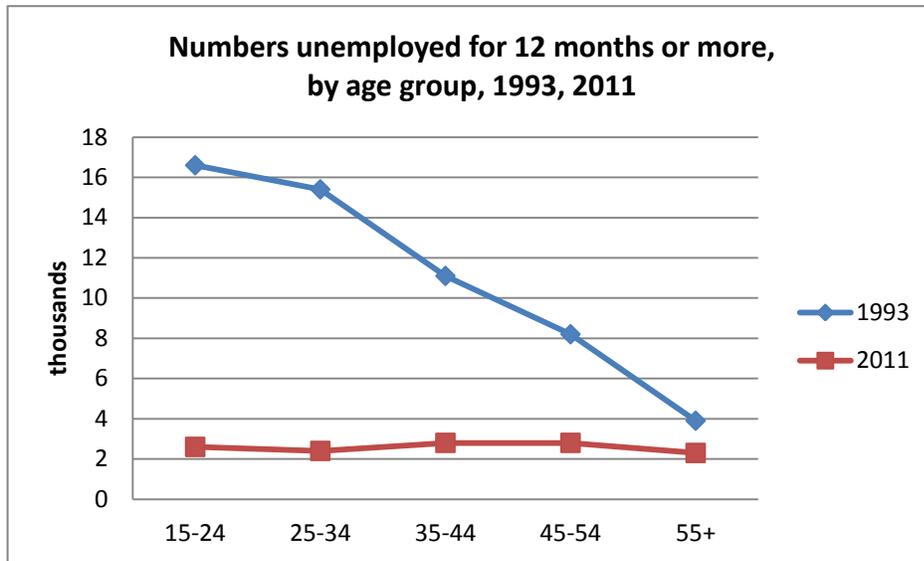


Source: Customised Household Labour Force Survey data supplied by Statistics New Zealand to EEO Trust, May 2011.

In 2011, 16% of unemployed workers aged 55 + had been out of a job for 12 months or more, compared to 4% of 15-24 year olds²⁰ and 8% of 25-34 year olds. As age increases, the length of time out of work increases, with 13% out of 35-54-year-olds out of work long-term.

This data also shows that total numbers unemployed long-term are similar for all age groups, despite the fact there are fewer workers in the 55+ age group compared to all the younger groups. The patterns are similar for six or more months of joblessness.

²⁰ The proportion of 15-19 year olds unemployed for a year or more was even lower, at 3%, according to customised Household Labour Force Survey data supplied by Statistics New Zealand to EEO Trust, March 2012 for the age groups 15-19 and 20-24.



Source: Customised Household Labour Force Survey data supplied by Statistics New Zealand to EEO Trust, May 2011.

A Department of Labour report in 2009 cites 2007 Household Labour Force Survey data as showing that while those aged 55+ made up just 16% of all unemployed, they accounted for 27% of long-term unemployed. By 2011, older workers made a smaller proportion of total unemployed – just 9%. But 39% of those people had been unemployed for six months or more, and 16% of those for 12 months or more.

Macky (2004) found that older workers were more likely to have been made redundant during the economic restructuring New Zealand underwent in the 1990s. They were more likely to spend longer out of work following redundancy, and had a poorer perception of how long it would take them to get another job. According to the Ministry of Social Development (2009b), New Zealanders who lost jobs during this period often never returned to work; for some, this was involuntary early retirement.

3.0 It's harder for older workers to find a job

A number of overseas studies support New Zealand findings that older workers are less likely to become unemployed but if they do, it takes them longer to get another job and it's more likely that they will leave the workforce for good (Department of Labour, 2009; Equality and Human Rights Commission, 2010; Turner and Williams, 2005; Rodriguez and Zavodny, 2000; Malul, M. 2009; Ranzijn, R., et al, 2006; TUC, 2009; OECD, 2006; Daniel, K., and Heywood, J. 2007; Chan et al, 2001; Kroll, 2003).

Across the OECD, the recruitment rate of workers aged 50+ is less than half the rate for workers aged 25-49 (OECD, 2006:10). Both Macky (2004) in New Zealand and the UK's Equality and Human Rights Commission (2010) reported that older workers had more difficulty than any other age group getting back into work after being made redundant during recessions.

Older people contribute disproportionately to long-term unemployed in Australia, and have much greater difficulty than younger people in obtaining re-employment: a total of 39% of job-seekers aged 45-54 and 56% of those aged 55+ are unsuccessful in getting work (ABS, 1999a in Ranzijn, R., et al, 2006:468; National Seniors Australia, 2011b). Discouraged job seekers give up after lengthy and fruitless job searches.

According to the UK's Equality and Human Rights Commission (2010:8), men over 50 are at greatest risk of long-term unemployment and need intensive support to avoid becoming a lost generation. Similarly, in Australia, Ranzijn et al (2006) suggest there is a lost generation of mature-aged unemployed people frustrated at being unable to use their talents and skills. They experience skill atrophy through not using their skills and keeping them current, which leads to discouragement in job-seeking and premature exit from the workforce. According to the OECD (2006:5) few older workers (less than 5%) return to work once they leave a post. However, extending people's working lives by 1.5 years could reduce government borrowing by 1% of GDP (£15 billion), according to the Equality and Human Rights Commission (2010:5).

The main reasons older people cited for needing to return to the job market were financial necessity caused by changed circumstances, or to meet other needs, such as the psychological (Irving, P., Steels, J. and Hall, N. 2005).

Those most successful in re-entering were professionals with a strong work history and high motivation. This group was most likely to re-enter the workforce by choice and those on low incomes for necessity.

Those older workers who had the lengthiest periods of unemployment had the most difficulty re-establishing themselves in the workforce (Irving, P., Steels, J. and Hall, N. 2005).

4.0 Barriers to older job-seekers

While there is a need to encourage older workers to remain in work to meet labour-force changes, opposing forces are pushing people out of work early and keeping them out (Equality and Human Rights Commission, 2010:5).

Barriers to employment experienced by people aged 50+ include a combination of external and personal factors. While some reported barriers are perceived, they are generally consistent with those that are demonstrably real.

Across a number of studies and reviews, the main external barrier was discrimination by employers and employer attitudes (Report by the Comptroller and Auditor General, 2004; Irving, P., Steels, J. and Hall, N. 2005; Malul, 2009; Encel, S. and Studencki, H. 2004; Age UK, 2011; Carmichael et al, 2011). In addition, there was a perception that suitable jobs were lacking, because older people were seen as less likely to have the skills needed in a modern economy. This, in turn, was related to the perception that younger people received a higher level of training than older workers (Malul, M. 2009:812; Barth, 2000),

or workers believing that employers saw them as too old, too experienced, and overqualified (Economic and Social Affairs, August 2009; National Seniors Australia, 2011).

Personal barriers were posed by health, family responsibilities, skills and experience, and attitudes. Some felt jobs should be left for young people and some felt too old to compete for jobs (Irving, P., Steels, J. and Hall, N. 2005; Report by the Comptroller and Auditor General, 2004). Other obstacles were the inflexibility of job-seekers over training, the location and type of jobs available, and job-search costs (Encel, S. and Studencki, H. 2004).

The main personal barrier was lack of confidence, often related to the experience of discrimination and negative attitudes and the lack of success in job-seeking (Carmichael et al, 2011; Ministry of Social Development 2009).

The group that experienced the greatest difficulty finding a job was unskilled manual workers (Encel, S. and Studencki, H. 2004).

4.1 Discrimination

“Every employee, regardless of how old they are, has the right to work without fear of discrimination”. (Fair Work Ombudsman Executive Director, in National Seniors Australia, 2011:24)

Definition

An earlier EEO Trust review defined age discrimination in employment as “stereotyping and generalising skills and abilities on the basis of age and using this rather than merit consideration to inform decision making and HR practice” (Murray 2002:6). Older workers in one study described this as “not being allowed to do something that you’re capable or willing to do just because of your chronological age” (Carmichael et al, 2011:122).

Evidence

Data from the European Social Survey 2008 shows that age is the most widely experienced form of discrimination in Europe (Age UK, 2011). Evidence of age discrimination in relation to hiring has been demonstrated by many researchers in New Zealand (Department of Labour, 2009; McGregor and Gray, 2001; Davey and Cornwall, 2007; Wilson and Kan, 2006) and overseas (Geringart et al, 2008; National Seniors Australia, 2011; Report by the Comptroller and Auditor General, 2004; Taylor, 2008; Rodriguez and Zavodny, 2000; Carmichael, 2011; Malul, 2009; Rodriguez and Zavodny, 2000:11; Maestas and Zissimopoulos, 2010).

While discrimination within the workplace is more common, discrimination in hiring is linked to the greater likelihood of older workers being made redundant and/or excluded from training opportunities (Santora and Seaton, 2008; Roscigno et al, 2007).

A New Zealand study into hiring discrimination found that recruiters may be more discriminatory than employers, with younger workers seen as more suitable and statistically more likely to be shortlisted. In administration and sales, resumes of workers in their 20s were 6 to 12 times more likely to be shortlisted as the equivalent resumes of those aged 55+ (Wilson and Kan, 2006:10).

Similar research in Australia and US has also found that older applicants were discriminated against in favour of younger ones (Geringart et al, 2008).

Which groups are most affected?

However, not all types of workers experience age discrimination, with an association found between discrimination and demand. In Wilson and Kan's New Zealand study, a breakdown by occupational types found that in areas such as nursing, skills shortages overrode discriminatory preferences about age that have been found in areas where there was no staff shortage, such as sales and administration.

Overseas studies have those people more vulnerable to age discrimination and consequent job loss as sectors declined were skilled and semi-skilled workers aged from around 50 to retirement age (Rosigno, et al. 2007) and workers in manufacturing and construction industries (Santora, J. and Seaton, W., 2008; Rodriguez, D. and Zavodny).

Wilson and Kan (2006) conclude that organisations that struggle to find staff may be forced to change their approaches and attitudes, while others may face increasing legal challenges. These warnings have also arisen from overseas research (Santora and Seaton, 2008).

Why discrimination happens

In the New Zealand study, the justifications for discriminatory selection were described as "stereotypical, incorrect and openly expressed, demonstrating little awareness of ageism in employment among recruitment professionals" (Wilson and Kan, 2006).

The researchers concluded there was a general lack of insight into ageist statements and that interviewees providing incorrect stereotypes believed they were stating facts, such as "older workers are resistant to change and unable to adapt to new technology". Recruiters shortlisted those people they believed would "fit in" to a particular workplace, and this generally excluded older workers. These findings are consistent with many overseas studies (National Seniors Australia, 2011; Geringart et al, 2008; Carmichael et al, 2011; Rosigno, et al. 2007) and are particularly prevalent in the IT sector, which is seen as having a young culture (National Seniors Australia, 2011b).

Other practices resulting in discrimination against older workers identified in the EEO Trust's earlier review (Murray, 2002) include:

- Using age proxies as a quick and cheap alternative to merit assessments;

- Socialised preferences for young people, which is linked to older workers' and job seekers' own negative perceptions as a result of experience and discrimination ;
- Traditional remuneration practices that make older workers more expensive.

The age of managers and co-workers relative to older workers or those being interviewed for a position is also considered to be an important factor (Ministry of Social Development, 2009b). Carmichael et al (2011) found that older workers believed managers did not want employees who were older than themselves, that they were considered a threat or difficult to work with, and that they might not fit in with a group or team of a dissimilar age. There is also a great deal of evidence that people tend to recruit those similar to themselves (Murray, 2002; EEO Trust, 2010).

4.2 Negative stereotypes amongst employers, managers and recruiters

Negative stereotyping of older workers has been identified as a major factor in employment discrimination (Geringart et al, 2008; Carmichael et al, 2011). One study says "the literature on age discrimination in employment identifies the attitudes of employers as the overriding reason for the difficulties faced by older workers" (National Seniors Australia, 2011:14). A UK review of older workers found that structural and attitudinal barriers, rather than health, were the main barriers to older people continuing to work (Equality and Human Rights Commission, 2010).

Similarly, in New Zealand, one of the strongest barriers to employment of older workers to emerge from a qualitative study was the perception of ageism – negative ideas about older people held by young people in recruitment agencies and workplace managers (Ministry of Social Development, 2009b).

These stereotypes arise from entrenched social attitudes towards age. These lead to stereotypical assumptions about older workers' abilities which then constrain their labour force participation. (Carmichael et al, 2011; Roscigno et al, 2007). For example, one study found a vicious circle where employers excluded older workers from training, thus ensuring the workers were unable to perform in new jobs and were then labelled unable to adapt (Barth, 2000:86). The Australian study (National Seniors Australia, 2011) found systematic negative stereotyping associated with the low likelihood of hiring older workers.

Types of negative stereotypes about older workers

Negative stereotypes held by employers or recruiters give rise to erroneous assumptions about older workers' abilities, which are refuted by empirical research (National Seniors Australia, 2011; Porcellato et al, 2010:p95; Roscigno et al, 2007).

Negative stereotypes around older workers relate to adaptability, the ability to cope with technological change, being less trainable, less strong, less ambitious, less energetic, less healthy, less creative, less mentally alert, less flexible and having poorer memory (OECD, 2006; Porcellato et al, 2010; SHRM, 2003;

Roscigno et al, 2007; Taqi, 2002; Smith, 2001).

4.3 Older job-seekers' lack of confidence and internalised negative perceptions

The perception of ageism identified in the New Zealand study above contributes to lack of confidence and workers themselves believing they are too old to retrain, and that young people need jobs more (Ministry of Social Development 2009b; Carmichael et al, 2011).

Some older workers/job-seekers then internalise this negative prejudice, which in turn limits positive job-seeking behaviours (Carmichael et al, 2011; Porcellato et al, 2010). For example, the resulting lack of confidence in their abilities prevents them offering themselves forward for certain types of jobs or for training or promotion. In the Equality and Human Rights Commission report, (2010:9) 39% of those in low-skilled jobs said they would like to change jobs, but feared employer rejection.

According to Carmichael et al (2011), perceived ageism often engendered a sense of futility in those individuals seeking to regain employment. One of their respondents described the impact of training a younger person who then got the job they both applied for: "If you're over 50, you haven't a bloody chance". That respondent also cited feeling a lack of utility as a result: "You're just useless, I mean that's how I feel now" (Carmichael, 2011:122).

A Canadian qualitative study of 45-65 year olds (Berger, 2009) found mature job seekers use counteractions (such as maintaining their skills and changing their work-related expectations) and concealments (concealing their age on resumes, and changing their physical appearance and language to appear younger) in response to perceived or anticipated age discrimination by employers and recruiters. Of these, changing expectations was the tactic most often adopted.

4.4 Lack of formal, recent and relevant qualifications

"Skill atrophy is likely to be an important factor in the permanent exit of mature-aged unemployed people from the workforce" (Ranzijn, et al, 2006:475).

A combination of skill depreciation, lack of formal qualifications and lack of opportunities for training and development makes it harder for older job seekers to find another job (OECD 2006).

Previously acquired skills are often regarded as lacking relevance in the modern workplace (National Seniors Australia, 2011; Porcellato, et al, 2010) and technological change aggravates this (Malul, 2009).

Older job seekers themselves believe a lack of formal or up-to-date qualifications is one of the main barriers to getting further work (Porcellato et al, 2010).

According to New Zealand's Department of Labour (2009) and others (Porcellato et al, 2010), specialised and job-specific skills and knowledge are less transferable than formal qualifications and harder to assess, thus disadvantaging older job-seekers.

An analysis of New Zealand data²¹ shows that current older workers are more likely to have post-school qualifications than previously: 38% of 50-64 year olds compared to 27% of those aged 65+. The rate for 50-64 year olds was the same as for 20-29 year olds, with those aged 30-49 being most likely to have post-school qualifications (44%).

Thus, policies aiming to help mature-aged unemployed people re-enter the workforce must include focused training in the skills required in the current job market (Ranzijn, et al, 2006).

4.5 Shift from industrial to technological and service-based jobs

Technological change is more disruptive for older workers and more likely to lead to job loss or a change in tasks or conditions (Chan et al, 2001; Malul, 2009).

At the same time, the shift from a manufacturing-based to a service-based economy has resulted in many older men losing work over past decades as the manufacturing sector has declined (Rodriguez and Zavodny, 2000). A US article notes a shift from younger workers being more likely to lose jobs in the 1970s and 1980s to older workers being more at risk during the recession of the 1990s (Rodriguez, D. and Zavodny, M., 2000). They suggest one of the reasons is that new technology makes older workers' experience less valuable and younger workers more attractive.

There is a widespread belief that employers consider older workers' skills obsolete and non-transferable (Carmichael et al, 2011; Porcellato et al. 2010). According to a US study, managers viewed older workers as typically limited in certain abilities such as flexibility, acceptance of new technology, and ability to learn new skills, placing them at a disadvantage in the hiring process (Barth, 2000).

4.6 Experience undervalued

The undervaluing of the experience of older workers is linked to technological change and shifts in the jobs and industry growth areas. Generally considered a strength, experience is not valued if it is not relevant to the modern workplace and economy.

In a UK study, workers and job seekers felt employers did not value experience whereas they themselves thought that experience made them more efficient and productive, enabled them to mentor and train new, younger workers, and suggested valuable institutional and historical knowledge that compensated for any lack of formal qualifications (Carmichael et al, 2011; Porcellato, et al, 2010). These views are supported by evidence which suggests intellectual capital from experience benefits employers (Carmichael et al, 2011).

Job-seekers believe that potential employers rate job-interview skills and performance and formal qualifications as more important than experience (Porcellato et al, 2010). This results in many older

²¹ Statistics New Zealand 2006 Census of Population and Dwellings, highest qualification by age table.

people moving involuntarily into low-paid, low-skill jobs, such as those in garden centres and DIY stores, with their skills and experience lost to the economy. While some people are happy to choose this type of work at the end of their working life, others find themselves up against ageist attitudes and discrimination by employers and recruiters.

4.7 Training: Lack of interest versus lack of opportunities

The OECD report (2006b:73) notes that as a result of technological changes and the loss of manufacturing jobs, “it is vital that workers of all ages have access to vocational training and life-long learning activities”. Yet training declines with age in all countries.

A number of studies report that employers believe older workers are resistant to change and not interested in training and development (Department of Labour, 2009; Carmichael, et al, 2011). Equally, many studies report that employers do not offer older workers the same training and development opportunities as other workers (Ranzijn et al, 2006; Barth, 2000)²².

As with most attitudes and behaviours attributed to older workers as a group, there are individual differences among older workers in how they feel about training or retraining. Where there is reluctance to participate in further training, there are a variety of contributing factors, most of which are amenable to change.

They include: a lack of equal opportunity for older workers to keep skills up-to-date or retrain; poor prior experience of training that was not appropriately delivered or not relevant to getting or retaining a job; the cost to the older worker or job seeker, especially in relation to time left in workforce (Ministry of Social Development, 2009b; Equality and Human Rights Commission, 2010; Porcellato, et al, 2010). Training of older workers is higher in countries where workers exit the labour force at a later age: that is, there is a longer expected payback period (OECD 2006b:73).

While some older workers or job-seekers would rather just have a job than re-train, or are not interested in learning new skills, or are resistant to change and believe the old ways are best (Carmichael et al, 2011), other studies show that long-term unemployment and involuntary early retirement are linked to fewer training opportunities for older workers and job-seekers (Ranzijn et al, 2006).

A survey of 1500 UK workers aged 50 to 75 found that from one-third to one-half had trained in the past three years. A total of 20% trained to improve their job prospects; more wanted promotion (10%) than wanted to downshift (4%) (Equality and Human Rights Commission, 2010:4).

²² For more detail, see Older workers and training in this report.

4.8 Perceived costs of hiring older workers

Employers may espouse the benefits of a diverse workforce, but justify not hiring older workers on cost-savings grounds (Roscigno, et al. 2007). Employers generally think of older workers as being more expensive in terms of reward systems and wage expectations (Department of Labour, 2009; Daniel and Heywood, 2007; Rodriguez and Zavodny, 2000). There is some truth in this belief, as wages are generally higher for older workers due to a combination of length of time in the job and seniority attained (OECD, 2006; Department of Labour, 2009), but this is not always the case (Davey and Davies, 2006). A move to performance-based pay would address this (Davey and Cornwall, 2003).

Higher wages for older workers are also linked to deferred compensation, such e.g. pensions and increasing pay with age/time/seniority, and internal hiring/promotion that makes it more efficient to have long-term employment relationships, such as hiring young people and retaining them through deferred compensation incentives, rather than hire at older ages (Daniel, K., and Heywood, J. 2007).

But Carmichael et al (2011) argue that employer focus on costs without considering the benefits of older workers suggests ageist attitudes. They believe employers make a decision on how long they think a prospective worker will stay and the return on investment on recruitment and training costs, despite evidence that older workers have lower turnover than younger ones (Malul, 2009; Turner and Williams, 2005). This is amplified by incorrect perceptions of greater ill-health and absenteeism, lower productivity and the other myths associated with older workers.²³

However, according to the UK's CIPD (2010), most agree that knowledge and skills of older workers are valuable and that they are not more expensive than younger workers (CIPD, 2010). Further, there is evidence from Australia that mature workers can deliver an average net benefit of \$1956 per year to their employer compared to other workers due to high retention rates, lower absenteeism, decreased recruitment costs and greater return on investment. (Department of Education, Employment and Workplace Relations, 2011:3).

Employees may also hold negative perceptions on the return on investment in retraining in relation to perceived time left in workforce (Porcellato et al, 2010; Roscigno et al, 2007). But with no retirement age and lengthening working lives now a reality, this perception and resultant barrier may weaken in future. The cost of retraining to employees – the opportunity cost of loss of income, course fees, borrowing money²⁴ – may make more sense than accepting lower-paying jobs or staying out of the workforce.

²³ For more detail, see the sections Health, physical and mental capacity, and older workers' productivity and performance in this report.

²⁴ This will become more difficult as a result of the New Zealand Government cutting living expenses loans to over-55s based on the high probability of non-repayment. Tertiary Education Minister Steven Joyce quoted in *New Zealand Herald* online article by Adam Bennett, 16/5/2011.

Other barriers facing older job seekers

Perceived constraints that older people feel hinder their employment prospects include: their own health and physical capacity²⁵, working conditions such as flexibility, job quality, such as being offered only low-pay, low-status work (Porcellato et al, 2010) and job-search costs (Encel and Studencki, 2004).

5.0 Limited effectiveness of anti-discrimination legislation on hiring of older workers

“There is a painful gap between laws against age discrimination, and the practice of age discrimination ... This is the ‘elephant in the room’” (National Seniors Australia, 2011:5).

“Nimble side-stepping – compliance with the letter rather than spirit of the law” (National Seniors Australia, 2011:23).

A New Zealand study into hiring discrimination found that despite legislation and changing demographics over the last 30 years, age-based employment discrimination persists (Wilson and Kan, 2006). Similar outcomes have been found elsewhere. For example, legislation in the US prohibiting age discrimination has reduced retirement and increased individuals’ working lives, “but has had absolutely no influence on the probability of older workers being hired” (Daniel, K., and Heywood, J. 2007:49).

While some writers warn that employers need to change or may face lawsuits (Wilson and Kan NZ; Santora, J. and Seaton, W., 2008), researchers into age discrimination in employment find unfairness difficult to prove, hence legislation has limited effect (Murray, 2002; National Seniors Australia, 2011; Taqi, 2002). In part, this is because discrimination based on “demonstrably false” but strongly-believed negative stereotypes associated with particular age groups. Older people are rejected because they don’t “fit in”, are overqualified or lack formal qualifications. Assumptions are made about energy levels or ability to learn new skills. A belief persists that hiring older workers blocks younger workers, and that younger workers have the greater need for jobs (National Seniors Australia, 2011).²⁶

Another explanation for discrimination against older workers is that as their skills are less formally measured, their assessment is more difficult and more costly. Employers rely on statistical averages relating to older workers, which discriminates against individuals (Department of Labour, 2009).

Workers and job-seekers themselves have little confidence that legislation will protect them. Almost half of job seekers aged 50+ surveyed in the UK did not believe age discrimination legislation helps to find a job (Economic and Social Affairs, August 2009:5).

²⁵ See the section Health, physical and mental capacity, and older workers’ productivity and performance

²⁶ Find further detail in the section Are Older Workers Displacing the Young? in this report.

Unlawful discrimination can include refusing to employ, promote or train someone because they are considered too old, or repeatedly offering training, promotion opportunities, overtime and penalty shifts to young staff first (National Seniors Australia, 2011). Prejudice is also often subtle – for example, disrespect, ignoring or patronising people, or not taking them seriously – rather than blatant, but this still impacts on self-esteem and confidence, which can lead to self-exclusion (Age UK, 2011; Carmichael, 2011).

While most anti-discrimination legislation prohibits age-specific advertising, this can be undermined by implicit wording or by asking for a certain number of years of experience (National Seniors Australia, 2011).

While New Zealand's older workers have a relative high labour-force participation rate and relatively low rate of unemployment, older workers in New Zealand who become unemployed fit the international patterns of being more likely to become long-term unemployed – once out of work, they find it harder to get a job than younger job-seekers. They are more vulnerable to redundancy during recessions than younger workers (Macky, 2004; National Seniors Australia, 2011), which then increases the need for re-employment.

6.0 Solutions

Countries wanting to delay eligibility for old-age pensions and encourage older workers to remain in the workforce need to offer greater assistance to older workers, especially those with poor skills and experience for the modern labour market, as well as tackling the barriers of employers against employing older workers (OECD, 2006b). This requires a three-pronged, comprehensive approach:

- Employers removing barriers to hiring and retaining older workers – attitudes and processes;
- Improving the employability and skills of older workers;
- Improving incentives to work at older ages through wages, flexibility, quality work, and workplace attitudes and culture.

6.1 Encourage attitude change

A number of studies conclude that attitude change towards older workers is the main approach necessary to overcome discrimination and improve the employment chances of older workers; legislation has proved to be insufficient on its own (Carmichael et al, 2011; Equality and Human Rights Commission, 2010; Age UK, 2011; OECD, 2006; Murray, 2002).

While New Zealand has higher older-worker employment rates than many other countries, suggesting there may not be such a widespread problem, this is also like to be related to a higher age of eligibility for retirement income and recent labour shortages in many areas. The more recent recession has again

seen higher rates of long term unemployment at older ages than for younger job seekers, and there is other local evidence of discrimination, as presented earlier in this report.

The key to attitude change is to deconstruct the negative stereotypes and assumptions about older workers by presenting evidence and examples to counter these myths (Geringart et al, 2008; OECD, 2006; Turner and Williams, 2005) and promoting the strengths of older workers.

For example, there is greater diversity *within* age groups than *between* age groups (Turner and Williams, 2005; Taqi, 2002) and older workers are often better problem-solvers (Ilmarinen, 2005; Strauch, 2010). They often bring good customer relations skills, an asset as the mature-customer market grows, as well as bringing knowledge, experience, loyalty, productivity, reliability and lower turnover (Turner and Williams, 2005; OECD 2006; Malul, M. 2009).

In addition, Geringart et al show that it is necessary to create cognitive dissonance in those holding negative attitudes by making them aware of how these stereotypes affect their behaviour in workplace processes such as recruitment, leading to outcomes that are in conflict with the values they profess to hold, such as unbiased equality. Murray, in her earlier review for the EEO Trust (2002), identifies line managers and those involved in recruitment as key players in discriminatory practice (Murray, 2002:8).

According to Geringart et al (2008:753), a literature review indicates that “potentially effective interventions to promote attitude change and reduce stereotype-based behaviours should both offer countering information from a credible source, and provide a rational argument for behavioural change in terms of desirable outcomes”.

6.2 Deconstruct myths that perpetuate stereotypes

According to an ILO special adviser (Taqi, 2002:115), the most important approach in order to change attitudes towards older people in relation to work is countering preconceptions and stereotypes. Taqi and others say that most such preconceptions and stereotypes are myths, and even those with some foundation are often irrelevant to job requirements (such as muscle strength if not working in a physical job). Others concern areas where there is a greater variation between individuals of the same age than between age groups.

The solution to providing equal employment opportunities for older workers is, therefore, to test or check aptitudes, capacities and skills for particular kinds of work, rather than making employment decisions based on age.

Turner and Williams (2005) conclude there is no evidence that older workers cannot learn and develop new skills. This is supported by the findings of an EEO Trust review of older workers and training (2012)²⁷, which concludes that rather than losing the ability to learn, older workers learn in different

²⁷ See the section Older workers and training in this report.

ways. There is greater variation between individuals than between age groups, much of which relates to prior learning experiences.

An EEO Trust (2012) review of older workers and technology and attitudes to training²⁸ shows that chronological age is a poor predictor of technical learning capacity; the main factors affecting how older workers respond to technology and learning new skills are a combination of self-belief and confidence, the perceived benefit in terms of the time they expect to remain in the workforce, and training approaches used.

Turner and Williams (2005) argue that the move to a knowledge and service industry-based economy favours older workers' strengths, such as good customer care and satisfaction, which have a positive effect on an organisation's bottom line through increased sales and repeat business. Retaining older workers can also have positive business benefits through lower turnover, resulting in lower recruitment and new-entrant training costs (Department of Education, Employment and Workplace Relations, 2011). Older workers have also been found to have lower absenteeism (Leibold and Voelpel, 2006)²⁹.

There is also little evidence to support the assertion that older workers are just "too tired" to carry on working, but they may need or prefer more flexible work options (OECD, 2006:13). There is also a need to invest in training and skills development to keep these relevant to the current market.

6.3 Offer age-management training

Age-management training for managers, particularly younger managers is needed, with the OECD suggesting this should be government-funded (OECD, 2006).

6.4 Audit processes

A UK study found 63% of over 50s said the main factor that would enable them to achieve their ideal jobs would be a more open attitude to recruiting. (Equality and Human Rights Commission, 2010:8).

According to a survey of 28,000 employers in 25 countries (Manpower Inc 2006:1), New Zealand (19%) performs better than average (14%) for having a strategy for recruiting older workers into organisations. However, the earlier EEO Trust review of age discrimination in employment concluded there was a need to audit recruitment processes to ensure they were based on merit rather than age (Murray, 2002).

Areas of recruitment needing attention are the wording of job vacancy notices and their placement in sources older workers are likely to access. For example, wording should avoid words like 'youthful' and 'dynamic'. Better are the phrases 'people of all ages are encouraged to apply' or 'we are an age-friendly employer'. Specify the type of experience required in a demonstrable way, rather than by asking for a

²⁸ See the section Older workers and technology in this report.

²⁹ Find further detail in Health, physical and mental capacity, and older workers' productivity and performance in this report.

certain number of years' experience (Diversity Council Australia, 2007). Interviews and selection should focus on abilities rather than age, as functional capacity is not correlated with age but varies by individual (Ilmarinen, 2005); similarly for performance (Kroll, 2003)³⁰.

Turner and Williams (2005) recommend a comprehensive and holistic approach to removing bias from procedures throughout organisations, covering training and development, redundancy and retirement as well as recruitment and selection for promotion. As a basis, they recommend collecting data and information on workplace demographics, the needs and preferences of employees in their working conditions, and their skills and training.

6.5 Offer training and development

According to the OECD (2006:12), the older workers' best protection is the means to improve their employability by keeping their skills up-to-date. And the best way of ensuring older workers keep their skills current is to promote as normal the concept of lifelong learning throughout their working life (OECD, 2006; Barth, 2000, Ranzijn et al, 2006).

The success of training for older workers is dependent on the programmes and teaching methods being adapted to the needs of older people, with particular attention to the quality and relevance (Encel and Studencki, (2004; OECD, 2006). "Recent evidence indicates that the skills valued by employers are firm-specific and task-specific" (Ranzijn et al, 2006: 477). Targeted retraining and up skilling of unemployed older workers has been successful in the UK (Daniel, and Heywood, 2007).

Many older people have found prior experience of training unsatisfactory or irrelevant, which leads to a reluctance to engage in further training. Employer willingness to offer training and employee receptiveness is also necessary, as both parties may feel the investment is not worth the cost given the length of time the worker is expected to remain in the role (Encel and Studencki, (2004; OECD, 2006). However, as people extend their working lives, this may change.

Turner and Williams (2005) found that performance management was not applied equally to older workers as to younger workers, which means older workers' training needs may not be identified. This sets up a vicious circle that makes older workers more likely to be made redundant, then less able to find another job.

6.6 Ensure optimum working conditions

According to the OECD (2006), workplace-based solutions are critical to attracting and retaining older workers. It says that this will require more supportive and comprehensive policies and practices among employers.

³⁰ Find further detail on these issues in the section Health, physical and mental capacity, and older workers' productivity and performance in this report.

Occupational health

While it is important not to equate older workers with poor health, the OECD (2006) says employers also need to consider the health of those who need to work for financial reasons, and to avoid the loss of skills to society and organisations by those who can afford to retire early.

For example, they might consider modifying the workplace to prevent any deterioration of health issues, undertake job changes or redesign of positions, audit workplace health and safety initiatives from the perspective of older workers, adapt schedules, hours and workload, and offer more opportunities to work from home³¹.

The relevance of each various initiatives may vary according to type of occupations/industry: manual workers may have different needs or solutions to office-based workers.

A recent Australian report recommends workshops and a free information service for employers on OHS adjustments that can be made in the workplace to accommodate workers with health conditions, injury or disability (National Seniors Australia, 2011b).

Flexibility and choice

According to the OECD (2006:13), there is little evidence to support the assertion that older workers are just too tired to carry on working – what they need are more flexible work options. “Rigid work patterns with fixed daily hours five days a week reflect working routines from a time gone by, based on workforce of working dads with stay-at-home wives. The more diverse workforce of today, together with longer working lives, requires work options that are sustainable into later years” (Equality and Human Rights Commission, 2010:11).

Flexible work options also benefit employers by, for example, allowing a business to open for extended hours of service to better serve customer needs (Kroll, 2003).

Flexible hours and location, part-time work, block work (such as six months on, six months off, possibly job-shared or geared to peak seasons) and options to take extended leave are recommended, although a variety of initiatives are needed to meet diverse needs. For example, some people may need to accommodate health or lifestyle preferences, while others may need flexibility to care for elderly family members or provide care for grandchildren to enable their adult children to work.

Another type of work being sought by retirees is bridge employment, which is a transition from their previous full-time job to work which may be less demanding or responsible, part-time, or project-based. However, a New Zealand study (Ministry of Social Development, 2009) found that many employers and

³¹ Find further detail on these issues in the section Health, physical and mental capacity and older workers' productivity and performance in this report.

recruiters were not open to such a shift. However, there are benefits to organisations in gaining all the skills and experience a worker has acquired in previous roles at less cost (Adams and Rau, 2004).

Job quality

While some older workers may opt to downsize the type of role or job they do, others do not want to be considered capable of only low-skill, low-paid jobs as they age. The OECD (2006) calls for an improvement in the quality of jobs available to older workers.

6.7 Provide appropriate job-search support

The OECD (2006) report concludes there is a need to provide greater employment assistance to older workers. To be successful, this needs to begin before unemployment becomes long-term, as prolonged unemployment hinders the likelihood of getting a job (Encel and Studencki, 2004). Encel and Studencki also recommend that agencies dealing with older job-seekers should not be staffed by young and inexperienced people who may lack empathy and hold negative stereotypes about older job-seekers.

There are a number of types of assistance that job-support agencies for older people can provide to help overcome barriers. While job-interview preparation is a critical role for agencies dealing with older job seekers, as it may have been some time since they last experienced the process, a report by the Comptroller and Auditor General (RCAG ,2004) lists the following forms of support older people say they need:

- **Skills assessment** – identifying existing and transferable skills, aptitudes and experience and relating these to the current labour market; identifying previously unrealised potential and preferred learning styles;
- **Career choice information** – accessible, relevant and up-to-date, outlining local opportunities and agencies;
- Advisers to provide support and motivation in **regaining confidence** – they need to be older themselves;
- **Continuity** – seeing the same person so people don't have to keep repeating their story;
- **Help with the job search**, presentation, resumes and interview techniques;
- **Training opportunities** – affordable and related to local labour-market needs;
- **Peer-group support** while job seeking, and in-work support once a job is secured;
- **Employer education** to confront and overturn age discrimination.

The RCAG (2004) report and others also refers to **work experience and subsidies** – a chance for job-seekers to try something new or prove themselves to employers. Work experience combined with subsidies for older workers have been found effective in getting older people into employment in the UK (Daniel and Heywood, 2007). A subsidy for older workers could reduce this group's unemployment among increase economic growth by offsetting wage costs (Malul, M. 2009). According to the OECD (2006) a number of countries have done this.

A recent Australian report also recommends a six month, approximately \$6000 wage subsidy to employers who take on and retain a job seeker who has been on income support for two years or more, as well as requiring them to undertake activities designed to help them get a job (National Seniors Australia, 2011b).

The Australian report (2011b) also recommends job-search programmes be linked to local labour market needs if they are to be successful.

6.8 Older job-seekers presentation

“Older people themselves need to make a mind-shift about what they can do” (EEO Trust, 2008:18).

Previous EEO Trust (2008) research found that there were many things older job seekers could do to help improve their chances of selection. These included presenting themselves in a confident way, being able to sell their strengths in a way that matched them to a specific job, and ensuring their skills were up-to-date.

6.9 Strengthening relevant anti-discrimination legislation

There have been calls in both Australia and UK for governments to make greater efforts to tackle age discrimination (National Seniors Australia, 2011; Report by the Comptroller and Auditor General, 2004). Both suggest a need for increased community education and awareness about value of older workers, working with employers to raise awareness of benefits of an age-diverse workforce, and increased initiatives for older people to work longer.

The Australian report also identifies a need for greater employee awareness of their rights to complain, and more support from unions and professional bodies to engage in such processes.

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Are older workers displacing the young? – the summary

1.0 Introduction

Various recent [media reports](#) have suggested that older workers are displacing young job-seekers or preventing them getting entry-level positions. There have also been claims that youth unemployment in New Zealand is higher than it has ever been.

However, research shows that the answer to the question above is no. Older workers are not displacing young people.

2.0 What research reveals

- An OECD³² study from 2006 shows high older-worker employment correlates with high youth employment, not with youth *un*employment.
- The declining numbers of young people employed in New Zealand is related to their declining numbers in the population and the workforce³³. Young people may be studying and thus not available to the labour market.
- The increasing numbers of older people in work is related to their increasing numbers in the population and available for work, but they are not more likely to get a job than a younger person.
- The issue is complex statistically, and there has been a great deal of superficial analysis in the media.
- Younger people are not qualified for many jobs that older workers do.
- Young people who are unemployed are overwhelmingly those without qualifications, skills and experience.
- The majority of young people don't remain unemployed long-term.
- Youth unemployment (15 to 24-year-olds) is not higher than it was in the early 1990s. The only area where youth unemployment is higher is among 15 to 19-year-olds, and the rate is not much greater.
- In future, older workers are going to be needed as baby boomers retire and the number of young workers declines. But this effect has not yet arrived – the first baby boomers have just

³² OECD 2006: *Live longer, work longer. Executive Summary*; OECD 2006b: *Live longer, work longer*. Full report.

³³ Statistics New Zealand Household Labour Force Surveys, June and December 2010 and 2011.

reached 65. In the meantime, the effects of the recession pit older and younger workers against each other in the job market. Both groups suffer discrimination.

- The answer is not to retain and increase barriers to employing older workers, but to improve the skills of unemployed youth and assist them to get work experience.

1.0 The evidence

There are two opposing arguments playing in the media about older workers.

One is that we need to remove barriers to older workers getting jobs and encourage them to stay in paid work longer, or return to paid work, in order to offset the costs of an ageing population and supply the skills and labour necessary as the number of young people starting work falls just as baby boomers start retiring. But this is not yet an urgent issue – the first baby boomers have only just reached 65.

The opposing argument is that New Zealand has high youth unemployment and older workers are blocking young people from getting jobs. An OECD cross-country study shows strong correlation between growth in jobs for both ends of the age spectrum, that is, more jobs for older workers (aged 50 to 64) is accompanied by job growth for youth (aged 15 to 24) also (OECD, 2006:140).³⁴

Early retirement has not necessarily resulted in jobs for unemployed youth, particularly when organisations are downsizing (Hjort, 1997; Taylor, 2008).³⁵ We have both older and younger people needing jobs, and both age groups experience difficulties and discrimination.

2.0 Older workers are not taking younger workers' jobs

Older workers still form the majority of long-term unemployed, and can experience discrimination when seeking work (see the section Getting a job – Difficulties and barriers in this report).

Put simply, there are just greater number of older people in the population and the workforce these days. Conversely, there has been a decline in the numbers of our population aged 15 to 19, and a further decline in the proportion going into the labour force rather than studying or training – that is, there are fewer young people available to the labour market.

The latest quarterly Household Labour Force Survey³⁶ shows that in the 12 months from December 2010 to December 2011, the age group 15 to 19 shows the largest fall in numbers employed. However, the

³⁴ OECD 2006: *Live longer, work longer. Executive Summary*; OECD 2006b: *Live longer, work longer. Full report*.

³⁵ Hjort, P., 1997: Age and work – good or bad for whom? In *Work after 45? Conference Proceedings*, Stockholm, Sept:3-13. Taylor, P. 2008: Introduction: The promise of ageing labour forces and Conclusions: The prospects for ageing labour forces. In *Ageing Labour Forces. Promises and Prospects*, Talyor, P. ed., Edward Elgar, Cheltenham UK and Northhampton, USA.

majority of that is accounted for by declines in both the numbers in that age group and the number for work, as opposed to study and training. These same patterns applied for the year June 2010 to June 2011.

Conversely, there has been an increase in the number of people aged 65+, particularly those available for work, but this doesn't mean that if you are over 65, or over 55, you are more likely to get a job than someone younger – quite the opposite. The increase in employment is *less* than the increase in the number available for work.

In the year from June 2010 to June 2011, those in their 20s showed the greatest increase in employment over the preceding 12 months, which is associated with increases in both their representation in the population and their numbers in the labour force. There was an increase in their levels of employment over and above their increase in numbers.

The most recent figures, from December 2010 to December 2011, show a slight change in this pattern, with the growth in employment in the 65+ age group being greater than that for those in their 20s. But the growth in number of 20 to 29-year-olds employed was still greater than the growth of their numbers in the labour force (ie, they are still more likely to get a job than those aged 65+ who are available for work).

People in their 40s had the greatest declines in numbers employed in the 12 months to June 2011, along with declines in their numbers in both the population and the labour force.

Analysis of the growth in the numbers of people employed in the 12 months to June 2011 showed those in their 20s were doing better than those 50+. Those in their 40s were doing worse than those aged 15 to 19. In the most recent 12-month period for which data are available, those in their 20s were still doing better than those in all age groups except 65+, and those aged 15-19 were not doing significantly worse than those in their 40s.

Consistent with the above analyses are findings from another New Zealand study³⁷ of administration and sales positions that revealed the CVs of workers in their 20s were 6 to 12 times more likely to be shortlisted than the equivalent resumes of workers aged 55+. Thus, we can conclude that headlines that read 'Older workers taking jobs' are misleading and not substantiated by a close reading of the data.

The whole issue is very complex statistically. Certainly there is some good news in that workers aged over 65 are getting jobs in these tough times. But there are not as many new jobs as older people wanting to work. And they are not necessarily getting the jobs that 15 to 19-year-olds might land straight out of school, as older people are generally more qualified and experienced (see below).

³⁶ Statistics New Zealand, Household Labour Force Survey, December 2011 quarter, released February 2012. These same patterns applied for the year June 2010 to June 2011.

³⁷ Wilson, M. and Kan, J. 2006: *Barriers to entry for the older worker*. Research report, University of Auckland Business School, Auckland, p.10.

It may be the case that where older people take entry-level, customer service-type jobs, employers are looking to tap their particular strengths³⁸.

3.0 Where are older workers clustered?

New Zealand occupations with high proportions of older workers include fields like health, education and driving, for which 15-19 year olds would generally not have the necessary qualifications.

There has been growth in the number of jobs in these fields in recent times,³⁹ along with areas requiring tertiary qualifications, such as the professions, science, technical and financial services.

There has also been jobs-growth in lower-skill areas such as manufacturing, agriculture and fishing, where school-leavers may not need formal qualifications. But at present, school-leavers are competing with adults who suffered redundancy during the recession (see below).

In an EEO Trust study,⁴⁰ the only occupational area that showed a shift over time away from school-leavers to middle-aged and older workers (women, in this case) was the clerical and administration field.

A recent Statistics New Zealand and Department of Labour study⁴¹ across industries found a strong positive correlation between the proportion of existing employees who were older (55 to 74 years) and the proportion of new hires who were older. In other words, industries that employed a high or low proportion of older workers tended to recruit a similar proportion of older workers within their new employee intakes, suggesting there is no shift away from young workers to replacement by older workers.

This study found that the sectors and industries more likely to recruit older workers were:

- Preschools and schools
- Residential care
- Professional, scientific and technical services
- Agriculture
- Administrative services
- Retail

³⁸ EEO Trust, 2008a & b: *Boomers and Beyond: Recruiters tell their stories and Older Workers: Employers speak out.*

³⁹ Statistics New Zealand Household Labour Force Surveys, quarterly.

⁴⁰ EEO Trust, 2009: *Workplace Age and Gender: Trends and implications.*

⁴¹ Dixon, S. 2009: Who hires older workers? A first look at industry variations in the recruitment of mature workers. Statistics New Zealand and Department of Labour.

- Medical and health care
- Social services
- Transport

Many of these areas are more likely to offer part-time jobs that may appeal to older workers, or require qualifications and skills that 15 to 19-year-olds are yet not likely to have acquired.

4.0 Most young people don't say jobless for long

In 2011, only 4% of unemployed 15 to 24-year-olds had been unemployed for 12 months or more, compared with 16% of those aged 55+⁴². The proportion of 15-19 year olds unemployed for a year or more was even lower, at 3%⁴³.

Just 19% of unemployed 15-24 year olds had been jobless for 6 months or more, and just 19% of 15 to 19-year-olds. However, the rate for those aged 55 and over was about double. Most young people are unemployed for just a few months before getting their first job, or going back into study/training.

Young people who were unemployed in the 1990s generally didn't stay jobless as they progressed through life.

The 15 to 19 age-group that suffered 23% unemployment in 1992 was aged 25 to 29 by 2002, and by that time experienced just 5.6% unemployment⁴⁴. When that cohort reached 30-39 in 2011, only 4 to 5% were unemployed.

New Zealand and overseas evidence⁴⁵ shows that when economic recovery begins following a recession, older people find it harder to get back into work.

5.0 Youth unemployment in New Zealand is related to skills and qualifications

Overall, 92% of unemployed 15 to 24 year olds have school-level qualifications only⁴⁶.

Just 6% of 15-24 year olds with a degree are unemployed, compared with 21% of those with no qualifications, 17% of those with qualifications below NCEA level, and 14% with school only qualifications⁴⁷.

⁴² Source: Customised Household Labour Force Survey data supplied by Statistics New Zealand to EEO Trust, May 2011. Also see the section Getting a Job: Difficulties and barriers in this report.

⁴³ Source: Customised Household Labour Force Survey data supplied by Statistics New Zealand to EEO Trust, March 2012 for the age groups 15-19 and 20-24 separately.

⁴⁴ Statistics New Zealand, Household Labour Force Surveys.

⁴⁵ See the section Getting a Job: Difficulties and barriers in this report.

⁴⁶ Statistics New Zealand, Table Builder for work and labour force status, by highest educational qualification by age group, 2006 Census.

New Zealand also has a high number of disengaged youth, defined as those aged 15 to 24 who are not in education, employment, training or caregiving (NEET). There were 73,900 such young people in 2010, or 11.7% of the youth population. This is just above the OECD average of 11% (EEO Trust 2011⁴⁸). Many of those in the NEET category are of Māori and Pacific descent.

6.0 Youth unemployment in New Zealand is *not* higher than it has ever been

Youth unemployment was high in New Zealand in the early 1990s.

The difference between 1992 and 2011 is that unemployment was high for the 20 to 24 age-group as well as the 15 to 19 age-group. Defining youth as 15-24, which is the usual definition in relation to employment, New Zealand's youth unemployment was higher in 1992 (19%) than in 2011(17%).

In 2011, youth unemployment was a greater issue for the 15 to 19 age-group (25.7% now compared with 23% then). Those in the 20-24 age group in 2011 are better off than those aged 20-24 in 1992 (11% now compared with 17% then).⁴⁹

This is consistent with evidence that over the 12 months to June 2011, those in their 20s enjoyed the greatest employment gains of all age groups.

Table: **New Zealand data on youth unemployment, 1990s and 2011**

	1992	2011
15-19	23%	25.7%
20-24	17.5%	11.2%
15-24	19%	17%

Source: Statistics New Zealand Household Labour Force Surveys 1992 and 2011.

7.0 Making the most of younger and older workers

In future, older workers are going to be needed as baby boomers retire and the number of young workers declines. But this effect has not yet arrived – the first baby boomers have only just reached 65. In the meantime, the effects of the recession pit older and younger workers against each other in the job market. Both groups suffer discrimination.

⁴⁷ Statistics New Zealand, 2006 Census, Table Builder for work and labour force status, by highest educational qualification by age group.

⁴⁸ EEO Trust, 2011: [Youth Labour Force Trends, Issues and Solutions](#).

⁴⁹ Statistics New Zealand, *Household Labour Force Survey*, December annual.

The answer is not to retain and increase barriers to employing older workers, but to improve the skills of unemployed youth and assist them to get work experience.

Youth unemployment is becoming a school-leaver issue – that is, an issue for those who haven't had time to gain post-secondary qualifications or have dropped out of school without qualifications. This does not qualify them or provide them with the skills to compete in a 21st century economy. It has been said that the minimum needed to be employable today is Sixth Form Certificate/Level 2 NCEA⁵⁰.

When baby boomers left school, there was full employment, most women were not involved in paid work, and employers and the government accepted that both had a role in training school-leavers and young workers. Due to the recession, school-leavers are now competing with adults in an oversupplied labour market, especially in unskilled and low-skill entry-level positions. There are too few new jobs created for young people entering the labour market.

Older workers are already in the labour market, though some will be displaced by the recession and will then have to compete with school-leavers. Evidence from an unpublished analysis by the EEO Trust⁵¹ shows that unemployed 15-19 year olds are more likely to proceed to unemployment straight from school, rather than via a job.

Some employers have been reported as saying that school-leavers are less productive and require more supervision and training than adults, and also turn over faster⁵². Since the restructuring of New Zealand economy in the 1990s, businesses have become leaner and may not be so willing to train entry-level workers, particularly as statistics show young people have high turnover compared to adults⁵³.

While this could be deemed discriminatory, the reality is that employers have a choice of applicants for low-skilled and unskilled entry-level jobs. As the population ages overall, employers may also want to build a workforce that reflects their customer bases.

Some argue that in the past, youth wages enabled young people to compete with adults' greater experience, reliability and customer service skills, and lower turnover.⁵⁴

⁵⁰ *Helping Youth to Get a Firm Foothold in the Labour Market*. OECD Labour and Employment Ministerial Meeting on Tackling the Jobs Crisis, the Labour Market and Social Policy Response, Theme 3, Paris, 28-29 September 2009, p.10. www.oecd.org/dataoecd/54/50/43766254.pdf

⁵¹ Source: Unpublished analysis of Statistics New Zealand Disaggregated Labour Market Flows data by EEO Trust. Also in Silverstone, B. and Bell, W. 2010: Labour market flows in New Zealand: some questions and answers. Paper presented to the First annual Statistics New Zealand labour market workshop, Wellington, 2 December 2010.

⁵² Human Rights Commission, 2010: *What next? National Conversation About Work* p.8, 27 and other media generally.

⁵³ Department of Labour, 2009: Youth in the New Zealand labour market. P.37

⁵⁴ EEO Trust, 2008a & b: *Boomers and Beyond: Recruiters tell their stories* and *Older workers: Employers speak out*; OECD 2006: *Live longer, work longer. Executive Summary*; OECD 2006b: *Live longer, work longer*. Full report.

Some employers are now asking whether it's good business for them to employ young people if they have to pay the same rate no matter who takes a job, and experience tells them older workers will provide a better return. This suggests that employers need an incentive to employ younger people.

There is some statistical evidence to support employers' claims of higher youth unemployment since the youth wage was abolished in 2008, even if one removes the effect of economic cycles, which are the main factors in fluctuating youth unemployment⁵⁵. However, this was short-lived, and longer-term has resulted in more young people going into study than unemployment.

If a lower youth wage is regarded as discriminatory, perhaps there is a need to pay employers subsidies to meet the costs of training and supervising young people to ensure they get a foothold in the workforce, as recommended by some overseas reviews (see EEO Trust report [Youth Labour Force Trends, Issues and Solutions](#)). For example, the New Zealand Government's current Job Opportunities Package initiative provides employers with a \$5000 subsidy to create a position for an unskilled 16 to 24 year old.

The other action that could make an impact is to lift education, skills and training for the least qualified young people. Finland, seen as a world leader in education, offers students in upper secondary school the option of a vocationally-oriented education,⁵⁶ which is more relevant for those who might be disengaging from education or unlikely to go on to university.

A New Zealand example of this approach is Manukau Institute of Technology's School of Secondary Tertiary Studies, which takes disengaged senior secondary students and teaches trade skills, employability skills and tertiary qualifications alongside NCEA to make learning relevant to getting a job. This programme has lifted the Maori NCEA 1 pass level from 61% to 80% and that of Pasifika students from 54% to 71%⁵⁷, while also providing them with workplace-ready skills.

Other examples of useful initiatives can be found in the EEO Trust magazine [Diversity in Action \(Autumn 2011\)](#).

Turner, N. and Williams, L. 2005: *The ageing workforce*. The Work Foundation, London. Malul, M. 2009: *Older workers' employment in dynamic technology changes*.

⁵⁵ Hyslop, D and Stillman, S, 2011: The impact of the 2008 youth minimum wage reform. Department of Labour.

⁵⁶ http://www.oph.fi/english/education/vocational_upper_secondary_education_and_training

⁵⁷ Stuart Middleton, *EdTalkNZ*, 4 April 2011. <http://www.stuartmiddleton.co.nz/?tag=comparative-education>

Health, physical and mental capacity, and older workers' productivity and performance – the summary

1.0 Introduction

Population ageing is a global phenomenon that will lead to a shortage of workers.

There is a need to recognise the critical importance of retaining and valuing older workers and to proactively anticipate and manage the challenges of an ageing workforce.

In the area of health, functional capacity and productivity and performance, this means assessing and maintaining the work ability and productivity of older workers in order to retain a competitive advantage.

This section is based primarily on the comprehensive work of Professor Juhani Ilmarinen of the Finnish Institute of Occupational Health, a leading researcher in the field of health, physical and mental capacity, and older workers' productivity and performance, supported by a wide range of individual studies in specific areas.

2.0 Issues – challenging the myths while recognising the realities

- Using age as a predictor for performance may lead to negative and unfounded performance decisions about older employees.
- There are greater differences *within* age groups than *between* age groups in the relationship between age and health problems, or changes in physical and mental capacity that affect work.
- Long-term illness increases steeply with age, but most people's ability to work is not affected. The effect of work itself on health is the main obstacle related to being able to continue in a post. Most international research reports less absenteeism and a lower incidence of injury at older ages, but longer recovery times.
- Some physical capabilities decline with age. However, many of these physical declines are small, rather than critical, and can be improved by training. On the other hand, there are big individual differences in the amount and rate of physical change with age. Most importantly, changes in physical capacity with age are not shown to necessarily affect performance.
- Some mental functions, such as speed and precision of information perception and processing, show small declines with increasing age. With others, such as language skills and the ability to process complex problems, there is no change or improvement.

- Research evidence shows there is no clear relationship between productivity/performance and age or changes in physical/mental capacity. According to Professor Ilmarinen of the Finnish Institute of Occupational Health, an authority on health and older workers, “meta-analyses show there is no distinct connection between age and work performance. Numerous studies show that older employees are as productive and skilled as young” (2005: 199).
- Performance at older ages is positively affected by investment in training, while negative stereotypes and ageist attitudes are linked to poorer performance.
- Physical and cognitive changes associated with ageing are modifiable or can be compensated for by experience and skill, training, exercise and ergonomic adaptations. In some cases, age linked with experience and skill increases performance.
- Another important research finding is that age differentials in cognitive abilities and productivity are less marked for more recent cohorts than they were in the past. Fewer jobs require physical capacity.

3.0 Solutions – Managing the realities

- While most people aged 65+ are not in poor health and are still productive, there are widespread differences that need to be acknowledged and accommodated. As well as individual differences, some groups of older workers are affected more than others, such as workers in low-skill roles and Māori.
- The World Health Organisation recommends that older workers remain in employment, and says employers can facilitate this with support from occupational health services and by adjusting work environments to meet the needs of older workers.
- While older workers may have been regarded by employers in the past as dispensable, future demographics mean employers will need to adapt work to workers. According to Ilmarinen (2005:113), “in order for people to continue to work, objectives must be set so they can be achieved with decreased functional capacity or deteriorated health”.

A UK study found that “one-third of older workers in poor health feel unable to approach their managers to discuss difficulties and request more manageable working arrangements” (Equality and Human Rights Commission, 2010:7).

- Employers could consider being more proactive in assessing and addressing the needs of older workers. This involves collecting data on the demographic profile of workforce, surveying attitudes to older workers and assessing the “work ability” of employees and what they need to continue contributing.

3.1 Workplace changes

- Workplace changes will have the biggest effect on the ability of older workers to keep working, followed by ergonomic adaptations and then individuals' lifestyles, according to Ilmarinen's research. Research overall shows that the most important force for change is the workplace itself; baby boomers' motivation for staying in work depends more on workplace factors than financial factors.
- Therefore, workplaces need to consider adapting to meet the needs of older workers.
- The degree of individual difference in functional capacity increases with age. Therefore, work ability, not age, should be the basis for decisions on continuing employment.
- While many future types of work require mental and social abilities that do not decline with age, physical and cognitive changes that are associated with ageing are modifiable.
- The way in which age-related issues are managed at work affects employees' work ability and motivation to continue in employment. In order for people to continue to work, it is recommended that objectives be set that can be achieved with decreased functional capacity or deteriorated health, by, for example, making ergonomic changes or permitting flexible work arrangements such as reduced hours.

3.2 Management and human resources

- Training for managers in managing an ageing workforce is recommended. This requires employers to be educated about the myths and realities of the health and physical and mental capacities of older workers so they can replace age-based stereotyping with research-based evidence on older people and performance.
- Management and HR should be aware of the increased variability in physical and cognitive abilities among older workers. While the majority of older workers have no work disabilities, others may need some kind of workplace adaptation to maintain performance.
- Employers should be made aware of age discrimination and stereotyping, and understand the need to respect older workers as well as value and recognise their existing knowledge and skills.
- Employers are in a position to actively prevent discrimination and negative attitudes to ageing by creating a positive culture towards older workers. A longitudinal Finnish study reported by Ilmarinen showed that changes in supervisors' actions and attitude more than tripled work ability, while ergonomic changes doubled it.
- Employers can highlight positive examples and role models to counter negative stereotyping.

- Employers are encouraged to recognise, value and utilise the strengths of each age group: for example, combining the experience and wisdom of age with dynamism of young people.
- Retirement is a gradual process, not a set point. This may involve planning or workload, and ongoing learning to keep skills relevant.
- Ilmarinen recommends creating a positive workplace culture for all age groups and promoting good-practice age management by:
 - Emphasising that everyone gets older and not everyone ages in same way or at the same rate;
 - Supporting the maintenance and improvement of work ability (through, for example, health promotion and support services);
 - Adapting work structures and environment to individual needs and being flexible.

3.3 Performance management and training

- Given the increasing disparity between individuals as they age, performance management of older workers is important in order to identify and address problems appropriately, such as offering training or making ergonomic adaptations where necessary. Yet research has shown older workers are less likely to get regular formal performance appraisal.
- Performance appraisal of older workers can be affected by the subjective biases of managers and supervisors, so there it is recommended managers' attitudes and behaviour are assessed and addressed with appropriate training where necessary.
- Training and development for older workers is an important factor in reducing age disparities in performance.

3.4 Health monitoring, assessment and promotion

- Employers are encouraged to view ageing as a process and take a proactive rather than a reactive approach.
- Health promotion in the workplace can prevent or slow decline in functional capacities; health and wellbeing programmes can maintain and improve the ability of older workers to continue working.
- Cost savings have been found through interventions to reduce work hazards and improve older workers' fitness and health.
- Employers can ensure employees are trained to identify early warning signs, for example, of musculoskeletal disorders, as well as modifying jobs and work stations as a prevention strategy

and educating employees in how to avoid and manage potential workplace issues such as back strain, tendonitis and carpal tunnel syndrome.

- Employers can also focus on what older workers *can* do as opposed to what they *can't* do – that is, they should take a strengths-based approach.

3.5 Physical work environments

- Consider designing the workplace, the job and equipment so that any physical declines which may become more common at older ages don't affect performance.
- Workplace ergonomic adaptations that may be useful include: Attention to lighting, noise control, heavy lifting, heights, computer screens, repetitive motions, control levers, workstation design, breaks, and recovery time⁵⁸.
- In addition, employers are encouraged to provide training and practice on new equipment and in new processes.

3.6 Job design

“Employees can remain in work life for a long time if the changes caused by ageing are taken into account and their tasks change according to their abilities” (Ilmarinen, 2005:171).

Employers are encouraged to:

- Take into account individual changes in health and functional capacity when organising tasks and job descriptions for ageing employees.
- Design jobs to minimise the risk of injury.
- Alter the workload and tasks to fit changing capacities, such as reducing hours/days, and modifying or reassigning tasks, especially those that are physical.
- Recognise that longer recovery times are essential to maintaining health and wellbeing and continuing work at older ages; workloads should be adjusted to changing abilities and functional capacities. The ability to adjust to and recover from night shifts also declines with age, so there is a need to allow adequate recovery times in rostering shift work.
- View the impact on productivity of changing workload by weighing net benefits versus the potential loss of a worker.

⁵⁸ For details, see Haight, J. and Belwal, U. 2006: Designing for an aging workforce. *Professional Safety*, July:20-33.

- Recognise that job rotation can help to reduce musculoskeletal complaints and absenteeism; assistive devices are available for employees with arthritis.
- Offer flexible working arrangements and reduced hours.
- Offer older workers greater control over aspects of their job such as pace, breaks, method, schedules, and workload.
- Recognise that stimulating work, variety and control help maintain mental fitness.

3.7 Individuals

- The most important thing older workers can do to maintain their functional independence and cognitive skills is regular exercise and fitness maintenance.

Health, physical and mental capacity, and older workers' productivity and performance – the evidence

Introduction

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1.0 Health and ageing

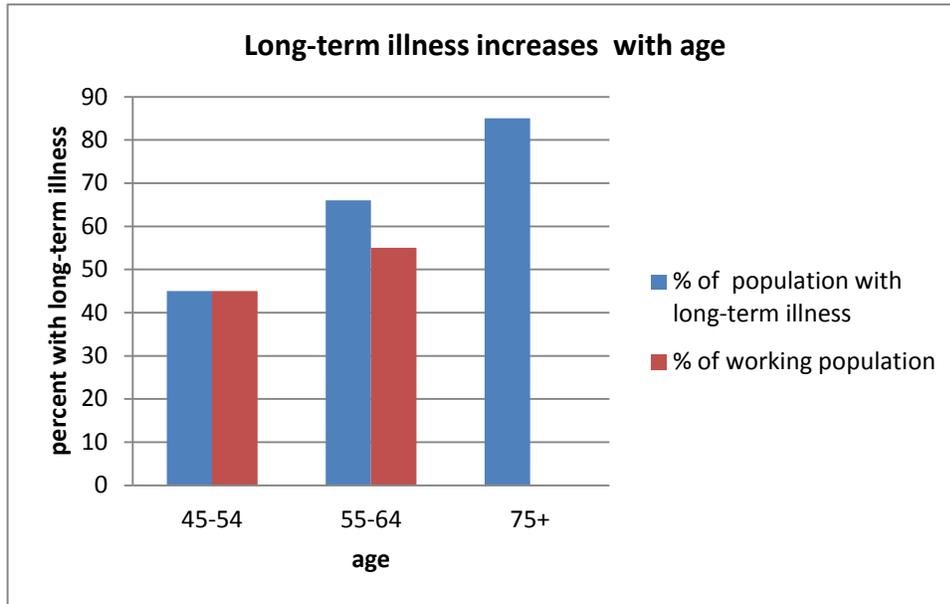
Health deteriorates and long-term illness increases with age, but there are more differences *within* age groups than *between* them – and some cognitive functions improve with age (Ilmarinen, 2005).

Many people who develop health problems continue to work, while for others work is a key factor in early retirement (Ilmarinen, 2005; Pond et al, 2010; Enright and Scobie, 2010; Ministry of Social Development, 2009).

A longitudinal Finnish national health survey of 4500 employees aged over 45 years, conducted over an 11-year period from 1981, showed that:

- Workers aged 55-64 were more likely to report good health than those of the same age who were not working.
- Two-thirds of those aged 55-64 still in paid work reported good health, with less than 3% reporting poor health (Ilmarinen, 2005:158-9). In effect, by age 45-54, those who continued to work began to be selected according to their health; that is, those with poor health left the workforce.

While the incidence of long-term illness increases steeply with age, most people's ability to work is not affected (Ilmarinen, 2005).



Source: Ilmarinen, 2005:160-161.

While nearly half of those in the Finnish study (Ilmarinen, 2005:160) aged 45 to 54 had a diagnosed long-term illness, the condition did not appear to affect their workforce participation. At ages 55-64, those still working were less likely to have a long-term illness than those in the population, suggesting that those with poor health self-selected out of the labour force.

However, 38% of workers in the Finnish study who had a long-term illness or injury reported that their work ability was affected – that is, the balance between their ability to work and the demands made on them by their job. Similarly, Leibold and Voelpel (2006:159) found that one-fifth of 55 to 64 year olds and one-third of 65 to 74-year-olds reported some limitation in the workplace due to chronic health conditions, but also said that most of these could be managed with medication, aids such as glasses, or a modified work schedule such as reduced hours.

In summation, while the majority of older workers were not affected by health issues, some did experience health issues that needed to be recognised and managed.

Cardiovascular disease and musculoskeletal disorders increase with age, with about one-third of men and a quarter of women having cardiovascular disease diagnosed by age 55. A total of 50% had musculoskeletal disorders, mainly relating to the back, neck and shoulders (Ilmarinen, 2005: 162).

Hypertension, burnout and infectious diseases were the main long-term illnesses reported by about a quarter of workers aged 30+; bronchitis and bad backs total 10% each; alcohol addiction, diabetes and depression counted for around 4% each (ibid: 160).

Permanent disability by accident affected about 16% of men and 8% of women (ibid: 160).

Arthritis is one of the main chronic physical conditions that increases with age, but is not confined to older workers. A study of arthritis in the workplace found the majority of employees did experience some limitation in their workplace activity over time, but this was often intermittent and did not necessarily affect productivity until the condition was very advanced (Gignac et al, 2011).

The effect of work itself on health can be a major obstacle to continuing to work in the same role.

- 40% of men and 43% of women in the Finnish study reported work-related musculoskeletal problems (Ilmarinen, 2005: 362);
- 41% reported that work-related stress affected health;
- One-third of men and a slightly higher proportion of women (38%) reported absenteeism because of occupational health hazards.

While two-thirds of those aged 45 to 59 believed it would be possible to continue in the same job after 60 (ibid, p.383), shift workers, those undertaking heavy physical work and those with tight time pressures were less likely to continue in same job after 60.

Finally, the health and fitness of older people has improved with successive generations (Ilmarinen, 2005; Tempest et al, 2002; Department of Work and Pensions, 2008).

2.0 Changes in functional capacity with age

Functional capacity is the ability to perform tasks. Workers over 45 are defined as ageing in terms of occupational health, as that is the age at which significant changes in functions occur with regard to work demands. These are primarily physical, but from the age of 50, also mental (Ilmarinen, 2005:42).

Changes in health and functional capacity begin between the ages of 40 and 50. After age 55, two-thirds of employees have one or two diagnosed chronic symptoms that may affect work ability, with those aged 50 to 58 experiencing significant changes in their work ability (Ilmarinen, 2005: 124).

However, individual differences in functional capacity also increase with age, so employers need to seek individual solutions and judge workers on their individual ability, not chronological age.

According to Peeters and van Emmerik (2008:353), "It is indisputable that some cognitive, physical and mental changes take place while people grow older. However, what is less certain is how these changes impede an employee's well-being. The picture is not as negative as one used to think."

An OECD review (2006) of older workers supports this, concluding that studies are inconsistent. While there is some decline in physical and mental abilities from age 50, changes are gradual and there is substantial individual variation. Other functions remain unchanged or improve.

A large UK study on nearly 70,000 employees that used advanced statistical techniques found great diversity rather than consistency in the relationship between age and the reported prevalence of health problems that affect work (Nunez, 2010).

Boyce (2008), in a review of research on the physiological effects of ageing for the workplace, concludes that declines in physical or cognitive function do not directly correlate to a decline in work performance as there are other factors involved. Employers, therefore, should not make employment decisions based on age. They should use a work performance test in a real workplace situation.

According to Peeters and van Emmerik (2008), it benefits both employees and employers to manage workers according to individual attributes and capacities, rather than age-related assumptions. They also point to a need to “shift the focus from managing threats to creating opportunities” (ibid: 353). The focus should be on what people can do, rather than what they can’t. An underutilisation of older workers’ strengths and abilities is a waste of human capital, a view reinforced by Ng and Feldman (2008).

Physical and cognitive changes associated with ageing are modifiable (Skirbekk, 2004; Schaie, 1996; Haight, 2003; Hjort, 1997; Prenda and Stahl, 2001; Schalk & van Veldhoven, 2010; Koopman-Boyden and MacDonald, 2003). Their impact on productivity and performance is also dependent on the work environment and how work is organised (Spiezia, 2008).

2.1 Mental capacity

Mental functional capacity is defined as the ability to perform tasks that require mental and intellectual effort and ability – this includes perception, memory, learning, thinking and language (Ilmarinen, 2005).

Some mental functions, such as speed and precision of perception and processing of information, show small declines with increasing age. In others areas, such as language skills and the ability to process complex problems, there is no change or improvement (Schalk & van Veldhoven, 2010; Ilmarinen, 2005; Unum CMO, 2008; Harper, 2011; Leibold and Voelpel, 2006; Diversity Council Australia, 2007). A study in the *British Medical Journal* that received a great deal of media attention reported cognitive decline from age 45 (Singh-Manoux et al, 2012).

In general, any declines can be compensated for. For example, loss of speed and precision can be compensated for by experience, wisdom and motivation, improvements in accuracy and reliability (Department of Work and Pensions, 2008) as well as aids such as glasses, ergonomic adaptations and improvements in the way work is organised. In addition, targeted training programmes can stabilise or reverse any declines (Skirbekk, 2004; Schaie, 1996; Haight, 2003; Leibold and Voelpel, 2006).

A major longitudinal US study of 6000 people over 50 years tracked their mental abilities with regular testing and found that on four out of six cognitive tests, people did better at 40 to 69 than in their 20s (Willis and Schaie, 1999:237; Strauch, 2010:14). At older ages, they excelled at inductive reasoning,

vocabulary, verbal memory and spatial awareness, which are considered to be more complex, higher-order mental abilities.

A small-scale laboratory-based study also found seniors outperformed undergraduate students on a decision-making task (Kim and Hasher, 2005). Older workers have performed better than younger people at some cognitive motor tasks, and slower but more accurately than younger people at other tasks. Their ability may depend on prior experience (Sulzenbruch et al 2010; Hjort, 1997; Prenda and Stahl, 2001).

A meta-analysis shows reasoning, speed and episodic memory decline significantly by age 50 (Skirbekk, 2004). Findings are similar for processing speed and working memory (Haight, 2003; Boyce, 2008). However, other analyses claim that declines up to mid-70s are minimal and gradual, and that accumulated knowledge and verbal ability remain high and can outweigh the declines in other areas, thus preventing any overall reduction in productivity (Schaie, 1996; Haight and Belwal, 2006; Tempest et al, 2002).

An overview by Peeters and van Emmerik (2008) concluded that intelligence was stable until age 80, on average, and the German Wisdom in Action Project found wisdom peaked in the 60s and did not start to decrease until 70. The researchers attributed this to life experience helping people to see the bigger picture and get the gist of a matter more quickly. They also provided biological evidence to support this (Bartzokis, 2001, cited in Strauch, 2010:51).

Another important research finding is that age differentials in cognitive abilities and productivity are less marked for more recent cohorts than they were in the past. The Seattle Longitudinal Study found less difference in cognitive abilities between older and younger people today compared with earlier groups of both; it also found that peak performance and the beginning of decline was starting at later ages (Schaie, 1996). This is consistent with another more recent study of older workers and productivity, which found that age differentials are declining (Lallemant and Rycx, 2009).

Research shows there is also great individual variability in the relationship between age and cognitive changes (Schaie, 1996; Hansson et al, 2001; Ilmarinen, 2005). Higher education and exposure to stimulating environments are related to fewer declines with age (Schaie, 1996). Continuing to undertake complex cognitive tasks can increase intellectual functioning throughout the life-span (Koopman-Boyden and MacDonald, 2003; Schooler et al, 2004).

Higher mental stimulation at work improves cognitive functioning at older ages (Marquie et al, 2010; Schooler et al, 2004; Hansson et al, 2001). Conversely, low levels of mental stimulation are associated with cognitive decline. A US longitudinal study that followed people for 20 years provides evidence against the genetic determinism of decline in old age (Schooler et al, 2004).

Experience and skill compensate, as do cognitive functions that improve with age (Schalk & van Veldhoven, 2010; Harper, 2011; Peeters and van Emmerik, 2008). For example, people in some jobs

requiring speed, such as machine work, do not show any declines in performance with age (Boyce, 2008).

Finally, declines in cognitive ability at older ages do not necessarily mean productivity or performance decline (Schalk & van Veldhoven, 2010; Unmo, 2008; Peeters and van Emmerik, 2008; Hansson et al, 2001; Paton, 2010).

According to Ilmarinen (2005:199), “Meta-analyses show there is no distinct connection between age and work performance. Numerous studies show that older employees are as productive and skilled as young”. It is possible that cognitive traits that weaken with age are not related to work performance, or that they are compensated for by superior performance in other areas, such as an individual’s job experience and problem-solving skills (Tempest et al, 2002).

There is also evidence that older workers just do things differently. They may learn at a slower pace (Skirbekk, 2004; Charness, 2006; Prenda and Stahl, 2001⁵⁹), but achieve equal outcomes (Spitulnik, 2006). A slower pace does not necessarily result in reduced job performance, because a decline in cognitive abilities is not necessarily related to specific job tasks (Prenda and Stahl, 2001). Older workers adapt the ways in which they perform tasks, and experience increases performance in skill-oriented tasks.

Further, research has shown that training is far more important than age in determining older workers’ performance (Diversity Council Australia, 2007). Performance is more likely to decline as a result of skills obsolescence than declining mental capabilities (Tempest et al, 2001:481).

However, as we age, multi-tasking becomes more difficult (Boyce 2008). Older workers generally require greater job control, autonomy and flexibility in how and when they perform tasks rather than working to tight deadlines. (Shultz et al 2010). Lack of workplace support can result in exhaustion for older workers (Peeters and van Emmerik, 2008).

Sleep is important for cognitive function (Colrain, 2011; Crowley, 2011), with sleep problems more common in older workers (Colrain, 2011; Lallukka et al, 2010). These can also be a manifestation of work stress or work-life conflict, and Lallukka et al (2010) suggest that as part of good health and safety, workplaces need to reduce work-induced sleep complaints and promote good health.

2.2 Physical capacity

Some physical capabilities decline with age (Haight, 2003; Haight and Belwal, 2006; Peeters and van Emmerik, 2008; Ilmarinen, 2005). In particular, there are declines in muscle strength, aerobic capacity and musculoskeletal functions such as the ability to grip (Ilmarinen, 2005; Boyce, 2008; McMahan & Sturz, 2006; Unum CMO, 2008; Welch et al, 2008 Haight and Belwal, 2006; Schalk & van Veldhoven, 2010; Roper and Yeh, 2007; Gall and Parkhouse, 2004; Haight, 2003).

⁵⁹ See the section Older workers and training in this report.

However, many of these physical declines are small and not critical, and can be improved by training (Hjort, 1997; Prenda and Stahl, 2001; Gall and Parkhouse, 2004).

On the other hand, there are big individual differences in the amount and rate of physical change with age (Boyce, 2008; Imarinen, 2005; Schalk & van Veldhoven, 2010). In some types of work, performance may continue to improve into the 60s and 70s (Leipold and Voelpel, 2006:147).

And, most importantly, changes in physical capacity with age are not shown to necessarily affect performance (Gall and Parkhouse, 2004; Haight, 2003; Haight and Belwal, 2006; Roper and Yeh, 2007; Peeters and van Emmerik, 2008; McMahan and Sturz, 2006). This is the case even in some physically intensive occupations (Tempest et al, 2002).

A study of older workers in the construction industry found that changing physical capacity has a moderate effect on work limitations and time off work. Many physical problems were caused by the type of work done, and were not characteristics of the older population in general (Welch et al, 2008). A number of other factors, such as exercise, experience and technology were involved.

Exercise has a big positive effect on maintaining and improving physical capacity at older ages (Schalk & van Veldhoven, 2010; Imarinen, 2005; Gall and Parkhouse, 2004; Boyce, 2008; Leibold and Voelpel, 2006). A Gall and Parkhouse study showed heavy manual work appeared to maintain physical capacity specific to work tasks as age increased. This may be because experience also compensates for changes in physical capacity (Boyce, 2008) as does automation (Schalk & van Veldhoven, 2010).

Further, older workers are less likely to be in industries requiring high levels of physical ability (CIPD, 2011), either because they have moved into less demanding jobs, left the workforce or, increasingly, as a result of the changing types of jobs in 21st century, in to service and knowledge work that is not affected by physical declines (Leipold and Voelpel, 2006).

Fewer than 12% of today's jobs require physical strength (Prenda & Stahl, 2001:32). From 1950 to 1996, the share of workers in jobs requiring heavy lifting fell from 20% to less than 8% in the US (Johnson, 2004:49). In 2002, 18% of older workers reported they performed jobs that required physical effort all or most of the time, while 38% of jobs didn't require physical effort (ibid: 50). Just 17% of older workers in jobs not requiring physical effort reported retiring early because of health problems (Johnson, 2004:54).

On the other hand, many jobs entail increasing computer use; long hours at computer screens are linked to musculoskeletal and visual problems, both of which also increase at older ages (Sparks et al, 2001). If physical changes do affect performance and productivity, solutions include better ergonomics, breaks, or shifting to a different type of job.

2.3 Sensory

Hearing

While it is generally agreed that hearing loss increases with age (Jennings and Shew 2008; Ilmarinen, 2005; Haight, 2003; Unum CMO, 2008), there are different claims about the age at which hearing loss begins, ranging from 35 (Haight, 2003) to the early 50s (Ilmarinen, 2005). According to Ilmarinen, deterioration accelerates between 65 and 74 years. However, just 25% of people in this age group experience deterioration, with the majority maintaining hearing ability within the normal range. As with other changes in function, there is a great deal of individual variation.

Changes in auditory function are also linked to balance problems (McMahan and Sturz, 2006) and these changes affect certain types of workers in particular, such as construction workers and firefighters (Ilmarinen, 2005).

Vision

All visual functions deteriorate from age 45, but the rate and timing varies (Haight, 2003). Ilmarinen (2005:174) says vision deteriorates from age 40, accelerates at age 55, and stabilises at 60.

Implications for the workplace are difficulty reading in low light and difficulty reading a cluttered computer screen (Haight and Belwal, 2006; Ilmarinen, 2005). To read, a 60-year-old requires 10 times the light of a 20-year-old, and a 40-year-old twice that needed by a 20-year-old (Ilmarinen, 2005:174).

According to US National Health Survey data, greater hearing and vision impairment at older ages raises the risk of accident, underlining the need for workplace assistive devices to prevent injury (Davila et al, 2009)

2.4 Injury

Most international research reports a lower incidence of injury at older ages, but longer recovery times (McMahan & Sturz, 2006; Hansson et al, 2001, Unum CMO, 2008; MacDonald and Dwyer, 2008; Haight and Belwal 2006; Department for Work and Pensions, 2008; Davey, 2006) or greater severity (Leibold and Voelpel, 2006).

A US study of workplace accident claims found that older workers' greater experience, plus a tendency to move out of accident-prone jobs as they aged, resulted in fewer mistakes. But the study concluded that age was not really the issue, as there was a great deal of variation between individuals within an age group (MacDonald and Dwyer, 2008).

Another US study found that workers aged 55+ had a lower injury rate than those aged 25-54. It also found that as the proportion of the workforce aged 55+ increased, there was a corresponding decrease in fatal injuries (Haight and Belwal 2006:20). The authors suggest that an ageing workforce has a positive impact on workplace safety, most likely as a result of greater knowledge and experience and fewer

instances of risky behaviour by older workers. This is supported by Ng and Feldman's finding (2008) that older workers were more compliant with safety procedures.

An Australian study found that workers aged 55+ had a lower injury rate than those under 45, while those aged 45 to 54 had the highest (ABS, 2011). People aged 65+ recorded the lowest rate of work-related injuries and illnesses (3%), with the 45 to 49 age-group at 7% and the 20 to 24 age-group at 6% (ABS, 2011b:1). Another ABS study (2006:7) found that injuries declined with age, from a peak in the childhood years to the age of 14 to just 10% for those aged 65+.

However, New Zealand data shows older workers are more likely to make work-related injury claims (p.24 SNZ Work Related Claims 2010, released 19.10.11).

Haight's review (2003) concludes that research is equivocal on whether there are more or fewer accidents with increasing age, and identifies issues of declining functional capacity as offset by increased experience, knowledge and judgment. But a more recent study (Haight and Belwal 2006) found data do not support higher injury rates or lower productivity among older workers.

Falls increase with age, a loss of balance, and the use of ladders (Haight, 2003) and are the main cause of injury and death in older workers (Roper and Yeh, 2007).

2.5 Absenteeism

Older workers have less absenteeism than younger workers (ABS, 2006; Unum CMO, 2008; Ng and Feldman, 2008; Prenda and Stahl, 2001; Department for Work and Pensions, 2008; Leibold and Voelpel, 2006; Tempest et al, 2002; Department of Work and Pensions, 2008; Davey, 2006; Davey and Cornwall, 2003). The ABS study found that 9% of workers aged 55 to 64 had needed days away from work for illness or in order to care for another person, compared with 15% of those aged 25 to 34 and 11% of those aged 15 to 24 (ABS, 2006:65).

3.0 Productivity and performance

Both employers and employees are more likely to perceive older workers as less productive than younger workers (Van Dalen et al, 2010) which may affect hiring decisions and retention in downturns. However, the evidence does not support this generalisation.

Research evidence shows there is no clear relationship between productivity/performance and age or changes in physical and mental capacity (Prenda & Stahl, 2001; Davey, 2006; Davey and Cornwall, 2003; Koopman-Boyden and Macdonald, 2003; McMahan & Sturz, 2006; Hansson et al, 2001; Unum CMO, 2008; Smith, 2001; Haight and Belwal 2006; Borsch-Supon and Weiss, 2007; Schalk and van Veldhoven, 2010; Salthouse, 1997; Spezia, 2008; Diversity Council Australia, 2007).

- According to Ilmarinen, "A meta-analysis shows there is no distinct connection between age and work performance. Numerous studies show that older employees are as productive and skilled as young" (2005:199).

- “Research shows that, in general, older workers are no less effective than young ones” (Unmo CMO, 2008:5).
- Variations in skill, experience and individual rates of ageing make it difficult to predict an older worker’s ability to perform a task (Boyce, 2008).
- “Using age as a predictor for performance may lead to negative performance decisions about older employees which are unfounded” (Smith, 2001:229).

US data showed workers aged 55+ had greater productivity than those who were younger – and there was no research to show that declining physical and cognitive capacity resulted in declining work performance or safety (Haight and Belwal 2006:22).

A UK study of 4000 health workers found that workers aged 55+ performed at peak level for seven out of eight hours a day, longer than any other age group. (Department of Education, Employment and Workplace Relations, 2011).

Another meta-analysis showed incremental improved work performance with age (Spitulnik, 2006). Leibold and Voelpel (2006) cited 60-year-old airline pilots performing better on flight simulator tests than younger pilots.

These findings are supported by an OECD review (2006) that finds experience enables older workers to adapt or compensate for any declines, so actual work performance is not affected. Where performance is affected, the reason may be skill obsolescence. These reports also suggest older workers might be concentrated in less productive industries.

Similarly, other reports note that any difference in productivity by age is minor, which may reflect the role of experience and knowledge (Daveri and Maliranta, 2007; Prenda and Stahl, 2001; Leibold and Voelpel, 2006). Both are associated with increasing age (Nunez, 2010; Harper, 2011).

There is some evidence that experience is a better predictor of performance than age (Peeters and Emmanuel 2008; Wei & Richardson, 2010). Also, productivity need not decline substantially with age if compensatory behaviour is used, or a job primarily requires skills that do not decline with age (Maestas and Zissimopoulos, 2010).

Age is largely unrelated to core task performance (Ng & Feldman, 2008). Rather, outcomes depend on work roles and task complexity, education and different aspects of performance, such as how performance or productivity is defined and measured (Skirbekk, 2004; Schalk and van Veldhoven, 2010; Koopman-Boyden and Macdonald, 2003). If performance is defined as knowledge, skills and abilities, there is no demonstrable link between performance and age (Koopman-Boyden and MacDonald, 2003).

Productivity can be hard to measure and different studies measure it in different ways, such as, for example, by individual, by team, by organisation and by country. Mixed results have been found at individual level (Schalk and van Veldhoven, 2010). In teams, it can be difficult to account for the extent

to which older workers help younger ones, which may increase the measured productivity of younger workers but reduce that of those more senior (Borsch-Supon and Weiss, 2007; Borsch-Supon and Weiss, 2007).

Outcomes can also vary depending on type of occupation. For example, in Australia, Wei and Richardson (2010) found that productivity kept increasing with age among workers who needed high degrees of specialist cognitive knowledge, such as nurses. Some studies show declining performance by age in computer tasks, manufacturing, sales (Prenda and Stahl, 2001) and in physically demanding jobs, but these declines can be ameliorated by ergonomic design and assistance and by maintaining good health and exercise.

A study of a manufacturing production process found that the average age-productivity profile increased to age 65 due to experience. This gave older workers more competence in avoiding errors, especially severe errors. "Older workers are more able to grasp difficult situations and concentrate on vital tasks" (Borsch-Supon and Weiss, 2007:24).

Some studies at organisation level showed an association between an increased proportion of older workers in the workforce and declining productivity (Tang & MacLeod, 2006; Lallemand and Rycx, 2009). But Tang and MacLeod also noted that at a national level, the US had an older labour force than Canada, but higher productivity (2006:600). This is supported by other studies, where aggregate national measures show productivity peaked when a high proportion of the workforce was aged 50 to 64 (Skirbekk, 2004). Measures of national productivity also needed to take into account the economic cost of older people not working (Skirbekk, 2004; Holt, 2010).

Another factor in the inconsistent results on age and work performance or productivity is the methods used, particularly in earlier studies. For example, some early studies were based on supervisor opinion leading to mistaken assumptions about older workers' productivity (Prenda and Stahl, 2001). Better research design leads to different outcomes, and a New Zealand study found older managers rated older employees' performance more positively than younger managers (Smith, 2001:230).

Similarly, a large-scale Dutch study noted the definition of productivity and how it was measured as contributing to erroneous assumptions about the return-on-cost of older workers with skills. For example, older workers tended to have strengths, such as reliability and social skills that were given less weight than the hard skills of younger workers such as technological skills and physical and mental capacity (van Dalen et al, 2010).

Many studies do not measure productivity in an actual workplace or through actual tasks performed (Prenda and Stahl, 2001). Factors other than physical and mental function affect job performance, such as the experience and knowledge relevant to specific task, motivation, and morale.

Myths and stereotypes about the productivity and performance of older workers are not supported by research, but may have a negative impact on the employment of older workers (Prenda and Stahl,

2001). Many of these stem from research which relies on supervisor opinion rather than any rigorous measure of worker productivity.

On the other hand, negative stereotypes and ageist attitudes towards older workers have been shown to be linked to poorer performance. Supportive relationships and positive supervisor attitudes towards older workers is linked to improved performance (Ilmarinen 1997 in Koopman-Boyden and MacDonald, 2003; Kunze et al, 2011; DeArmand et al, 2006; Rupp et al, 2006; Niessen et al, 2010).

A small-scale study on the links between job support and creativity at different ages suggests that older workers' creativity can be increased by boosting the support provided to them (Binnewies et al 2008). There is also a direct positive link between the productivity of older workers and the amount invested in their training (Diversity Council Australia, 2007; Unum CMO, 2008).

Productivity may also decline if the types of cognitive function prone to age-related decline, such as processing speed, are important for the specific task/job. However, productivity does not decline if those functions that improve or remain robust at older ages, such as experience and verbal ability, are important (Skirbekk, 2004; Diversity Council Australia, 2007). These abilities can outweigh those that decline (Skirbekk, 2004).

4.0 Solutions

While most people aged 65+ are not in poor health and are still productive, there are widespread differences that should be acknowledged and accommodated (Harvey and Thurnwald, 2009). As well as individual differences, some groups of older workers are affected more than others. An Australian study found manual workers had poorer health than managerial/professional workers (ABS, 2011). A New Zealand study showed Māori aged 50+ had poorer health, poorer health risk factors and more disability than non-Māori (Ministry of Health, 2011).

There are demonstrated links between poor health and early retirement (Pond et al, 2010; Enright and Scobie, 2010; Ministry of Social Development, 2009). Research also indicates that improvements in health could prevent early retirement and increase the labour-force participation of older workers, resulting in great economic benefits (Holt, 2010, Pond et al, 2010; Ilmarinen, 2005). Many in the Ministry of Social Development study said they made an effort to take care of their health so they could continue to work (2009:53). In the UK, those aged 65+ who remained in the workforce reported better health than younger workers (CIPD, 2011).

The World Health Organisation recommends keeping older workers employed (Ilmarinen, 2005) by adjusting work environments to meet their needs and providing support from occupational health services.

A recent large-scale European study found that older workers who remained in work did not report more health problems as a result of their employment. However, if the net was widened to include those who had stopped working, there were more reports of work-related health problems, indicating

that those with work-related health problems tend to withdraw from paid work completely (Jones et al, 2011). The authors recommend reducing health risks associated with work through attention to ergonomic, physical and psychosocial issues. However, a UK study found that “one-third of older workers in poor health feel unable to approach their managers to discuss difficulties and request more manageable working arrangements” (Equality and Human Rights Commission, 2010:7).

4.1 Age management

“Age management is good personnel management that supports the organisation in achieving its visions” (Ilmarinen, 2005: 235) and affects employees’ work ability and motivation to continue to work.

Good age management means:

- Understanding the changing age demographics of the workforce and organisations;
- Devising and implementing a sound age strategy;
- Planning and organising work according to the resources and work ability of each employee;
- Developing the work ability and resources of each employee, through, for example, appropriate training and development;
- Emphasising and utilising the strengths of each age group and workforce diversity to benefit both individuals and organisations;
- Promoting positive attitudes to ageing;
- Understanding individuality and diversity.

4.2 The workplace

According to Ilmarinen (2005:172), the “natural/normal ageing of functional capacity should be accepted and managed” through health education in the workplace, monitoring, lifestyle changes, modifying work environment, using aids, and care and rehabilitation where required. But Leibold and Voelpel (2006) say most workplaces are not adjusted to the needs of older workers, and their workers are not adequately prepared for new technologies.

Employers need to be more proactive in assessing and addressing the needs of older workers. This involves collecting data on the demographic profile of their workforces, surveying attitudes to older workers, assessing the work ability of employees and providing what they need to continue working productively.

Physical and cognitive changes associated with ageing are modifiable (Harper, 2011; Ilmarinen, 2005; Koopman-Boyden and MacDonald, 2003) through, for example, appropriately designed training programmes, flexible work arrangements and formal performance management. In addition, employers, occupational therapists and employees should work together to identify types of occupational challenges that may affect older workers' productive capacities, and respond with appropriate ergonomic adaptations (Moyers and Coleman, 2004).

While older workers may have been regarded by employers as dispensable in the past, future demographic trends mean employers will need to adapt work to workers. In order for people to continue to work, objectives must be set so they can be achieved with decreased functional capacity or deteriorated health (Ilmarinen, 2005:113; Leibold and Voelpel, 2006). Leibold and Voelpel (2006) also recommend creating a workplace culture that values and respects experience and doesn't discriminate, countering myths with facts in order to change attitudes towards older workers.

4.3 Work Ability

Individual differences in functional capacity increase with age, so individual solutions and a commitment to judge workers on their individual ability, not on their chronological age, are needed (Ilmarinen, 2005; Department of Work and Pensions, 2008). This "work ability", not age, should be the basis for decisions on continuing employment.

Investment in work ability has a net positive effect on the bottom line. Research evidence shows reduced sick leave, and fewer accidents, disabilities and disorders; improved productivity; better skills and people retention, and reduced recruitment costs (Ilmarinen, 2005:146). For example, the Finnish company Dahlbo invested in a programme to promote and maintain work ability, and found the cost was repaid tenfold in terms of improved productivity, reduced sick leave and disability, and health benefit costs (Leibold and Voelpel, 2006:197).

The Finnish Institute of Occupational Health (FIOH) developed a Work Ability Index (WAI) to measure the balance between personal resources (health, ability, education, competence and attitudes) and work demands.⁶⁰ Work ability declines with age, but not for all older workers, and not at the same age. A FIOH study of workers aged 45+ over 11 years found that 60% retained good or excellent work ability, and 10% actually improved (Ilmarinen, 2005:134-135). Just 30% (one in three) declined, and only by a small amount. These findings applied across a range of occupations and to both men and women.

Workplace changes will have the biggest effect on increasing the ability of older workers to keep working. In the Finnish study, work management was the most significant factor affecting work ability, followed by ergonomics and then lifestyle. Changes in supervisors' actions and attitudes more than tripled work ability, while ergonomic changes doubled it (Ilmarinen, 2005: 121).

⁶⁰ Waikato District Health Board has used the WAI in its own planning. See <http://www.waikatodhb.govt.nz/page/pageid/2145861775>

The following table summarises information from Ilmarinen (2005:78) on workplace and personal factors that influence retirement decisions.

Table 4.1 **Workplace and personal factors influencing decisions about retirement**

Pro-work factors	Pro-retirement factors
Positive work ability	Physical work
Job satisfaction	Work environment that doesn't meet needs
Development opportunities	Uninspiring work
Opportunities to use experience and contribute strengths	Heavy mental load
Freedom from schedules	Binding daily nature of work
Discrimination prevented	Negative attitudes to older workers
Managers trained in managing older workers	
Jobs fitted to individuals	
Good intergenerational relations	
Flexible retirement and part-time work supported	

Table 4.2 **Maintaining Work Ability**

Employer's role	Employee's role
Good organisation of work	Maintaining health and appropriate lifestyle
Work environment	Participating in learning opportunities
Workload	
Training and development opportunities	
Ability to adjust job descriptions	
Provision of health examinations	
Ability to adjust hours	
Provision of ergonomic equipment	
Opportunities for physical activity at work and encourage participation in these activities	

Source: Adapted from Ilmarinen, 2005: 138, Figure 14.

4.4 Management and human resources

Ilmarinen (2005) recommends developing the skills of managers in managing an ageing workforce. Firstly, this requires employers and HR people to be educated about the myths and realities of the health and physical and mental capacities of older workers (Paton, 2008; Boyce, 2008; Sanders and McCready, 2009; Leibold and Voelpel, 2006) so they can replace age stereotyping with research-based evidence on older people and performance (Prenda and Stahl, 2001).

Ilmarinen (2005) identifies the following negative attitudes towards older workers as needing challenge:

- Older workers are costly but less productive;
- Older workers are bitter and tired;
- Older workers' physical and mental capacities are declining;
- Older workers' ability to learn is declining;
- Older workers' sickness and absenteeism increases;
- Older workers are resistant to change.

Table 4.3 **Myths and realities**

Myths: Older workers are ...	Reality
All alike	There are more differences within age groups than between age groups.
Less productive	<p>Research evidence shows no clear relationship between age and productivity/performance. There are more differences within age groups than between age groups until the mid to late 70s.</p> <p>There is a demonstrable link between negative stereotypes and ageist attitudes towards older workers and poorer performance. Supportive relationships and positive supervisor attitudes towards older workers are linked to improved performance.</p>
Have declining cognitive function	<p>Older workers' cognitive function is superior in some areas and they can compensate for others with skill, experience and wisdom. Differences are less marked than in past and not related to job performance – this is not a real issue until the late 70s.</p>
Have declining physical capacity	<p>There are more differences within age groups than between age groups. Changes in physical capacity with age do not necessarily affect performance. Most jobs now and in the future are less physical; any lack of physical can be compensated for by experience and planning.</p>
Have poor health and greater absenteeism	Long-term illness increases steeply, but does not

	<p>affect most people’s ability to work.</p> <p>There are more differences within age groups than between age groups – need to assess workers individually and provide appropriate adaptations. Older workers tend to leave if their health is poor, but otherwise have better attendance than younger workers.</p>
Have more work injuries	<p>Not according to international data – but it is important to note that New Zealand data do not reflect international findings, suggesting issues around workplace safety practices, especially for older workers.</p>
Are not interested in or capable of training and learning new skills	<p>The myth that older workers lose ability to learn as they age is not substantiated by research. Rather, they learn in different ways. Older workers are less likely to be given the opportunity to train, or less support and encouragement to do so due to age stereotyping.</p> <p>Stereotyped beliefs about the abilities of older workers have more impact on development outcomes than those about motivation, by affecting older workers’ confidence and thus reducing motivation.</p>
Have fewer educational qualifications	<p>Formal qualifications need to be weighed against on-the-job experience and continued training and development.</p>
Are unable to adapt to new technology	<p>Chronological age is a poor predictor of technical learning capacity. The ability to cope with new technology depends on a combination of confidence, perceived benefit and training approaches used. Current workers aged 50-64 are also more likely than workers of this age in the past to have been using computers for much, if not most, of their working lives, and are used frequently learning new computer -related skills as technology changes.</p>
Are more costly	<p>Ageing employees are no more expensive than the young when higher salaries are weighed</p>

	<p>against higher net benefits and reduced costs in terms of inexperience, training and higher turnover of younger workers.</p> <p>There is a need to weigh up the cost of unemployment benefit/superannuation/loss of a potential taxpayer versus the cost of paying employers subsidies to keep older people in employment.</p>
Possess poor customer relations skills	Have people skills often superior to those of young workers
Are bitter, tired and resistant to change	<p>There is much individual variation in level of tiredness versus enthusiasm, willingness and positive attitudes.</p> <p>Some say older workers cope better with change as have experienced it before.</p>

Source: Derived from Leibold and Voelpel, (2006:91) and Ilmarinen (2005).

Employers should be aware of increased variability in physical and cognitive abilities among older workers. While the majority (75%) of 55 to 64-year-olds in one study had no work disabilities (Hansson et al, 2001), others may need some kind of workplace adaptation to maintain performance or prevent them leaving. For example, employees may need to avoid certain tasks following a stroke; suffer increased sensitivity to chemicals with age; have vision loss following a stroke; have decreased strength following surgery; and suffer adverse side effects from medication (Sanders & McCready, 2009).

Supervisors should also watch for discomfort and fatigue (Boyce, 2008). Sanders and McCready (2009) found older workers usually self-initiated job adaptation, often with the cooperation of colleagues, but were afraid to ask employers or supervisors for accommodation as they feared losing their jobs. Older workers in this study reported supervisors as unsympathetic and uncooperative on the subject of changing tasks after a stroke; a lack of respect from younger supervisors was reported.

Employers and HR workers also need training so they are aware of age discrimination and stereotyping, and understand why it's important to respect older workers and value and recognise their existing knowledge and skills (Sanders and McCready, 2009; Peeters and van Emmerik, 2008; Koopman-Boyden and MacDonald, 2003).

Positive examples, role models and discussion of older workers' strengths are encouraged to counter negative stereotyping (Sanders and McCready; Schalk and van Veldhoven, 2010; Boyce, 2008). Case studies provided by Boyce showed that an integrated approach of identifying and monitoring individual needs and making ergonomic changes and providing health promotion and support can have a positive economic impact by dramatically ameliorating any negative effects of ageing.

Other approaches managers can use include creating mixed-age teams that marry the strengths of each age group in the workforce, such as marrying the experience and wisdom of age with dynamism, the physical capacity and fresh thinking of young people (Ilmarinen, 2005). Employers can also manage workplace stress that may be causing sleep problems that then manifest in reduced performance (Lallukka et al, 2010).

The following is one example of a win-win solution. Heavy work, such as pushing delivery cages around the shop floor, was becoming an issue for an older worker in a large UK food retailer. It was arranged that a younger worker would perform heavy tasks while the older worker provided school-holiday cover for younger team members (Foster, 2012: 220).

4.5 Performance management and training

Given the increasing disparity between individuals as they age, performance management is the arena in which to identify and address any problems. However, a UK study found older workers were less likely to get regular formal performance appraisal; less than half of them had annual reviews, compared to two-third of all employees(CIPD 2011:4). Liebold and Voelpel (2006) recommend employers recognise individual strengths, needs, preferences and values.

Training and development for older workers is an important factor in reducing age disparities in performance (Lallemand and Rycx, 2009; Spitulnik, 2006; Daveri and Maliranta, 200; Hjort, 1997; Prenda and Stahl, 2001; Koopman-Boyden and MacDonald, 2003; Leibold and Voelpel, 2006; Department of Work and Pensions, 2008)⁶¹.

Yet a small university-based US study found older workers were less likely than young ones to be referred for training or other assistance to rectify performance problems, and that this was related to ageist attitudes (Rupp et al, 2006).

To avoid bias in selection, training and performance appraisal (Spitulnik, 2006; Prenda and Stahl, 2001), decisions should be based on observed behaviour, not stereotypes (De Armand et al 2006). Rupp et al (2006) also recommend assessing the attitudes and behaviour of HR managers and those making decisions and evaluating others' performance.

4.6 Health monitoring, assessment and promotion

Ilmarinen (2005) recommends promoting good health in the workplace to prevent or slow decline in functional capacities. This might be, for example, through the provision of health and wellbeing programmes in order to maintain and improve the work ability of older workers.

Cost savings have been shown from interventions to reduce work hazards and improve older workers' fitness and health (Prenda and Stahl, 2001:32). For example, a health and wellness programme in a US

⁶¹ See the section Older workers and training in this report.

manufacturing company led to a 66% decrease in disability claims in one year and a greater return-to-work rate after accidents (Leibold and Voelpel, 2006: 157).

Employers need to see ageing as a process and take a proactive, not reactive, approach (Prenda and Stahl, 2001). They can intervene early to promote good health and prevent any exacerbation of problems at any age (Nunez, 2010; Gignac et al, 2011; McMahon and Sturz, 2006) with annual health checks to identify and manage issues. (Nunez, 2010, also points out that some health problems are more prevalent among younger workers).

The World Health Organisation recommends that all workers over the age of 45 should be offered an annual health assessment (Ilmarinen, 2005; Paton, 2008). Other organisations recommend a periodic assessment of workers' work and environment fit, followed up with the provision of any assistance, training and support that might be needed (Hansson et al, 2001; Ilmarinen, 2005).

Employers should also focus on what older workers can do as opposed to what they can't do – taking a strength-based approach (Peeters and van Emmerik, 2008; Prenda and Stahl, 2001).

Secondly, employers can provide health and wellbeing or health-promotion programmes in the workplace (Sanders and McCready, 2009; Lallemand and Rycx, 2009). These could include training employees to identify early warning signs of, for example, musculoskeletal disorders, as well as modifying jobs and work stations to avoid problems (Boyce, 2008), and educating in how to avoid and manage back strain, tendonitis and carpal tunnel syndrome (Haight, 2003).

4.7 The physical work environment

Employers can design workplaces, jobs and equipment so that any physical declines which become more common at older ages do not affect performance (Unum CMO, 2008; Prenda and Stahl, 2001; Hansson et al, 2001; Paton, 2010; MacDonald and Dwyer, 2008; Sanders and McCready 2009). In addition, it is recommended that employers provide training and practice on any new or modified equipment (MacDonald and Dwyer, 2008).

The UK's CIPD (2011:3) found three-quarters of employers had not made any adjustments for their ageing workforce. Among those that had, the most common initiatives were reduced hours, flexible work and access to occupational health services.

A comprehensive investigation of research-based solutions to address issues of physical decline by Haight (2003) and Haight and Belwal (2006) included eliminating the use of ladders; improving lighting (also Boyce, 2008; Department of Work and Pensions, 2008); reducing noise levels (also Ilmarinen, 2005); adjusting temperatures (Department of Work and Pensions, 2008); removing clutter from control panels and computer screens and having adequate font sizes; reducing multitasking; lengthening the time requirements in task execution and decision-making; allowing time and opportunity to practice new tasks/equipment/procedures; reducing repetitive motion and static standing time (also Hansson et al, 2001); providing adjustable chairs; providing hands-free volume-adjustable phones; automating

controls so there are levers and buttons rather than knobs; shallow-angling stairs and installing non-slip flooring; reducing extreme joint movement, pressure and repetitive tasks (Roper and Yeh 2007; Ilmarinen, 2005); engineering improvements and administration improvements such as providing breaks and safety equipment; and large-print signs (Hansson et al, 2001; Ilmarinen, 2005).

Other recommendations were providing better tools (Hansson et al, 2001) and reducing the need for physical exertion and heavy lifting with better ergonomics and workplace design (Paton, 2010; Ilmarinen, 2005). Finally, employers can provide assisted technology to accommodate disabilities (Leibold and Voelpel, 2006).

Older people experience greater hearing and vision impairment and need assistance devices to prevent injury, according to US National Health Survey data (Davila et al, 2009).

There is a need for a more integrative and proactive approach to the workplace management of hearing impairment (Jennings & Shaw, 2008; Fok et al, 2009). There is often a lack of information on the assistance that may be available (Jennings and Shaw, 2008), and according to Fok et al (2009), individualised, piecemeal approaches predominate.

There is a need to control noise exposure and provide hearing protection and testing and aids (McMahan and Sturz, 2006; Jennings and Shaw, 2008). For example, caption phones display words being spoken (Fok et al, 2009:374).

The following table, derived from Leibold and Voelpel (2006:175, table 8.1), summarises appropriate work environment responses to physical changes in an ageing workforce.

Table 4.4 Work-environment responses to physical changes in an ageing workforce

How body changes with age	How these changes affect work	What employers can do	What workers can do
Declining muscle strength	Ability to lift heavy loads	Provide lifting equipment; minimise lifting	Use lifting equipment; employ proper techniques
Vision impairment	Reduction in ability to read small print, dials and screens and adjust to lighting conditions	Improve lighting	Wear glasses
Mental processes show little decline until 70s	Most changes do not affect work performance but it may take longer to process information	Reduce multi-tasking; increase time between steps of task; increase decision-making time	Stimulate brain outside of work, e.g. reading; Lead a healthy lifestyle with attention to exercise, diet, sleep and stress management

Cardiovascular capacity decreases	Reduced capacity for extended physical labour; reduced ability to adapt to temperature extremes	Adjust work in high or low temperatures and provide a controlled environment; assign and schedule workflow and breaks to avoid fatigue	Manage lifestyle appropriately; dress appropriately for temperature and conditions; avoid fatigue; use appropriate equipment
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4.8 Job design

According to Ilmarinen, “Employees can remain in worklife for a long time if the changes caused by ageing are taken into account and their tasks change according to their abilities” (2005:171).

While tasks requiring strenuous physical activity may exceed an older worker’s capacity (Spezia, 2008), Ilmarinen (2005) and others recommend altering the workload and tasks to fit changing capacities, such as offering reduced hours or days, modifying or reassigning tasks and providing adequate breaks and recovery time (Leibold and Voelpel, 2006). Recovery time is essential to maintaining health and wellbeing, so workloads needs to be adjusted to reflect changing abilities and functional capacities. The impact on productivity of a changing workload should be weighed against the risk of losing a worker entirely.

Jobs can also be designed to minimise the risk of injury, especially in older workers (Leibold and Voelpel, 2006). Job rotation is recommended, along with autonomy over method and pace (Spezia, 2002). Job rotation reduces musculoskeletal complaints and absenteeism, and improves performance in older assembly-line workers (Weichel et al 2010). The researchers also recommend redesigning workstations to fully tap the skills of impaired employees.

Employers can assess whether heavy lifting is really needed in a particular role, or if certain tasks can be eliminated (Department of Work and Pensions, 2008). A study in the construction field recommended reducing physical workload and making other job-specific accommodations, or risk a shortage of skilled workers (Welch et al, 2008).

Employers can supply assistive devices for arthritis sufferers plus encourage informal help from co-workers. They can also adjust schedules, as symptoms and the resulting impairment can be episodic rather than chronic (Gignac et al, 2001).

Flexibility and reduced hours are also important to help get the most out of older workers (Peeters and van Emmerik, 2008; Hjort, 1997; Prenda and Stahl, 2001; Koopman-Boyden and Macdonald, 2003; Leibold and Voelpel, 2006). According to a survey by the UK Equality and Human Rights Commission (2010), lack of flexibility and choice of hours and location are significant barriers, especially for those in poor health.

Control over work is very important for older workers – that is, pace, breaks, method and workload (Ilmarinen, 2005). Along with stimulating and varied work, control helps maintain mental fitness (Leibold and Voelpel, 2006). Research also suggests that greater autonomy and job control in high-demand jobs can help prevent stress, and, ultimately, early retirement (Shultz et al, 2010).

The following table is based on information from Ilmarinen (2005). and summarises age-management responses to specific physical changes that become more common with age.

Table 4.5 **Age-management responses to specific physical changes**

Functional deficiencies	Solutions
Musculoskeletal, respiratory and cardiovascular systems	Monitoring, identification, rehabilitation
Vision, hearing, musculoskeletal changes	Changes in work environment, provision of aids
Physical and mental factors that increase risk of illness and death	Recognise and organise appropriate care, make necessary lifestyle changes

4.9 Individuals

The most important thing individuals can do to maintain their functional independence and cognitive skills as older workers is take regular exercise and maintain their fitness (Ilmarinen, 2005; Nichols & Evangelisti, 2001; Boyce, 2008; Roper and Yeh, 2007; Hjort, 1997; Goedhard et al date; Prenda and Stahl, 2001; Hansson et al, 2001; Koopman-Boyden and MacDonald, 2003).

In addition, Hansson et al (2001) recommend monitoring any changes in abilities, developing coping strategies, and keeping skills current.

4.10 Summary table: Managing the health and functional capacity of an ageing workforce

We can sum up the various approaches to change managing an ageing workforce in terms of health and functional capacity in this table, derived from Leibold and Voelpel (2006:200).

Table 4.6 Keys to change

CEO/Board	Mindset/attitude change, the tone of internal and external communications
Management	Policy change e.g. recruitment, attitude change, knowledge management, training and development, culture change, mentoring
Process	Ergonomics and work arrangements such as flexible hours and project work
Individual	Motivation, attitudes, health, lifestyle

If such approaches are taken, older workers can be as productive as those much younger, and will be critical to helping companies remain competitive in future (Prenda and Stahl, 2001).

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Older workers and technology – the summary

1.0 The issues

- The use of technology in the workplace is increasing alongside the increase in the numbers of older people in the New Zealand workforce. If older employees don't remain up-to-date, their employment chances may be affected.
- Programmes designed to maintain or provide computer skills may increase older workers' employment opportunities.
- Stereotypes and assumptions around older workers' perceived lack of capacity to learn and use new technologies should be challenged by the facts: research shows that age is a poor predictor of technical learning capacity.
- The three main factors affecting how older workers respond to technology and learning new skills are self-confidence, the perceived benefit in terms of time left in the workforce, and the types of training approaches used.
- Those aged 50 to 64 currently in employment are more likely than workers of this age in the past to have been using computers for much of their working lives; they are used to learning new computer-related skills as technology changes.

2.0 Possible solutions

- Challenge age-related stereotypes, judgments around capability, and unhelpful cultural norms towards older workers, especially in IT-focused workplaces. Value and respect older workers.
- Understand that prior computer experience varies within age groups. Identify skill gaps and lift basic skill levels before requiring employees to undertake more advanced, specific training.
- Consider testing for relevant cognitive skills rather than basing computer-related employment decisions on chronological age.
- Adopt appropriate training strategies:
 - Promote continuous learning in workplaces;
 - Provide self-paced, hands-on training that is relevant to the job;
 - Nominate someone as a mentor whom the older worker feels comfortable approaching with questions that arise in the course of implementing their formal training. Mentors need to be able to converse at the level of the learner and to be non-judgmental, as most learning takes place through trial and error.

- Ensure that equipment and the work environment are appropriately designed for the needs of all workers.
 - Small, low-cost, easily implemented modifications to suit the needs of some older workers are very likely to benefit all workers, such as physical keyboards rather than touch-screens, a light-pen instead of a mouse, reduced screen clutter, increased display contrast and simpler menu structures.
- Modify task design to fit the specific abilities of individual workers.

Older workers and technology – the evidence

On the topic of older workers and technology, there was much less research and information available than for the other areas covered in this study, suggesting a need for further research into this area.

Mature workers and their workplace technology has perhaps become a more prominent issue in recent years as sectors such as manufacturing and retail have become more tech-heavy, and demographic changes see a decline of younger people entering the workforce at the same time as the numbers of older workers increase. Employers may previously have been able to rely on a steady stream of “digital natives” entering the labour force, but demographics tell us that this is not an option for the future.

1.0 The issues

1.1 Increased numbers of older workers and the increased use of technology at work

With an ageing population and workforce, together with skill shortages, there is a need to develop the technological and computer competence of those older workers who have not had experience earlier in their career (Reed et al, 2005). However, as in other areas, it is important to remember that not all older workers are lacking in these skills. Unlike earlier cohorts of older workers, many current older workers are likely to have been using computers for much of their working lives (Reed et al, 2005; Chan et al, 2001; Charness, 2006 Department of Education, Employment and Workplace Relations, 2011) and, according to Reed et al (2005), many perform at levels equal to or better than the average performance of younger people.

For many older workers, however, technological change is more disruptive than for younger workers, more likely to lead to job loss, to negative performance outcomes, or changes in tasks or conditions as a result of skills obsolescence which overrides any advantages of experience (Aubert et al, 2006; Chan et al, 2001; Malul, 2009). Workers aged over 45 are more likely to experience long-term unemployment than younger workers (Chan et al, 2001).⁶²

US data shows that the need for 55 to 60-year-olds to regularly use computers at work doubled from 1992 to 2002, from 19% to 40% (Ownby et al, 2008:170). It is likely that this trend has continued.

1.2 The need for training

Technological change increases the need for training and retraining of older workers. “The availability of training plays a mediating role in retirement decisions of workers facing technological change ... Older workers in industries with high rates of technological changes will retire later if on-the-job training is available” (Chan et al, 2001:283). However, in industries experiencing very rapid rates of technological change, or where workers have had less previous experience of technology, some older workers may

⁶² See the section Getting a job in this report

opt to retire sooner as the amount of training required appears an unattractive investment (Friedberg, 2003; De Koning and Gelderblom, 2006).

1.3 Stereotypes and assumptions about older workers and technology

While the provision of appropriate training may overcome many employers' beliefs that older workers lack computer literacy and the ability to use technology (Bittman et al, 2001; Malul, 2009; McGregor and Gray, 2002; Brooke, 2009), they may also hold negative stereotypes about older workers and training⁶³ (Brooke, 2009; Chan et al, 2001). Managers are gatekeepers to training, so if they believe that older workers are unwilling and unable to retrain, opportunities for training may be denied. In one case study, 40% of employees who had received no training in the previous 12 months said their manager did not allow them to participate in courses (Chan et al, p.282).

An organisation's cultural norms or attitudes towards older workers may in turn affect these workers' attitudes to technology (Morris and Venkatesh, 2000) and precipitate early retirement (Brooke, 2009). Confidence or self-efficacy are also negatively affected by the pace of technological change (Reed et al, 2005), indicating a need for support and encouragement; research shows a positive relationship between self-efficacy and technological performance (Reed et al, 2005; Fidishun, 2001).

Lack of self-efficacy (that is, low confidence in their ability) is a possible source of difficulty in mastering new technologies: "If somebody believes he or she is not capable of performing a task, he or she will not make the required effort and will not use the appropriate strategies in order to succeed." (Marquie et al, 2002:279).

Finally, there is a widespread belief that investment in training and upskilling of older workers in technology will not yield sufficient return on investment (Brooke, 2009; Ahituv and Aeira, 2010). This belief appears to be shared by many older workers themselves (Friedberg, 2003).

1.4 Fact: Age is a poor predictor of technical learning capacity

As with other aspects of ageing, there is not a fixed relationship between older workers and technology adoption, learning and usage. While as a group, older workers may be less confident and experienced with technology than younger workers, there is great variation within age groups, with some older workers doing just as well as younger colleagues (Reed et al, 2005).

Say Ownby et al (2008: 179-180): "It may not be age itself that affects performance in computer-related tasks, but age-related changes in other variables such as computer experience and cognitive abilities that predicts success in computer-related jobs". Cognitive abilities also vary within age groups and some abilities improve with age⁶⁴.

⁶³ See the section Older workers and training in this report.

⁶⁴ See the section Health, mental and physical capacity, and older workers' productivity and performance in this report.

One study found that while younger people were faster than older people in the use of a touch-screen keyboard, they were not more accurate (Wright et al, 2000).

2.0 Possible solutions

2.1 Challenge assumptions

Research suggests there is a need to challenge age-related stereotypes and capability judgments and change the cultural norms of workplaces about older workers and technology (Brooke, 2009; Reed et al, 2005).

Current employees aged 50 to 64 are also more likely than workers of this age in the past to have been using computers for much, if not most, of their working lives; they are used to frequent learning new computer-related skills as the technology changes.

A Canadian study⁶⁵ found that in both 1989 and 1994, workers aged 35 to 44 were the age group most likely to be using computers in the workplace (Chan et al, 2001:273). These people are now aged 52 to 66. Similarly, a US study from 2000 to 2004 found that 30 to 49-year-olds used computers to the same degree as those aged 18 to 29; those aged 50 to 64 used computers twice as much as earlier such cohorts.

A UK report claims mature-age people are the fastest growing users of information technology – and research supports their ability to learn new IT skills and adjust to introduction of new workplace technologies (Department of Education, Employment and Workplace Relations, 2011).

2.2 Test for skills and aptitude rather than basing employment decisions on age

Cognitive abilities and prior experience, which vary by individual rather than by age, are better predictors than age of the ability to learn or use technology (Ownby et al, 2008).

While information retrieval time might be slower, largely due to slower movement and declining spatial and visual abilities, (Freudenthal, 2001), in some cases older workers perform faster than younger ones, particularly where relevant prior experience of the substance of the task, even though it is conducted on a computer (Leonard et al, 2006).

2.3 Provide appropriate training

According to Leibold and Voelpel (2006:172), “The existing work environments of most organisations are not adjusted to the needs of elderly workers and many elderly workers are not adequately oriented or trained to cope with new technologies. With a rapidly ageing workforce, the importance of appropriate work environments and sound orientation and training in new technologies and tools are crucial”.

⁶⁵ Chan et al, 2001.

An Australian study found most employers in the business services sector hire on industry experience rather than computing skills (Bittman et al, 2001), suggesting a recognised need to train for technological skills once in a job. The authors of this report suggest that a programme designed to maintain or provide computer skills may increase older workers' employment opportunities.

While some studies have found little benefit from training (De Koning, and Gelderblom, 2006), others show that the way in which training is delivered to older workers is an important factor (Czaja and Hiltz, 2005; Morris and Venkatesh, 2000). For example, self-paced, hands-on training relevant to the task has been identified as an effective approach⁶⁶.

Those older workers who possess computer skills and who use computers in their jobs are less likely to retire and more likely to keep working (Friedberg, 2003; De Koning and Gelderblom, 2006), thus increasing the return on investment in training.

Research suggests that having someone to go to with questions once applying new skills is important, but the person in this mentoring role has to be supportive and able to converse at a level with which the learner is comfortable (Fidishun, 2001).

2.4 Promote life-long learning

The pace of technological change requires a constant upgrading of skills best met by the approach that learning needs to happen constantly throughout one's working life (Chan et al, 2001). Those who have the most difficulty learning throughout life are those who have had few experiences of education or training, or whose learning experience stopped early in their working life (Morris and Venkatesh, 2000)⁶⁷. Such employees may have a low base from which to build, compared to those who have been incrementally acquiring technological skills over a number of years.

2.5 Provide appropriate equipment and working environments

The needs and abilities of older workers must be considered in technology design: for example, screen design, input devices, commands and operating procedures (Czaja and Hiltz, 2005).

Interface developments that assist older people, such as physical keyboards rather than touch-screens, typically benefit younger users too (Wright et al, 2000), or supplying a light pen in place of a mouse (Charness, 2006). Deep menu structures are also less suited to older workers (Freudenthal, 2001).

Other ways of assisting older users are ensuring computer screens are not cluttered, font sizes are suitable, and the work space has sufficient lighting⁶⁸.

⁶⁶ See the section Older workers and training in this report.

⁶⁷ See the section Older workers and training in this report.

⁶⁸ See also the section Health, physical and mental capacity, and older workers' productivity and performance in this report.

According to Czaja and Hiltz (2005:44), “Ensuring older people are able to adapt successfully to technology requires detailed information on user preferences and needs, problems with existing systems and the efficacy of design solutions. Designers must become aware of the characteristics of older users and ensure systems are designed with their capabilities and limitations in mind.”

Given that visual impairment does increase with age, and that our workforce contains increasing numbers of older workers, it is important that the older workers’ needs are identified and considered in technological design. Such interventions are often low-cost and easily implemented, such as, for example, auditory feedback (sounds accompanying certain computer tasks) and increased display contrast (Leonard et al, 2006:329).

In some cases, it may be necessary to consider modifying task design to fit the specific abilities of individual workers (Ownby et al, 2008).

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Older workers and training – the summary

1.0 Background

Population ageing, pressure on welfare systems and projected labour shortages have led to a greater emphasis on extending the working lives of older workers – but this requires older workers to have the necessary knowledge, skills and abilities to remain productive.

Improving the employability of older workers through training and development to keep skills current is a necessary response to the combination of an ageing workforce and rapid technological change. But this requires businesses to adopt a continuous learning approach rather than prioritising one-off pre-employment qualifications. Most workers now need to continuously learn and adapt.

However, strongly-held negative stereotypes and myths about older workers' abilities and their willingness to learn new skills need to be addressed if the economy is to benefit from their skills and attributes.

2.0 Evidence

2.1 Older workers and participation in training and development

- Older workers are less likely to participate in training and development than younger workers.
- Older workers' participation in training varies by sex, previous education, and previous type of occupation. In some occupations, such as managerial/professional, those with previous successes in learning are more likely to keep learning. In other occupations, such as those requiring low levels of skills, those with no or few qualifications are more likely to participate as they "catch up" on what they missed.
- Older workers who participate more in development activities have had more opportunities to do so; where opportunities are not available or encouraged, participation is lower. Countries with cultures of lifelong learning have fewer age differences in training participation rates.
- Participation is also higher in countries with no fixed retirement age, such as New Zealand.

2.2 Lack of opportunities

- Older workers are less likely to be given the opportunity to train, or receive less support and encouragement to do so. When they are, training is less likely to be employer-financed.
- There is less performance management of older workers, which means their training needs may not be identified.
- Managers are gatekeepers to training, and if they hold stereotypes about older workers being unable or unwilling to train, opportunities may not be presented.

- Age stereotyping in relation to training and development opportunities could become increasingly actionable from a legal perspective.
- Stereotyped beliefs about the abilities of older workers have more impact on development outcomes than those about older workers' motivation. Stereotyped assumptions may affect older workers' confidence, thus reducing motivation.

2.3 Ability to learn

- The myth that older workers lose the ability to learn as they age is not substantiated by research.
- Rather than losing ability to learn, older workers learn in different ways.
- Individual differences, such as prior learning history, have more impact on the ability to learn than age effects.
- Over time, older workers have closed the skills gap with younger workers.

2.4 Motivation

Motivation appears to be lower in some older workers, but research uncovers many reasons for this that are amenable to change by an appropriate approach to workplace training and development. Other older workers report feeling frustrated at a lack of opportunities and development, when they consider themselves far from the end of their working lives.

- Motivation to train at older ages varies by previous education, skill level in previous type of occupation, such as professional versus manual, sex, and type of work task;
- Those with no post-school qualifications may lack confidence or may have had poor experiences with learning in the past;
- Others may also have found work-related or workplace training unsatisfactory in terms of content, subsequent application, prior discrimination or approach/method of delivery used;
- If there is a perceived lack of benefit to an older employee in terms of future promotion, pay increases and time left in the workforce, there is less incentive to participate in training;
- The needs and preferences of older workers are less likely to be accommodated where immediate supervisors and/or the majority of colleagues are younger, and older workers are less likely to feel respected, valued and motivated;
- Workplace policies and practices around older workers in the recent past have been aimed at moving them into retirement rather than staying in work.

2.5 Return on investment – time left in workforce

- This has been an issue for both employers and employees in the past, but is likely to change as older workers remain longer in the workforce. An OECD study shows countries where workers tend to work later in life also have higher levels of training for older workers.
- Higher levels of training for older workers also occurs when there are labour/skill shortages that drive a proactive approach to accommodating, attracting and retaining older workers, including providing appropriate training.

2.6 Benefits of training older workers

- Improves their employability.
- Improves their productivity.
- Improves their commitment to an organisation.
- Provides a solution to the projected labour and skill shortage, as the population ages and a declining proportion of young workers enter the labour market.

3.0 Solutions

An OECD report recommends that responsibility for maintaining the employability of older workers through skills updating should be shared between governments, employers, unions and older workers themselves.

3.1 Government action

- The OECD recommends the right to second-chance education, training and study leave and study loans. Similar recommendations exist in Australia.
- However, in New Zealand, the Government has cut student loans for those aged 55+ due to a low repayment rate in the past. “There isn’t enough time left in their working life to repay their student loans, and while we want people to retrain, we need to make sure they are not borrowing money that they’ll never get to pay back” (Stephen Joyce, Cabinet Minister, quoted in the *New Zealand Herald*, May 16, 2011).
- The UK government’s alternative approach is an accreditation programme for organisations offering/providing training initiatives at senior level or throughout employees’ working lives.

3.2 Employer action

“Employers need to move from a depreciation-model approach to older workers, where employers are reluctant to invest in older workers because they are viewed as costly and not making a valued contribution, to a conservation-model approach, where older workers are

viewed as assets who will continue to grow and be productive, provided they are adequately educated, trained and managed” (Armstrong-Stassen and Cattaneo, 2010: 359).

3.2.1 Improve training opportunities by:

- Removing arbitrary age bars on training and development;
- Promoting a supportive and lifelong learning culture, as this overcomes reluctance by employers and employees to invest in training older workers because of the perceived short time available to recoup investment. There is a need to start with 35-55 year olds in order to retain 55+ people with current skills;
- Monitoring uptake by age.

3.2.2 Choose appropriate training methods

“Improving access to training for older workers will have little effect if inappropriate training methods continue to be used. It is therefore important to tailor training methods to the learning styles and preferences of older workers” (Armstrong-Stassen and Templer, 2005:66).

Training should:

- Recognise individual differences in speed and style of learning, particularly at older ages. Allowing people to learn at their own pace may be slower, but gets results.
- Recognise the need to provide job-relevant content and work-task integration in courses, and practical workplace-based learning such as job rotation and project work. According to Wilke (2008:46), “meaning is a precondition of learning for older people, plus learning within framework of job related projects”.
- Recognise the need to adapt methods appropriate to style of learning preferred by many older workers, such as face-to-face learning, a hands-on approach and peer interaction.
- Short-form courses are recommended given older workers’ life stage; they may also need more learning time given prior education and experience.
- Recognise and reward successful learning.

3.2.3 Base targeted development on skills audits

- Make sure basic learning skills are acquired before moving to specific skills learning.
- Carefully target training. One 2006 UK study found older workers felt invisible to employers when it came to development. But when targeted development was delivered to meet their

needs, results showed greater motivation and energy and willingness to take on new roles and challenges.

- Demonstrate a commitment to workers, which activates or maintains the psychological contract between employer and worker – that is, the employee reciprocates with greater commitment in form of loyalty, staying in the job and making a greater contribution.
- Training in alternative jobs may be preferable to further training in current jobs for some older workers, such as those in manual or physical roles.

3.2.4 Challenge negative stereotypes and create a culture that values older workers

- Challenge negative stereotypes held by both employers and older workers themselves about their ability and willingness to train and learn new skills.
- Inspire others. Use positive role-models, case studies and research to show the value and achievements of older workers to change stereotypical beliefs.
- Ensure policies and procedures are designed to make older workers feel wanted and valued.
- Accommodate the needs and preferences of older workers in mixed-age workplaces.
- Encourage older workers to take control of own development, in consultation with managers.
- Engage older workers to become teachers and mentors – this recognises their skills and experience and leads to them feeling valued and motivated.
- Identify and recognise practical experience, knowledge and skills acquired in the workplace – that is, informal skills, not just formal qualifications

3.2.5 Offer age-management training and require accountability from managers

- Provide age-awareness training to managers and how to effectively manage older employees, especially where managers or immediate supervisors are younger than employees reporting to them. Supervisors need to treat older employees with respect and make them feel valued.
- Make managers accountable for equitable training and development.
- Recognise that training improves engagement and should be a normal part of performance management.

Older workers and training – the evidence

1.0 Background

Population ageing, pressure on welfare systems and projected labour shortages have led to greater emphasis on extending the working lives of older workers – but this requires older workers to have the necessary knowledge, skills and abilities to remain productive (Armstrong-Stassen and Cattaneo, 2010: 358).

Improving the employability of older workers through training and development to keep skills current is a necessary response to our ageing workforce (OECD, 2006). Training and development opportunities are increasingly important as workplace changes and technological changes require training to narrow the gap between a job's requirements and the skills and needs of an older worker.

This requires a continuous lifelong learning approach rather than an emphasis on one-off pre employment qualifications – most workers now need to continuously learn and adapt (Maurer & Rafuse, 2001; OECD, 2006; Chan et al, 2001; Advisory Panel on the Economic Potential of Senior Australians, 2011).

However, strongly-held negative stereotypes and myths about older workers' ability and willingness to learn new skills need to be addressed if this is to occur (Maurer & Rafuse, 2001; Newton 2006).

2.0 Research insights

2.1 Participation

Older workers are less likely to participate in training and development than younger workers (OECD, 2006b; CIPD, 2011; Newton, 2006; Fouarge and Schils, 2009; Taylor and Urwin, 2001; Urwin 2006; Cully et al, 2000; Felstead, 2010). In a UK study, workers aged 55+ were less likely to have participated in training in the previous two years: just over half of those aged 55-64 and less than half aged 65+, compared to 75% of 25-34 year olds, and 60-61% of 35-54 year olds (CIPD, 2011:5). Yet older workers in this study, especially those aged 65+, were more likely than middle-aged or younger workers to say that the training they received had helped them a lot in their daily work role.

Participation rates of older workers in training vary by previous education level, type of job (professional versus manual), and gender (Pillay et al, 2006; Newton, 2006; Taylor, 2008; Taylor and Urwin, 2001). In some areas, such as managerial/professional, those with previous success in learning are more likely to keep learning. In other areas, such as low-skill areas, those with few or no qualifications are more likely to participate as they "catch up" on what they missed (Fouarge and Schils, 2009; Taylor, 2008).

Participation was also higher in countries with no fixed retirement age, like New Zealand (OECD, 2006b), and countries with a culture of lifelong learning had fewer age differences in training participation (Fouarge and Schils, 2009). Older workers who participated more in development activities also had more opportunities to do so (Armstrong-Stassen and Schlosser, 2008).

2.2 Lack of opportunities

Older workers are less likely to be given the opportunity to train, or less support and encouragement to do so (Maurer et al, 2007; Maurer and Rafuse, 2001; Cully et al, 2000; Barth, 2000; Chan et al, 2001; Felstead, 2011; Urwin, 2006; Taylor and Urwin, 2001; Spezia, 2002). If they are encouraged, the training involved is less likely to be employer-financed (Urwin, 2006). There is also less performance management of older workers (CIPD, 2001), which means their training needs may not be identified.

A comprehensive multi-method UK study showed there was clear evidence of an association between age and the amount of training offered to and received by workers. Employees aged 55+ were less likely to participate in training or be offered opportunities to train (Newton, 2006:93).

Managers are gatekeepers to training and if they hold stereotypes about older workers being unable or unwilling to train, may not offer the opportunity (Chan et al, 2001; Davey, 2006). In the US, there are warnings that age stereotyping in relation to training and development opportunities could become increasingly actionable from a legal perspective (Maurer et al, 2007).

US research also shows that stereotyped beliefs about ability of older workers have more impact on development outcomes than those about motivation, by affecting older workers' confidence and thus reducing motivation (Maurer et al, 2007).

2.3 Ability to learn

The myth that older workers lose the ability to learn as they age is not substantiated by research (Turner and Williams, 2005; Moseley and Dessinger, 2007). Studies conducted by the American Association of Retired Persons found no evidence that learning ability declines before age 75 (Moseley and Dessinger, 2007:81). Rather than losing the ability to learn, older workers learn in different ways (Moseley and Dessinger, 2007; Newton, 2006; Armstrong-Stassen, M. and Templer, A. 2005; EEO Trust, 2008b; Davey, 2006). In particular, it may take older workers longer to learn as they may have to 'unlearn' things first (Moseley and Dessinger, 2007).

Any changes in cognitive function related to the learning process are minor and there are also large individual differences in the ability to learn at older ages (Maurer et al, 2007; Moseley and Dessinger, 2007), some of which is related to prior learning history (Department for Work and Pensions, 2001; Maurer, 2001). It is also not clear whether such differences are due to age per se, or related factors such as prior learning, motivation and training methods (Cully et al, 2000).

A large-scale longitudinal study in Europe found that those with mentally demanding jobs that also offer opportunities to learn new skills benefited from improved cognitive functioning as they aged. Those who did not get learning opportunities or mentally demanding work lost mental ability (Marquie et al, 2010).

There is also evidence that in some areas, including those involving technology, older workers have closed the skills gap with younger workers (Felstead, 2011; EEO Trust, 2008; 2008b).

2.4 Motivation

Motivation and engagement are affected by organisational policies and culture, as well as self-stereotyping and the perceptions of others (Hewitt, 2009).

Motivation to participate in training appears to be lower in some older workers (Stamov-Rossnagel and Hertel, 2010; Felstead, 2010), with some not taking opportunities when they are available (Newton, 2006; Urwin, 2006; Taylor and Urwin, 2001). But research uncovers many reasons for this that are amenable to change by an appropriate approach to training and development in the workplace, as outlined below.

Other older workers feel frustrated at a lack of opportunities and development when they consider themselves far from the end of their working lives (Hewitt, 2011). A recent global workforce survey of nearly 100,000 people in 30 countries found that over 50% of baby boomers believed that ongoing skills development was essential to their careers (Kelly Global Workforce Index, 2011:19). One UK study found that older workers (55+) were more motivated than younger people – a total of 89% said, “I get a buzz from learning” (Moseley and Dessinger, 2007: 82).

Motivation to train at older ages varies by previous education, whether the workers held managerial/professional or manual jobs, their gender and the type of work task (Pillay et al, 2006 & 2008; Stamov-Rossnagel and Hertel, 2010). Those with no post-school qualifications may lack confidence or may have had poor experiences with training in the past, while professionals who were used to on-going training were generally more positive (OECD, 2006b; Taylor, 2008; Irving et al, 2005; Newton, 2006; Maurer, 2001; Randle et al, 2008; Department for Work and Pensions, 2001).

Other workers may also have found work-related or workplace training unsatisfactory in terms of content, subsequent application, approach/method, or prior ageist stereotyping and discrimination. (Encel and Studencki, 2004; Newton, 2006; Taylor, 2008; Department for Work and Pensions, 2001).

Incentives for older workers to participate in training may be reduced by a perceived lack of benefit in terms of future promotion and pay increases given their time left in the workforce (Felstead, 2010 & 2011; Cully et al, 2000), or a lack of awareness of the need (Newton, 2006; Cully et al, 2000).

Older workers may also internalise negative stereotyping about their abilities and motivation, which causes them to lose motivation and confidence (Maurer and Rafuse, 2001; Maurer, 2001). Negative stereotyping, where immediate supervisors and/or the majority of colleagues are younger, may also result in the needs and preferences of older workers being less likely to be accommodated and older workers less likely to feel respected, valued and motivated (Armstrong-Stassen and Lee, 2009; Hewitt, 2011).

Previously, workplace policies and practices around older workers have been aimed at moving them into retirement rather than staying in work, resulting in a direct relationship between increasing calendar age and falling workplace motivation (Hewitt, 2009). As the wider environment moves to a culture of encouraging older workers to remain longer, so their motivation to keep their skills relevant through training may increase rather than reduce.

Kroll (2003: 365) concludes, on the basis of research into the perceived lack of motivation in older workers, that “There is, then, little truth in the common prejudice that a general reluctance to engage in training is characteristic of older people. It can certainly not be called upon as a legitimate basis on which to justify hindering older people’s competency development.”

2.5 Return on investment – time left in the workforce

Concerns about the return on investment in training older workers have been an issue for both employers and employees in the past (OECD, 2006; Urwin, 2006; Maurer and Rafuse, 2001; Newton, 2006; Cully et al, 2000; Encel, 2000; Felstead, 2011; Spezia, 2002).

But that is likely to change as older workers remain longer in the workforce, as has been happening in New Zealand over the past 20 years. An OECD study (2006b) shows countries where employees tended to stay in work later in life also had higher levels of training for older workers.

Higher levels of training for older workers also occurs when there are labour and skill shortages that drive a proactive approach to accommodating, attracting and retaining older workers, including providing appropriate training (Armstrong-Stassen and Lee, 2009).

2.6 Benefits of training older workers

In the context of an ageing population with a smaller cohort of young workers coming through, rather than being a poor return on investment, training of older workers is likely to have benefits. It can:

- Improve their employability (OECD, 2006 & 2006b; Fouarge and Schils, 2009; Kroll, j2003).
- Improve productivity (Cully et al, 2000; Unum Chief Medical Officer report, 2008).
- Improve their commitment to an organisation (Hewitt, 2009; Armstrong-Stassen and Ursel, 2009).
- Provide a solution to the projected labour and skills shortage (Newton, 2006; Hewitt, 2009; Armstrong-Stassen and Cattaneo, 2010; Armstrong-Stassen, M. and Ursel, N. 2009; Armstrong-Stassen, M. and Lee, S., 2009).

3.0 The way forward

An OECD report (2006b) recommends that the responsibility for maintaining employability of older workers through skills updating should be shared between governments, employers, unions and older workers themselves.

3.1 Government action

The OECD recommends the right to second-chance education, training and study leave and study loans (2006b). Similar recommendations have been made in Australia (Cully et al, 2000). A recent report on the economic potential of senior Australians recommends the government work in conjunction with employer and employee organisations to examine mechanisms to support older workers to take up training and up-skilling opportunities, such as educational leave and financial or tax assistance

(Advisory Panel on the Economic Potential of Senior Australians, 2011; National Seniors Australia, 2011b). An alternative approach by the UK government is an accreditation programme for organisations providing training initiatives at senior level or throughout working life (Cully et al, 2000).

This is a contrast to the situation in New Zealand, where eligibility for student loans has been reduced for those aged 55+, based on a previous low repayment rate and concern that these workers will not be in the workforce long enough to repay loans⁶⁹. This view appears to be based on past trends in the labour force participation of older workers, rather than current and projected future trends in a markedly different workforce demographic environment.

In countries that do not have a fixed retirement age, such as New Zealand, both older workers and employers are more likely invest in training because they can expect greater returns as workers spend longer in the workforce (Fouarge and Schils, 2009: 106).

3.2 Employer action

“Employers need to move from a depreciation-model approach to older workers, in which employers are reluctant to invest in older workers because they are viewed as costly and not making a valued contribution, to a conservation-model approach, where older workers are viewed as assets who will continue to grow and be productive, provided they are adequately educated, trained and managed” (Armstrong-Stassen and Cattaneo, 2010: 359).

We can look at ways in which workplaces can remove barriers to training and development for older workers through five broad themes: opportunities, methods, targeting, workplace culture and management.

3.2.1 Create training opportunities

- Remove arbitrary age bars on training and development (Hewitt, 2009).
- Monitor uptake by age (Newton, 2006)
- Promote a supportive and lifelong learning culture (OECD, 2006 & 2006b; Maurer & Rafuse, 2001; Taqi, 2002; Yeatts et al, 2000; Encel, 2000; Chan et al, 2001; Hewitt, 2009 & 2011; Advisory Panel on the Economic Potential of Senior Australians, 2011).
 - This overcomes reluctance by employers and employees to invest in training older workers because of the perceived short time available to recoup investment (OECD, 2006).
 - There is a need to start with 35 to 55-year-olds in order to retain 55+ workers with current skills (Kroll, 2003; OECD, 2006b).

⁶⁹ Tertiary Education Minister Steven Joyce quoted in *New Zealand Herald* online article by Adam Bennett, 16/5/2011.

- Countries with well established traditions of lifelong learning, such as Denmark and Finland, have less difference in training by age (Fouarge and Schils, 2009: 106).
- In an Australian survey of 1000 mature-age workers, 80% said their decision to remain in the workplace was affected by whether an organisation was supportive of their learning and development needs. A total of 80% of those not currently employed said such attitudes would affect their decision to return to the workplace (Diversity Council of Australia, 2008:4, 9).
- The employee qualities ranked in the top 15 of 29 possible qualities in a US survey of HR execs (Maurer & Rafuse, 2001:111) were:
 - Up-to-date skills;
 - Willingness to participate in training programmes;
 - Willingness to try new approaches;
 - Willingness to learn and comfort with new technology.

Another US survey reported by Maurer and Rafuse (2001) showed that employees who were most valued were those who maintained their skills.

3.2.2 Adopt appropriate training methods

“Improving access to training for older workers will have little effect if inappropriate training methods continue to be used. It is therefore important to tailor training methods to the learning styles and preferences of older workers” (Armstrong-Stassen, M. and Templer, A., 2005:66).

- Understand that older workers are diverse, so a one-size-fits all approach to training will not work (Venneberg and Wilkinson, 2008; Pillay et al, 2006 & 2008).
- Recognise individual differences in speed and style of learning (Moseley and Dessinger, 2007; Newton, 2006; Department for Work and Pensions, 2001; Yeatts et al, 2000; Armstrong-Stassen, and Templer, 2005; Maurer, 2001). Provide job-relevant content and/or work-task integration in courses and practical workplace-based learning, such as job rotation and project work (Randle et al, 2008; Koc-Menard, 2009; Barth, 2000; Moseley and Dessinger, 2007; Wilke, 2008; OECD, 2006 & 2006b; Newton, 2006).
 - According to Wilke, “meaning is a precondition of learning for older people, plus learning within a framework of job-related projects” (2008:46).
 - Research on motivation indicates that “adults of all ages are motivated to learn what is relevant and beneficial to them” (Moseley and Dessinger, 2007:82).
- Adapt methods appropriate to the style of learning preferred by older workers. For example, some older people prefer face-to-face learning, a hands-on approach or peer interaction (OECD, 2006 & 2006b; Armstrong-Stassen, and Templer, 2005; Ministry of Social Development 2009; Moseley and Dessinger, 2007; Kroll, 2003; Newton, 2006; Yeatts et al, 2000; Randle et al, 2008;

Encel and Studencki, 2004; Davey, 2006). Kroll (2003) points out that much available training is not suited to older people's learning needs or their way of learning, and acts to unintentionally exclude them. The Ministry of Social Development report also noted the need for training to be culturally appropriate for New Zealand's older Māori and Pacific workers. An Australian report identified the need to provide training in a way that is appropriate for those with low levels of prior formal learning (Advisory Panel on the Economic Potential of Senior Australians, 2011).

- Allow people to learn at their own pace – this is often slower, but gets results (Moseley and Dessinger, 2007; OECD, 2006b; Armstrong-Stassen, and Templer, 2005; Department for Work and Pensions, 2001; Yeatts et al, 2000). Research suggests older workers learn best when they can learn at their own pace (Yeatts et al, 2000:575).
- Aim for short-form courses, not long courses. Older workers may also need less learning time given prior learning and experience (Urwin, 2006; OECD, 2006b; Pillay et al, 2008; Newton, 2006). Davey (2006) concluded from her review that older workers learned best when training programmes built on existing knowledge.

An Australian report (Advisory Panel on the Economic Potential of Senior Australians, 2011) recommended modular training packages with built-in mechanisms to recognise existing skills and experience. This allowed workers to gain skills and qualifications relevant to the contemporary economy without undertaking full courses over a year or longer.

- Recognise and reward successful learning by older workers (Maurer, 2001).

3.2.3 Target development based on skills audits

- Recognise diversity within the older age group and target interventions appropriately (OECD, 2006b; Pillay et al, 2006).
- Undertake skills audits to identify what specific training is needed (OECD, 2006b). Make sure basic learning skills are acquired before moving to specific skills learning (Maurer, 2001) and recognise and build on prior learning (Pillay et al, 2008; OECD, 2006b).
- Target development appropriately. One 2006 UK study found older workers felt invisible to employers when it came to development. But when targeted development was delivered to meet their needs, they showed greater motivation, energy and willingness to take on new roles and challenges (Hewitt, 2009:89).
- Targeted development demonstrates commitment to the worker, which activates or maintains the psychological contract between employer and worker – as in, the worker reciprocates with greater commitment in form of loyalty, staying in the role longer and making a greater contribution (Armstrong-Stassen and Ursel, 2009; Armstrong-Stassen and Lee, 2009).
- Recognise a need for a lifelong-learning approach targeted at specific labour-market problems and the learning capacities of older workers (Encel, 2000; Taqi, 2002; OECD, 2006b).

- Recognise that training that is targeted and has a strong on-the-job element is most likely to be successful (OECD, 2006b).
- Accept that training in alternative jobs may be preferable to further training in current jobs for some older workers, such as those in manual or physical roles (Pillay et al, 2006).

3.2.4 Challenge negative stereotypes and create a culture that values older workers

- Challenge negative stereotypes held by both employers and older workers themselves about their ability and willingness to train and learn new skills (Maurer et al, 2007; Maurer, 2001; Hewitt, 2009; Taqi, 2002).
- Inspire others. Use positive role-models, case studies and research to show the value and achievements of older workers to change stereotypical beliefs (Maurer, 2001; Maurer et al, 2007; Hewitt, 2009; Department for Work and Pensions, 2001).
- Audit policies and workplace culture for age bias and ensure policies and procedures and workplace culture are age-neutral and designed to make older workers feel wanted and valued (Hewitt, 2009; Armstrong-Stassen and Schlosser, 2008; Armstrong-Stassen and Ursel, 2009; Maurer and Rafuse, 2001). In particular ensure the needs and preferences of older workers in mixed-age workplaces are accommodated (Armstrong-Stassen and Lee, 2009).
- Identify and recognise practical experience, knowledge and skills acquired in the workplace – that is, informal skills not just formal qualifications (Hewitt, 2011; Kroll, 2003; Randle et al, 2008; Newton, 2006).
- Engage older workers as teachers and mentors. Recognition of their skills and experience leads to feelings of being valued and motivated (Hewitt, 2009 & 2011; Kroll, 2003; Department for Work and Pensions, 2001; Stamo-Rossnagel and Hertel, 2010; Felstead, 2011).
- Encourage older workers to take control of own development in consultation with managers (Hewitt, 2009).

3.2.5 Provide age-management training and accountability for managers

- Provide age-awareness training to managers and information on how to effectively manage older employees, especially where managers and immediate supervisors are younger than employees reporting to them. Underline the need to treat mature workers with respect and make them feel valued (Armstrong-Stassen and Lee, 2009). According to Armstrong-Stassen and Templer (2005), age-awareness training for managers is the initiative most needed to close the gap between the practices that retain older workers and the extent to which they are being implemented by organisations.

- Train managers in age discrimination training and the effects of stereotyping, then make managers accountable for equitable training and development (Maurer and Rafuse, 2001).
- Understand that training improves engagement and should be a normal part of performance management (Newton, 2006).

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Managing an ageing workforce – the summary

1.0

“Organisations that have developed flexible and positive policies and practices for the management of older employees should have a decided marketplace advantage.”

(Hedge, 2008:121)

- Employers need to address both the challenges and opportunities of an ageing workforce due to increased life expectancy, declining birth rates and the ageing of the large baby-boom cohort.
- The implications of an ageing workforce will vary across organisations and industries.
- Organisations need to gather information on their workforce age profile and its needs, then implement integrated strategies for recruitment, performance management, reward systems, training and development, working arrangements such as flexibility, working conditions, job design and health promotion.⁷⁰

2.0 Steps to managing an ageing workforce

1. Recognise that not all older people are the same – there is variation within all age groups, but especially at older ages. In particular:
 - Productivity and performance are not age-related;
 - Not all older workers have poor health or physical or mental declines at same degree and rate, but there is a need to accommodate those who do;
 - On technology, age is a poor predictor of technical learning capacity;
 - On training, older workers are not unable or unwilling, but they need opportunities and appropriate formats.
2. Ensure that leaders communicate the business case for proactively managing an ageing workforce – emphasise how mature workers represent an increased labour pool and fewer skills shortages, help reduce turnover and hold down recruitment costs, knowledge retention; customer profile matching.
3. Make sure you know the age profile of your workforce and consider running surveys or having conversations about their needs and plans.
 - Align information with organisational goals and identify gaps and needs.

⁷⁰ See the section Health physical and mental capacity and older workers’ productivity and performance in this report.

4. Lead attitude change – challenge discrimination, age stereotyping and bias.
 - Correct stereotypes with research-based evidence and by exposing workers to examples and role models that do not fit stereotypes.
5. Create a workplace culture that values and respects age and experience.
6. Provide diversity training and communication on age, especially for managers, and link this to key performance indicators – ensure age is incorporated into an organisation’s diversity strategy.
7. Audit all policies and procedures through an age lens.
 - Include recruitment, training, performance management and promotion;
 - Ensure practices and decisions are based on individual needs and abilities, not on age.
8. Offer flexible working arrangements.
 - Flexible or reduced hours, extended leave and carer’s leave, phased retirement, special projects, and home-based working are key ways in which older workers can continue to work while balancing health needs, caring responsibilities and other lifestyle preferences.
 - Mature workers’ availability must be communicated to colleagues
 - Innovative working arrangements and career paths can also be used to retain older workers and ensure younger workers still have opportunities.
9. Ensure working environment and conditions are appropriate.
 - Make adaptations to meet the needs of older workers as identified by research, from the broad areas of reducing noise and maintaining adequate temperatures through to specific ergonomic adjustments and preventative measures and adjustments in workloads and the way work is organised.
10. Ensure good job design.
 - A key aspect of workplace adaptation is adapting the way specific jobs are designed to fit the changing needs and capacities of older workers where necessary.
 - Examples are using technology to reduce physically demanding tasks, adjusting the pace of work and the scheduling of breaks, and pairing older workers and younger workers to draw on the strengths of each in terms of knowledge and experience and physical capacity.
 - Such adaptations have been shown to be cost-effective through improved performance, lower claims and reduced medical costs.
11. Promote good health at work and elsewhere.

Offer wellness and fitness programmes and medical checks. Preventative approaches to workforce health can avoid work-induced health problems and absences and also maximise and accommodate functional capacity.

Managing an aging workforce – key issues in detail

1.0 Introduction

An older workforce is the reality now and for the future. This is the result of a reduced number of young people entering the workforce due to declining birth rates and the large baby-boom cohort approaching retirement age. These shifts will also mean a reduction in the growth of the New Zealand labour force.

However, a number of researchers have noted that not enough employers are paying attention to the implications for their organisations. They recommend that employers who wish to be competitive need to become more proactive around managing the challenges and opportunities of an ageing workforce (IBM, 2004; Alker, 2006).

“Organisations that have developed flexible and positive policies and practices for the management of older employees should have a decided marketplace advantage”
(Hedge, 2008:121).

Older workers have traditionally been discriminated against and their talents wasted due to false assumptions and negative stereotypes regarding their skills and performance (Department of Work and Pensions, 2001). This is exacerbated by a lack of access to lifelong learning to prevent skill obsolescence. The reality is that older workers bring business benefits, such as lower turnover and absenteeism and high levels of life experience, reliability, commitment and good people skills.

While this chapter contains some universal recommendations, specific recommendations are included for certain sectors. However, all organisations need to begin in the same way, by gathering information on the age profile of their workforce, and workers’ needs and plans. The next step is to create and implement integrated, coherent, comprehensive strategies that cover recruitment, performance management, reward systems, training and development and working arrangements such as flexibility (Hedge, 2008; Beck, 2011).

2.0 Steps to managing an ageing workforce

The starting point to managing an older workforce is to understand that there is wide variation among older workers. Workplace decisions and practices need to focus on individual abilities and needs, rather than older worker as a group (CIPD, 2010:71).

2.1 Understand the facts about older workers

Research tells us that:

- Productivity and performance are not age-related.

- Not all older workers have poor health or physical or mental declines at the same degree and rate, but at the same time there is a need to accommodate those who do.
- Age is a poor predictor of technological ability.
- Older workers are not necessarily unable or unwilling to participate in training and learning new skills – they just need to be given the same opportunities to participate as younger workers and have the training delivered in a format that is appropriate to their age and prior experience.

2.2 Leaders must communicate the business case for valuing older workers

Successful management of an ageing workforce, as with other aspects of workforce diversity, requires leadership from senior management, which means leaders need to become aware of the business case for doing so. (Top Drawer Consultants, 2008; Hedge, 2008; Kunze et al, 2011; Piktialis, 2007; CIPD, 2010; Business Council of Australia, 2003; Department of Employment and Workplace Relations, 2004).

Business benefits of leveraging the skills and talents of older people includes an increased labour pool and fewer skill shortages; reduced turnover and recruitment costs; knowledge retention; customer profile matching and customer service skills (Business Council of Australia, 2003; Davey and Davies, 2006).

2.3 Collect information on your organisation’s age profiles and worker needs and preferences

A first step is to collect data on your organisation’s age profile (Kunze et al, 2011; Pitt-Catsouphes, et al, 2009; Department of Education, Employment and Workplace Relations, 2011) as well as information on national occupational age and gender.⁷²

Then consider how your organisation’s age profile aligns with your organisational goals and identify any areas in need of improvement (Pitt-Catsouphes, et al, 2009; Department of Education, Employment and Workplace Relations, 2011; IBM, 2004). The next step is to develop an action plan (Top Drawer Consultants, 2008), which may include looking for creative solutions, such as mid-career hires rather than focusing on graduate programmes (Pitt-Catsouphes, et al, 2009).

Employers are encouraged to carry out surveys or discuss worker needs and plans to avoid mass retirement and a sudden loss of institutional knowledge and skills (Kunze et al, 2011; Rappaport et al, 2003; Pitt-Catsouphes, et al. 2009; Department of Education, Employment and Workplace Relations, 2011; Fleites and Valentine, 2007; Piktialis, 2007; Business Council of Australia, 2003; Commonwealth of Australia, 2003; IBM, 2004). Undertake regular skills audits to identify what skills are needed and offer retraining regardless of age (Department of Employment and Workplace Relations, 2004).

⁷² See [Workplace Age and Gender: Trends and Implications](#) (EEO Trust, 2009).

Creating an action plan for managing an ageing workforce

The Australian publication [*Age Can Work: A Business Guide for Supporting Older Workers*](#) (Business Council of Australia, 2003) contains a list of useful questions to guide your thinking.

Among them:

- Does your company monitor the age profile of its employees?
- Does your company have a balanced spread of employees across age cohorts?
- Does your company monitor the age profile of applicants and new recruits?
- Has your company reviewed its recruitment procedures to ensure that age discrimination is eliminated?
- Are age diversity policies and strategies and their benefits well communicated internally and externally?
- Does your company incorporate age in diversity policies, strategies and training?
- What will the future age profile of your company look like?
- Does your company understand the retirement intentions of its mature-age workers?
- Do you help employees plan for the future?
- Do the mature-age workers in your company have relevant and up-to-date skills?
- Does your company monitor training take-up and completion rates among mature-age workers?
- Does your company monitor promotion outcomes by age?
- Does your company encourage and monitor job rotation?
- Does your company provide phased retirement opportunities?
- What will be needed to support an ageing workforce and foster retention?
- How will you maintain skills and experience in your company over time?
- Do your current strategies or procedures discriminate against older workers?

Another useful publication is [*Investing in experience. A practical guide to employing and managing mature age workers*](#). Department of Education, Employment and Workplace Relations, Commonwealth of Australia/ Australian Government, 2011).

2.4 Lead attitude change: Deal with discrimination, age stereotyping and bias

Numerous sources note the need for attitude change by employers and managers towards older workers (Hedge, 2008; Kunze et al, 2011; Department of Education, Employment and Workplace Relations, 2011; Piktialis, 2007; Hudson, 2004; Top Drawer Consultants, 2008; Beck, 2011; Davey and Davies, 2006; Taylor, 2003). This includes dealing with age stereotyping and bias, as well as more overt discrimination.

“The key issue is attitude change. This needs to be driven by CEO and senior management and pushed through the organisation with middle management as catalyst” (Department of Employment and Workplace Relations, 2004:6).

Perceived age discrimination has been linked to early retirement or reduced commitment to an organisation, which in turn impacts on productivity and performance (Snape and Redman, 2003). Thus to retain older workers and their productivity, organisations need to address age discrimination.

As well as developing formal policies to address age discrimination (Department of Work and Pensions, 2001), this involves correcting stereotypes with research based evidence (Hedge, 2008) and exposing staff to examples and role models that do not fit stereotypes (Dearmond et al, 2006).

2.5 Create a workplace culture that values and respects age

The aim should be to create a culture that values and respects age and experience (Hedge, 2008; Kunze et al, 2011; Rappaport et al, 2003; Piktialis, 2007; Davey and Davies, 2006; Top Drawer Consultants, 2008). Research carried out within New Zealand organisations identified the following as indicative of such a culture: The age range of managers and new recruits, of those who lead, of those who get interesting work, of those promoted, and of those who provide advice, and have input into decision-making.

2.6 Provide diversity training and awareness on age, especially for managers

The first step in achieving attitude and culture change is to provide age-related diversity awareness and training, especially for managers (Hedge, 2008; Kunze et al, 2011; Piktialis, 2007; CIPD, 2010) as well as making age a diversity management key performance indicator (Business Council of Australia, 2003). Organisations should look at how effectively age-related issues are addressed in diversity strategies (IBM, 2004) and provide information on the heterogeneity of older workers as part of age-discrimination and bias- recognition training (Ball, 2011; Hedge, 2008; Department of Work and Pensions, 2001).

The more common stereotypes and incorrect assumptions about older workers relate to their perceived productivity, capacity and learning and technological ability.

2.7 Audit all policies and procedures through an age lens

The next step in the process of creating an age-neutral workplace is to audit all policies and procedures through an age lens (Kunze et al, 2011; Business Council of Australia, 2003; Top Drawer Consultants, 2008). This means ensuring that recruitment, training, promotion and performance management decisions and practices are based on individual needs and abilities, not age.

2.7.1 Recruitment

At a broad general level, Drake (2007) advises organisations determine why they need to manage age in recruitment (for example, to expand the talent pool). The next step is to collect data and monitor

recruitment outcomes for age bias. It is important that age data for diversity monitoring purposes is collected separately from application forms; prospective employees are not obliged to comply (for more guidance, see the EEO Trust resource Recruiting and selecting talent)⁷³. Educate those involved in the recruitment process in age-neutral approaches that avoid age stereotyping and bias.

At the more specific levels of job specifications, advertising, interviewing and selection decisions, Top Drawer Consultants (2008) in New Zealand, the UK Department of Work and Pensions (2001 & 2008), the Diversity Council Australia (2007) and Business Council of Australia (2003) recommend the following approaches:

Job specifications

- Should not use criteria that discriminate overtly or covertly on basis of age e.g. formal qualifications versus the experience to do the job;
- Should not include implicit or explicit references to age in wording or images – e.g. photos of people should show a mixed age range;
- Should state that all applications will be considered regardless of age – and make sure recruitment agencies get that message too.

Advertisements

- Should not use explicit or implicit discriminatory language, such as asking for a mature worker or a school-leaver;
- May want to highlight an organisation's flexibility provisions, as this can be attractive to older workers;
- Should be placed to reach a wide range of applicants, such as in community newspapers.

In making selection decisions

- Remove age information from documents used in selection, but where possible collect and keep the data separately in order to monitor for selection bias;
- Use telephone short-listing to reduce bias based on appearance;
- Focus on skills required, rather than making age-related assumptions that may be wrong;
- Focus on what needs to be achieved, rather than how it is done.

Interviewer and selection panels

- Train interviewers in age-neutral methods and how unintentional bias can lead to discrimination;
- Ensure the focus remains on job-related skills and abilities, not age;

⁷³ <http://www.eeotrust.org.nz/toolkits/recruiting.cfm>

- Should identify a candidate's previous job-related experience.

2.7.2 Training⁷⁴ and technology⁷⁵

Maintaining skills currency and relevancy is crucial to enabling older workers' continued employment, performance and productivity (Hedge, 2008)⁷⁶. To ensure this occurs, employers need to offer equal training opportunities for all ages and encourage a culture of lifelong learning (Business Council of Australia, 2003; Department of Employment and Workplace Relations, 2004; Hudson, 2004; IBM, 2004; Beck, 2011; Ball, C. 2011; Hirsch, D. 2005; Barnes, et al, 2009; Top Drawer Consultants, 2008; Taylor, 2003).

Chronological age is a poor predictor of technical learning capacity; rather, the main factors affecting how older workers respond to technology and learning new skills are a combination of self-efficacy, self-belief and self-confidence, the perceived benefit in terms of time left in workforce, and the training approaches used.

To encourage the uptake of training opportunities, delivery methods need to be appropriate, such as self-paced and on-the-job formats that are relevant to the job the job being undertaken, and teaching that relates to worker's previous experience (Department of Education, Employment and Workplace Relations, 2011; Department of Work and Pensions, 2001; Top Drawer Consultants, 2008).

Assistance with leave from work, tax concessions and other forms of financial assistance should be considered for skills development of older workers to meet skills needs in the economy (Advisory Panel on the economic potential of senior Australians, 2011; Barnes, et al, 2009).

For employers to usefully invest in training for older workers, they need to shift from a depreciation model of 'investment in older workers' to one of 'renewable assets with return on investment' if older workers' training is managed in such a way as to maintain their fit with a job (Hedge, 2008). It is suggested that employers adjust their thinking about a realistic pay-back period to three to five years for all age groups – young people do not stay with an employer for life any more, and their turnover is higher than for older workers. For example, someone who undergoes training in their 50s could be in the workforce another 10 to 15 years (Department of Employment and Workplace Relations, 2004).

Hedge (2008) and others also point out that assumptions about higher wage costs for older workers need to be balanced against the costs of recruitment and training for younger workers.

Employers can consider using older workers as mentors and trainers (Commonwealth of Australia, 2003; Hudson, 2004; IBM, 2004). For example, in physical, manual occupations, older workers could be

⁷⁴ For more information see Health, physical and mental capacity, and older workers' productivity and performance.

⁷⁵ See Older workers and training in this report.

⁷⁶ See Getting a job and Older workers and training.

involved in training new employees, passing on skills and experience and providing support (Godwin, 2011).

2.7.3 Performance management and promotion

Performance management needs to be consistent at all ages, free of age-related assumptions and stereotypes. At the same time, it is important not to accept poor performance, but manage it with role change, training, changes in physical environment, workplace culture/discrimination, ergonomics or work arrangements.

It is also important to be aware of age-biased measures or sources of performance evaluation (Rappaport et al, 2003; Armstrong-Stassen, 2006; Department of Education, Employment and Workplace Relations, 2011; CIPD, 2010; Business Council of Australia, 2003; Top Drawer Consultants, 2008).

It is important to recognise experience, knowledge and skill (Armstrong-Stassen, 2006; Beck, 2011) and continue to provide older workers with challenging and meaningful work (Armstrong-Stassen, 2006; Hudson, 2004). A skills-based approach to promotion and redundancy, based on peer assessment, has retained valuable skills and experience in a manual working environment (Godwin, 2011).

A more innovative and flexible approach to career development and management is needed (Pitt-Catasoupes, et al, 2009; Hedge, 2008), such as lateral promotion and career development, and encore careers” (Hudson, 2004; Hirsch, D. 2005). Similarly, rewards systems need to recognise that motivations may vary by age (Top Drawer Consultants, 2008; Beck, 2011).

It is generally recommended that employers establish a performance management cycle for all ages to discuss personal development plans and objectives when issues such as phased retirement/flexible work options and adjustments for any changing capacity can be raised, with performance issues also addressed at these meetings (Foster, 2012; CIPD, 2010; Ball, 2011). However, others researchers suggest that employers need to separate management of age and retirement from performance management (Barnes et al, 2009).

Ageing and retirement should be recognised as highly individual processes where discussions need to be conducted in a sensitive and transparent way (CIPD, 2010) so that older workers feel comfortable discussing plans (Commonwealth of Australia, 2003). This requires changing the culture so that retirement is seen as “not stepping off cliff edge, but more a gentle stroll to the end” via part-time work, consultancy, and so on (Ball, 2011: 23).

2.8 Offer flexible working arrangements

Flexible working arrangements, such as flexible or reduced hours, extended leave and carer’s leave, phased retirement, special projects, and home-based working are key ways in which older workers can continue to work while balancing health needs, caring responsibilities and other lifestyle preferences

(Advisory Panel on the economic potential of senior Australians, 2011; Hedge, 2008; Armstrong-Stassen, 2006; Department of Education, Employment and Workplace Relations, 2011; Piktialis, 2007; CIPD, 2010; Business Council of Australia, 2003; Commonwealth of Australia, 2003; Department of Employment and Workplace Relations, 2004; Hudson, 2004; IBM, 2004; Department of Work and Pensions, 2001; Top Drawer Consultants, 2008; Beck, 2011; Ball, 2011; Hirsch, 2005; Davey and Davies, 2006; Taylor, 2003).

A recent New Zealand study found that two-thirds of 65-year-old New Zealand workers had modified their work arrangements since turning 60, adopting reduced hours, reduced responsibility, flexible hours, or less physically demanding work (Ministry of Social Development, 2009:27).

Such working arrangements leading into retirement are often referred to as bridge employment, and appeal to older workers as they provide more free time and greater control (Ulrich and Brott, 2005; Cahill et al, 2006; Elovainio et al, 2005; Davey and Davies, 2006). US data show that up to one-half of workers used bridge jobs before completely withdrawing from labour force (Cahill et al, 2006).

The most important facilitator of older people working beyond retirement age is good health, but the second is part-time or flexible hours (National Seniors Australia, 2011b). Even in physical manual occupations, flexible working has helped retain the skills and knowledge of experienced staff who might otherwise have retired (Godwin, 2011).

Other researchers emphasise the importance of employers developing work environments that support older employees' dual roles as caregivers of elderly family members and grandchildren (Davey and Davies, 2006; Beitman et al, 2004; Department of Employment and Workplace Relations, 2004; Hirsch, 2005). For flexible or alternative working arrangements to work successfully in retaining older workers, good communication of what available is important (Barnes et al, 2009).

Innovative working arrangements and career paths can also provide a way to both retain older workers and ensure younger workers still have opportunities (Rappaport et al, 2003).

2.9 Ensure working environments and conditions are appropriate

This involves adaptation the workplace to meet the identified needs of older workers, from the broad environmental areas of noise and temperature, to making specific ergonomic adjustments, taking preventative measures and making adjustments in workloads and the way work is organised. (Department of Work and Pensions, 2001; Hirsch, D. 2005; Top Drawer Consultants, 2008; Taylor, 2003).

2.10 Ensure good job design

A key aspect of workplace adaptation is changing the way specific jobs are designed to fit the changing needs and capacities of older workers (Department of Employment and Workplace Relations, 2004; Davey and Davies, 2006; Department of Education, Employment and Workplace Relations, 2011; Top Drawer Consultants, 2008; Beck, 2011).

Examples include job rotation (Department of Employment and Workplace Relations, 2004); using technology to reduce physically demanding tasks (Barnes, et al, 2009; Top Drawer Consultants, 2008); adjusting the pace of work and the scheduling of breaks (Top Drawer Consultants, 2008), and pairing older workers and younger workers to draw on the strengths of each in terms of knowledge, experience and physical capacity.

Such adaptations have been shown to be cost-effective. For example, Lockheed Martin shows that costs associated with the redesign of jobs, tools and practice can be offset through improved performance, lower accident claims and reduced medical costs (Hudson, 2004:9).

At the same time, it is important that mature workers enjoy quality work (Hirsch, D. 2005; Davey and Davies, 2006).

2.11 Promote good health at work and elsewhere

Preventative approaches to workforce health and safety are needed to avoid work-induced problems and absences (Barnes, et al, 2009) and maximise and accommodate functional capacity (Department of Education, Employment and Workplace Relations, 2011; CIPD, 2010; Hudson, 2004; Hirsch, D. 2005).

This includes wellness and fitness programmes (Top Drawer Consultants, 2008) and medical checks (Barnes, et al 2009; Top Drawer Consultants, 2008).

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Case studies: How astute employers make the most of their older employees

CASE STUDY 1

Making a healthy contribution

Brenda works in IT and considers herself “most fortunate” with her employer, a large central Auckland organisation for which she has clocked up 18 years of service. She’s now 71 and has some heart problems and limited mobility due to arthritis. Last year, when she started getting very tired, she cut her hours back to four days a week and decided that she’d have to retire.

“When I suggested this to my line manager, he was genuinely sorry to hear it – he said that I had to do what was right for me, not what the company wanted, but he didn’t want me to go.”

She wasn’t so keen on leaving, either: “I need some structure to my day – otherwise I’d sit on the couch and read all day!” Her colleagues “are all male, mostly young, very bright, interesting and amazing, and wonderful to work with”.

She’s now doing two days a week, and has cut back the heart medication that was causing fatigue. “It’s good – I’ve palmed off the (boring, routine) work and do more of the interesting bits.”

And her employer is more than grateful that she’s willing and able to maintain a particular type of older IT system that doesn’t enchant her colleagues.

CASE STUDY 2

Marie Hull-Brown: Making a difference since 1948

Aucklander Marie Hull-Brown started her working life in 1948 as an officer in London’s Metropolitan Police. The dynamic, friendly 85-year-old now works as project manager in older mental health for the Mental Health Foundation.

Her job involves helping to improve elder wellbeing through training workshops, lobbying local government and working with organisations such as district health boards. Marie works four eight-hour days a week and has clocked up more than two decades with the Foundation.

CEO Judi Clements has no doubt about the value Marie brings to the business: “Vast experience, knowledge and credibility. If you’re going to talk about mental health and older people, you can’t send a 20-something – it’s just not credible,” she says. “No amount of enthusiasm can make up for a lack of really internalised experience. Marie gives our organisation more authority and market penetration.”

Judi suggests employers take a good look at mature applicants. “There’s a huge amount of skill, expertise and knowledge that’s wasted if you don’t look into that population. At that age, people might

be looking to work flexibly, and that can be an advantage for employers. You might get more in three days from a mature employee than in five from someone who is still learning.

For Marie, work is stimulating and keeps her connected with others. Money is low on her list of motivators: “I wouldn’t work if I didn’t love it. When I wake up in the morning I wonder what the day is going to bring, I have that feeling that there might be something really exciting. I feel a great sense of purpose in working.”

She also gets a lot from her colleagues – the Foundation’s average age is somewhere in the mid-30s. “Young people stop you getting old – stop you having tunnel vision.” And technology? Marie works quite happily with computers but she says it’s good to have plenty of digital natives on hand.

Marie’s peers are often surprised to learn she’s still employed. “They ask ‘have you not got anything to do?’ Well, I don’t like knitting.”

CASE STUDY 3

Flexibility key to retaining older workers: an employer’s view

“I remember a case where a valuable staff member in her 60s – I’ll call her Felicity – came to me saying she would have to leave her job as she needed to spend some helping an adult daughter, a mother with worsening health issues. Felicity had been in the role more than a decade, and I didn’t want to lose her skills overnight – so we sat down and had that “staying on” chat.

“It turned out she wanted to work, but needed flexibility to offer meaningful help to her daughter and granddaughter. So we arranged that over two years, she would gradually move from four days a week, down to three, and then to two, before leaving. We started training up several other people in Felicity’s functions.

“But transition isn’t just about a worker easing back on hours. It’s also about transitioning the relationships that person has developed and the knowledge that have made them effective. Felicity had solid inter-departmental relationships and an intimate insight into how the place worked that that meant she cut red tape and got things done smartly; we didn’t want to lose that capacity.

“We identified the most important of her internal and external relationships and ensured that colleagues were brought into those loops to be able to nurture the relationships as Felicity had.

“The outcome: Felicity spent two more years working, so had two years’ more income to take her into the future as well as the stimulation of work and the ability to offer her family practical support. We had time to train up people ready to apply for her job when she left, and time to build relationships in critical departments so we didn’t suddenly have a vacuum.

“It was, quite simply, a win-win.”