

Conditions of Work and Employment Programme

***Conditions of work and employment for older workers in  
industrialized countries:  
Understanding the issues***

**N.S. Ghosheh Jr.  
Sangheon Lee  
Deirdre McCann**

Copyright © International Labour Organization 2006

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to the Publications Bureau (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland. The International Labour Office welcomes such applications.

Libraries, institutions and other users registered in the United Kingdom with the Copyright Licensing Agency, 90 Tottenham Court Road, London W1T 4LP [Fax: (+44) (0)20 7631 5500; email: [cla@cla.co.uk](mailto:cla@cla.co.uk)], in the United States with the Copyright Clearance Center, 222 Rosewood Drive, Danvers, MA 01923 [Fax: (+1) (978) 750 4470; email: [info@copyright.com](mailto:info@copyright.com)] or in other countries with associated Reproduction Rights Organizations, may make photocopies in accordance with the licences issued to them for this purpose.

---

ISBN 92-2-118401-3 and 978-92-2-118401-0 (printed version)

ISBN 92-2-118402-1 and 978-92-2-118402-7 (.pdf version)

*First published 2006*

*Cover: DTP/Design Unit, ILO*

---

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: [pubvente@ilo.org](mailto:pubvente@ilo.org)  
Visit our website: [www.ilo.org/publns](http://www.ilo.org/publns)

---

Printed by the International Labour Office, Geneva, Switzerland

---

## **Acknowledgements**

The authors would like to thank the following persons for their views and comments: Mr. François Eyraud, our colleagues in the Conditions of Work and Employment Programme, Mariangels Fortuny, Lucio Baccaro and ILO colleagues who attended the Decent Work Research Seminar on 9 November 2005 at the ILO International Institute for Labour Studies.

The views expressed in the paper are those of the authors and do not necessarily reflect the views of the ILO or its constituents.

---

## Authors

N.S. Ghosheh Jr. is an industrial relations specialist and Research Officer with the Conditions of Work and Employment Programme at the International Labour Office in Geneva, Switzerland. His current research is on the conditions of work and employment of older workers, though more broadly his focus is on labour law and the individual contract of employment. He holds his Ph.D. in industrial relations from the University of Cambridge.

Sangheon Lee is an economist and Research Officer with the Conditions of Work and Employment Programme at the International Labour Office in Geneva, Switzerland. His research focuses on the issues of working time and work organization and, more broadly, personal economics. He holds his Ph.D. in economics from the University of Cambridge.

Deirdre McCann is a labour lawyer and Research Officer with the Conditions of Work and Employment Programme at the International Labour Office in Geneva, Switzerland. Her research focuses on the regulation of working time, non-standard working arrangements and workplace harassment. She holds her D.Phil. in law from the University of Oxford.

---

## Contents

	<i>Page</i>
Acknowledgements .....	iii
Authors .....	iv
Introduction .....	1
1. Why the concern about older workers .....	3
Changing demographic reality .....	3
The “silver” labour force: Issues facing an older working age population .....	6
Labour market for those currently considered older workers aged 55-64 .....	7
Issues facing older workers in the labour market: What needs to be considered? .....	8
A note on “defining” older workers in the future .....	11
2. Responses to changing circumstances: Considering conditions of work and employment of older workers .....	13
Older worker rights: An equality-based approach .....	13
Countering age discrimination: Age equality laws .....	14
Coverage of age equality laws .....	15
Advancing age equality legislation: Future directions .....	16
Complementary measures .....	17
Conditions of work: Physical environment .....	18
Working time .....	19
Reduced hours of work .....	20
Longer paid leave .....	21
Reducing unsocial hours .....	22
Flexible working arrangements .....	23
Work organization and job design .....	25
Wages and age .....	25
Work and family life for older workers: Hidden realities .....	28
Family care: Correcting misconceptions .....	29
Elder care .....	29
Stuck in the middle: Reconciling work and family life for the sandwich generation .....	31
Gender, care provision and labour market participation: Informal realities for older workers with family responsibilities .....	33
Empowering older men and women workers: Framing the quality-based approach to take into account work and family responsibilities for older workers .....	34
Who wants to work forever? Strategies for work and retirement of older workers .....	35
Pre-retirement leave and vacations .....	36
Retirement preparation programmes .....	36
Gradual or phased retirement programmes .....	37
Deferred retirement options .....	38

---

	<i>Page</i>
3. Conclusions and implications.....	39
References .....	41
Appendix .....	47
Older Workers Recommendation, 1980 (No. 162) .....	47

### ***List of boxes, charts, figures and tables***

	<i>Page</i>
Box 1. Conditions of work in the Older Workers Recommendation, 1980 (No. 162).....	14
Box 2. Working time in the Older Workers Recommendation, 1980 (No. 162).....	20
Box 3. Remuneration in the Older Workers Recommendation, 1980 (No. 162) .....	28
Box 4. Principles of the Workers with Family Responsibilities Convention, 1981 (No. 156) .....	35
Chart 1. Old-age dependency ratio in industrialized countries .....	30
Figure 1. Length of service and statutory paid annual leave (selected countries).....	22
Figure 2. Age-earning curve and wage adjustments: An illustrative example .....	27
Table 1. Life expectancy at birth.....	4
Table 2. Percentage of the population 65 years of age and older .....	5
Table 3. Percentage of population aged 15-64 .....	6
Table 4. Labour market participation for workers aged 55-64.....	7
Table 5. More flexibility for older workers in Japan (percentage within each column, 2000) .....	24
Table 6. Age and earnings in the EU 25 (2002) .....	26
Table 7. A sample of time use of men and women 45-64 and 65 and older .....	34

---

## **Preface**

In many countries around the world there is growing recognition of changes in the structure of populations. While primarily affecting industrialized countries, trends in many societies clearly indicate that, as life expectancy grows and fertility rates continue to decline, there will continue to be a growth in the elderly segment of the population. The primary focus of policy-makers has been on the economic impacts of this growth, namely in the costs of pensions and policies associated with the medical and social needs of this age group. Equitable concerns about who should pay the costs of such provisions have led to reconsideration among policy-makers of how long people should work before being able to claim the benefits of retirement.

However, though the concept of raising the retirement age has received much attention in research and the popular press, the conditions of work and employment faced by older workers if they are expected or choose to continue working have received limited scrutiny to date.

Concern regarding older workers is not new to the ILO. In the late 1970s, the potential problems faced by aging societies around the world were discussed and debated in detail. The result of these activities was the creation of an international labour standard, the Older Workers Recommendation, 1980 (No. 162). This international standard was intended to frame the issues of concern regarding the employment and work circumstances of older workers and to stimulate action to improve them. Integral to this were provisions addressing the conditions of work and employment of older workers and the issues that needed to be considered when improving their circumstances. Consequently, the Recommendation includes conditions of work and employment provisions on age discrimination, working time and work organization, wages and older workers' need to address family responsibilities.

Using the ILO Recommendation as a framework, this paper explores these conditions of work and employment issues in greater depth. It commences by outlining reasons as to why there is at present a concern about the growth of the elderly segment of the population. It then highlights some of the problems older workers have faced in the past when remaining in or re-entering the paid labour market. While the authors suggest that the choice of continuing work should remain with older workers themselves, the paper outlines the situation that exists in the labour market of the countries with the most pressing concerns about extending the working lives of older workers. The paper addresses what is considered the largest obstacle for entry or re-entry of older workers in the labour market — age discrimination — and illustrates how it can be addressed. The attention of the work then turns to examining conditions of work in the form of working time and work organization, in order to determine which factors need to be considered for older workers to effectively and constructively contribute to the labour market. Wage issues, particularly seniority wage issues, are also considered. The paper then explores the under-examined, but nevertheless very real, problems faced by older workers who must reconcile work with family life. The paper concludes with a consideration of the factors that need to be taken into account in the future when developing conditions of work and employment policies for older workers and suggestions for how other countries, which may not currently experience this problem to the same extent, should consider addressing these issues in their own context.

---

The hope is that this paper will stimulate further discussion, policy debate and research on conditions of work and employment for older workers, which have traditionally not been adequately considered or even ignored altogether. This work is meant to be the first step in the development of research and recommendations on these issues by the Conditions of Work and Employment Programme as it continues to highlight the importance of equitable treatment and decent working conditions for workers of all ages around the world.

François Eyraud,  
Director,  
Conditions of Work and Employment Programme,  
Social Protection Sector.



---

## Introduction

It is now generally recognized that the structure of the populations in countries around the world will continue to change. Trends clearly indicate that, as life expectancy continues to grow and fertility rates continue to drop in many countries, there will continue to be an overall growth in the ageing and elderly population. In particular, this population increase has and will continue to profoundly affect industrialized countries. The growth in this demographic segment of the population has raised primarily economic concerns, though increasingly there is also recognition of the social and legal dimensions that need to be considered. Underlying these concerns is the question how the varied needs of this segment of the population can be met in a manner that is equitable to all segments of the population.

From an economic perspective, the growth in the older segment of the population has raised concerns in all of these societies about how financial obligations, such as social security and care services owed to this group, can be met by a prospective shrinking labour supply.<sup>1</sup> With fewer workers to provide financial contributions that support these programmes, a range of options are now being considered in order to ensure that the elderly in society are not left financially unprotected, or worse, in poverty. Some of the policies under consideration have included adjustments to social security systems, such as a rise in the eligibility age for collecting social security benefits. This change, currently being given strong consideration by policy-makers, is based on the premise that if people in a society are living longer and healthier lives, then corresponding adjustments to social security systems that take this increased longevity into account will allow people to extend their working lives while diminishing the costs to the government and others in society. However, concerns have been expressed regarding which group of older people this would apply to, how long people have to prepare for changes to retirement pensions and what impact this will have on extending workers' work lives, to name only a few.

While not explicitly advocating changes that would compel older workers currently in the labour market or those just retired — who may be unprepared for changes to their work and retirement plans — to work longer, consideration needs to be given to the conditions of work and employment older workers may face in the future if retirement ages are raised. This paper will explore the major issues and is divided into two main parts. The first part will examine who “older workers” are, the reasons why there has been a growing debate regarding older workers, and what problems exist for these workers in the labour market. The second part will explore the three key issues of concern regarding the conditions of work and employment that need to be addressed for older workers participating or seeking to participate in the labour market: remedies to age discrimination, conditions of work, and work and family life. The paper further recommends that since the underlying principle of extending working life by policy-makers is not to work until death, but to work longer before retirement, equitable strategies need to be developed for retirement founded on a rights- and equality-based approach. The paper will conclude by suggesting further research and policy developments to provide improved conditions of work and employment for older workers in the future.

<sup>1</sup> Concern regarding ageing workers is not only restricted to national policy-makers, but has also been gaining attention on the international agenda. The United Nations General Assembly, in its 54<sup>th</sup> Session, decided to organize and convene the Second World Assembly on Aging in Madrid in 2002. The objective of the meeting was to respond to the challenges posed by the ageing population and to promote the development of opportunities based on the theme of the 1999 International Year of Older Persons, which was “society for all ages”. The assembly adopted ILO views in the Madrid International Plan of Action on Aging 2002, calling for all older persons to be able to age with security and dignity, and to continue to take part in society as citizens with full rights.



---

## 1. Why the concern about older workers

The recent focus among policy-makers on older workers has been generated by concerns about the ageing of the population and the ability to sustain pension and social security systems. When pension and social security policies and legislation were developed in the late 1940s and early 1950s, the life expectancy rates of the elderly population did not exceed 70 years of age in many countries. In the period between 1950-1955, for example, the combined average life expectancy of men and women in Belgium was 67.5 years; in Canada, 69.1 years; in France, 66.5 years; in the United Kingdom, 69.2 years; and in the United States, 68.9 years of age.<sup>2</sup> Thus, if a worker lived to 65 years of age or beyond, the social security retirement system in most countries was designed to ensure that these people would not live in abject poverty, as they had in the past. However, as medical and scientific technology has extended the lives of people, governments have developed a growing concern as to how social security and even private pension systems can be paid for, especially in light of the impending first wave of retirement by the “baby-boom” generation.

### Changing demographic reality

Life expectancy in all industrialized countries continues to grow. Table 1 indicates that life expectancy in all categories (men, women, and men and women combined) of the countries in the table, as measured from 2000-2030, will continue to increase. The average life expectancy for both men and women in the sample countries in 2000 was 78.3 years of age, but this will rise to 81.7 by 2030. Countries with the highest life expectancy for both men and women in 2000 were Japan and Switzerland; those with the lowest were Hungary and Poland, with projections indicating that these high- and low-end countries will be in exactly the same place by 2030. When considering only men, in 2000 the highest life expectancy was found in Denmark and the lowest was in Hungary. Again, projections for 2030 indicate that they will remain in their respective places. However, when considering only women, there appears to be some variation, with Japan and Spain reporting the longest life expectancy in 2000, whereas by 2030 Japan and the Republic of Korea will have the longest life expectancies.

<sup>2</sup> Population Division, Department of Economic and Social Affairs, United Nations: *World population prospects: The 2004 revision*; and *World population prospects: The 2003 revision* (New York), searchable database available at <http://esa.un.org/unpp> (consulted on 2 August 2005).

**Table 1. Life expectancy at birth**

Country	Both men and women		Men		Women	
	2000-2005	2025-2040	2000-2005	2025-2040	2000-2005	2025-2030
Australia	80.2	83.2	77.6	80.8	82.8	85.5
Austria	78.9	82.4	75.9	80.0	81.7	84.9
Belgium	78.8	81.8	75.7	79.1	81.9	84.7
Canada	79.9	83.1	77.3	80.8	82.4	85.4
Czech Republic	75.5	79.0	82.2	76.0	78.8	81.9
Denmark	77.1	80.2	79.4	82.5	79.4	82.5
Finland	78.4	82.1	75.0	79.4	81.7	84.9
France	79.4	82.5	75.7	79.2	83.0	85.8
Germany	78.6	81.8	75.6	78.9	81.4	84.6
Greece	78.2	80.4	75.6	77.9	80.8	83.0
Hungary	72.6	77.3	68.4	73.7	76.7	80.7
Ireland	77.7	81.1	75.1	78.6	80.3	83.7
Italy	80.0	83.0	76.8	79.9	83.0	85.9
Japan	81.9	86.0	78.3	81.9	85.3	90.0
Korea, Republic of	76.8	82.2	73.2	78.2	80.5	86.2
Netherlands	78.3	81.2	75.6	78.6	81.0	83.8
New Zealand	79.0	82.5	76.7	80.6	81.3	84.4
Norway	79.3	82.7	76.7	80.5	81.8	85.0
Poland	74.3	78.2	70.2	74.6	78.4	81.7
Portugal	77.2	80.3	73.8	77.2	80.5	83.4
Spain	79.4	82.6	75.8	79.1	83.1	86.1
Sweden	80.1	83.3	77.8	81.2	82.3	85.4
Switzerland	80.4	83.4	77.6	80.6	83.1	86.1
United Kingdom	78.3	81.4	75.9	79.2	80.6	83.5
United States	77.3	80.2	74.6	77.5	80.0	82.8

Source: Population Division, Department of Economic and Social Affairs, UN: *World population prospects: 2004 revision* (New York), website consulted on 15 April 2005.

As life expectancies continue to increase, it also means a growth in the size of the elderly segment of the population, generally defined as individuals aged 65 and older. The percentage of the elderly segment as a percentage of the population in the countries in the table is significant and will have grown further by 2030. In 2000, countries such as Italy (18.2 per cent), Sweden (17.3 per cent) and Japan (17.2 per cent) had the highest percentages of people 65 and over, while the Republic of Korea (7.4 per cent), Ireland (11.2 per cent) and New Zealand (11.9 per cent) had the lowest. By 2030, projections indicate that Japan (30.1 per cent), Italy (29.1 per cent) and Germany (26.6 per cent) will have the largest population of those over 65, while Ireland (17.2 per cent), the United States (19.2 per cent) and Australia (20.6 per cent) will have the lowest. Perhaps of equal or even greater concern in these countries is the rate of growth in the segment of the population aged 65 and older. The average growth rate of the countries identified will be 65 per cent in the period between the years 2000-2030. At 35 per cent, Sweden and the United Kingdom will have the lowest rate of growth in this segment of the population, while most other European countries are projected to have growth rates of between 35 per cent and 80 per cent (Poland) during this period. However, the most significant increases in this segment of the population will be in Asian industrialized countries such as the Republic of Korea, where the projected increase in the over 65 age group will be 213 per cent in the period from 2000-2030, and Japan, where this group will increase 57 per cent. Based on such figures, it is no wonder that concerns have increased over how to address the economic and social needs of this segment of the population.

**Table 2. Percentage of the population 65 years of age and older**

<i>Country</i>	<i>2000</i>	<i>2005</i>	<i>2010</i>	<i>2015</i>	<i>2020</i>	<i>2025</i>	<i>2030</i>
Australia	12.1	12.7	13.7	15.5	17.2	19.0	20.6
Austria	15.6	16.7	18.3	19.6	20.8	22.9	26.0
Belgium	16.9	17.6	17.9	19.4	21.0	22.9	24.9
Canada	12.6	13.1	14.2	16.2	18.4	20.9	23.3
Czech Republic	13.8	14.2	15.7	18.4	20.9	22.3	23.5
Denmark	14.8	15.0	16.4	18.4	19.5	20.5	21.8
Finland	14.9	15.9	17.2	20.3	22.5	24.2	25.5
France	16.3	16.6	16.9	19.0	20.8	22.6	24.2
Germany	16.4	18.8	20.4	20.7	22.1	23.9	26.6
Greece	16.8	18.2	18.4	19.3	20.2	21.6	23.0
Hungary	14.7	15.2	16.2	17.5	19.9	21.3	21.7
Ireland	11.2	10.9	11.3	12.6	13.8	15.4	17.2
Italy	18.2	20.0	21.1	23.0	24.5	26.4	29.1
Japan	17.2	19.7	22.4	26.0	28.1	29.1	30.1
Korea, Republic of	7.4	9.4	11.3	13.2	15.6	19.6	23.4
Netherlands	13.6	14.1	15.1	17.5	19.4	21.4	23.6
New Zealand	11.9	12.3	13.2	15.0	16.8	18.8	21.0
Norway	15.3	15.0	15.7	17.5	19.0	20.5	22.0
Poland	12.1	12.9	13.1	14.9	17.7	20.5	21.8
Portugal	16.1	17.1	17.8	18.9	20.3	22.0	23.9
Spain	16.7	16.5	17.1	18.0	19.2	21.3	24.0
Sweden	17.3	17.2	18.6	20.4	21.4	22.1	23.1
Switzerland	15.0	16.0	17.8	19.8	21.6	23.8	26.3
United Kingdom	15.9	16.0	16.5	18.1	18.8	19.8	21.4
United States	12.3	12.3	12.8	14.1	15.8	17.7	19.2

Source: Population Division, Department of Economic and Social Affairs, UN: *World population prospects: 2004 revision* (New York), website consulted on 20 April 2005.

What has also troubled policy-makers in many countries is that, while the elderly population continues to grow, the “working age” population, generally considered to be from 15-64 years of age, will decline during the same period. As Table 3 demonstrates, due in part to declining fertility rates, the working age population has been in decline for some time. During the period from 2000-2030, the average decline in the working age population in the countries in the table is projected to be 9 per cent. The decline in some countries, such as Ireland (-1 per cent), will not be so pronounced, but in other countries there will be a marked decline. Japan (-16 per cent), Austria (-10 per cent), Canada (-11 per cent), the Netherlands (-11 per cent), the Republic of Korea (-11 per cent), Germany (-13 per cent), Italy (-13 per cent), Finland (-13 per cent) and Switzerland (-13 per cent) are all projected to show a decline in the working age population of at least 10 per cent.

**Table 3. Percentage of population aged 15-64**

Country	2000	2030
Australia	66.6	62.0
Austria	67.8	60.7
Belgium	65.7	59.8
Canada	68.3	61.1
Czech Republic	69.8	64.1
Denmark	66.7	61.0
Finland	66.9	58.4
France	65.0	59.6
Germany	68.0	59.5
Greece	68.0	64.4
Hungary	68.4	65.0
Ireland	67.2	66.8
Italy	67.5	59.0
Japan	68.2	57.5
Korea, Republic of	71.8	63.9
Netherlands	67.9	60.7
New Zealand	65.2	61.4
Norway	64.7	60.7
Poland	68.7	64.9
Portugal	67.6	62.3
Spain	68.7	63.4
Sweden	64.3	59.9
Switzerland	67.5	58.7
United Kingdom	65.1	61.3
United States	66.1	62.6

Source: Population Division, Department of Economic and Social Affairs, UN: *World population prospects: 2004 revision* (New York), website consulted on 20 April 2005.

As the demographic data above indicates, the combination of the growing elderly generation and the shrinking working age population has many concerned about the financial stability of the retirement pensions and care systems in these countries. This concern is based on the fact that pensions in particular are paid for by the working aged population, which will then have its pensions paid for by working populations in the future. Not surprisingly, the one common policy response in these countries has been to propose increasing the labour market participation among the “older” working age population, which would mean working beyond 65 years of age to perhaps 70 years of age. However, such a prospect, in the absence of a thorough consideration of the issues impacting on the conditions of work and employment available to older workers may not necessarily solve the problems faced by those currently considered “older” workers. These issues will be explored in greater detail in Part II of this paper.

### **The “silver” labour force: Issues facing an older working age population**

Before examining the issues affecting this group of workers, it is important to place in context who might currently be considered an “older” worker.<sup>3</sup> Conventionally, social security policies have influenced both statistical and legal definitions of “older” workers,

<sup>3</sup> Defining “older” can be influenced by a variety of factors. In many industrialized countries, for example, it has been suggested that “older” is generally equated with chronological age as defined within the boundaries of an age-structured society: youth is for education, adult years are for employment and “older” takes place during the retirement portion of life (ILO, 2001). When considering the work and employment context, other factors — such as the sector, occupational group and the sex of the worker — impact on this definition.

which in most industrialized societies are generally accepted to be by 65 years of age at maximum. Thus, conceptions of “older” workers have logically focused on the age group in the years before retirement, normally those aged 55-64. Traditionally, labour market participation by those in this age group has been a bit of a mixed bag, with some countries reporting high rates of participation and others lower rates, influenced to some extent by social security, social policy, workplace culture, cultural expectations and compulsory retirement ages.

### **Labour market for those currently considered older workers aged 55-64**

Examining the table below, in 1990 the countries with the highest labour market participation rate by both men and women in this age group were Sweden (70.5 per cent), Japan (64.7 per cent), Switzerland (63.1 per cent) and the Republic of Korea (62.4 per cent). The lowest participation rates in this age group were Belgium (22.2 per cent), Hungary (24.2 per cent) and the Netherlands (30.9 per cent). By 2004, Sweden (73.1 per cent) still retained the largest labour market participation in this group, together with New Zealand (68.9 per cent), Norway (68.8 per cent) and Switzerland (67.3 per cent), while Belgium (31.3 per cent), Poland (31.7 per cent) and Italy (31.8 per cent) had the lowest rates. The rates of change in labour market participation by this age group vary substantially during this period. Poland (-16.8 per cent) has had the steepest decline, followed by Italy (-4.79 per cent) and the Republic of Korea (-4.33 per cent). However, some countries have had a remarkable amount of growth in this age segment of the labour market, with New Zealand (57.3 per cent), the Netherlands (49.8 per cent) and Belgium (40.9 per cent) experiencing the largest growth during this period.

**Table 4. Labour market participation for workers aged 55-64**

Country	Both men and women		Men		Women	
	1990	2004	1990	2004	1990	2004
Australia	44.1	53.8	63.2	64.4	24.9	43.1
Belgium	22.2	31.3	35.4	41.0	9.9	21.8
Canada	49.1	57.4	64.0	66.0	34.8	49.0
Denmark	57.1	65.5	69.1	73.3	45.9	57.6
Finland	43.8	55.0	47.1	55.7	40.8	54.3
France	32.9	39.6	39.3	44.3	26.9	35.0
Germany	39.8	44.2	55.9	54.8	24.7	33.8
Greece	41.5	41.2	59.5	58.7	24.3	25.3
Hungary	24.2	32.0	35.3	39.7	15.1	25.8
Ireland	42.1	50.7	65.0	66.6	19.9	34.5
Italy	33.4	31.8	53.0	44.0	15.5	20.4
Japan	64.7	66.0	83.3	82.5	47.2	50.1
Korea, Republic of	62.4	59.7	77.2	73.5	49.6	46.5
Netherlands	30.9	46.3	45.8	58.7	16.8	33.6
New Zealand	43.8	68.9	56.8	78.2	30.7	59.6
Norway	63.1	68.8	72.8	74.3	53.9	63.1
Poland	38.1	31.7	48.1	41.3	29.6	23.3
Portugal	48.0	53.2	66.5	62.8	32.3	44.8
Spain	40.1	44.4	62.5	62.7	19.4	27.2
Sweden	70.5	73.1	75.5	76.0	65.8	70.2
Switzerland	63.8	67.3	86.4	79.1	43.8	55.7
United Kingdom	53.0	58.0	68.1	68.0	38.7	48.3
United States	55.9	62.3	67.8	68.7	45.2	56.3

Source: OECD: *Employment outlook*, June 2005.

What Table 4 indicates is a continued growth in the overall labour market participation by workers aged 55-64, but it is mainly when the statistic is disaggregated by sex that the reason for the overall increases become more apparent, with the growth in women's labour market participation accounting for much of the increase. For many

---

countries, the rate of change for men's participation generally varied by less than 2.5 per cent. Some growth in labour market participation for men occurred in New Zealand (37.7 per cent), the Netherlands (28.2 per cent) and Finland (18.3 per cent), while the biggest declines were in Italy (-17.0 per cent), Poland (-14.1 per cent) and Switzerland (-8.4 per cent). On the other hand, the growth in labour market participation for women aged 55-64 in the same period was pronounced and striking. Of the 22 countries found in the table, only four had less than a double-digit rate of change during this period and seven countries (Australia, Belgium, Germany, Hungary, Ireland, the Netherlands and New Zealand,) had 50 per cent or more growth. Belgium (120.2 per cent), the Netherlands (100 per cent) and New Zealand (94.1 per cent) had the highest rates of growth, while Greece (4.1 per cent) had the least growth in labour market participation by women 55-64.

There are a number of underlying reasons that account for this data, some of which have changed in recent years, but many of which have and will impact in the future on the conditions of work and employment available to men and women in this age group. The fact that older men tend to participate in the paid labour market in greater numbers than women is based on traditional worker patterns, social policies and cultural influences. In its simplest form, men tend to enter, remain and re-enter, in the case of unemployment, into the labour market until they reach the age when they can collect retirement pensions from the state and/or enterprise systems. However, the growth in women's labour market participation in this age group can be attributed to the increasing propensity of successive age cohorts of women to work in the paid labour market (Taylor, 2001). In the case of the present generation of older women workers, greater access to education and training earlier in life, policies which help to reconcile work and family life, delays in when they have children, and the decline of social barriers attached to female employment may have contributed to the increasing number of women who remain in, enter or re-enter the paid labour market. As many of these policies and individual decisions on labour market participation look to remain constant, it is very possible that it will be more common to find increasing numbers of older women workers in the paid labour market in the future. This could impact overall labour market participation in the future. As recent research has suggested, the share of workers aged 55 and older in the labour force should continue to grow in some industrialized countries, with countries such as Italy, the Republic of Korea, New Zealand and Spain projecting a 10 per cent increase or more, and Japan and the Republic of Korea projected to have an increase of almost 30 per cent in 2025 (Burniaux et al., 2004).

### ***Issues facing older workers in the labour market: What needs to be considered?***

In competitive labour markets, certain groups are more vulnerable than others. Generally speaking, older workers are considered one of the most vulnerable groups in the labour market.<sup>4</sup> There are several reasons why this is the case. From a workplace perspective, older workers are considered to be more expensive than younger workers due to high compensation, seniority rights, employment benefits and social tax costs by the employer. They are also viewed by employers as being less productive due to physical concerns and skills that may not be up to modern standards. As such, these workers, notably those with limited training or skills, are often considered first when organizations look to reduce employee levels, and they will often have difficulty locating new employment. Some remain unemployed due to their age, limited qualifications or their lack of familiarity with new innovations in the workplace.

<sup>4</sup> Other vulnerable groups include women and young workers.



---

Ironically, rather than providing solutions to these problems facing older workers in recent decades, governments, employers and trade unions may have fostered a system that actually “pushed” them from the labour market through early retirement or redundancy. “Push” factors in relation to older workers can be categorized in both positive and negative senses. Negative push factors can include corporate restructuring or downsizing with no compensation, while positive factors can include early retirement packages with compensation (Duncan, 2003). Employers, however, are not the only ones who incorporate “push” factors in their decision-making. Some governments in the 1980s and 1990s contributed to this by introducing early retirement schemes for older workers whose positions, it was thought, would then be taken by younger workers in order to stimulate low youth employment.<sup>5</sup> Trade unions for their part may not have objected to buy-outs of older workers by employers, since older workers tended to receive more generous compensation than younger workers to leave. In fact, it has not been unheard of for trade unions to negotiate better financial conditions for older workers who are members of their union.

In many countries, the result of this employment culture for older workers is a form of acceptable age discrimination which views older workers as generally dispensable in labour market terms and, if compensated for their departure, then so much the better. If cutbacks needed to be made and governments provided a bridge to retirement pensions, then there was no perceived problem with encouraging or forcing older workers out of employment. What this neglects is the fact that, if such pension systems were not generous or the coverage was inadequate, then the older workers, who become unemployed, could find themselves in difficult financial circumstances. Older women in particular, who earlier in life may have needed to address family responsibilities that diminished their labour market participation, may struggle to find work later in life and may be especially vulnerable financially. Institutional and societal views may also neglect the views of older workers themselves, who may not be eager to retire.

In many cases, because of the institutionalization of age discrimination in the labour market, older workers may be put under pressure to retire early. When offered either the choice of layoff, dismissal or early retirement, the logical conclusion is to utilize the system that will afford some form of compensation, which early retirement schemes offer. This may in part explain recent survey data by the American Association of Retired People (AARP), which found that two-thirds of respondents in the United States have witnessed or experienced age discrimination at work (AARP, 2002). Perhaps because older workers have experienced this situation more commonly in recent years, there may be heightened awareness of age discrimination. This may account for the results of the 57<sup>th</sup> Eurobarometer survey carried out in 15 European Union Member States, in which workers aged 45-64 years were found to be more likely to report discrimination when looking for work (Marsh and Sahin-Dikmen, 2003; Marsh and Sahin-Dikmen, 2002). Thus, diminishing the barriers to employment through age discrimination legislation can be integral to improving the conditions of work and employment for older workers in the labour market.

In order for older workers currently in the labour market to be able to equitably participate in the labour market, policies and attitudes may need to change to provide incentives for them to continue to work. It is highly plausible that older workers who are not satisfied with their current work conditions are less likely to continue working, even when extended the opportunity to do so (Jolivet and Lee, 2004). Recognition must therefore be given to older workers who are willing to work through the improvement of working conditions that will allow them to continue productive employment. Improving

<sup>5</sup> Evidence suggests that the results were mixed at best (ILO, 1995).

---

conditions of work can help older workers to not only compensate for the physical decline that occurs with age, but to stimulate them to make productive contributions in the workplace. Physical strain can be reduced through variations in working time, work organization and job design. In order to enhance work capacity, working conditions may need to change as workers age. One axiom to bear in mind when considering how to encourage older workers to contribute to the workplace is “just as workers change due to age, so to should the demands placed on them” (ILO, 1995).

While workplace concerns regarding physical strain can be addressed through the changes noted above, attention should also be given to the mental concerns of older workers regarding compensation for their work. One of the calculations older workers must take into account before retirement is whether or not they can afford to retire. Most public pension systems are structured to pay a retirement pension based on the number of years they have contributed to the pension scheme. Extending work beyond retirement age can be based on a number of factors, but one of the factors is whether workers and their dependents can live on their pension. Women are often most concerned with the work-or-retire calculation as they may not have worked in the paid labour market continuously, thus diminishing their retirement income. While employers commonly cite seniority wages as a reason for the higher costs of older workers, consideration needs to be given to how wages and incomes can be equitably structured in a manner that encourages the productivity of older workers and ensures that they can meet their needs as well as those of family members they may financially support.

However, the workplace is not the only place where older workers may have concerns. An issue that is often neglected in the debate over older workers is the family life, which is commonly assumed to not exist later in life. Yet, family members are for life, and sometimes their needs may extend beyond conventional time-frames set within society. As with younger workers who struggle to reconcile work and family life, older workers may also experience physical and mental fatigue as a result of trying to adequately address them both. What is alarming for older workers is that this unrecognized problem may only grow in many countries. In many of these societies, as women continue having children later in life and as the longevity of older segments of the population continues to increase, traditional problems concerning the reconciliation of work and family life may, in fact, impact on older workers more commonly in the future. While having children later in life extends the period of financial responsibility, caring for elderly family members who live longer can place extra financial and personal burdens on the work and family life of older workers. Work and family policies at national or enterprise level need to be reconsidered to address these changing relationships. The extreme stress associated with reconciling work and family life at younger ages, and the diminished physical capacity to tackle these concerns at older ages, can impact on an older worker’s ability to effectively participate in the paid labour market. Such concerns, if not addressed, can diminish the impact of all of the measures outlined above to improve the conditions of work and employment for this group of workers.

Finally, any extension of working life is not meant to be a life sentence to work in the paid labour market. Older workers are often concerned with the transition from work to retirement. At the same time, employers may often not recognize that industry or enterprise experience and knowledge are often lost when older workers retire or are compelled to leave work prematurely. As part of any holistic consideration of the conditions of work and employment for older workers, mechanisms that can facilitate retirement in a beneficial manner to both older workers and employers need to be examined and developed.

Based on these concerns, an approach that takes these issues into account and contributes to limiting their departure from the labour market clearly requires equal treatment for older workers. More broadly, though, it encompasses other kinds of measures that are intended to encourage older workers to remain in employment. These measures

---

would allow older workers the opportunity to remain in the workforce if they choose to do so and, in addition, to ensure a genuine equality of opportunity for people of all ages to pursue paid work. The importance of working conditions is well noted in the ILO Recommendation concerning older workers that was adopted in 1980 (No. 162). Paragraph 13 explicitly recognizes the areas where actions need to be taken, such as the overall improvement of the physical work environment, better organization of work and job redesign (see Box 1 below on p. 14). The measures mentioned in Paragraph 13 include both universal (applicable to all age groups) and age-specific ones (e.g. providing a more suitable environment for older workers). They also include wages and incomes, reconciling work-family life and phased retirement schemes. All of these issues will be examined in the second part of this paper.

### ***A note on “defining” older workers in the future***

While those who have retired or are on the verge of retirement may not be impacted by the circumstances outlined above, policy and legal changes currently being considered may require an expanded definition of who is considered an “older” worker in the future. Although the current definition of “older” workers, as noted above, is 55-64 years of age, if the socio-economic or policy circumstances change in the near future, a re-definition of “older” worker may need to be expanded to include those 55-70 years of age, in order for the definition to accurately reflect the realities of “older workers” participating in the paid labour market.<sup>6</sup> Such a redefinition would make addressing the conditions of work and employment issues identified above more urgent for an expanded and older group of workers.

<sup>6</sup> From a policy perspective, an expanded definition of “older” workers would require methodological changes in information-gathering, such as labour market statistics. For example, labour market statistics only capture workers aged 55-64 due to the fact that retirement pensions begin at 65 years of age. Whatever the designated retirement age is in a country, as a rule of thumb, the year before retirement is the upper limit for which labour market participation rates can be gathered.



---

## **2. Responses to changing circumstances: Considering conditions of work and employment of older workers**

The previous section considered the factors and issues that have made the concerns of older worker participation in the labour market more prominent. It also explored the problems faced by older workers who remain, enter or re-enter the labour market. The second part of this paper will explore what conditions of work and employment need to be considered in order to develop comprehensive policies from national to local level. Such policies are intended to ensure equitable circumstances for older workers in the workplace, as well as the opportunity at some point to retire with dignity.

### **Older worker rights: An equality-based approach**

Some have questioned whether older workers should be treated differently from other workers with regards to their conditions of work and employment. It has been suggested that older workers have benefited from improvements in working and employment conditions as a result of improved technology and working conditions available to all workers (ILO, 1979). Others have noted that treating older workers as a specific disadvantaged group may harm their employment prospects and those of others not included in this category, often meaning younger workers. These views are based on assumptions that older workers have exactly the same rights and social protection, and face the same working conditions, as any other worker in the paid labour market. This is a fundamental misunderstanding of the position of older workers and the conditions of work and employment available to them. It is therefore vitally important that legislation and policies from national to workplace level take into account the social and economic realities faced by older workers. An approach for policy development and implementation based on principles of rights and equality is thus crucial to ensure decent conditions of work and employment which take into account the particular needs of older workers in the workplace.

The equality approach is grounded in respect for the rights and dignity of the individual. In this case, equality entails that all people, regardless of age, should have a set of alternatives from which to choose and thereby to pursue their own version of a good life or, as Armatya Sen has stated: “the ability – the substantive freedom – of people to lead the lives they have reason to value and to enhance the real choices they have” (Spencer and Fredman, 2003; Sen 1999). In order to effectively meet this definition, an equality approach for older workers must operate on three levels. On one level, it must address the barrier of age discrimination by removing explicit barriers (direct discrimination) and implicit barriers (indirect discrimination), both of which can limit the range of choices for older workers, as will be discussed in detail the next section. On another level, choice must be more than “what is on paper” in law. It must offer real chances to take advantage of available opportunities. For an equality approach to have noteworthy impact, proactive measures must be developed to ensure people have choices and can genuinely pursue them. This requires not only the removal of age barriers, but also skills training, the introduction of flexible work, decent wages and recognition of responsibilities outside the workplace, among others. The third level is that the primary focus is not necessarily to require greater numbers of older workers to remain in the workforce or to allow businesses to benefit from the advantages of retaining them – although these are among its expected outcomes. Instead, it aims to achieve true equality of opportunity for older workers through offering them a genuine choice between continuing to work or enjoying retirement after a lifetime of working, both in decent conditions (Spencer and Fredman, 2003).

One method of making the equality approach for older workers functional in practice can be found in the ILO Older Worker Recommendation, 1980 (No. 162). The Recommendation was a response to the labour market disadvantages encountered by older workers and is grounded in a notion of equality of opportunity and treatment. It recognizes the main issues that impact on the conditions of work and employment of older workers, from the position on age discrimination to its provisions on specific working conditions. The approach, which underlies the discussion that follows in the rest of the paper, is important not only to understanding the problems faced by older workers in the current labour market, but appreciating what needs to be considered in addressing them.

**Box 1. Conditions of work in the Older Workers Recommendation, 1980 (No. 162)**

This ILO Recommendation outlines the concerns that should be addressed at national level by the tripartite social partners in the development of social policy and legislation in order to provide decent work and employment conditions to older workers in the labour market. The Recommendation promotes equal opportunity and treatment for older workers with regards to obtaining and retaining employment, as well as access to training and education. Provisions of the Recommendation further encourage research and studies to be undertaken to determine how older workers can continue their employment under satisfactory conditions. Recognizing the possibility of difficulties with mental or physical adaptation to work, the Recommendation emphasizes the importance of modifying the conditions of work for older workers to ensure their health and safety and of their colleagues. It encourages the use of collective bargaining by the social partners in order to implement these working conditions and addresses the remuneration of older workers. The Recommendation further stipulates that, wherever possible, measures should be taken to encourage a gradual transition from working life to retirement on a voluntary basis, and that programmes should be set up to help ease the transition from work to retirement.<sup>7</sup>

## Countering age discrimination: Age equality laws

Age equality laws are now sufficiently extensive for debates to have emerged about the most effective legislative techniques. In this section, we identify some of the questions of most interest from an equality-centred perspective on the status of older workers: the potential of indirect discrimination; the scope of exceptions from age equality laws; the merits of a proactive approach towards equal treatment; and the need for other kinds of policies to be introduced to complement age equality legislation. This discussion is then confined to the development of age equality legislation and jurisprudence. As discussed above, the equality *approach* calls for a range of specific policies in addition to overarching age equality legislation, a number of which are outlined in subsequent sections.

Although the ILO Older Worker's Recommendation was adopted in 1980, most national age discrimination laws are of a more recent vintage. Perhaps as a consequence of demographic changes, such as an increasing life expectancy resulting in growing older segments of the population, a majority of industrialized countries have enacted this type of legislation over the course of the last decade. The exceptions are the United States, where certain states have already passed legislation in the early part of the twentieth century and where the federal Age Discrimination in Employment Act (ADEA) was enacted in 1967; Canada, where age discrimination has been prohibited at federal level since 1985;<sup>8</sup> and New Zealand, which has prohibited age discrimination in its human rights legislation since 1993.<sup>9</sup>

<sup>7</sup> The detailed Recommendation is available at <http://www.ilo.org/ilolex/english/recdisp1.htm>.

<sup>8</sup> Canadian Human Rights Act, Section 3(1).

<sup>9</sup> Human Rights Act 1993. It has since been prohibited in the Employment Relations Act 2000.

---

More recently, the Japanese Employment Measures Law has required since 2001 that employers endeavour to ensure equal opportunities in recruitment and employment, irrespective of age.<sup>10</sup> In the European Union, only a few Member States had age equality laws at the start of this century (EIRO, 2000). The impetus for the widespread enactment of legislation was the adoption in 2000 of the EU-level law, the Employment Framework Directive,<sup>11</sup> which prohibits discrimination in employment and occupation on a number of grounds, including age. Its provisions must be reflected, as a minimum, in the national laws of Member States,<sup>12</sup> and most of these have now enacted legislation, although it is still awaited in Germany and the United Kingdom. Finally, Australia has also recently added to the emerging body of age equality laws by enacting the federal Age Discrimination Act 2004.

### ***Coverage of age equality laws***

Although the ILO Recommendation refers explicitly to older workers, most national legislation prohibits age discrimination against all workers. The most prominent exception is the ADEA in the United States, which covers only workers of 40 years and above.<sup>13</sup> This Act is also unusual in that it excludes small employers from its coverage, through an exemption for those with fewer than 20 employees.

With respect to the terms and conditions covered, ILO Recommendation No. 162 lists specific examples of areas in which equality of opportunity and treatment should apply, including access to employment, remuneration, conditions of work, vocational training, promotion and employment security.<sup>14</sup> National laws tend to cover the same range of terms and conditions, although the Japanese legislation does not extend to termination of the employment relationship.

A specific question addressed in some age equality laws is whether mandatory retirement ages are to be considered discriminatory. In the United States, the ADEA abolished age limits in 1986, and they are also illegal in Australia and New Zealand. Some Canadian laws permit them: federal legislation, for example, excludes from its definition of discrimination termination of employment on the grounds that a worker has reached the normal retirement age for employees in similar positions.<sup>15</sup> In the European Union, the Employment Framework Directive is explicitly stated to be without prejudice to national retirement ages.<sup>16</sup> However, although a number of European countries currently maintain a mandatory retirement age, new approaches are under consideration. In the Netherlands, for example, where the retirement age of 65 is currently exempted from the reach of the Age

<sup>10</sup> Employment Measures Law, Article 7.

<sup>11</sup> Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation.

<sup>12</sup> The Directive was required to be implemented in national laws by 2 December 2004, with the possibility of an extension for an additional three years (Article 18).

<sup>13</sup> 29 U.S.C. §63(a)(2004).

<sup>14</sup> Paragraph 5.

<sup>15</sup> Section 15(1)(c).

<sup>16</sup> Preamble, Paragraph 14.

---

Discrimination Act,<sup>17</sup> the Ministry of Labour has been holding consultations on whether to abolish it.

Most laws prohibit both discriminatory treatment based explicitly on the age of the worker (“direct discrimination”) and treatment which, although apparently neutral, would have the effect of disadvantaging older workers (“indirect discrimination” or “disparate impact”). The Australian Age Discrimination Act, for example, explicitly refers to both these forms of discrimination,<sup>18</sup> as does the EU Directive.<sup>19</sup> Most laws also specifically prohibit harassment of older workers, by outlawing harassing treatment premised on the age of the victim.

### ***Advancing age equality legislation: Future directions***

The concept of indirect discrimination has the potential to extend age discrimination law beyond a narrow focus only on the most blatant forms of direct discrimination against older workers. The question for the future development of this area of the law is the extent to which indirect discrimination provisions will be used to facilitate more extensive changes in the working conditions of older workers.

Among the most significant directions that could be taken, for example, is the use of indirect discrimination provisions to reshape the working time arrangements of older workers in ways that will help them to harmonize paid work and care responsibilities. In Europe, cases brought under gender equality laws have successfully argued that, since women are more likely than men to have care responsibilities, the refusal to allow them to work on a part-time basis constitutes sex discrimination.<sup>20</sup> A similar argument could be made, then, that to refuse to provide flexible working time arrangements, such as part-time work or flexitime, is more disadvantageous to older workers and therefore amounts to a form of indirect age discrimination (Spencer and Fredman, 2003). On the other hand, long-standing difficulties have been experienced in proving indirect discrimination claims, tending to restrict their success, and it would therefore be overly optimistic to rely too heavily on them to advance age equality in the workplace (see further Neumark, 2001; and Spencer and Fredman, 2003).

As with other grounds of equality, the circumstances in which differential treatment should be permitted as an exception to the prohibition on discrimination is a key issue in the field of equal treatment of older workers. Most laws specify some form of exception. The EU Directive, for example, permits indirect discrimination where it is “objectively justified by a legitimate aim and the means of achieving that aim are appropriate and necessary”;<sup>21</sup> the ADEA in the United States recognizes that age can be “a *bona fide* occupational qualification reasonably necessary to the normal operation of ...[a] business”;<sup>22</sup> and the Australian legislation does not apply where a worker “is unable to

<sup>17</sup> The Netherlands Age Discrimination Act [*Wet gelijke behandeling op grond van leeftijd bij arbeid, beroep en beroepsonderwijs*].

<sup>18</sup> Sections 14 and 15.

<sup>19</sup> Article 2(b)(i).

<sup>20</sup> See, for example, the decision of the UK Court of Appeals in *Cast v. Croydon College* [1997] IRLR 14 (CA).

<sup>21</sup> Article 2(b)(i).

<sup>22</sup> § 623 (4)(f)(1).



---

carry out the inherent requirements of the particular employment because of his or her age”.<sup>23</sup> The strength of age discrimination laws, then, will in part hinge on future determinations of precisely which exceptions will be permitted under these kinds of provisions.

A further issue for the future of age equality laws is the concern being raised about the effectiveness of legislative schemes that rely on individual complaints (Hepple, 2000; Wood et al., 2004). Most of these laws put the onus on an individual who has suffered from discrimination to bring a complaint, placing a significant financial and emotional burden on the victim and requiring remedial action only with respect to the worker concerned, rather than throughout the firm or organization found to have discriminated. In New Zealand, for example, a widespread lack of compliance with the age discrimination provisions of the New Zealand Human Rights Act was found, which was partly attributed to its reliance for enforcement on individual complaints (Wood et al., 2004).

These concerns have contributed to an interest in proactive forms of equality legislation. These kinds of laws are in contrast with complaints-based regimes in that they are more strongly tailored towards preventing age discrimination rather than primarily to responding to it. Legislation that adopts a proactive approach can, for example, impose a general duty on employers to eliminate age discrimination or prescribe a more detailed set of requirements, such as obliging employers to develop equality plans, conduct impact assessments and monitor the results (Hepple, 2003). The Swedish gender equality legislation, the Equal Opportunities Act 1991, is often cited as a model for proactive equality legislation, as it requires employers to submit annual reports reviewing the action they have taken towards advancing gender equality in their workplaces. This kind of model is available, then, for age equality law, although the extent to which it will be influential remains to be seen.

## **Complementary measures**

Age equality legislation appears to play a substantial role, at least in increasing the employment of older workers. In the United States, the evidence shows that state and federal legislation has had significant effects on the employment of older workers (Neumark and Stock, 1999; Ashenfelter and Card, 2002; Friedman, 2003). There is also evidence that non-binding measures are not as effective. In the United Kingdom, for example, a non-binding *Code of Practice for age diversity in employment* was introduced in June 1999, but by 2001, only one-third of employers were even aware of its existence (DfEE, 2001).

It is clear, however, that age equality laws are an insufficient guarantor of equality for older workers. Age discrimination legislation is better seen as an element among the combination of measures required to advance equality for older workers. There may be other laws included in this package. Disability discrimination legislation, for example, can play a role in protecting ageing workers, given that the incidence of disability increases with age. Legislation alone, however, cannot alter attitudes towards older workers and is likely to have a more profound impact if complemented by other measures, such as campaigns to change employer attitudes and the use of mixed-age interviewing panels. It may further require overall changes in conditions of work which may, in turn, change worker attitudes. For example the phenomenon of “pre-retirement”, or retiring before legal retirement age, has been taking place with greater frequency in recent years in many European Union countries. Some cases of pre-retirement may have been induced by poor working conditions, while others chose simply to retire early, but the result is increased

<sup>23</sup> Section 18(4).

---

pressure on retirement pension systems in these countries. Different kinds of working conditions policies will need to be considered on how to change these conditions and attitudes towards and by older workers. These will be outlined in the following sections.

## **Conditions of work: Physical environment**

The physical work environment is important for any worker in the workplace, but perhaps none more so than for older workers. From employer perceptions to the real circumstances found by older workers at work, few working conditions can have the impact that the physical work environment does on this group of workers. It is known that normal and pathological changes affect the bones and muscles of older workers, thereby reducing their maximum physical performance. The consequences are particularly damaging for those workers whose jobs require sustained, concentrated, intense efforts (e.g. long periods of time stooping, bending, stretching or moving heavy materials). Noise and vibrations also may not be well tolerated by older workers, and the combined effects of such poor physical conditions can be experienced in a multiplicative, rather than additive, manner by these workers (WHO, 1993).

Their deteriorating physical capability often raises the question of whether older workers deserve special treatment in terms of their work environment. This question needs to be examined in two related ways. First, physical work capability is, in practice, a relative concept that can only be meaningfully defined in relation to job requirements. It should come as no surprise that there have been two apparently conflicting developments: improved physical health of older workers on the one hand, and continuing concerns about their work capacity on the other. The “employability” of older workers can be achieved either by relaxing the physical requirements of the job in question or by improving the physical work capacity of older workers. Second, it should be remembered that older workers’ physical health is the function of past, as well as present, working conditions, which means that intervention strategies specific to older workers may be ineffective and even costly (Jolivet and Lee, 2004). As an ILO report noted over 25 years ago, this points to the need for “a fairly new idea” that “the solution to the problems of older workers lies in a policy of improving working conditions and environment from the beginning and throughout working life” (ILO, 1979, p. 32). This is reflected in Paragraph 13 of Recommendation No. 162, especially 13(a): “remedy those conditions of work and of the working environment that are likely to hasten the ageing process”. However, it is hard to say that this 25-year-“old” idea has been widely adopted around the world. This is probably why measures specific to aged workers, which are rather short-term in nature, are frequently considered and introduced in workplaces. This issue will be revisited later in this paper.

Information on the physical work environment for older workers is limited, notably in developing countries. In industrialized countries, particularly within the European Union, where great attention has been paid to working conditions, several surveys have established comprehensive data on working conditions for older workers. For example, the European Union Survey on Working Conditions, which is conducted every five years, has an extensive set of questions on the physical work environment in order to find out the physical requirements of the job (see Paoli and Merllié, 2001, for details). It includes questions about noise, vibrations, heat/cold, heavy loads and painful positions, all of which, as mentioned above, have greater impacts on older workers. Molinié (2003), who investigated the survey data to establish the relationship between age and the frequency of physically demanding jobs, identified mixed trends. On the one hand, older workers tend to be less likely to have these jobs, but on the other hand, the chance of such “protection” has been reduced. It also found that, among workers who are exposed to high physical demands, older workers are more likely to suffer from osteo-articular problems. A similar finding was reported in France, where older workers are less exposed than younger

---

workers to physical demands, but where both groups of workers felt increased levels of physical stress over time.<sup>24</sup> Finally, there is evidence that the physical demands of the job can affect workers' retirement decisions. For example, a Swedish survey found that 50 per cent of women and 46 per cent of men in blue-collar jobs aged between 50 and 65 believed that "the physical work demands should be changed to enable work up to retirement age".<sup>25</sup>

It should be noted that the relatively safer conditions for older workers mentioned above could be potentially misleading, in that the surveys in question were limited to the employed only. The survey findings potentially underestimate the risks related to the physical work demands for older workers because of the lower employment rates for older workers and the possibility that they may prefer inactivity to physically demanding work. In other words, it is possible that those older workers who are physically strong enough will continue in employment, while others who may not be strong enough have had to withdraw from the labour market. Perhaps confirming this observation, it is noteworthy that, in the European Union, about 8 per cent of men aged 55-64, the target group for the European active ageing policy, are inactive due to illness and disability, even though they have work experience.<sup>26</sup> Unfortunately, there appears to be no panel data set which enables us to address such self-selection bias. In the United Kingdom, however, a recent survey showed that about 14 per cent of those who took early retirement did so because "work is too physically demanding" (Humphrey et al., 2003, Table 5.8).

## Working time

In addition to the physical environment, working time requires special attention as a potentially useful measure to improve working conditions for older workers. As the physical work environment can stimulate or diminish, the length of the working day or the number of working hours can also impact on an older worker's ability to effectively do his or her work. In fact, ILO Recommendation No. 162 has a separate paragraph that spells out detailed policy measures with regard to working time. They include reduced hours of work, more paid holidays, flexible hours and avoiding unsocial hours.

<sup>24</sup> EU Observatory on Working Conditions: *Less physical risks and stress among older workers* (September 2004), available at <http://www.eurofound.eu.int/ewco/2004/09/FR0409NU06.htm> (consulted on 27 January 2005).

<sup>25</sup> EU Observatory on Working Conditions: *Creating better working conditions for older workers* (May 2004), available at <http://www.eurofound.eu.int/ewco/2004/05/SE0405NU04.htm> (consulted on 27 January 2005).

<sup>26</sup> Eurostat: "Labour reserve: People outside the labour force", in *Statistics in Focus*, No. 14, 2004.

### **Box 2. Working time in the Older Workers Recommendation, 1980 (No. 162)**

14. Among the measures to give effect to Paragraph 13, clause (b), of this Recommendation, the following might be taken at the level of the undertaking, after consulting the workers' representatives or with the participation of their representative organizations, or through collective bargaining, according to the practice prevailing in each country:

- (a) reducing the normal daily and weekly hours of work of older workers employed on arduous, hazardous or unhealthy work;
- (b) promoting the gradual reduction of hours of work, during a prescribed period prior to the date on which they reach the age normally qualifying workers for an old-age benefit, of all workers who request such reduction;
- (c) increasing annual holidays with pay on the basis of length of service or of age;
- (d) enabling older workers to organize their working time and leisure to suit their convenience, particularly by facilitating their part-time employment and providing for flexible working hours;
- (e) facilitating the assignment of older workers to jobs performed during normal day-time working hours after a certain number of years of assignment to continuous or semi-continuous shift work.

## ***Reduced hours of work***

Many policy measures, including ILO Recommendation No. 162, have recognized that reduced hours of work can help older workers stay in employment. There is evidence that many older workers, particularly among those with long hours, would like to reduce their hours rather than fully retire (see Abraham and Houseman, 2004). It is understood that this is based on the premise that “[t]he optimal working day depends on the work demands; if the physical or cognitive demands are high, the day should not exceed 6-8 hours” (WHO, 1993, p. 21). However, the reality for older workers is that their working time does not always meet their needs. A recent survey in the United Kingdom, for example, found that older workers are increasingly dissatisfied with their working hours (Taylor, 2002).

However, the extent to which such recognition and desire have been translated into actual changes is questionable. Available evidence indicates that weekly working hours for older workers do not differ much from those for other age groups (except the younger age group, such as those 15 to 25). When only full-time workers are considered, average working hours appear to be slightly higher for older workers. Based on the European Union survey mentioned above, Jolivet and Lee (2004) found that, in many European Union countries, the proportion of long working hours (45 hours or more per week) and marginal part-time work (20 hours or less) was higher for the age group of 55-64 compared to the 45-54 group. This points to the possibility that ageing is associated with the diversification of working hours.

Overtime, as a function of long working hours, can also be a problematic working time issue, particularly for older workers. While the importance of limiting overtime is clearly noted in the Recommendation, the extent to which older workers undertake overtime is not well understood or thoroughly explored. One British study found that the overall overtime pattern did not differ across different age groups, although long overtime hours were slightly higher for the age group of 56-51 years (Bell and Hart, 1998).

One way of understanding how older workers evaluate their working hours is to look at their preferences, a consideration that is increasingly gathering momentum in working time debates (Anxo et al., 2004; Lee and McCann, forthcoming). Assuming the importance of preferences to working time, three observations can be made regarding older workers. First, gaps between current and preferred working hours are often significant for older workers. In an EU-wide survey in 1998, average gaps for older workers (56-64 years old)

---

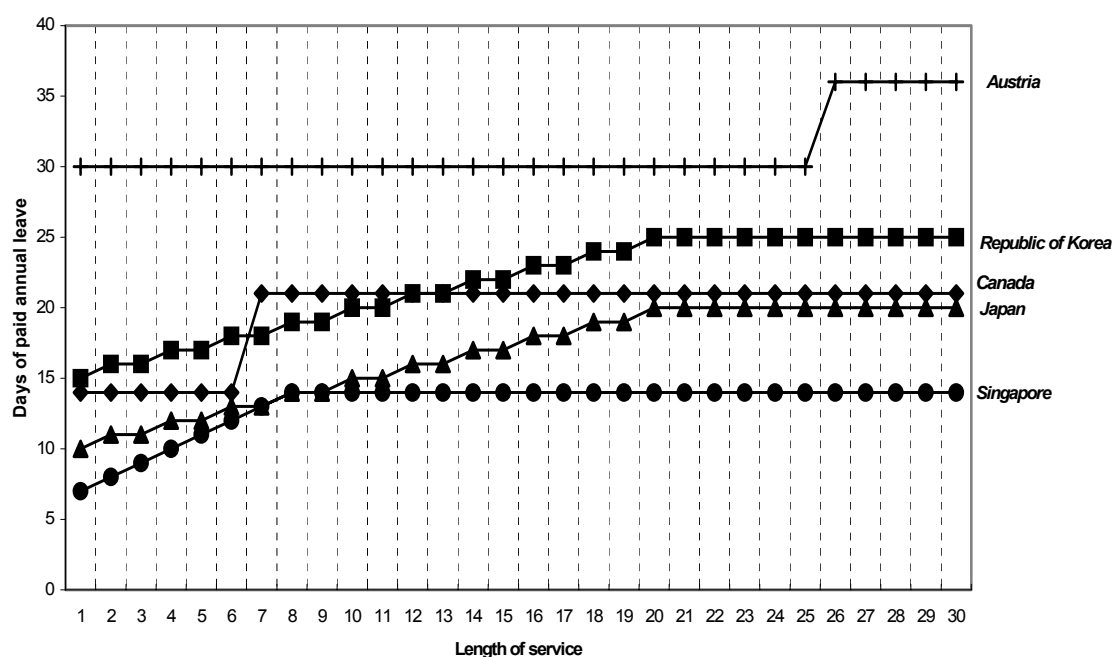
were estimated at 6.7 hours for male workers and 3.8 hours for female workers. Secondly, in spite of this, such gaps are relatively small compared to other age groups (7.4 hours for male workers aged 46-55, and 3.9 hours for their female counterparts). Finally, these results need to be evaluated with regard to the fact that many older people are inactive when it comes to employment and thus excluded from the survey. If working hour preferences among the inactive/unemployed are examined, the age group of 56-64 showed preferences for considerably shorter working hours (Jolivet and Lee, for details; see also Abraham and Houseman, 2004). Taken together, it is therefore possible that the actual working hours that exist in the labour market may in fact discourage older workers from continuing to work or returning to work, especially when it comes to working beyond the standard retirement age.

Managing or regulating working time to meet the needs of older workers and employers can occur in a variety of ways. While it is rare for the labour law to stipulate shorter hours for older workers, such a measure can be introduced by collective agreement. An example of this can be found in the chemical industry in Germany, where weekly working hours are reduced by two hours for workers aged 57 and more, and in the Netherlands, where 64 per cent of collective agreements address overtime issues for older workers (European Commission, 2003).

### ***Longer paid leave***

In many countries, the labour law provides for a gradual increase in annual leave in accordance with length of service or seniority. ILO Recommendation No. 162 explicitly recognizes the merit of this approach by ensuring the provision of sufficient time for recuperation. This approach appears to be particularly popular in East Asian countries where seniority rules have been strong in determining employment conditions, such as wage levels and job allocation. As Figure 1 demonstrates, the labour laws in the Asian countries considered (Japan and the Republic of Korea) provide longer annual leave for those with higher seniority. In Japan, a chain of gradual increases in annual leave has been introduced, which ends when the length of service reaches 20 years. The Republic of Korea has a very similar mechanism, with more days of annual leave on average. In Canada, seniority matters in determining paid leave, but its effect ends early (after seven years).

**Figure 1. Length of service and statutory paid annual leave (selected countries)**



Source: ILO Conditions of Work and Employment Database, at <http://www.ilo.org/travdatabase>.

Nevertheless, it is unclear what impact statutory provisions regarding increased annual leave based on length of service have on older workers. To begin with, in theory such a provision is not expected to benefit older workers, as the increases tend to apply to younger age groups. In addition, it is often the case that the logic underlying seniority-associated paid leave is to defer leave entitlements by redistributing paid leaves from younger to older workers. The effect of this is to secure employee loyalty and commitment, but the importance of providing sufficient leave throughout working life is not well recognized or established. In this regard, Austria in Figure 1 demonstrates a way of combining universal provision with special consideration for older workers. Lastly, such provisions can be “older-worker-friendly” only if age translates into longer service, which requires high job security. Older workers who have experienced frequent job changes cannot benefit from these provisions. Such a disparity will be more pronounced if the labour market is segmented between primary (higher wages and higher employment security) and secondary ones. However, it is rare for labour legislation to establish the standards of paid leave based exclusively on the age of the worker rather than on length of service. One notable exception is Norway where an additional six days of leave should be granted to workers aged 60 years or more.

## Reducing unsocial hours

Although one might assume that older workers could cope better with shift work (for example, because they are more experienced in handling shift-work-related problems), the available evidence appears to indicate that “age, beginning around the late forties and early fifties, results in a decreasing ability to cope with shift work” (Spurgeon, 2003, p. 90; see also WHO, 1993). Potential reasons for this include the shortening and fragmentation of sleep with age and the slower circadian rhythm of older workers. Of course, the actual effects of shift work on older workers also depend on other individual and social circumstances, but there are good reasons to believe that shift work, particularly when combined with night work, is not advisable for workers aged over 50 years (Spurgeon, 2003).

---

Information nationally and internationally on the extent of shift/night work is often limited. Where information is available, such as in the European Union, the evidence indicates that older workers are less likely to perform shift and night work. In 2000, 11.4 per cent of older workers aged 55-64 were performing shift work, compared to 15.1 per cent among the age group of 45-54 (for details, see Jolivet and Lee, 2004). However, it is not certain that such decreases are due to the favourable treatment of older workers concerning shift/night work (e.g. exemption of shift work for older workers). For example, sleeping disorders associated with shift work are known to increase with age until workers reach the age of 45-54, and then decrease dramatically among older shiftworkers (Molinié, 2003). This pattern appears to be associated with the significant reduction of employment rates for older workers. In other words, shiftworkers aged 45-54 who suffer sleeping disorders may exit the labour market before 55, while those who are capable of continuing to work in shift work remain in employment: hence, the lower frequency of sleeping disorders among older workers. If this is the case, the relatively favourable conditions for older workers in terms of night/shift work are the result of “the survival of the fittest” rather than of favourable workplace practices (Jolivet and Lee, 2004).

Collective agreements are often used to address unsocial working hours for older workers, typically by giving them preferences in shift work or granting them special schedules or exemptions. In the Netherlands, a 1998 survey found that 76 per cent of collective agreements contain provisions on the adaptation of working hours for older workers in order to make their job more bearable, while 27 per cent have specific provisions for shift work (European Commission, 2003; for Canadian examples, see Fourzy and Gervais, 2002).<sup>27</sup>

### ***Flexible working arrangements***

There is evidence that ageing is associated with diversifying working capacity and preferences. Older workers faced with various new constraints, such as a decreasing physical capacity and poor health, may not want full-time employment. They may want to secure a flexibility which is not available in the typical employment contract. Therefore, it should come as no surprise that flexible working arrangements have been promoted as an important mechanism for “active ageing”. As noted above, this is also emphasized in Recommendation No. 162 (see Box 2). The most popular types of flexible work arrangements in this regard are probably part-time work and self-employment. As discussed earlier, part-time work can be seen as a “logical” response to older workers’ stronger preference for shorter hours. Similarly, self-employment — often combined with part-time work arrangements — gives older workers more control over their work and allows them to take into account their individual circumstances. It is also known that older workers in part-time work and self-employment tend to show high levels of job satisfaction (see Humphrey et al., 2003; Groot and van den Brink, 1999).

The importance of such arrangements for continuous employment at older ages is well illustrated in Japan. As Table 5 shows, as Japanese workers age, they are more likely to be part-timers and self-employed. For the age group of 55-59, the full-time employee is the dominant pattern of employment, but employment patterns are much more diversified due to the increasing importance of part-time work and self-employment. In particular, among female workers aged 65-69, part-time work is the norm rather than exception. This pattern is also discernable in other industrialized countries (Jolivet and Lee, 2004). Such diversification in employment patterns can to some extent explain the increase in female labour market participation rates in most of developed countries, as discussed in Part 1.

<sup>27</sup> In the case of Canadian collective agreements, reference is made to seniority, not age.

**Table 5. More flexibility for older workers in Japan (percentage within each column, 2000)**

	<i>Male</i>			<i>Female</i>		
	55-59	60-64	65-69	55-59	60-64	65-69
<b><i>Employment status</i></b>						
Employees	70.0	53.2	40.1	64.0	46.4	30.4
Voluntary workers	1.1	4.5	6.2	3.7	5.4	10.2
Officers	11.8	13.7	13.8	4.0	6.3	6.1
Self-employed	15.7	25.6	34.2	13.6	18.5	24.6
Family workers	0.8	2.1	4.6	11.0	18.9	20.7
Others	0.7	0.9	1.2	3.7	4.5	8.0
Total	100.1	100.0	100.0	100.0	100.0	100.0
<b><i>Working time</i></b>						
Full time	96.9	72.6	60.2	64.7	46.4	39.5
Part time	3.1	27.4	39.8	35.3	53.6	60.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Survey on employment conditions for older persons (2000), adapted from Tables 17 and 18 in Japan Institute for Labour Policy and Training: *Japanese working life profile 2004-2005: Labour statistics*

Part-time work can offer an avenue for older workers to remain in paid employment. Transition to part-time work can be achieved without changing employers. The progressive retirement scheme allows older workers to reduce their working hours before they reach retirement age with compensation for the resulting wage loss. This scheme has been introduced in many industrialized countries, though there are considerable variations in the way the reduction of working hours is organized and the extent to which income compensation is made (Jepsen et al., 2002; Jolivet, 2003; OECD, 2003, Table 3.A1.3; Jolivet and Lee, 2004). How effective this scheme has been in discouraging early retirement is not yet known, as empirical evidence appears to be lacking.<sup>28</sup> In addition, part-time work may also be related to external mobility. “Bridge employment” usually refers to leaving a career job and moving to part-time work in another firm, in the same industry or a different one, as is rather common in the United States (Latulippe and Turner, 2000; Karoly and Zissimopoulos, 2004).

Despite the flexibility advantages underlying such work arrangements, concerns have been expressed with regard to their employment quality and potential consequences. Latulippe and Turner (2000) noted that, when part-time work has considerable cost-saving effects, part-time work combined with partial retirement benefits could be imposed on older workers, particularly in the context of corporate restructuring and the resulting job reclassification. Generally speaking, the quality of part-time work is often questionable regardless of age or sex. As a study on the quality of flexible work arrangements among older workers found, while self-employment tends to have good job quality comparable to full-time employees, part-time employment was associated with inferior conditions of employment (Lissenburgh and Smeaton, 2003).

<sup>28</sup> OECD (2003) has expressed reservations about the effectiveness of progressive retirement schemes due to the possibility that they might lead to the reduction of working hours among those who otherwise would continue to work full time. Therefore, it argues that “progressive retirement schemes should be carefully targeted and limited, for example, to workers experiencing difficult working conditions or suffering from health problems” (p. 149). However, apart from the difficulties in identifying “difficult working conditions” and “health problems”, it is not clear if those workers in difficult situations prefer part-time work to full retirement. See Humphrey et al. (2003) for a discussion of the complex reasons for early retirement.



---

## Work organization and job design

It is often assumed that advances in production technology (e.g. automation) have led to a corresponding lessening of the physical demands of the workplace, which in turn has led to the belief that older workers are in a better position to extend their working lives. This assumption might be seen as fair given the decrease in blue-collar jobs in industrialized countries, although direct evidence is lacking. However, it should be remembered that, in today's workplace, physical demands are only part of work demands and non-physical demands have recently gained more importance. For example, an American study found that the frequency of jobs which do not require much physical effort increased in the 1990s, but the level of non-physical demands faced by older workers (e.g. intense concentration and stress) increased significantly (Johnson, 2004).

It is noteworthy that a growing body of research has identified the phenomenon of work intensification (Burchell et al., 2001; Green, 2001; Green and McIntosh, 2001). The potential reasons for this include the introduction of new technology (e.g. workers who frequently use computer technology tend to be subject to higher work intensity), competitive pressures reflected in workplace practices, and low levels of social protection including job insecurity. There is further evidence that so-called high performance management practices, which have been increasingly introduced in workplaces, commonly aim to obtain a greater discretionary effort from workers on a "voluntary" basis (see White et al., 2003; Lee and McCann, forthcoming). While research on the issue is limited, it is plausible that these changes may impact on older workers and their labour market decisions.

Many believe, particularly employers, that in order for older workers to work, they need "soft jobs". Such jobs are viewed to be less physically demanding, though they may require greater work experience (such as for administrative, mentoring and advisory tasks). However, as noted above, the recent developments in the workplace might create less room for such jobs, thereby causing the under-provision of "soft" jobs. While further research needs to be done on this issue, when the evaluation of work performance is increasingly individualized and there is less need for *direct* coordination between individual workers, the value of older workers in terms of their knowledge, experience and prudence may be easily underestimated.

An innovative method to redesign a job is to reduce hours spent at work and to devote more time to other activities for which older workers are best positioned. One recent example is found in Belgium, where workers aged 50 or over who opt for reduced working hours have the opportunity to use this reduced time for training activities or for coaching or mentoring new workers in the same firm or in the same sector (European Commission, 2003).

## Wages and age

The focus of debates concerning wages for older workers is based on their relatively high wages, which it has been claimed discourage employers from hiring older workers. For example, in periods of employment reductions, such as the early 1980s, the common belief was that older workers were associated with high labour costs and lower productivity, providing a strong justification for the phenomenon of "older workers are first to go". In fact, such views about older workers were expressed with the hope that early retirement by older worker would create more employment opportunities for young workers. Even now that the situation has reversed towards active ageing, employers appear to maintain the negative view about the economic gains of hiring older workers (see Jolivet and Lee, 2004). This is commonly understood as placing important constraints on labour demand for older workers in the context of active ageing. While the importance and

complexity of wage and income issues deserve separate investigation, this section will briefly present some conceptual and policy issues, particularly in relation to the common claim that older workers are “expensive”.

It is not difficult to understand why older workers are viewed as costing more from a wage perspective. Indeed, in many countries, wage earnings are positively correlated with age, although they tend to decrease some years before the retirement age. Table 6 shows average wage earnings by age in the EU 15 and new Member States. For a meaningful comparison, the manufacturing sector and “plant and machine operators and assemblers” are considered. Average earnings are obviously linked to ages, although the size of association may not be large as one might assume. However, among plant and machine operators and assemblers in new EU Member States, the age-earning profile is rather an inverse-U shape, which means that wages are at a peak at the ages of 40-49. Another interesting point is that extra earning sources, such as overtime and shift work, do not vary much across different age groups. This means that when wage earnings are associated with ages, this is mainly due to basic or normal wages.

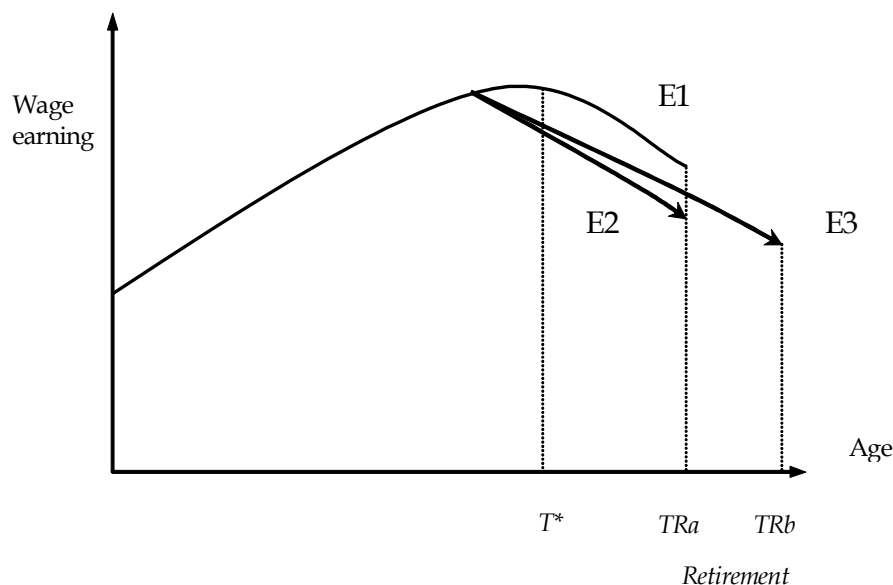
**Table 6. Age and earnings in the EU 25 (2002)**

	<i>Manufacturing</i>						<i>Plant and machine operators and assemblers</i>					
	<i>EU 15</i>			<i>New EU Members</i>			<i>EU 15</i>			<i>New EU Members</i>		
	Average monthly earnings	Average overtime pay	Average shift pay	Average monthly earnings	Average overtime pay	Average shift pay	Average monthly earnings	Average overtime pay	Average shift pay	Average monthly earnings	Average overtime pay	Average shift pay
Under 30 years	1780	65	47	411	12	20	1761	84	70	393	15	27
30-39 years	2446	84	59	493	12	21	2036	124	89	447	16	30
40-49 years	2616	88	60	493	12	19	2110	129	88	455	16	31
50-59 years	2708	81	54	512	11	19	2147	136	76	447	18	35
60 years and older	2914	75	31	500	6	11	2256	157	45	355	13	17

Source: Eurostat: *The structure of earnings survey* (2002).

If age is associated with wages (typically E1 in Figure 2), the question then is whether or not age is associated with a special premium. If this is the case, employers may have good reasons for their unwillingness to hire or maintain older workers. Yet such a relationship may reflect increased job experience, skill improvements and other productivity-enhancing factors, and the extent to which wage increases with age can be attributed solely to age (namely “age premium”) is not entirely clear. At the same time, as mentioned earlier, older workers often take “bridge jobs” to make a smooth transition to full retirement, which typically involves changes in employment status (such as from employee to self-employed) and sometimes drastic changes in remuneration. This also needs to be taken into account when age-specific effects are examined.

**Figure 2. Age-earning curve and wage adjustments: An illustrative example**



When the scope is limited to a more reasonable level, such as employees within the establishment, the real issue is the relationship between wages and length of service (or seniority). It is widely observed that remuneration systems link pay level with seniority. However, the empirical question of whether wages increase with age remains open. In addition, in order to understand if these seniority wage systems are an obstacle to employment promotion for older workers, the rationales for such practices need to be properly understood. Again, different theories and evidence have been suggested.

First, seniority wages may be simply the reflection of productivity increases with age. The economic theory of firm-specific capital argues that, as workers receive more training and accumulate more experience on the job, their productivity increases and they then deserve higher wages. Furthermore, in order to discourage workers from moving to other firms after training investments have been made, employers offer low wages (lower than productivity) when workers are young, and pay high wages (higher than productivity) when they are older (higher than productivity). This might be seen as “age-premium”, although older workers in fact self-finance their higher wages. This theoretical logic is plausible, but the concept of productivity is extremely difficult to measure, a fact that hampers many empirical studies (ILO, 2005). It appears that employers’ views are also often confusing. Studies show that “objective” measures of productivity tend to increase with age, but supervisor ratings tend to be negative for older workers (Taylor, 2001).

Another theory states that seniority wages are provided to encourage more commitment and effort. In so-called deferred compensation schemes, where workers are able to “shirk” on effort, the optimal contract would be for workers to be paid less when young and paid more when older. If this is the case, wage profiles will not reflect the productivity of workers, but the discrepancies between wages and productivity will persist throughout working life (see Flabbi and Ichino for recent empirical evidence).

The empirical relevance of these theories has been tested, but evidence is mixed. Nonetheless, they provide useful insights in explaining why employers tend to avoid keeping or hiring older workers. These two theories have in common that wage levels for older workers are higher than their productivity. Therefore, if employers are faced with the need for employment reduction in order to save on labour costs, laying off or dismissing older workers would be more effective, even though the absolute level of their productivity exceeds that of young workers. However, it should be noted that such “shirking” by

employers could put into question the whole contractual arrangement, thereby making workers more reluctant to accept low wages when young (Lee, 2004a). This shows the complicated aspects of wage determination in relation to older workers.

However, when there is a strong need for maintaining employment for older workers (e.g. when older workers are the target group for employment reduction), wage adjustments are often seen as a tempting short-term solution, especially compared to the rather long-term strategy of improving employability. Similarly, for older workers at risk of layoff or dismissal, it might be a reasonable option to accept wage reduction in return for employment security. The curve E2 in Figure 2 illustrates this trade-off, where older workers are guaranteed employment until (*TRa*) while accepting lower wages. In the context of active ageing, lower wages can also be traded off with employment beyond the normal retirement age (*TRb*) as is depicted by E3 in Figure 2.

The extent to which these options are used around the world is not clear. They have been widely explored and named as “wage peak systems” in some Asian countries, such as Japan and the Republic of Korea where the seniority wage system is common. Yet the actual implementation appears to be limited. In Japan, about 14 per cent of enterprises were reported in 2003 to have introduced the employment extension system with wage adjustments, and even in these enterprises it was normally applied only to workers who were believed to be necessary for the enterprises concerned (Japan Institute for Labour Policy and Training, 2004). The limited introduction of these options may not be surprising given that, as noted earlier, they could introduce tensions into the entire remuneration system and hence to human resources management as a whole.

From a standards point of view, ILO Recommendation No. 162 does address wages by paying special attention to physical and mental capabilities. First, since older workers are in a relatively strong position with respect to their experience and tacit skills, if not in terms of their physical strength, it is emphasized that a balanced view should be taken in determining wages for older workers. Second, and in connection with this, their deteriorating physical capability often makes many older workers vulnerable to certain payment schemes, such as results-based payments. In short, payment schemes taking into account the strength and weakness of older workers could induce workers to extend their working life.

**Box 3. Remuneration in the Older Workers Recommendation, 1980 (No. 162)**

Paragraph 16

- I. With the participation of the representative organisations of employers and workers, measures should be taken with a view to applying to older workers, wherever possible, systems of remuneration adapted to their needs.
- II. These measures might include:
  - a. use of systems of remuneration that take account not only of speed of performance but also of know-how and experience;
  - b. the transfer of older workers from work paid by results to work paid by time.

## **Work and family life for older workers: Hidden realities**

In the later half of the 20<sup>th</sup> century, researchers, policy-makers and workplaces actively exchanged ideas about how to help workers reconcile their work and family life. Based mainly on the growth in the number of women participating in the labour market, the need to develop and implement practical and useful solutions that allow workers to reconcile their conflicting work and family lives has grown in importance in many societies. However, the underlying assumption of much of the legislation and policies,

---

from national to workplace level, has been that family responsibilities somehow diminish with age. While the variety of needs that children have may diminish as they grow older, the need to address family responsibilities does not always diminish correspondingly as workers grow older. In fact, these family responsibilities may get even more complex as older workers struggle to address the needs of adult children, grandchildren, and elderly parents or relatives. Existing policies and legislation are not always framed to meet these needs. This section will explore the situation faced by older workers as they strive to reconcile their work and family needs. The section will further emphasize the importance of an equality-based approach in what for many older workers has been a neglected struggle.

### ***Family care: Correcting misconceptions***

The plight of older workers with regard to their need to reconcile work and family life has received scant attention. That is to say, though this age group has received extensive attention with regard to extending their participation in the paid labour market, the conflict between their work and family responsibilities has not received corresponding attention. This at a time when many socio-economic factors have changed the work and family needs for many groups of workers, including those at the older end of the age spectrum. Social factors, such as declining fertility rates, increased divorce rates and increases in single-headed households have become more common in the last 30 years. At the same time, economic factors, such as greater access to training and education (particularly for women) and rural to urban or international migration, have changed the dynamics of the working life of people. The cumulative impact of these socio-economic changes is a profound change in family structure and life on the one side, and a change in work life on the other. This is particularly true for the current generation of older workers, who were at the forefront of these socio-economic changes in many industrialized countries. In order to ensure that the equality rights of older workers are respected, there is a need to fully understand what family responsibilities may not be accounted for at the moment.

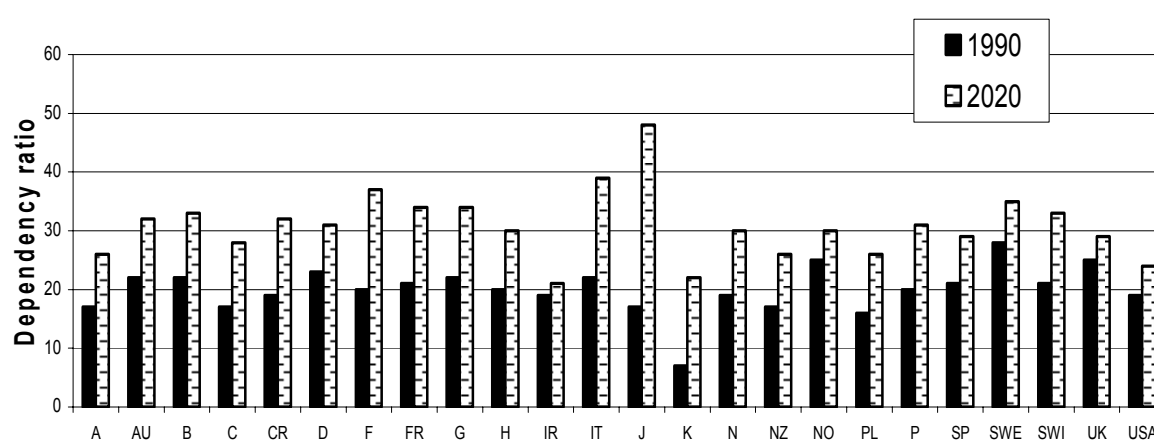
### ***Elder care***

In many of the ageing societies identified in this paper, the provision of elder care may be one of the most important considerations for older workers attempting to reconcile their work and family life. As medical and scientific advances have led to increases in life expectancy, there will be a corresponding increase in the number of frail and very elderly (over 80 years of age), who will likely require a higher level of attention from adult, working children. Yet, at the same time, social and policy changes have meant that providing this form of care has become more complicated. For example, social factors, such as higher divorce rates in the last 30 years, have led to the knock-on consequence that some divorced older persons who do not remarry are without spousal support and may require more help from adult children. Alternatively, if care-providing adult children divorce, this may impact on care provided to an elderly family member (Hoskins, 1996). Similarly, the increased geographic mobility of family members may impact on which adult children may be able to provide elder care to frail relatives (Hoskins, 1996). At the same time, in the face of the rising costs of residential care for the elderly, governments have increasingly been requiring families to provide more informal care. Often the complexities of dealing with this type of care fall to older workers, who may either be best placed or the only care source available.

Several recent studies have noted that providing care for an elderly family member is likely to become a more significant issue for workers and employers and, for some countries, it may be the work and family issue of the 21<sup>st</sup> century (European Foundation, 1999; Smith, 2004). Based on the earlier assertion in this paper that older workers are aged 55-64, this group of workers — more than those in other age segments — may find

themselves having to provide such care. One of the primary indicators of the need for elder care can be found in old-age dependency ratios, which project the number of people of working age (aged 15-64) that will be required to support the segment of the population over 65 years of age.<sup>29</sup> As Chart 1 indicates, old-age dependency ratios are expected to grow in all industrialized countries. Demographic projections based on the period from 1990-2020 indicate that the growth in this ratio will be far more pronounced in some countries than in others. During this period, for example, countries such as Japan and the Republic of Korea will experience a growth of over 180 per cent in old-age dependency, while Ireland, Norway and the United Kingdom will experience a growth rate of less than 20 per cent.<sup>30</sup> At the same time, the old-age dependency ratio is projected to be over 50 per cent in over 20 countries. The consequences for retirement pensions, social services and health-care services have been well documented, but there should also be no doubt that the impact on the work and family life of older workers will be profound.

**Chart 1. Old-age dependency ratio in industrialized countries**



Source: United Nations World Population Prospects: 2004 revision population database, updated 4 April 2005.

The mixture of services and needs that may be required by an elderly person can therefore complicate the problem of elder care (Christopherson, 1997). The different types of care an elderly person may need include home-based services (e.g. delivery of meals, help with cleaning, etc.), out-of-home services (e.g. transportation to get a haircut, etc.), or residential services (living in residential accommodation where staff assist residents). For those elderly who are in frail health, there may be a need for a combination of health-care services and social services in different or equal measure at different times. Decisions may also need to be made as to whether home-based care or institutional care will be best applicable in a particular circumstance. These decisions may not always be strictly either/or, but may involve a complex mix of both home-based care and institutional care at different times, depending on the mental or physical needs of the elderly person in question and the ability of the family to cope with those needs.

<sup>29</sup> Old-age dependency ratios refer mainly to the financial support provided by the working age population to older segments of the population. Financial support can include social security and health-care costs, among others. It can also include long-term elder care (in forms such as home-health care for the elderly or retirement homes), whether provided by the family or the state.

<sup>30</sup> Author calculations based on UN Population Estimates 2004 (<http://esa.un.org/unpp/>, as of 14 March 2005).

---

What often complicates the provision of elder care, particularly for working family members, is the fact that the elderly family members may live at a different location from the care provider. Whether migrating for work or just to change residence, workers in most industrialized countries do not live with their elderly relatives. Even in societies such as Japan and the Republic of Korea, where Confucian traditions have meant elderly family members usually live with their adult children, it is no longer as common as it used to be (Levande et al., 2000). Thus, if care must be provided to an elderly relative, the family member who provides care must often go to another location to provide it, which can be quite a long commute. In Canada, for example, 44 per cent of Canadians live 100 kilometres or more from their elderly parents (HRDC, 1999). For older workers who provide care, this may require them to depart the workplace early in order to commute to the elderly family member's residence, address the care needs, and commute back to their own home or work.

Providing this type of care is not only demanding on the working care provider in the short term, but it can lead to mental and physical illness if it must be provided in the long term. Research indicates that family members who must manage eldercare are more likely to experience increasing depression, anxiety and poor health, as well as family interference with work, stress and personal job costs (Kossek et al., 2001). Elder care located at home can compound these problems. Home-based health care for a sick or infirm elderly family member can result in care providers being less able to separate themselves from the physical deterioration or emotional and health problems. Often the family members who provide the care have not anticipated this role and feel greater stress because they lack experience in dealing with this type of situation. In the Republic of Korea, for example, where providing care to elderly relatives in the adult child's home is based on the Confucian tradition of filial piety, people have felt overburdened and are increasingly looking for greater support from outside the family (Kim, 2004). Japan, for cultural reasons associated with the provision of care, has reported similar circumstances to the Republic of Korea (Peng, 2002). Such burdens may also account for the results of a study in the United States, which found that nearly half of the adult children caring for an elderly parent do not want their family members to care for them if they become dependent in the future (Kossek, 2001).

Paradoxically, due to policy-makers' concerns over the cost of state-provided residential care, informal care by families is now becoming more important. Long-term care for an elderly relative is increasingly becoming the responsibility of families rather than the public purse (Jensen and Jacobszone, 2000). Countries such as Austria, Belgium, Canada, Germany, Hungary and Japan have gone further by imposing legal obligations to provide care to elderly family members in order to ensure that such care is addressed by family members as much as possible (OECD, 1998). As statistics above all indicate, this issue will not be going away soon and will likely remain a work-family concern for many older workers in these countries.

### ***Stuck in the middle: Reconciling work and family life for the "sandwich generation"***

The provision of one form of care, such as elder care, can be demanding enough for those striving to reconcile their work and family responsibilities, but the challenges placed on the "sandwich generation" (those experiencing the "sandwich effect" discussed above) can be truly daunting. For the "sandwich generation", which is predominantly made up of workers who are 45-60 years of age, it may not only be elderly relatives who require attention, but also spouses, adolescent children who remain in the family home, or even grandchildren for whom the grandparent may provide the majority of child care.

One recent development in many industrialized countries that may compound problems for the "sandwich generation" of older workers is that, due to the delayed age at

---

which women have children, they may increasingly be responsible for adolescent or adult children. Advances in medicine and increased access to training and education have meant that women are now capable of postponing childbirth to later in life. The result has been a steady increase in the mean age when a woman has her first child, which in most countries is approximately 27 years of age (Eurostat, 2004). The consequence of this is that, as these children reach their teenage years, the parents are also reaching the latter part of their work life. The fact that the parents of some adolescents are older workers does not change the dependency relationship between parents and children. Many adolescents are dependent on their family for their home and financial support, while school attendance requirements and labour legislation may prevent or restrict their ability to work in the paid labour market (Cordon, 1997). Though not much research is available on the subject, if circumstances remain the same in these countries, it is possible that this phenomenon will become a more common issue for older workers in the future.

A related point to this for the “sandwich generation” is the postponement of departure from the family household by these same adolescent or adult children. Traditionally, young people generally left the family home to get married and start a family. In recent years, as access to training and education increased, marriage was no longer the sole option to leave the family home, especially for young women whose numbers in education continue to grow through their own efforts or through encouragement by family. In countries such as Spain, families have willingly encouraged their children to postpone leaving home to further their education due to the difficult employment situation for young people (Cordon, 1997). Education is not the only reason young people are delaying departure from the family home, as evidenced by recent research in the European Union, which found the number of adolescents leaving home after turning 18 years of age continues to decline (European Commission, 2001). Another factor delaying departure is the difficulty of finding affordable and available housing in countries such as the Netherlands, where housing problems exist in many large cities, forcing young people to remain in the parental home for longer periods of time (Van Hekken et al., 1997). While adolescent children are not likely to have the same care needs as young children, their continued financial dependence can place added pressure on older parents to stay at work or re-enter the workforce in order to help pay for their needs.

Even when an adolescent or adult child leaves the family home, this may not end the work-family concerns for an older worker. Difficulties finding available, affordable and good quality child care in many societies have meant that grandparents have been called upon by adult children with limited or no alternatives to provide some form of child care for their grandchildren. In this context, the grandparents may themselves be older workers who must then compromise their ability to work with the provision of care to their grandchildren. Though the literature is sparse on the subject, one study indicates that in Flanders (Belgium), grandparents look after one-quarter of pre-school and school-age children, while another study noted that in Portugal and Spain “grannies” are active care givers to their grandchildren (Pacolet and Hebedoew, 2004). Grandparents have been used as care providers for a long time as workers struggle to reconcile work and family life, but it is only recently that they have begun to receive attention as the ones struggling to reconcile work and child care for grandchildren. With recent pressure placed upon older workers to extend their work life, a new work and family conundrum is developing. It is clear that further research on the impact of older workers providing child care needs to be undertaken to gauge the extent of the problem, especially for older women who have traditionally provided this type of care to their grandchildren.

The needs of spouses of older workers can vary depending on circumstances at home or in the workplace. In the event that pressures from family or work increase, one spouse or the other may be in a position to provide some form of care to the spouse needing attention. However, the demands for care can increase significantly in crisis situations. An event such as a heart attack or stroke, a possibility that increases as a person gets older, can



---

have a devastating impact on an older worker's life and his or her ability to work (Moen et al., 1994). In these circumstances, providing informal care and medical treatment may come at the expense of work, which can be both financially and personally detrimental for an older worker. In extreme circumstances, an older worker may be placed in a position where he or she must choose between providing care or staying in paid employment. Leaving work can have long-term implications as re-entry into the workforce for older workers is never guaranteed.

***Gender, care provision and labour market participation:  
Informal realities for older workers with family  
responsibilities***

The result of this breakdown of work and family responsibilities is that older women workers' labour market participation can, to some extent, be compromised by family responsibilities (Austen, 2003). Research on this issue has provided clear evidence of the problem. Survey evidence in European countries has demonstrated that prime-age women, who report having started or increased care-giving, reduce their hours in paid work and that, as a consequence, many do not return to employment or resume their full hours of work when they stop or reduce their provision of care (OECD, 2005). A study in the United Kingdom has further noted the relevance of the family context for retirement behaviour, especially among women, with 11 per cent retiring to spend more time with their families, 6 per cent coordinating giving up work with their partners, and 7 per cent leaving work because of the ill health of other family members (Taylor, 2001).

Generally, addressing family responsibilities among older age groups is strikingly similar to younger age groups, in that the type and extent of care provided is determined by the operations of social norms and gender. This translates into older women addressing the majority of existing family responsibilities, as opposed to older men. In relationships of older couples, women are more likely to provide care for men. In Spain, for example, research has indicated that 74 per cent of older men who were receiving assistance with daily activities had their wife as a caregiver, yet only 33 per cent of older women relied on husbands as caregivers (ILO, 2001). Older women may also be counted on to provide care for other members of their family, such as elderly relatives and grandchildren. In Asian countries such as Japan and the Republic of Korea, older women, due to unbalanced gender roles in the family, are often placed in the position of addressing family needs throughout their life, especially those of elderly relatives and grandchildren (Raymo et al., 2004).

The extent of older women addressing family responsibilities may be best illustrated by looking at a sample of time-use data in Hungary, the Netherlands and the United Kingdom in Table 7.<sup>31</sup> Recently, time-use research has been seen and developed as a useful tool to demonstrate how people in a country use their time during a given day. While labour market statistics are more accurate predictors of working time, time use research provides more substantive context about time spent to address personal and family responsibilities. The table below illustrates the difference between the amount of time men and women aged from 45-65 and 65 and older spend with regard to working time and family care responsibilities. These categories exclude people with children below 18 years of age, which means the household and family care provided are likely to be given to the spouse, elderly family members, adult children or adult grandchildren. From the data, it is quite clear that women provide the majority of family and household care, with women

<sup>31</sup> Countries chosen came from a recent EU study: European Commission: *Time use at different stages of life: Results from 13 European countries* (July 2003). The EU has looked to standardize how these data are collected and the data used here come from this study.

aged 45-64 in the Netherlands and the United Kingdom spending nearly double the amount of time that men do. What is quite revealing is that, while men 65 and older do perform more household and family care tasks, the amount of time women devote to these tasks does not diminish.

**Table 7. A sample of time use of men and women 45-64 and 65 and older**

	<i>Person 45-64 in a couple with no children below 18 years</i>		<i>Person 65 and older in a couple with no children below 18 years</i>	
	Men	Women	Men	Women
<b>Netherlands</b>				
Employment and travel (part of work)	03:40	01:06	00:25	00:12
Travel to and from work	00:27	00:07	00:02	00:01
Household and family care	02:04	04:18	02:52	04:25
<b>United Kingdom</b>				
Employment and travel (part of work)	04:08	02:14	00:19	00:06
Travel to and from work	00:29	00:14	00:02	00:01
Household and family care	02:22	04:17	03:34	04:44
<b>Hungary</b>				
Employment and travel (part of work)	02:56	04:34	00:10	02:16
Travel to and from work	00:20	00:28	00:03	00:14
Household and family care	03:12	04:22	03:37	04:21

Source: European Commission and Eurostat: *Time use at different stages of life: Results from 13 European countries* (July 2003).

Ironically, this situation for older women may have negative financial consequences when they themselves get older (Phillips, 1996). Women who provide care for more than 10 years have lower incomes than short-term care providers and accumulate fewer pension rights (Phillips, 1996). As a result, many women are vulnerable to poverty as they get older and are statistically most likely to be living in poverty later in life, particularly if they live alone (OECD, 2005). Policy-makers in industrialized countries who continue to assume, either explicitly or implicitly, that the woman in the family is available full time to provide care, further reinforce this situation (Lukenmeyer et al., 2000). For older women workers, the “equality”-based approach noted earlier becomes an even more important consideration towards improving their living and working conditions.

### ***Empowering older men and women workers: Framing the quality-based approach to take into account work and family responsibilities for older workers***

As indicated earlier, an equality-based approach is important to improving the conditions of work and employment for older workers, but it is also crucially important for older workers in reconciling their work and family life. Such an approach is important for several reasons. First, an equality approach dispels the myth that older workers have little or no family responsibilities to address. Secondly, the approach is important to help improve the equitable distribution of family responsibilities between older men and women workers. Finally, it is vitally important in helping to combat the sex and age discrimination that older women encounter as a result of addressing family responsibilities during the course of their and their family’s life. The extension of workers’ working lives is untenable if discrimination can occur for older workers who need to address family responsibilities.

There are two international standards that provide some guidance on how an equality approach can be developed to improve the conditions of work, employment and family life for older workers. Paragraph 19 of the ILO Older Workers Recommendation stipulates “*Special efforts should be made to facilitate the entry or re-entry into employment of older persons seeking work after having been out of employment due to their family responsibilities*”. However, for more detailed consideration as to how legislation and

policies should be developed regarding the reconciliation of work and family life, the ILO Convention on Workers with Family Responsibilities, 1981 (No. 156), provides broader guidance. Convention No. 156, though often used as a basis for work and family policies and legislation to address the needs of workers with children, is not restricted solely to this use. This Convention is based on the principle of equality between men and women and does not distinguish by age group. Therefore, its provisions are as applicable to the reconciliation of work and family life of older workers as it is to younger workers.

**Box 4. Principles of the Workers with Family Responsibilities Convention, 1981 (No. 156)**

The main purpose of Convention No. 156 is to create equality of opportunity and treatment in employment and occupation between men and women workers with family responsibilities. It covers all branches of economic activity and all categories of workers. It makes the aim of national policy to enable persons with family responsibilities to exercise their right to obtain or engage in employment without being subject to discrimination and, to the extent possible, without conflict between their employment and family responsibilities. It stipulates that all measures compatible with national conditions and standards be taken:

- to enable workers with family responsibilities to exercise their right to a free choice of employment;
- to take into account their needs in terms and conditions of employment and in social security, as well as community planning;
- to develop public or private community services, such as family services and facilities;
- and to enable workers to enter or re-enter the labour force after an absence due to family responsibilities.

Measures should also be taken to promote information and education which broaden public understanding of the principle of equality of opportunity and treatment for men and women workers with family responsibilities. Finally, it also recognizes that family responsibilities shall not be a valid reason for termination of employment.

## **Who wants to work forever? Strategies for work and retirement of older workers**

While other literature has debated issues associated with the age to collect a retirement pension, this paper has focused on the conditions of work and employment available to older workers in the paid labour market. Nevertheless, both bodies of literature have one theme in common: at some point, older workers — regardless of their age — will, and should, be able to enjoy a decent life in retirement. Yet, after a lifetime of employment, older workers can find it difficult to make the transition between full- or part-time work and retirement. The problem is particularly acute in industrialized societies where production and labour are highly valued and workers who retire inevitably feel they have lost social status. They may also feel the loss or diminishment of income associated with retirement and the transition to a life based on a state or private pension. It is therefore important when considering how to ensure decent work and employment conditions for older workers based on the equality approach to further consider strategies for workers, who by their own choice, seek to continue working, as well as for those who make the transition to retirement. The ILO Older Workers Recommendation, Section IV, Paragraph 21, stipulates:

*Wherever possible, measures should be taken with a view to —*

- (a) ensure that, in a framework allowing for gradual transition from working life to freedom of activity, retirement is voluntary.*

Paragraph 30 of the Older Workers Recommendation further notes that retirement preparation programmes should be implemented during the years preceding the end of working life with the participation of employers and workers. Taking these principles into account, some strategies have been developed by the social actors, ranging from national level to the level of collective bargaining agreements to that of the workplace. This section

---

will examine what policies exist and explore the importance of cooperation within the workplace between employers and workers in negotiating how retirement strategies can be effectively developed to meet the differing needs of those involved, notably through collective bargaining.

### ***Pre-retirement leave and vacations***

One option that can help workers prepare for retirement is the use of pre-retirement leave and vacations. In this case, the leave or vacation acts as a “retirement rehearsal”, in which workers have a chance to experience what retirement will be like before actually retiring (Fourzly and Gervais, 2002). This option can take a wide variety of forms and in some countries these have been negotiated into collective bargaining agreements. In Canada, some clauses negotiated into collective agreements include granting regular vacation entitlements for the final calendar year of service, when service is interrupted to grant a one year paid leave of absence (Fourzly and Gervais, 2002). Other negotiated schemes include benefits, such as vacation entitlements, sick leave credits, sick pay gratuities and superannuation allowances. Such clauses normally have eligibility requirements which are based on the employee’s age, length of service or some combination of both (Fourzly and Gervais, 2002).

### ***Retirement preparation programmes***

The expectation that an older worker, after decades of work, will go casually and without thought as to what retirement entails is a product of a bygone era. Retirement from work, though expected in many industrialized countries, can provoke some anxiety for older workers who may try to put off facing the adjustments that will have to be made in their lives. Regardless of the age when older workers choose to retire from work, they may need to come to terms with this situation before they leave work. This can be facilitated by providing them with information they may need to cope with their new status. Information that has been found to be useful in this process includes facts regarding post-retirement income (assessing what financial resources may be available so that the worker can enjoy decent retired life), the possibility of undertaking gainful activity during pension years, health-care information (including how to prevent premature ageing), information on the availability of cultural and voluntary activities and on where preparations for retirement are best made (at work or home).

Such policies can be implemented either through public services provided by national or local governments, or in the workplace through dialogue between employers and workers. Collective bargaining agreements have also included such clauses. Canadian collective agreements have been noted to have a variety of provisions (HRDC, 2001). In the Canadian agreements, counselling services are not always linked to retirement, but programmes have been developed to help workers nearing retirement with issues such as health care, financial planning, housing arrangements, life adjustments, legal matters, organization of leisure time and job coaching to find other work. In programmes where counselling or seminars are provided to help older workers with retirement, employers have provided the financing. Similar programmes operate in the United States and where they do not, organizations — such as the American Association of Retired People (AARP) — have provided guidance on these issues and may be helpful to older workers who may not be covered by a collective agreement or employer programme.<sup>32</sup>

<sup>32</sup> American Association of Retired People (AARP), <http://www.aarp.org> (June 2005).

---

## ***Gradual or phased retirement programmes***

The main difficulty that retirement preparation programmes attempt to cushion against is the switch from active work life to non-work life for older workers who are healthy, and the associated drop in income felt by all older workers. From national to workplace level, attempts have been made to introduce measures that reduce work gradually or in phases. Such measures permit a gradual transition from income-based work to an income derived from a pension. For employers, the benefit is that such programmes allow the retention of skilled older workers, reduce labour costs, allow training of replacements by older workers, allow planning for attrition and maintain organizational morale during enterprise restructuring (Fourzly and Gervais, 2002). There are two main mechanisms that have been used to do this: reducing the working time of the older worker with a guaranteed level of income until qualification for a retirement pension, or combining a retirement pension with income from a job. These will now be examined in more detail.

Policy-makers in many countries have begun to recognize the possibilities of a gradual retirement programme for older workers. Based on the EU's Employment Guidelines, governments have been called on to develop policies with the aim of encouraging older workers to remain in the workforce (European Commission, 2005). Member States in the European Union have been experimenting with and implementing measures on gradual retirement, in which older workers decrease their working time and are granted some form of income support (European Commission, 2004). Similar interest has developed at a variety of levels in Canada and the United States. Though older workers in many of these countries might look favourably on such programmes, certain eligibility conditions have also developed. Age and time requirements normally are first and foremost conditions. Older workers must be close to the legal retirement age and must have worked for a certain number of years while making social security contributions. Conditions placed on the employer and/or the state include an income supplement that is exchanged for shorter working hours by the older worker, which comes in the form of state contribution, unemployment benefit, partial pension or some combination of these options.

Collective bargaining and legislation are the main methods of implementing gradual retirement programmes in most industrialized countries. Legislation plays most prominently in gradual retirement due to its impact on welfare and pension systems and the need for regulation of these systems. However, the role of legislation and collective bargaining varies to some extent from country to country. In countries such as Austria, Finland, France, Spain and Sweden, legislation forms the basis of gradual retirement systems and no collective agreement is required to implement partial retirement programmes.<sup>33</sup> On the other hand, countries that place the emphasis for gradual retirement on collective bargaining agreements include Belgium, Canada, the Netherlands and Norway (Pedersini, 2001; Fourzly and Gervais, 2002). Countries, such as Denmark and Germany, have legislation regarding gradual retirement, but have supplemented it with sectoral and company-level agreements (Germany) and "social chapters" for older workers in collective agreements (Denmark).

The alternative mechanism to gradual retirement is combining a pension with wages from a job. Though traditionally frowned upon by policy-makers in many countries, this mechanism has become more common. Restrictions on combining jobs and pensions have been removed in some cases, except in case of pensions claimed before retirement on the

<sup>33</sup> The European Union refers to this as "progressive retirement", but it is functionally the same as gradual or phased retirement. See R. Pedersini: *Progressive retirement in Europe* (Milan, Fondazione Regionale Pietro Seveso, 19 September 2001). This paper can be consulted at <http://www.eiro.eurofound.eu.int/2001/09/study/t0109184s.html> (at June 2005).

---

grounds of difficult or unhealthy work, being unfit for work or unemployment. The combination of being employed and having a pension can be found in situations where there is a labour shortage in certain jobs or an income ceiling. This method is not necessarily continued for life, but can be restricted to the first five years after the age when an older worker would collect retirement benefits. An example of this policy can be found in Australia, where a government initiative was developed to encourage older workers to remain in the workforce. In the Australian case, a single person on a pension can earn up to \$A 1,297 and still receive a pension, while a couple on a pension can earn almost double this amount every two weeks and still receive a partial pension (Government of Australia, 2005).

### ***Deferred retirement options***

For some older workers, usually those in technical professions or those who are highly skilled, an organization's need for these types of workers means that an option might exist to extend employment past the normal retirement age. In this case, a collective agreement or individual negotiations between employer and worker can extend an older worker's working life, provided the worker chooses to do it and supplies proof that he or she is healthy and fit to do the work. For example, while the retirement age in Canada is normally 65 years of age, provisions inserted in some collective agreements have meant that workers have been able to choose to delay their retirement (HRDC, 2001). While such agreements are not indefinite, the employer and older worker can continue the relationship based on a discretionary agreement between the two parties.

---

### 3. Conclusions and implications

The growth in the older and elderly segments of the population, demonstrated in the beginning of this paper, is a developing reality that will have major implications for social, economic and labour policies in all of the countries considered. Increasing realization of these implications have led some policy-makers to propose changes in the social welfare systems of their country, namely increasing the eligibility age for retirement benefits and extending working life. The merits of such actions have been raised and discussed at length in other research and policy papers and are not central to the issues raised in this paper as such. However, extending people's working life by raising the eligibility age does not occur in a "labour market vacuum". It has great impact on the preferences and choices available to older workers. Thus, any debate which does not include consideration of the conditions of work and employment of older workers is in reality an incomplete discourse. Ensuring decent working conditions for older workers needs to be the *quid pro quo* when considering the extension of working life. These conditions must be framed on the basis of an equality approach that creates a genuine choice between continuing work and enjoying retirement after a lifetime of work.

A serious issue identified in this paper, which impacts on the ability of an older worker to remain in, enter or re-enter the labour market, is age discrimination. Age discrimination based on social and cultural perceptions that stereotype or generalize the capabilities and capacities of older workers, creates enormous obstacles for older workers to constructively participate in the paid labour market. A striking contrast appears to exist between countries, with some having longstanding age discrimination legislation, while others have more recently developed legislation. Such legislation, which is primarily based on reported complaints, has not always shielded older workers from experiencing or witnessing discrimination. This is a particular concern, as existing laws do include some exemptions that are based on objectively determined criteria. Moreover, as most of the existing legislation is based on individual complaints, which can be time-consuming and costly for an older worker to prove, some of these issues might be more strongly addressed by proactive legislation that prevents age discrimination. Legislative action of this nature is consistent with the equality approach and is necessary to help create equitable circumstances for older workers in the labour market.

The paper further highlights the lack of attention paid to the actual working conditions available to older workers in many countries. The prospect that elderly people would be compelled to work in a Dickensian work environment characterized by oppressive working conditions and squalor is not exactly the picture envisioned for older workers by policy-makers interested in extending the working life of their citizens in a decent manner. An important predictor of older workers contemplating working later in life is based on their current satisfaction with their working conditions, which can vary based on sector or industry. Still, not all work is equal. In addition, as people age, normal and pathological changes in human bone, muscle and other organs takes place, usually in the form of a reduction in size or capacity. Tailoring work to take into account the job requirements and capacity of older workers has been viewed as the main challenge, especially as the ability of workers to carry out the tasks of their job may be impacted by the working conditions they have experienced during the course of their worklife. The lack of health and safety literature for older workers indicates that further research is needed in order to determine how these circumstances can be effectively and fairly addressed.

Nevertheless, addressing other conditions of work and employment, such as working time and wages, can also improve circumstances available to older workers. With regard to working time, mechanisms which can assist in this matter include a reduction of working time, extended paid leave, limiting unsocial hours (such as nights and weekends), and the use of flexible working arrangements (such as part-time work). Other possible mechanisms

---

that can assist include work organization and job design, which may lessen the physical demands on older workers. Regardless of how it is done, consideration of the preferences of older workers helps to make sure that the mechanism chosen effectively meets the needs of workers and organizations. Further research on worker preferences would shed more light on how this can be equitably and effectively achieved. In addition, issues impacting on the wages paid for such working arrangements will also require further research, as debate over whether or not to pay older workers based on seniority often clouds the issue of what is a decent wage. This is especially important when it can make all the difference between extending an older worker's working life in a manner that permits a decent retirement, or in a manner that plunges the worker into the poverty experienced by many older people in years gone by.

What is also clear is that working life is not the only factor of concern for older workers, as family responsibilities, while likely diminished, never really end. This is perhaps the biggest misconception regarding older workers, based on the assumption that they do not have responsibilities once their children have grown up. The paper has clearly demonstrated this mistaken belief and noted that older workers must often contend with different forms of care, such as for elderly relatives, older children or grandchildren. Each type of care makes different demands on an older worker and impacts on his or her ability to participate in the labour market. Women, in particular, often are required to continue acting as primary care-giver regardless of their work status in the labour market. In fact, as women's labour market participation has clearly increased among older workers, it will be important to develop mechanisms, or even extend existing work and family policies and legislation, to ensure adequate coverage of older workers' needs. As with other work and family policies and legislation, the intention is not only to help women to address work and family needs, but to extend older men's contributions as well, in a manner that is in line with the equality approach indicated earlier in the work, one that is equitable to workers, families and enterprises.

The extension of working life is not meant to be a "life sentence" to work and, as such, there is a need to consider how older workers can make a smooth transition between work and retirement, no matter what the retirement age is. Different methods have been tried through national legislation, collective bargaining and individual agreements between workers and employers, ranging from pre-retirement leave and vacations, to retirement preparation programmes that prepare workers for life after work. There will likely be a need to extend such programmes as part of any agreement to extend working life for older workers, as they may have the unintended consequence of changing the perception of what retirement can mean to those expected to retire at a later age.

While the framework for examining the conditions of work and employment for older workers has been set out in this work, it is clear that there are issues that will require further examination. Many countries around the world have retirement ages at which pension benefits can be collected, but many others do not. In these often developing countries, further understanding is needed as to who is an older worker, whether retirement is a possibility or not, and who addresses the needs of older segments of society. It is also unclear whether anti-discrimination legislation exists and how effective it may be in these societies. Further research will be necessary to determine which conditions of work and employment are available to older workers and which different challenges may be faced by older men and older women. While older people in many societies might not actively participate in the paid labour market, the family care they provide to members of the family who do may, in itself, be a financial contribution which should be considered. These are a few of the issues that must be placed in context. Future work must focus on ensuring that the policies and legislation developed address the needs and concerns of older workers in a comprehensive manner, with the aim of ensuring decent conditions of work and life for them in the future.



---

## References

- K. Abraham and S. Housemann (2004): *Work and retirement plans among older Americans*, Upjohn Institute Staff Working Paper No. 04-105 (City??).
- American Association of Retired People (AARP): *Staying ahead of the curve: The AARP work and career study* (Washington, DC).
- D. Anxo, C. Fagan, S. Lee, D. McCann and J. Messenger (2004): "Introduction: Working time in industrialized countries", in J. Messenger (ed.): *Working time and workers' preferences in industrialized countries* (London, Routledge).
- O. Ashenfelter and D. Card (2002): "Did the elimination of mandatory retirement affect faculty retirement?", in *The American Economic Review*, Vol. 92, No. 4, pp. 957-980.
- S. Austen and M. Giles (2003): "The likely effects of aging on women's involvement in the paid workforce", in *Australian Bulletin of Labour*, 23-29 September.
- Australia, Government of (2005): *Rethinking retirement*, JobNetwork factsheet available at <http://specialistportals.dewr.gov.au/files/rethinking%20retirement%20flyer.pdf> (February 2006).
- D. Bell and R. Hart (1998): "Working time in Great Britain, 1975-1994: Evidence from the New Earnings Survey panel data", in *Journal of the Royal Statistical Society, Series A*, Vol. 161, No. 3, pp. 327-348.
- F. Bettio and J. Plantenga (2004): "Comparing care regimes in Europe", in *Feminist Economics*, Vol. 10, No. 1, March, pp. 85-113.
- B.J. Burchell, D. Lapido and F. Wilkinson (eds.) (2001): *Job insecurity and work intensification* (London, Routledge).
- J-M. Burniaux, R. Duval and F. Jaumotte (2003): *Coping with aging: A dynamic approach to quantify the impact of alternative policy options on future labour supply in OECD countries*, Economics Department Working Paper ECO/WKP(2003)25 (Paris, OECD).
- Canadian Council on Social Development, Work, Family, and Community (1999): *Key issues and directions for future research* (Ottawa, Human Resources Development, April).
- S. Christopherson (1997): *Childcare and elderly care: What occupational opportunities for women*, Labour Market and Social Policy Occasional Papers No. 27 (Paris, OECD).
- J. Cordon (1997): "Youth residential independence and autonomy: A comparative study", in *Journal of Family Issues*, Vol. 18, No. 6, November, pp. 576-608.
- Department for Education and Employment (UK) (2001): *Evaluation of the Code of Practice on age diversity in employment* (London).
- C. Duncan (2003): "Assessing anti-ageism routes to older worker re-engagement", in *Work, Employment and Society*, Vol. 17, No. 1, March, pp. 83-113.
- European Commission (2005): *Integrated guidelines for growth and jobs (2005-2008)*, COM (2005) 141, (Brussels, 12 April).
- (2004): *Increasing the employment of older workers and delaying the exit from the labour market*, COM (2004) 146 (Brussels, 3 March).

---

—— (2003): *European Employment Observatory Review*, Spring.

—— (2001): *The social situation in the European Union 2001* (Brussels).

European Foundation for the Improvement of Living and Working Conditions (1999): *Active strategies for an aging workforce*, conference report (Luxembourg, OOEPEC).

European Industrial Relations Observatory (EIRO) (2000): *Industrial relations and the ageing workforce: A review of measures to combat age discrimination in employment*, available at <http://www.eiro.eurofound.ie/2000/10/study/TN0010201S.html>.

Eurostat (2004): *Eurostat yearbook 2004: The statistical guide to Europe* (Luxembourg).

L. Flabbi and A. Ichino (2001): “Productivity, seniority and wages: New evidence from personnel data”, in *Labour Economics*, Vol. 8, pp. 359-387.

M. Fourzly and M. Gervais (2002): *Collective agreements and older workers in Canada* (Hull, Human Resource and Skills Development Canada), available in English and French at [http://www.hrsdc.gc.ca/en/lp/spila/wlb/caowc/15other\\_format.shtml](http://www.hrsdc.gc.ca/en/lp/spila/wlb/caowc/15other_format.shtml) (at February 2006).

I. Friedman (2003): “Age discrimination law: Some remarks on the American experience”, in S. Fredman and S. Spenser (eds.): *Age as an equality issue: Legal and policy perspectives* (Oxford, Hart).

F. Green (2001): “It’s been a hard day’s night: The concentration and intensification of work in late twentieth-century Britain”, in *British Journal of Industrial Relations*, Vol. 39, No. 1, pp. 53-80.

F. Green and S. McIntosh (2001): “The intensification of work in Europe”, in *Labour Economics*, Vol. 8, pp. 291-308.

W. Groot and H. van den Brink (1999): “Job satisfaction of older workers”, in *International Journal of Manpower*, Vol. 20, No. 6, pp. 343-360.

N. Guignon and A. Pailhé: “Les conditions de travail des seniors”, in *Premières Synthèses* (Paris), No. 19-2, May 2004. This document can be found, at [http://www.travail.gouv.fr/IMG/pdf/publication\\_pips\\_200405\\_n-19-2\\_conditions-travail-seniors.pdf](http://www.travail.gouv.fr/IMG/pdf/publication_pips_200405_n-19-2_conditions-travail-seniors.pdf).

B. Hepple (2000): “Equality: A new framework”, in B. Hepple, M. Coussey and T. Choudhury (eds.): *Report of the independent review of the enforcement of UK anti-discrimination legislation* (Oxford, Hart).

—— (2003): “Age discrimination in employment: Implementing the Framework Directive 2000/78/EC”, in S. Fredman and S. Spencer (eds.): *Age as an equality issue: Legal and policy perspectives* (Oxford, Hart).

I. Hoskins (ed.) (1996): *Combining work and elder care: A challenge for now and the future* (Geneva, ILO).

Human Resources and Skills Development Canada (HRSD) (1999): *Work and family provisions in Canadian collective agreements* (Hull), available at <http://www.hrsdc.gc.ca/en/gateway/topics/cxd-gxr.shtml> (at February 2006).

A. Humphrey, P. Costigan, K. Pickering, N. Stratford and M. Barnes (2003): *Factors affecting the labour market participation of older workers*, UK Department for Work and Pensions Research Report No. 200.

---

ILO (2005): *World Employment Report* (Geneva).

—— (2004): *Constitution of the International Labour Organization and Standing Orders of the International Labour Conference* (Geneva).

—— (2001): *Realizing decent work for older women workers* (Geneva).

—— (1999): *Decent work: Report of the Director-General* (Geneva).

—— (1995): *World Labour Report* (Geneva).

—— (1979): *Older workers: Work and retirement*, Report VI(1), International Labour Conference, 65<sup>th</sup> Session, 1979 (Geneva).

—— (1944): *Record of proceedings*, International Labour Conference, 26<sup>th</sup> Session, Philadelphia, 1944 (Montreal).

Japan Institute for Labour Policy and Training (2004): *Japanese working life profile 2004/2005: Labour statistics* (Tokyo).

J. Jensen and S. Jacobzone (2000): *Care allowances for the frail elderly and their impact on women care-givers*, Labour Market and Social Policy Occasional Paper No. 41 (Paris, OECD).

M. Jepsen, D. Foden and M. Hutsebaut (eds.) (2002): *Active strategies for older workers* (Brussels, European Trade Union Institute).

R. Johnson (2004): “Trends in job demands among older workers, 1992-2002”, in *Monthly Labor Review*, July, pp. 48-56.

A. Jolivet (2003): “The cluster of issues surrounding working time, work organization and job design”, in M. Jepsen, D. Foden and M. Hutsebaut (eds.): *A lifelong strategy for active ageing* (Brussels, European Trade Union Institute).

A. Jolivet and S. Lee (2004): *Employment conditions in an ageing world: Meeting the working time challenge*, Conditions of Work and Employment Series No. 9 (Geneva, ILO).

I. Karoly and J. Zissimopoulos (2004): “Self-employment among older U.S. workers”, in *Monthly Labor Review*, July, pp. 24-47.

D.S. Kim and C.S. Kim (eds.) (2004): *The population of Korea* (Seoul, National Statistics Office).

E. Kossek, J. Colquitt and R. Noe (2001): “Caregiving decisions, well-being, and performance: The effects of place and provider as a function of dependent type and work-family climates”, in *Academy of Management Journal*, Vol. 44, No. 1, February, pp. 29-44.

D. Latulippe and J. Turner (2000): “Partial retirement and pension policy in industrialized countries”, in *International Labour Review*, Vol. 139, No. 2, pp. 179-195.

S. Lee (2004a): “Seniority as an employment norm: The case of layoffs and promotion in the US employment relationship”, in *Socio-Economic Review*, Vol. 2, No. 1, pp. 65-86.

S. Lee (2004b): “Working-hour gaps: Trends and issues”, in J. Messenger (ed.): *Working time and workers' preferences in industrialized countries: Finding the balance* (London, Routledge).

---

S. Lee and D. McCann (forthcoming): "Working time capability: Towards realizing individual choice", in J-Y. Boulin, M. Lallement, F. Michon and J. Messenger (eds.): *Decent working time: New trends, new issues* (Geneva, ILO).

D. Levande, J. Herrick and K.T. Sung (2000): "Eldercare in the United States and South Korea: Balancing family and community support", in *Journal of Family Issues*, Vol. 21, No. 5, July, pp. 632-652.

S. Lissenburgh and D. Smeaton (2003): *Employment transitions of older workers: The role of flexible employment in maintaining labour market participation and promoting job quality* (York, Joseph Rowntree Institute).

A. Lukenmeyer, M. Meyers and T. Smeeding (2000): "Expensive children in poor families: Out-of-pocket expenditures for the use of care of disabled and chronically ill children in welfare families", in *Journal of Marriage and Family*, Vol. 62, No. 2, May, pp. 399-416.

A. Marsh and M. Sahin-Dikmen (2002): *Discrimination in Europe* (London, Policy Studies Institute, November).

— (2003): *Discrimination in Europe* (Brussels, European Commission, May), available at [http://europe.eu.int/comm/employment\\_social/publications/2003/cev403001\\_en.pdf](http://europe.eu.int/comm/employment_social/publications/2003/cev403001_en.pdf) (at June 2005).

P. Moen et al. (1994): "Women's work and caregiving roles: A life course approach", in *Journal of Gerontology*, Vol. 49, No. 4, pp. 176-187.

A. Molinié (2003): *Age and working conditions in the European Union* (Luxembourg, Office for Official Publications of the European Commission).

D. Neumark (2001): *Age discrimination legislation in the United States*, NBER Working Paper No. 8152 (Cambridge, National Bureau of Economic Research, March).

D. Neumark and W.A. Stock (1999): "Age discrimination laws and labour market efficiency", in *Journal of Political Economy*, Vol. 107, No. 5, pp. 1081-1125.

OECD (2005): *Extending opportunities: How active social policy can benefit us all* (Paris).

— (2003): "Making work pay, making work possible", in *Employment Outlook 2003* (Paris).

— (1998): *The caring world: National achievements*, paper presented at the Meeting of the Employment, Labour and Social Affairs Committee at Ministerial Level on Social Policy, Paris, 23-24 June 1998.

J. Pacolet and G. Hebedouw (2003): "The contribution of social infrastructure and services to the increased employment of older workers", in M. Jepsen, D. Foden and M. Hutsebaut (eds.): *A lifelong strategy for active aging* (Brussels, ETUI), p. 170.

P. Paoli and D. Merlié (2001): *Third European survey on working conditions 2000* (Luxembourg, Office for Official Publications of the European Communities).

R. Pedersini (2001): *Progressive retirement in Europe* (Milan, Fondazione Regionale Pietro Seveso, 19 September).

I. Peng (2002): "Social care in crisis: Gender, demography, and welfare state restructuring in Japan", in *Social Politics*, Vol. 9, No. 3, Fall, pp. 411-443.

---

J. Phillips (1996): *Working and caring: Developments at the workplace for family carers of disabled and older people* (Dublin, European Foundation for the Improvement of Living and Working Conditions).

J. Raymo, J. Lang, H. Sugisawa, E. Kobayashi and Y. Sugihara (2004): "Work at older ages in Japan: Variation by gender and employment status", in *The Journals of Gerontology*, Vol. 59B, No. 3, May, pp. 154-163.

A. Sen (1999): *Development as freedom* (London, Oxford University Press).

P. Smith (2004): "Eldercare, gender, and work: The work-family issue of the 21<sup>st</sup> century", in *Berkeley Journal of Employment and Labor Law*, Vol. 25, No. 2, pp. 352-390.

S. Spencer and S. Fredman (2003): *Age equality comes of age: Delivering change for older people* (London, Institute of Public Policy Research).

A. Spurgeon (2003): *Working time: Its impact on safety and health* (Seoul, ILO and OSHRI).

P. Taylor (2001): *Analysis of ways to improve employment opportunities for older workers*, report to the European Commission (November).

R. Taylor (2002): *Diversity in Britain's labour market*, ESRC Future of Work Programme Series (London, Economic and Social Research Council).

S. Van Hekken, L. de Mey and H.J. Schulze (1997): "Youth inside or outside the parental home: The case of the Netherlands", in *Journal of Family Issues*, Vol. 18, No. 6, November, pp. 690-708.

M. White, S. Hill, P. McGovern, C. Mills and D. Smeaton (2003): "'High-performance' management practices, working hours and work-life balance", in *British Journal of Industrial Relations*, Vol. 41, No. 2, pp. 175-195.

WHO (1993): *Ageing and working capacity*, WHO Technical Report Series No. 835 (Geneva).

G. Wood, M. Harcourt and S. Harcourt (2004): "The effects of age discrimination legislation on workplace practice: A New Zealand case study", in *Industrial Relations Journal*, Vol. 35, No. 4, pp. 359-371.

UN. Department of Economic and Social Affairs. Population Division (2004): *World population prospects: The 2004 revision* (New York).



---

## Appendix

### Older Workers Recommendation, 1980 (No. 162)

The General Conference of the International Labour Organisation,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Sixty-sixth Session on 4 June 1980, and

Recalling that the Discrimination (Employment and Occupation) Convention and Recommendation, 1958, do not include age among the grounds for discrimination listed therein, but provide for possible additions to the list, and

Recalling the specific provisions relating to older workers in the Employment Policy Recommendation, 1964, and in the Human Resources Development Recommendation, 1975, and

Recalling the terms of existing instruments relating to the social security of older persons, in particular the Invalidity, Old-Age and Survivors' Benefits Convention and Recommendation, 1967, and

Recalling also the provisions of article 6, paragraph (3), of the Declaration on Equality of Opportunity and Treatment for Women Workers, adopted by the International Labour Conference at its Sixtieth Session in 1975, and

Considering it desirable to supplement the existing instruments with standards on equality of opportunity and treatment for older workers, on their protection in employment and on preparation for and access to retirement, and

Having decided upon the adoption of certain proposals with regard to older workers: work and retirement, which is the fourth item on the agenda of the session, and

Having determined that these proposals shall take the form of a Recommendation, adopts this twenty-third day of June of the year one thousand nine hundred and eighty, the following Recommendation, which may be cited as the Older Workers Recommendation, 1980:

#### I. General Provisions

1.

(1) This Recommendation applies to all workers who are liable to encounter difficulties in employment and occupation because of advancement in age.

(2) In giving effect to this Recommendation, a more precise definition of the workers to whom it applies, with reference to specific age categories, may be adopted in each country, in a manner consistent with national laws, regulations and practice and appropriate under local conditions.

(3) The workers to whom this Recommendation applies are referred to herein as older workers.

2. Employment problems of older workers should be dealt with in the context of an over-all and well balanced strategy for full employment and, at the level of the undertaking, of an over-all and well balanced social policy, due attention being given to all population groups, thereby ensuring that employment problems are not shifted from one group to another.

#### II. Equality of Opportunity and Treatment

3. Each Member should, within the framework of a national policy to promote equality of opportunity and treatment for workers, whatever their age, and of laws and regulations and of practice on the subject, take measures for the prevention of discrimination in employment and occupation with regard to older workers.

---

4. Each Member should, by methods appropriate to national conditions and practice--

(a) make provision for the effective participation of employers' and workers' organisations in formulating the policy referred to in Paragraph 3 of this Recommendation;

(b) make provision for the effective participation of employers' and workers' organisations in promoting the acceptance and observance of this policy;

(c) enact such legislation and/or promote such programmes as may be calculated to secure the acceptance and observance of the policy.

5. Older workers should, without discrimination by reason of their age, enjoy equality of opportunity and treatment with other workers as regards, in particular--

(a) access to vocational guidance and placement services;

(b) access, taking account of their personal skills, experience and qualifications, to--

(i) employment of their choice in both the public and private sectors: Provided that in exceptional cases age limits may be set because of special requirements, conditions or rules of certain types of employment;

(ii) vocational training facilities, in particular further training and retraining;

(iii) paid educational leave, in particular for the purpose of training and trade union education;

(iv) promotion and eligibility for distribution of tasks;

(c) employment security, subject to national law and practice relating to termination of employment and subject to the results of the examination referred to in Paragraph 22 of this Recommendation;

(d) remuneration for work of equal value;

(e) social security measures and welfare benefits;

(f) conditions of work, including occupational safety and health measures;

(g) access to housing, social services and health institutions, in particular when this access is related to occupational activity or employment.

6. Each Member should examine relevant statutory provisions and administrative regulations and practices in order to adapt them to the policy referred to in Paragraph 3 of this Recommendation.

7. Each Member should, by methods appropriate to national conditions and practice--

(a) ensure as far as possible the observance of the policy referred to in Paragraph 3 of this Recommendation in all activities under the direction or control of a public authority;

(b) promote the observance of that policy in all other activities, in co-operation with employers' and workers' organisations and any other bodies concerned.

8. Older workers and trade union organisations as well as employers and their organisations should have access to bodies empowered to examine and investigate complaints regarding equality of opportunity and treatment, with a view to securing the correction of any practices regarded as in conflict with the policy.

9. All appropriate measures should be taken to ensure that guidance, training and placement services provide older workers with the facilities, advice and assistance they may need to enable them to take full advantage of equality of opportunity and treatment.

10. Application of the policy referred to in Paragraph 3 of this Recommendation should not adversely affect such special protection or assistance for older workers as is recognised to be necessary.



---

### III. Protection

11. Within the framework of a national policy to improve working conditions and the working environment at all stages of working life, measures appropriate to national conditions and practice designed to enable older workers to continue in employment under satisfactory conditions should be devised, with the participation of the representative organisations of employers and workers.

12.

(1) Studies should be undertaken, with the participation of employers' and workers' organisations, in order to identify the types of activity likely to hasten the ageing process or in which older workers encounter difficulties in adapting to the demands of their work, to determine the reasons, and to devise appropriate solutions.

(2) These studies may be part of a general system for evaluating jobs and corresponding skills.

(3) The results of the studies should be widely disseminated, in particular to employers' and workers' organisations, and, as the case may be, through them to the older workers concerned.

13. Where the reasons for the difficulties in adaptation encountered by older workers are mainly related to advancement in age, measures in respect of the type of activity in question should to the extent practicable be applied so as to--

(a) remedy those conditions of work and of the working environment that are likely to hasten the ageing process;

(b) modify the forms of work organisation and working time which lead to stress or to an excessive pace of work in relation to the possibilities of the workers concerned, in particular by limiting overtime;

(c) adapt the job and its content to the worker by recourse to all available technical means and, in particular, to ergonomic principles, so as to preserve health, prevent accidents and maintain working capacity;

(d) provide for a more systematic supervision of the workers' state of health;

(e) provide for such supervision on the job as is appropriate for preserving the workers' safety and health.

14. Among the measures to give effect to Paragraph 13, clause (b), of this Recommendation, the following might be taken at the level of the undertaking, after consulting the workers' representatives or with the participation of their representative organisations, or through collective bargaining, according to the practice prevailing in each country:

(a) reducing the normal daily and weekly hours of work of older workers employed on arduous, hazardous or unhealthy work;

(b) promoting the gradual reduction of hours of work, during a prescribed period prior to the date on which they reach the age normally qualifying workers for an old-age benefit, of all older workers who request such reduction;

(c) increasing annual holidays with pay on the basis of length of service or of age;

(d) enabling older workers to organise their work time and leisure to suit their convenience, particularly by facilitating their part-time employment and providing for flexible working hours;

(e) facilitating the assignment of older workers to jobs performed during normal day-time working hours after a certain number of years of assignment to continuous or semi-continuous shift work.

15. Every effort should be made to meet the difficulties encountered by older workers through guidance and training measures such as those provided for in Paragraph 50 of the Human Resources Development Recommendation, 1975.

---

16.

(1) With the participation of the representative organisations of employers and workers, measures should be taken with a view to applying to older workers, wherever possible, systems of remuneration adapted to their needs.

(2) These measures might include--

(a) use of systems of remuneration that take account not only of speed of performance but also of know-how and experience;

(b) the transfer of older workers from work paid by results to work paid by time.

17. Measures might also be taken to make available to older workers if they so desire other employment opportunities in their own or in another occupation in which they can make use of their talents and experience, as far as possible without loss of earnings.

18. In cases of reduction of the workforce, particularly in declining industries, special efforts should be made to take account of the specific needs of older workers, for instance by facilitating retraining for other industries, by providing assistance in securing new employment or by providing adequate income protection or adequate financial compensation.

19. Special efforts should be made to facilitate the entry or re-entry into employment of older persons seeking work after having been out of employment due to their family responsibilities.

#### **IV. Preparation for and Access to Retirement**

20. For the purposes of this Part of this Recommendation—

(a) the term prescribed means determined by or in virtue of one of the means of action referred to in Paragraph 31 of this Recommendation;

(b) the term old-age benefit means a benefit provided in the case of survival beyond a prescribed age;

(c) the term retirement benefit means old-age benefit the award of which is subject to the cessation of any gainful activity;

(d) the expression age normally qualifying workers for an old-age benefit means the prescribed age for award of old-age benefit with reference to which such an award can be either advanced or postponed;

(e) the term long-service benefit means a benefit the grant of which depends only upon the completion of a long qualifying period, irrespective of age;

(f) the term qualifying period means a period of contribution, or a period of employment, or a period of residence, or any combination thereof, as may be prescribed.

21. Wherever possible, measures should be taken with a view to--

(a) ensuring that, in a framework allowing for a gradual transition from working life to freedom of activity, retirement is voluntary;

(b) making the age qualifying for an old-age pension flexible.

22. Legislative and other provisions making mandatory the termination of employment at a specified age should be examined in the light of the preceding Paragraph and Paragraph 3 of this Recommendation.

---

23.

(1) Subject to its policy regarding special benefits, each Member should endeavour to ensure that older workers whose hours of work are gradually reduced and reach a prescribed level, or who start to work on a part-time basis, receive, during a prescribed period prior to the date on which they reach the age normally qualifying workers for an old-age benefit, a special benefit in partial or full compensation for the reduction in their remuneration.

(2) The amount and conditions of the special benefit referred to in subparagraph (1) of this Paragraph should be prescribed; where appropriate, the special benefit should be treated as earnings for the purpose of calculating old-age benefit and the period during which it is paid should be taken into account in such calculation.

24.

(1) Older workers who are unemployed during a prescribed period prior to the date on which they reach the age normally qualifying workers for an old-age benefit should, where an unemployment benefit scheme exists, continue until such date to receive unemployment benefit or adequate income maintenance.

(2) Alternatively, older workers who have been unemployed for at least one year should be eligible for an early retirement benefit during a prescribed period prior to the date on which they reach the age normally qualifying workers for an old-age benefit; the grant of early retirement benefit should not be made dependent upon a qualifying period longer than that required at the age normally qualifying workers for an old-age benefit and its amount, corresponding to that of the benefit the worker concerned would have received at that age, should not be reduced to offset the probable longer duration of payment, but, for the purpose of calculating this amount, the period separating the actual age from the age normally qualifying workers for an old-age benefit need not be included in the qualifying period.

25.

(1) Older workers who--

(a) have been engaged in occupations that are deemed arduous or unhealthy, for the purpose of old-age benefit, by national laws or regulations or national practice, or

(b) are recognised as being unfit for work to a degree prescribed, should be eligible, during a prescribed period prior to the date on which they reach the age normally qualifying workers for an old-age benefit, for an early retirement benefit the grant of which may be made dependent upon a prescribed qualifying period; the amount of the benefit, corresponding to that of the benefit the worker concerned would have received at the age normally qualifying workers to an old-age benefit, should not be reduced to offset the probable longer duration of payment, but, for the purpose of calculating this amount, the period separating the actual age from the age normally qualifying workers for an old-age benefit need not be included in the qualifying period.

(2) The provisions of subparagraph (1) of this Paragraph do not apply to--

(a) persons in receipt of an invalidity or other pension on grounds of incapacity for work corresponding to a degree of invalidity or incapacity at least equal to that required to qualify for an early retirement benefit;

(b) persons for whom adequate provision is made through occupational pension schemes or other social security benefits.

26. Older workers to whom Paragraphs 24 and 25 do not apply should be eligible for an early old-age benefit during a prescribed period prior to the date on which they reach the age normally qualifying workers for an old-age benefit, subject to such reductions as may be made in the amount of any periodical old-age benefit they would have received at that age.

27. Under schemes in which the grant of an old-age benefit depends on the payment of contributions or on a period of occupational activity, older workers who have completed a prescribed qualifying period should be entitled to receive a long-service benefit.

---

28. The provisions of Paragraphs 26 and 27 of this Recommendation need not be applied by schemes in which workers can qualify for an old-age benefit at the age of sixty-five or earlier.

29. Older workers who are fit for work should be able to defer their claim to an old-age benefit beyond the age normally qualifying workers for such a benefit, for example either for the purpose of satisfying all qualifying conditions for benefit or with a view to receiving benefit at a higher rate taking account of the later age at which the benefit is taken and, as the case may be, of the additional work or contributions.

30.

(1) Retirement preparation programmes should be implemented during the years preceding the end of working life with the participation or representative organisations of employers and workers and other bodies concerned. In this connection, account should be taken of the Paid Educational Leave Convention, 1974.

(2) Such programmes should, in particular, enable the persons concerned to make plans for their retirement and to adapt to the new situation by providing them with information on--

(a) income and, in particular, the old-age benefit they can expect to receive, their tax status as pensioners, and the related advantages available to them such as medical care, social services and any reduction in the cost of certain public services;

(b) the opportunities and conditions for continuing an occupational activity, particularly on a part-time basis, and on the possibility of establishing themselves as self-employed;

(c) the ageing process and measures to attenuate it such as medical examinations, physical exercise and appropriate diet;

(d) how to use leisure time;

(e) the availability of facilities for the education of adults, whether for coping with the particular problems of retirement or for maintaining or developing interests and skills.

## **V. Implementation**

31. Effect may be given to this Recommendation, by stages as necessary, through laws or regulations or collective agreements or in any other manner consistent with national practice and taking account of national economic and social conditions.

32. Appropriate measures should be taken with a view to informing the public and, more particularly, those responsible for guidance, training, placement and the social services concerned, as well as employers, workers and their respective organisations, of the problems which older workers may encounter in respect, in particular, of the matters dealt with in Paragraph 5 of this Recommendation and of the desirability of helping them to overcome such problems.

33. Measures should be taken to ensure that older workers are fully informed of their rights and opportunities and encouraged to avail themselves of them.