

Department for Work and Pensions

Research Report No 299

Extending working life: A review of the research literature

Chris Phillipson and Allison Smith

A report of research carried out by Keele University on behalf of the Department for Work and Pensions

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Abbreviations

BHPS	British Household Panel Survey
BSAS	British Social Attitudes Survey
DB	Defined benefit
DC	Defined contribution
DfEE	Department for Education and Employment
DfES	Department for Education and Skills
DWP	Department for Work and Pensions
EC	Employment Credit
ECHP	European Community Household Panel
ELSA	English Longitudinal Study of Ageing
EOC	Equal Opportunities Commission
ESRC	European and Social Research Council
ETP	Employer Training Pilot
EU	European Union
FES	Family Expenditure Survey
FRS	Family Resources Survey
GHS	General Household Survey
IB	Incapacity Benefit
JSA	Jobseeker's Allowance
LFS	Labour Force Survey

LSC	Learning and Skills Council
NVQ	National Vocational Qualification
OECD	Organisation of Economic Co-operation and Development
PIU	Performance and Innovation Unit
SME	Small and Medium-sized Enterprise
SPA	State Pension Age
UK	United Kingdom

Summary

This literature review was designed to assess the current state of knowledge about factors influencing the labour market participation of older workers. The study analyses a range of quantitative and qualitative studies on work and retirement, published in the UK over the period 1999-2005. The context for the study is the increasing rate of labour force participation of older workers and the narrowing of the gap in employment between those aged 50 plus as compared with younger age groups. This development is also reflected in changes in public policy with moves to encourage workers to consider extending their working lives. Against this background, the focus of the review is on exploring a range of questions concerned with understanding why some people remain in employment and why others leave ahead of State Pension Age (SPA). The review also identifies important gaps in the research literature and policy issues to consider if the goal of extending working life is to be achieved.

Key findings

- Despite increases in the employment rate of older workers, substantial numbers still leave work ahead of SPA. In the UK, at the turn of the 21st century, men were leaving the labour force, on average, at the age of 63, with women leaving at the age of 61. One-quarter of men were leaving work before 58 years of age, with one-quarter of women leaving before the age of 57.
- A combination of 'push' and 'pull' factors influence movement out of employment. Poor health and disability are the most common factors '*pushing*' people out of the labour market, and are especially significant for those in their 50s and early 60s. Health factors are more important for those from middle and lower as opposed to higher social class groups. Work-related issues are another significant 'push' factor, notably in respect of problems relating to stress and the perceived intensification of work routines. '*Pull*' factors are associated with financial security, with those retiring early having higher earnings than those leaving at SPA. Access to an occupational pension is also associated with early departure from the labour force. A desire for a new lifestyle may be significant for some: the feeling of wishing to enjoy life while still 'fit and young'.

- A mix of socio-demographic variables influence decisions about whether to *remain* at work, including: marital status, gender, socio-economic status, housing characteristics, financial resources, and type of employment. Some of these factors are also relevant to understanding what *prevents* people from returning to work. Long-term illness is important in discouraging older men and women from looking for work; responsibilities for informal care may also be a significant factor in the case of women. On the other hand, those who have retired voluntarily may be resistant to the idea of further employment.
- A variety of financial incentives and disincentives affect the likelihood of people returning to work. Access to an occupational pension may provide an incentive for early retirement, a factor which may be especially important for higher social class groups. Pension type may also be significant with defined benefit pension holders more likely to retire early than those with defined contribution plans. Disincentives to return to work may operate in respect of the likelihood of receiving lower wages than when previously employed, loss of benefits and expected costs associated with returning to work.
- Access to training and further skill development is important for extending working life. Evidence from a range of research studies suggests that older workers continue to be disadvantaged in respect of work-related training. Some groups, notably those in part-time employment and on fixed-term contracts, appear more disadvantaged than others. On the other hand, there is some evidence that older workers may, in some instances, be unwilling to take-up offers of training, either because they lack confidence or because it may be perceived as offering few advantages.
- Opportunities for flexible employment are valued by many groups. Most flexible working takes the form of either part-time or self-employment. Women are more likely to work flexibly than men. There are also gender differences in the type of flexible work arrangements, with women more likely to undertake school term-time working and job sharing, with men more likely to have a shorter working week. Access to flexible work options also varies in respect of sector of employment, with these arrangements more common for public sector as opposed to private sector employees.
- Movement from work to retirement represents a significant transition, or 'turning point' in people's lives. Attitudes towards work and retirement will vary at different points of the transition. For example, among those in their 50s expectations of work remain strong; for those in their early sixties, expectations of retirement become more common. Groups vary in their ability to make meaningful choices about whether to continue in employment or to retire. Health and family considerations will be important in shaping decision-making, but the timing of retirement will also be influenced by financial considerations.

- Decision-making in the work/retirement transition will be influenced by the degree of control which individuals have over key events affecting their lives. Researchers contrast those with total choice and control to those with virtually no choice at all. Between these extremes will be a variety of circumstances and experiences, these influencing the extent to which work and retirement pathways are open to individual control.

Summary of research

The period from the 1970s through to the 1990s was characterised by the retirement or early withdrawal from work of substantial groups of workers. In particular, there was the growing importance of 'early exit' from paid work together with the emergence of a range of different pathways which people followed in the move from full-time work to eventual retirement. Retirement and withdrawal or 'exit' from the workforce, occurred at different points for increasing numbers of workers. For some this reflected access to occupational pensions of sufficient size to allow an extended period of leisure over continuation in work. For others, however, location in areas or industries affected by high unemployment created pressures to withdraw from work ahead of SPA. Over the course of the 1990s, with the move out of economic recession, the pattern of early withdrawal from work went into reverse with increases in economic activity for men and women in their 50s and 60s. The employment rate of men between 50 and SPA was by 2005 higher than at any point since the mid-1980s. Since spring 1992, the level of employment has increased over the entire working age population, with the greatest increase occurring in the 55-59 age group.

This last change also reflects changes in the policy environment as regards older workers. While the decades of the 1970s and 1980s focused on the need to replace older with younger workers, the concern in the early 21st century is to extend working life and to encourage more people to work beyond SPA. Given these developments, the purpose of this report is to consider the research evidence regarding possibilities for extending working life and maintaining the current rise in labour force participation among workers aged 50-69. A review of research on factors influencing the labour market participation of older workers, covering work undertaken during the 1990s, was published by the then Department for Education and Employment (DfEE) in 2000 (*Factors Affecting Retirement*). This review covers the period from 1999 up to 2005, with an exclusive focus on material from the United Kingdom (UK). The purpose of the review is to, first, analyse the evidence from research about those factors which encourage older workers to stay, leave or return to the labour market; second, to highlight what is missing from the research literature and possible sources of data to address this; third, to indicate policy conclusions which might be drawn from available research.

What are the most important drivers and barriers to working longer?

Health status is the single most important factor 'pushing' people out of work and reducing the likelihood that they will return:

- The earlier the retirement the more it is driven by health as opposed to financial factors. Men and women in lower social class groups are especially likely to cite health-related reasons for leaving work ahead of SPA; those in physical or heavy manual jobs are likely to have low expectations of working up to or beyond SPA. The likelihood of someone who leaves work through ill-health or disability after age 50 re-entering the labour market is slim, and declines rapidly as the length of unemployment increases.

A variety of socio-demographic factors also operate to influence participation, the three most important identified as:

- marital status, with being married or divorced reinforcing attachment to work, in contrast with being single or widowed;
- educational qualifications – those with degrees appearing more likely to consider work after retirement in comparison with those without formal qualifications;
- social class, with those from routine and semi-routine occupations having fewer opportunities to work beyond SPA when compared with professional and managerial groups.

Financial and related factors operate in different ways:

- Financial **insecurity** (insufficient pension provision; having an outstanding mortgage; financial commitments to children) increases the likelihood of people staying in the labour market.
- Financial **security**, on the other hand, is an important factor taking people out of the labour market, those choosing to leave work ahead of SPA reporting higher incomes than those expecting to retire at SPA. This variable may also be linked with a desire among people for a change in direction to their lives, and/or a desire to spend more time with their partners.

Type of employment is strongly related to likelihood of working up to and beyond SPA, with the self-employed much more likely than employees to work later. Employment sector or type of job is also important: post-SPA men are **over-represented** in distribution, hotels, restaurants and 'other services', with an **under-representation** in the construction and manufacturing industries. Older women continue their pre-SPA pattern of part-time employment in service-related positions.

Drivers and barriers vary across **age cohorts**. Early retirement linked to ill-health is especially important for those in the 50-55 age group. The period of the 50s

continues, however, to be viewed as important for most people in maintaining an attachment to work. Up to the age of 60, workers are more likely to change their jobs for positive rather than negative reasons. Among men aged 55-59 there has been a rise in the share of the economically inactive population wanting to work. Rates of leaving work for those who do continue in employment increase relatively quickly after 60/65, although a considerable proportion of people between SPA and 69 remain economically active. Again, this will largely consist of those who were economically active in the period up to their SPA.

What choice and decisions do people make about work and retirement?

Decision-making in the work/retirement transition will be influenced by the degree of control which individuals have over key events affecting their lives. Researchers contrast those with total choice and control to those with virtually no choice at all. Between these extremes will be a variety of circumstances and experiences, these influencing the extent to which work and retirement pathways are open to individual control. Social class appears as a significant variable, with those from manual occupations much less able to make meaningful choices about whether or not to extend work or take flexible retirement.

The **context for decision-making** is likely to be important. **Organisational factors** are likely to influence decision-making in the move from work to retirement. Line managers can exert considerable discretion over determining the options available to an individual at the end of their working life. **Family circumstances** may be relevant for some, notably for those with responsibilities for caring for a spouse or parent. Women in their 50s have been identified as a 'pivot' generation, juggling care as well as work roles. Decisions about work and retirement must also be located in the wider **social networks** within which personal ties are embedded. Retiring early or late may be normative among a group of colleagues within a particular occupational setting. Personal relationships are themselves likely to influence work and retirement options, notably in respect of the timing of decisions made by couples about leaving or staying on at work.

Is there a role for flexible working in extending working life?

Negotiating a flexible form of work (e.g. working from home, flexi-time, job sharing) has been identified as an important policy option to assist the extension of working life. Available evidence suggests increasing numbers of employees having the potential to access a flexible working option of one kind or another. Research also confirms a considerable degree of enthusiasm for this type of measure, especially for those combining work with informal care, or people with a health or disability issue of some kind. On the other hand, high quality flexible working may only be open to a relatively limited number of occupational groups, notably those already well-placed in terms of labour market position. Some groups, especially those from

routine and semi-routine occupations, may have access to poorer quality flexible forms of employment. It is unclear, in these instances, the extent to which this can be seen as either genuinely extending working life, or facilitating a smooth transition from work to retirement.

What is missing from the research literature?

More information is needed on the experiences of different ethnic minority groups. A number of these are associated with high rates of unemployment, especially in the period leading up to SPA. Compared with white 50-64 year olds, black men of the same age are a third more likely, and Indian, Pakistani and Bangladeshi men two-thirds more likely, to be out of work. This is almost certainly associated with health problems of different kinds, these often leading to detachment from the labour market at a relatively young age.

More research is needed on the impact of 'cumulative' and 'multiple' forms of disadvantage. Some of the more intractable problems facing those in their 50s and 60s reflect the interaction between a range of issues which taken together may represent a formidable barrier to people either remaining in or returning to the labour market.

More detailed studies are necessary about the nature of decision-making during the transition from work to retirement. Qualitative research has added to our knowledge of this area. Nonetheless, further studies are required which extend our understanding of the transition as a process involving complex decisions regarding the timing of retirement, considerations about flexible work, financial options, and possibilities for voluntary work within the community.

Greater information is needed on the role of partners and other network members in influencing retirement decision-making. Compared with the extensive American literature, British research is limited in its coverage of how marital relationships impinge on retirement decisions. In addition to the intimate ties of marriage, we also need more information on the role played by friends and work colleagues in influencing views about staying or leaving work.

More research is required examining the multiple transitions experienced by people as they move through their 50s. A range of changes now affect the lives of men and women during this period. Changing orientations to employment and growing awareness of retirement is one important dimension. Responsibilities in relation to care work for parents and/or grandchildren may merge with changes at a personal level. New commitments, such as pressure to fund children through university, may create additional reasons to remain in employment.

Answering the above questions would best be achieved through a qualitative longitudinal study of retirement decision making, following a sample of men and women through their 50s and assessing the range of factors operating to influence key decisions regarding changes to their lives. This should be complemented by

additional secondary analysis of data sets such as the British Household Panel Survey (BHPS), BSAS and English Longitudinal Study on Ageing (ELSA), focusing on changing attitudes towards work and retirement. Follow-up surveys to those such as Humphrey *et al.* (2003) will also be important to monitor changes in retirement plans, opportunities for extending employment, and reasons for retirement.

What are the areas that need to be developed to extend working life?

The research identifies six areas for development to assist the policy objective of extending working life. The first concerns improving choice and control in the transition from work to retirement. Extending working life will be assisted by individuals having greater control over options during the transition, notably in relation to improved knowledge about pensions, more effective planning for retirement, and greater control over the timing of retirement.

Second, access to training and continuing education remains a crucial issue for older workers. More information is needed about the range of benefits (for employers and employees) that training is likely to bring. Regional and local area initiatives directed at older workers may be especially relevant in terms of challenging negative attitudes towards training.

Third, research confirms the importance of ill-health and disability as factors which can lead to premature withdrawal from the workplace. This is especially the case for those in routine or manual jobs, with one-third of men in their 50s reporting a long-standing limiting illness. These findings indicate the importance of a preventative approach to health issues, with the need to develop policies able to reduce the risk of older workers leaving the workforce for reasons of poor health.

Fourth, programmes to support women in the workplace will be important in any package of incentives to extend working life. Any support will need to take account of the informal care responsibilities of women, of whom a significant proportion leave work as a result of family and domestic pressures. Maintaining a network of services to assist women caring for parents and relatives in the community, is thus an important corollary of efforts to extend labour force participation. Encouraging 'family-friendly' employment policies is another dimension, with the need for flexible policies to assist line managers as well as carers in decision-making about future work options.

Fifth, despite interest and attention in promoting flexible routes from work to retirement, the evidence at present suggest these remain narrow in scope and limited to particular groups of workers and to specific occupations. Research suggests that flexible retirement is failing in its potential to contribute to policies aimed at helping people delay their retirement. Policies are needed aimed at promoting good quality flexible employment across a range of occupational groups.

Sixth, policies to extend working life will need to acknowledge the complexity of transitions from work to retirement. A retirement where *everyone* finishes at 60, 65 or 67 (to take three possible ages) is no longer feasible. This was characteristic of what might be termed the *traditional life course* built around three clear stages of education, work and retirement. The reality now is for greater fluidity and flexibility in movement across each life stage. The implications for public policy from this are, first, ensuring that significant numbers of people are not excluded from the benefits of more flexible arrangements during the move from work to retirement; and second, helping people to secure greater control over transitions after 50, for example through measures aimed at improving financial security and alleviating poverty. Achieving this might be assisted by implementing the following types of policies:

- Those designed to create greater choice and flexibility about moves in and out of work, with the possibility of spreading work more evenly across the life course.
- Those which enhance the capacity of older workers as a group –through training, improvements to the work environment, lifelong learning, the development of anti-discrimination policies.
- Those which encourage support towards the end of the working life, with the promotion of gradual retirement and preparation for retirement.
- Those aimed at tackling the health problems which may cause or contribute to early exit from work, with the development of a range of preventive measures in the area of health.

Reporting conventions

All tables have been rounded to the nearest whole number:

- * indicates a cell size of less than 0.5; and
- - indicates zero or no data.

1 Introduction

This chapter provides some background information about changing patterns of work and retirement, together with a summary of factors influencing discussions about extending working life. The main aims and themes of the report are summarised along with the approach taken to collecting relevant material. The chapter concludes with a plan of the report together with an outline of the key research questions.

1.1 Background

In recent years, issues relating to older workers and retirement have become major influences on the development of economic and social policy. In part this has reflected changes to the organisation of work and retirement over the period of the twentieth century. Donald Hirsch (2003) has observed that throughout this time, the idea of a fixed point of leaving work – at 60 or 65 – developed as one of the great certainties of life, particularly in the case of men. Modern retirement policy was itself a product of the late 19th century, as large private companies and branches of the civil service adopted pension policies of various kinds. Following this, pension provision was extended to a wider range of groups, with recognition by government – especially in periods of economic depression – of the need to assist the retirement of older workers (Hannah, 1986; Phillipson, 1993). In consequence, modern states became responsible not only for the income maintenance of substantial sections of the older population but also for determining the rules governing access to different pathways into retirement (Kohli *et al.*, 1991; Blanchet *et al.*, 2005).

Over the past 10 years these ‘pathways’ or ‘transitions’ have become more diverse than once was the case. Donald Hirsch (2003: 7) has summarised some of the changes as follows:

- Fewer than four in ten men are still working immediately before reaching the State Pension Age¹ (SPA) (compared with six out of ten in 1980).

¹ State Pension Age is currently 60 for women (rising to 65 between 2010 and 2020) and 65 for men.

- Of people leaving full-time permanent jobs between 50 and SPA, nearly as many enter part-time, temporary or self-employed work as stop working immediately.
- While men (to a greater extent than women) are much more likely to leave work before SPA than a generation ago, the Government wants to encourage more people to continue after this age, by improving incentives to defer the state pension.
- Ensuring adequate income in later life has become a more complex process, with greater responsibility falling to individuals than in the initial Beveridge system. The structure of pensions is more diverse with the basic state pension joined by an array of means-tested credits, second state pensions, personal pensions and occupational pensions.

Changes to retirement as an institution have, then, been one element driving a variety of discussions within economic and social policy (Nyce and Schieber, 2005). Underpinning these, however, has been a generalised concern about employment prospects for older workers. Employment rates for men aged 50-SPA have fallen dramatically since the mid-1970s, albeit with some recovery since the late-1990s and with an increase in the rates for women. This development, while accepted (and indeed in part promoted through policies such as the 1977 Job Release Scheme²), came under scrutiny from the late-1990s onwards. Governmental and non-governmental agencies put the case for limiting the withdrawal of people 50 and over from the workplace, and encouraging those who were economically inactive back into work (Department for Work and Pensions (DWP), 2005; Employers Forum on Age, 2005; Grattan, 2005; Robinson, Gosling and Lewis, 2005). In part this has reflected issues around challenging age discrimination in the workplace, reflected in the DWP *Age Positive Campaign*, the *Code of Practice on Age Diversity in Employment* (DWP, 2001) as well as forthcoming legislation in this area. Broader factors are, however, also present and are summarised below.

1.1.1 Demographic factors

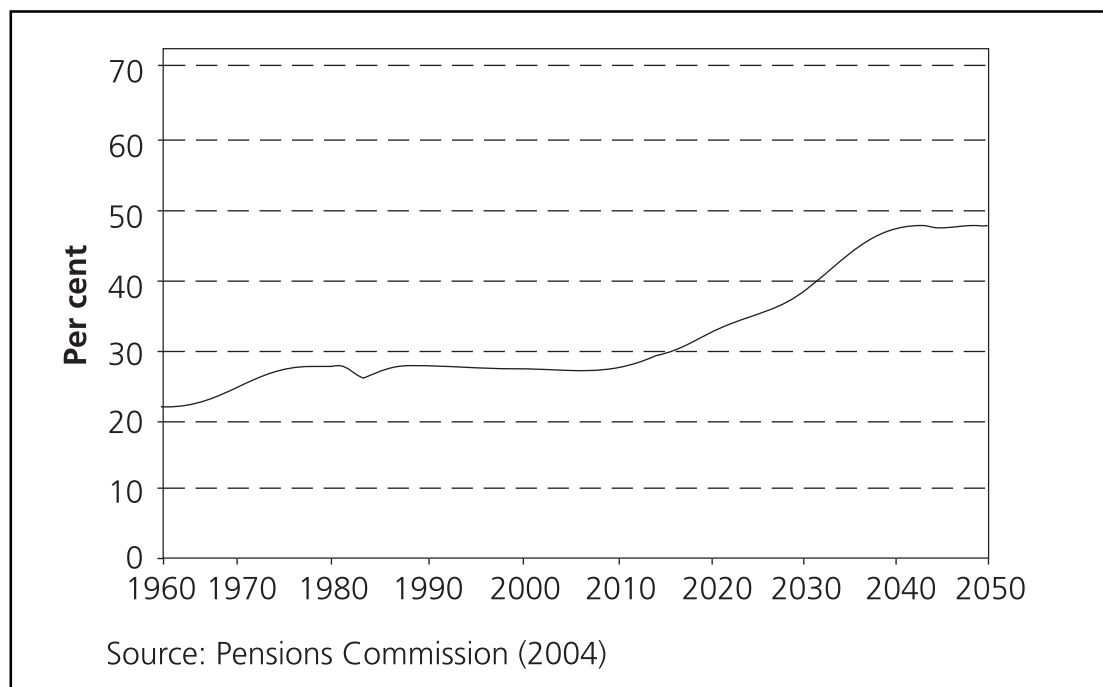
The ageing of Britain's population is one significant influence behind current debates on work and retirement. The *First Report of the Pensions Commission* (2004) highlighted what it viewed as the dramatic change in the United Kingdom's (UK's) demographic structure occurring over the first half of the 21st century, with only a negligible increase in the number of 20-64 year olds, but a 78 per cent increase in the number of those 65 and over. As a result the ratio of the 65 plus group to those 20-64 will increase from 27 per cent currently to 48 per cent in 2050, with most of this increase concentrated in the next 30 years (Figure 1.1). In this context, the Commission took the view that encouraging a rise in average retirement ages would need to be a significant element in the policy response to demographic change.

² For a general discussion about this period see Lazcko and Phillipson (1991).

1.1.2 Labour market pressures

Ageing, along with changes in labour force participation, is already having a significant impact on the composition of the labour market (Dixon, 2003). The proportion of older people in the working age population has been steadily increasing over the past decade. In 2004, the working age population (defined as 16-SPA) stood at 35 million people, of whom 8.8 million (25 per cent) were aged 50 – SPA. This proportion has increased steadily since 1992 when 21 per cent of the population were aged 50-SPA, a trend which is set to continue. Population projections suggest that in 2021, 32 per cent of the working age population will be aged 50 and over (taking into account the increase in the retirement age for women to 65 between 2010 and 2020), with a slight fall to around 30 per cent by 2031. Dixon (2003:74) concludes that one consequence of these changes will be that the: *'...experiences and outcomes of older workers will have a growing influence on the performance of the labour force as a whole'*. Hirsch (2005: 3) suggests that an important policy issue stemming from this development will be the need to create more sustainable working lives, with the provision of improved support and assistance to older people within the workplace (see, also, Taylor, 2002; Whiting, 2005).

Figure 1.1 Old-age dependency ratio: All 65+: 20-64, UK



1.1.3 Pension issues

Encouraging older people to remain at work is closely linked with concerns about pensions and financial support to older people. The Green Paper *'Simplicity, Security, and Choice: Working and Saving for Retirement'* (DWP, 2002a) identified a number of policies aimed at people in their 50s to assist expanding opportunities and choice for individuals to work and save longer. The Pensions Act 2004, along

with other supporting legislation, introduced reforms aimed at extending working life and giving individuals more generous and flexible options for how and when to retire. Changes to occupational pension rules mean that from April 2006 people will be able to carry on working for the same employer while drawing an occupational pension. In addition, the age from which a non-state pension can be taken will increase from 50 to 55 by 2010. These, along with other developments such as more generous State Pension deferral options, provide the basis for incentives for people to remain at work up to and beyond SPA.

1.1.4 Social factors

Finally, questions have also been raised about the social desirability of early exit from the workplace. The Performance and Innovation Unit (PIU) Report (2000) *Winning the Generation Game* identified what it viewed as the 'human costs' experienced by some of the 2.8 million people 50-SPA outside the labour market. Some of the costs of premature exit were discussed in terms of disillusionment, depression and ill-health, these compounded by sedentary lifestyles reflected in low rates of formal volunteering and lifelong learning among economically inactive 50 year olds (PIU, 2000: 16-17). Whiting (2005: 287) suggests that for many people, leaving the labour market can result in poverty, insecurity and social exclusion. Reday-Mulvey (2005) has pointed to the disadvantages associated with abrupt departures from work, arguing instead for greater flexibility in the transition from work to retirement. Again, the idea of flexibility is being promoted in different ways in many areas of social policy, with moves to extend rights to flexible working for workers undertaking care within domestic settings – an important issue for people in their 50s and early 60s where around one in four adults will have some caring responsibilities (DWP, 2005).

1.2 The labour market context

The policy of extending working life has been a significant outcome of the debate concerning the economic sustainability of ageing populations, and reflects in large measure pressures identified in the preceding section. In essence, the discussion has shifted from focusing upon *early retirement/early exit* to identifying *new routes back into employment*, together with encouragement to working beyond (SPA). The aim is to reverse the trend – characteristic of the 1980s and 1990s – whereby older workers left work at earlier ages, and where early retirement came to be accepted as a normal event in the life course (Marshall *et al.*, 2001; Taylor, 2004).

The extent of the decline in employment over this period is important to acknowledge given policy ambitions of removing barriers to employment. The dominant pattern, stretching over nearly three decades, has been the declining age of exit from the labour force – a trend which accelerated over the course of the 1970s and 1980s (Laczko and Phillipson, 1991). Even up to 1971, 93 per cent of men in Britain 55-59 and 83 per cent 60-64 were economically active, with around 19 per cent of men working on after SPA. The highest figure recorded was in 1961 when labour force

participation rates reached 97 per cent among men 55-59 and 91 per cent for those 60-64. By 1989, however, the rate for men aged 55-59 had dropped to 79.8 per cent and for those 60-64 to 54.6 per cent (Phillipson, 1993). Put another way, while in 1950 the average age of exit (for men) from employment was 67.2 years, with life expectancy of 10.8 years at age of exit from the workforce, by 2004 estimates from the Pensions Commission suggest average age of exit from work had dropped to 63.8 years with a near doubling of life expectancy after exit from employment to 20.1 years (Pensions Commission, 2004).

1.2.1 Explanations for declining rates of employment among older men

The fall in employment of older male workers during the 1970s and 1980s was driven by five main factors (Laczko and Phillipson, 1991; Campbell, 1999):

1. The concentration of older workers in industries undergoing long-term decline.
2. The operation of particular schemes to promote worker redeployment (e.g. the Redundancy Payments Act) or replacement (the Job Release Scheme).
3. Pressures arising from high levels of unemployment, with an underlying assumption that younger workers would fill the gap left by the departure of older workers.
4. Increasing use of invalidity (incapacity) benefit as a means of withdrawing from the workforce.
5. Changing attitudes among government, business, trades and older people themselves, in respect of the rights of older workers to employment in comparison with younger age groups.

In general terms, it is also clear that a different type of retirement began to develop over the 1970s and 1980s. In particular, there was the growing importance of 'early exit' from paid work together with the emergence of a range of different pathways which people followed in the move from full-time work to eventual retirement. Retirement and withdrawal or 'exit' from the workforce, occurred at different points for increasing numbers of workers. For some this reflected access to occupational pensions of sufficient size to allow an extended period of leisure over continuation in work. For others, however, location in areas or industries affected by high unemployment created pressures to withdraw from work ahead of SPA. Thus it is misleading to view the fall in male participation rates simply as part of a trend toward earlier retirement. Retirement, as traditionally defined, is seen to come at a predictable point, accompanied (at least in the case of men) with a pension provided by the state. In contrast, the type of retirement which emerged in industrialised countries from the 1970s did not come at the traditional stage in the life course and was usually developed in isolation from the system of state pensions.

1.2.2 The history of retirement

Such developments reflected the emergence of a new phase in the history of retirement. In general terms, it is possible to distinguish between, first, the gradual consolidation of retirement from the 1950s through to the late-1960s; second, the acceleration of early exit and withdrawal from work before age 60/65 in the period after 1970. The contrast between these periods is illustrated by the change from the middle to the end of the 20th century. In 1951-60 the annualised labour force participation rate for 65-69 year old men was 50 per cent, for men aged 70 plus the figure was 20 per cent. Equivalent figures for the period 1971-80 were 24 and eight per cent, and for 1981-90 14 and five per cent (Phillipson, 2002).

The first period can best be described in terms of the steady growth of retirement as a social and economic institution (Graebner, 1980; Macnicol, 1998), with the expansion of occupational pensions (Hannah, 1986) and the gradual acceptance of retirement as a major stage in the life course. The second phase of retirement, beginning from the late-1960s, was marked by a number of critical changes, these arising from more flexible patterns of work and the emergence of high levels of unemployment. These produced what may be termed the reconstruction of middle and old age, with the identification of a 'third age' in between the period of work (the second age) and the period of mental and physical decline (the 'fourth' age) (Laslett, 1989). A characteristic feature of this new period of life is the ambiguity and flexibility of the boundaries between work at the lower end, and the period of late old age at the upper end of the life course. Both had more complex periods of transition, with the ambiguity of 'work-ending' in the first period and the blurring of dependence and independence in the second (Schuller, 1989).

In the case of the retirement transition, the template of long work, short retirement was steadily eroded. For many (especially male) workers, the predictability of continuous employment was replaced by insecurity in employment in middle and late working life. Older workers found themselves on the margins of the labour market but with a number of years ahead of them before reaching SPA. In the UK, by the end of the 1990s, one-quarter of men were leaving the labour force before 58 years of age, with half of men leaving by 63 years (Organisation of Economic Co-operation and Development (OECD), 2001). Reflecting this development, the retirement transition has increased in length and complexity, especially as regards routes out of the labour force. From the 1970s and early 1980s, there was an increase in the range of pre-retirement categories and statuses as well as an increase in the number of people entering these positions. The transition came to be organised on a more flexible basis with a number of different pathways that people could follow before becoming 'wholly retired', defined either by their own assessment of their status or by the social security system.

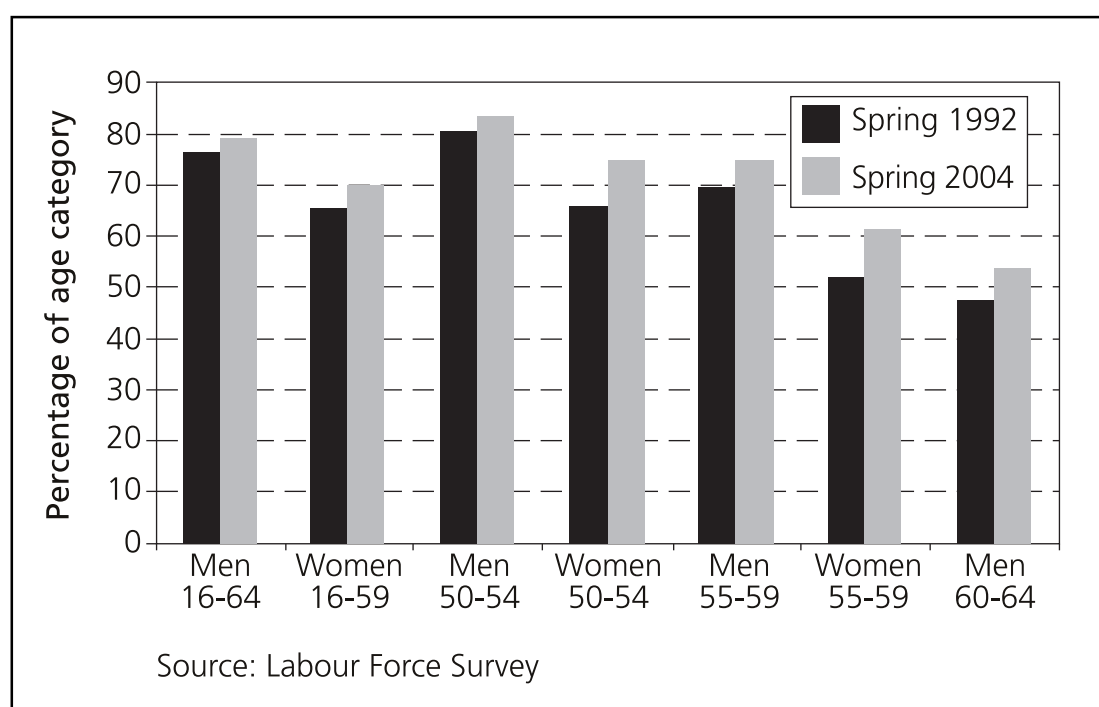
1.2.3 Explanations for recent rises in economic activity among older men and women

Over the course of the 1990s, with the move out of economic recession, the pattern of early withdrawal from work went into reverse with increases in economic activity for men and women in their 50s and 60s. The employment rate of men between 50 and SPA was by 2005 higher than at any point since the mid-1980s. Since spring 1992, the level of employment has increased over the entire working age population, with the greatest increase occurring in the 55-59 age group with a rise of seven percentage points in employment between 1992 and 2004. Over this period, the increase for men aged 55-59 was four per cent, and for those 60-64 six per cent. Older women's employment showed a sharper rise over the period: nine per cent for those 50-54 and 55-59 (see Figure 1.2).

The reasons for these increases in economic activity have been reviewed by Disney and Hawkes (2003), Hotopp (2005), and the Pensions Commission (2004). Disney and Hawkes (2003:67) make the general point – to be explored at different points in this report – that the aggregate increase for older workers conceals significant differences according to age, gender and educational qualifications (to which might be added ethnicity). Their analysis of data from the Labour Force Survey (LFS) and Family Expenditure Survey (FES) suggests that:

'Men close to [SPA] with less educational qualifications have been less affected [by the rise in economic activity] than men closer to 50 with skills. Higher participation among later cohorts is driving up employment rates among women, especially those with more schooling'.

Figure 1.2 Percentage in employment by age and gender; GB spring 1992 and 2004



The Pensions Commission (2004:38) identified the upward move in employment rates among those 50-SPA as the result of four main effects:

- Demand side factors such as the absence of major macroeconomic shocks comparable to the 1970s/1980s, this producing fewer redundancies and the possibility of re-entry into the labour market once unemployed.
- Supply side factors such as changes in pensions – to be discussed in more detail in Chapter 2 – with the move, first, from ‘defined benefit’ (DB) to ‘defined contribution’ (DC) schemes – retirement behaviour in the latter tending towards later retirement given the context of a fall in equity markets and a reduction in annuities. Second, reduced opportunities for early retirement on grounds of ‘ill-health’ as a result of tax penalties on early retirement ‘packages’ in the private sector and a range of restrictions on retirement ahead of SPA in the public sector.
- Pressures arising from the substantial deficits which had developed in many company pension funds.
- Closure or restriction of pathways into early retirement (for example, changes in eligibility tests for disability benefits; initiatives to encourage those on benefits back into the workplace).

Phillipson (2004) noted additional factors in the encouragement of gradual pathways to retirement, such as part-time work and self-employment (18 per cent of those 50-SPA are self-employed compared with 12 per cent of 25-49 year olds and four per cent of 16-24 year olds). Such ‘bridging’ forms of employment have become increasingly significant for men as well as women in managing transitions from work to retirement (Phillipson, 2002; Platman, 2004a; Loretto *et al.*, 2005). The development of programmes such as New Deal 50 Plus in encouraging training and returning to work may have had some influence (Moss and Arrowsmith, 2003; see further Chapter 3), although Disney and Hawkes (2003:67) argue that this may be:

‘...through their symbolic importance and the association with relatively favourable demand conditions, rather than through the measures themselves’.

A demand side factor put forward by Disney and Hawkes (2003) is the move from manufacturing to service-sector employment, with the hypothesis that work in the latter provides conditions more favourable to the retention and recruitment of older people. However, Hotopp’s (2005) analysis using LFS data fails to support the view that the increase in the employment rate of older workers can be attributed to a structural shift away from manufacturing (although a longer term perspective may still show this to be an influential variable). Of greater significance in Hotopp’s (2005) study is the cohort effect of the increasing proportion in the population of economically active people from ethnic minorities, this having a positive association with the employment rate.

1.3 Will employment rates for older workers continue to increase?

It remains unclear whether the trend of increased employment among older workers will continue for the foreseeable future. The Pensions Commission (2004:38) suggest that there are good grounds for believing that this is possible given: '(i) continuation of sound macroeconomic policy; (ii) the increasing shift from DB to DC pension provision; (iii) continued focus on Incapacity Benefit reform; (iv) active labour-market policies to encourage search for work at all ages; and (v) the forthcoming introduction of anti-discrimination legislation'.

On the other hand, for a variety of reasons, large increases in the employment rate of older workers may be difficult to achieve:

- First, Grattan (2005:4), in a submission to the Pensions Commission, notes that the employment of the 50-SPA age cohort has risen by 1.1 million since 1997 and that this represents half the increase in the labour force over the period. However, he notes that it is important to recognise that three-quarters of this rise represents keeping pace with the increase in the 50 plus population (itself an achievement as otherwise there would have been a decline in the employment rate). Increasing the proportion of older workers economically active has thus to be seen in the context of the numerical expansion of this group, in particular those aged 60 and above (Pensions Commission, 2004).
- Second, there are still substantial numbers of economically inactive people in their 50s and 60s. Disney and Hawkes (2003) note that for every five men in their 50s, two are not working, and that the very low employment rates after age 65 illustrate the importance of 65 as a retirement age for men – this even though, since the abolition of the 'earnings test' in 1989, the direct tax system contains no disincentives to working after 65 (60 for women).
- Third, attitudes supporting earlier retirement ages may still be prevalent among some occupational groups – notably those from professional and managerial groups (Scales and Scase, 2001).

Given the above context, the aim of this report is to consider the research evidence regarding possibilities for extending working life, and maintaining the current rise in labour force participation among workers in the 50-69 age group.

1.4 The study

1.4.1 Extending working life: reviewing the literature

Building on the above, the aim of this report is to review the evidence surrounding factors affecting work and retirement with a particular focus on the UK experience for workers aged 50-69, and on research conducted in the period 1999-2005. Research up to the beginning of this period, and especially that covering the 1970s

through to the 1990s, has been discussed elsewhere, notably in *Factors Affecting Retirement: a literature review* (Tillsley *et al.*, 2000). Earlier reviews covering the historical emergence of retirement and post-war developments up to the early-1990s can be found in McNicol (1998), Fogarty (1982) and Laczko and Phillipson (1991). Tillsley *et al.* (2000) surveyed policies developed over the course of the 1990s, oriented to the retention of older workers. The focus of this review is to assess the research literature produced since that time, and to consider as well any noticeable gaps in available research and possible sources of data to address them.

The review itself is coming at an opportune time:

- first, because findings from a number of major research programmes are now available for consideration (e.g. The Joseph Rowntree Foundation's *Transitions after 50 Programme*, Hirsch, 2003);
- second, through the availability of initial findings from new longitudinal surveys (notably the English Longitudinal Study of Ageing);
- third, the results from major cross-sectional surveys examining work and retirement issues (e.g. Humphrey *et al.*, 2003; McNair *et al.*, 2004);
- fourth, policy reviews of work and retirement issues (e.g. Pensions Commission, 2004).

These documents, together with relevant studies from academic research and policy groups, form the basis of the review that follows. Material collected for the study includes:

- evidence for concepts of retirement that may influence attitudes towards extending working life;
- evidence about the drivers and barriers to extending working life;
- evidence for the development of flexible, phased or gradual retirement;
- evidence about the role of employers in assisting extension of working life;
- evidence about the role of training and lifelong learning in assisting extension of working life.

The protocol for inclusion of research studies included: first, work published over the period 1999 to 2005; second, studies with a UK focus; third, research covering the target age group 50-69; fourth, studies with robust sampling methods – quantitative as well as qualitative. Exclusion criteria were: studies lying outside the relevant time period; research with non-UK populations; and studies using convenience samples or quota sampling (see, further, Appendix). A number of important areas were beyond the remit of this research, either because substantial work has already been carried out (e.g. in areas such as age discrimination in employment, informal care, pensions and gender) or because research on other topics is already covered in work already commissioned by the DWP.

A range of sources have been used to gather research on work and retirement (see Appendix), including:

- electronic searches using data bases such as Age Line, EBSCO, IngentaConnect, AgeInfo and Swetswise. A variety of keywords were used to extract relevant articles (listed in the Appendix);
- a range of web sites were monitored for the duration of the research including those maintained by the Economic and Social Research Council (ESRC), Joseph Rowntree Foundation, Department of Trade and Industry, Department for Work and Pensions, Equal Opportunities Commission, Organisation for Economic Cooperation and Development, Office of Deputy Prime Minister (Social Exclusion Unit), and the Employers Forum on Age;
- discussions were held with a range of academic specialists in the field;
- searches were also performed through the targeting of key research and policy-making groups with an interest in work and retirement (see Appendix).

1.5 Plan of report

This report contains three main chapters:

- Chapter 2 provides a comprehensive review of the range of influences affecting the labour market participation of older workers.
- Chapter 3 summarises the main lessons from the research as well as identifying what is missing from the research literature.
- Chapter 4 identifies a number of implications for public policy arising from the review of the research literature.

The literature review has been focused around providing answers to the following questions:

- What is known about changes in employment among different groups of workers in the age group 50-69?
- What are the issues facing older workers either remaining in or returning to the labour market?
- What evidence is there that the barriers facing older people in the workplace are being removed?
- Who influences older workers in decisions about whether to remain or leave employment?
- What changes need to be made to improve the effectiveness of policies to extend working life?

These are challenging questions, the answers to which will help address whether extending working life is a temporary or a viable long-term policy goal. The aim of this review is to provide an evidence-base for providing some answers to this important question.

2 Extending working life: a review of the literature

This chapter considers United Kingdom (UK) evidence on a number of issues affecting older workers but with particular emphasis on research data examining issues around labour market participation and withdrawal. The majority of studies reviewed were carried out in the period 1999-2005 and draw upon a mixture of quantitative and qualitative research. The aim of the chapter is to provide a systematic account of current understanding about factors which encourage people to stay, leave or return to the labour market, and the nature of the transition made in the process of moving from employment to retirement. The data reviewed has been organised through exploring the following questions:

- Why do people leave employment?
- Why do people remain at work?
- What prevents people returning to work?
- What are the financial incentives or disincentives to remain in the labour market?
- What is the role of training in supporting older workers?
- What is the experience and reality of flexible working?
- What is the nature of decision-making in the transition from work to retirement?

The evidence relevant to each of these questions is considered in turn, with a summary at the end of the chapter of key issues emerging from the research literature.

2.1 Why do people leave employment?

2.1.1 'Push' factors

Despite the growth in employment rates among older workers, as outlined in the previous chapter, many still leave the labour force well ahead of State Pension Ages (SPA). A number of explanations have been advanced for this, with a mixture of negative and positive reasons cited in the literature. Poor health and disability are the most common negative factors cited for early withdrawal from work, although this may not be viewed at the time of leaving as a permanent move (McNair *et al.*, 2004). Moreover, while problems with health may be cited as the main reason for leaving work, other factors – such as redundancy or pressures within the workplace – may also be present (Alcock *et al.*, 2003).

The link between poor health and early retirement has been identified in both quantitative (e.g. Humphrey *et al.*, 2003; McNair *et al.*, 2004) and qualitative (Barnes *et al.*, 2002; McKee, 2003) studies. Humphrey *et al.* (2003), in a survey examining factors behind labour market participation and withdrawal among those aged 50-69, noted a mixture of 'push' (mostly negative) and 'pull' (mostly positive) factors behind early retirement (defined in this study as all those retiring before SPA). Among those respondents who had taken early retirement, 49 per cent gave ill-health as one of the reasons, this breaks down into 53 per cent of men and 44 per cent of women. The lower a person's retirement age, the more likely it was that they would have left because of an illness or disability of some kind; they were also less likely to have an income from a personal pension. Humphrey *et al.* (2003: 71) conclude from this that:

'...the earlier the retirement, the more it is driven by considerations of health rather than money'.

Typically for this group retirement was much more likely to be 'involuntary' rather than 'voluntary'. Humphrey *et al.* (2003: 73) comment here that:

'The younger people were when they retired, the more likely they were to report that the decision had been forced. In particular, among those who had retired before [SPA], a half (50 per cent) of men said the decision had been forced, compared with 40 per cent of women. Among those people (predominantly women) who had retired after [SPA], 70 per cent said it was something they had wanted to do, which is consistent with the mainly voluntary reasons given for late retirement.'

Another way of defining early retirement is to take a more selective population, focusing upon those who have retired before the normal age in their pension scheme. This approach is adopted in the English Longitudinal Study on Ageing (ELSA) and the results again underline that for those leaving below the age of 55, early retirement appears as a phenomenon mostly related to health factors. Thereafter, financial factors appear as increasingly important as people get older, although ill-health is a major element above as well as below age 55 (Table 2.1). ELSA data further suggests social class variations in reasons for early retirement. For men in higher social class groups, financial incentives appear as the biggest stimulus,

in comparison with middle and lower social class groups where reasons relating to ill-health are more often cited. Financial incentives and poor health are the reasons given by more than half of early retired men. The third most common reason stated by the ELSA respondents is redundancy (given by 15 per cent of male respondents). For women, ill-health appears as the most common reason listed, although social class variations are important here: middle-class women are seemingly more likely to have taken early retirement for family reasons than those in higher and lower social class groups. Generally, family associated reasons are more commonly cited for women in comparison with men (Table 2.2).

Table 2.1 Main reason for early retirement by age

<i>Cell percentages</i>				
Men	50-55	Age 55-59	60-64	Total
Offered reasonable financial terms to retire early	22	31	31	30
Own ill-health	49	24	24	27
Made redundant/dismissed/had no choice	5	15	15	14
To enjoy life while still young and fit enough	19	11	13	13
Fed up with job and wanted a change	-	8	8	7
Ill-health of a relative/friend	3	5	4	4
To spend more time with partner/family	-	2	1	1
To retire at the same time as husband/wife/partner	-	-	1	*
Do not know	3	4	3	3
Total	100	100	100	100
<i>Base: all respondents</i>	32	104	209	345

<i>Cell percentages</i>			
Women	50-55	Age 55-59	Total
Own ill-health	27	35	33
Offered reasonable financial terms to retire early	9	16	14
To spend more time with partner/family	5	15	12
Made redundant/dismissed/had no choice	9	9	9
Fed up with job and wanted a change	14	7	9
To enjoy life while still young and fit enough	14	4	7
Ill-health of a relative/friend	5	6	6
To retire at the same time as husband/wife/partner	9	3	4
Could not find another job	-	1	1
Do not know	9	4	6
Total	100	100	100
<i>Base: all respondents</i>	26	84	110

Source: English Longitudinal Study of Ageing (ELSA), Wave 1 2002.

Table 2.2 Main reason for early retirement by social class

<i>Cell percentages</i>				
Men	Higher	Middle	Lower	Middle
Offered reasonable financial terms to retire early	36	24	21	30
Own ill-health	20	33	35	26
Made redundant/dismissed/had no choice	14	11	19	15
To enjoy life while still young and fit enough	13	15	11	13
Fed up with job and wanted a change	8	11	4	8
Ill-health of a relative/friend	5	-	7	4
To spend more time with partner/family	2	2	1	2
To retire at the same time as husband/wife/partner	-	-	1	*
Could not find another job	-	-	-	-
Do not know	3	5	1	3
Total	100	100	100	100
<i>Base: all respondents</i>	<i>192</i>	<i>63</i>	<i>74</i>	<i>329</i>
<i>Cell percentages</i>				
Women	Higher	Middle	Higher	Middle
Own ill-health	40	11	35	33
Offered reasonable financial terms to retire early	15	21	4	14
To spend more time with partner/family	6	32	9	12
Made redundant/dismissed/had no choice	4	-	22	8
Fed up with job and wanted a change	11	11	-	8
Ill-health of a relative/friend	4	5	13	7
To enjoy life while still young and fit enough	6	5	9	7
To retire at the same time as husband/wife/partner	2	11	9	6
Do not know	11	-	-	6
Could not find another job	-	5	-	1
Total	100	100	100	100
<i>Base: all respondents</i>	<i>58</i>	<i>23</i>	<i>24</i>	<i>105</i>

Source: English Longitudinal Study of Ageing (ELSA), Wave 1 2002.

Whiting (2005), in her analysis of 2004 Labour Force Survey (LFS) data confirms that for those 50-SPA, economic inactivity reflects health and disability problems at the younger end, with an increasing proportion retired in the upper age group (Table 2.3).

Table 2.3 Main reasons for inactivity by age and sex (50-SPA); United Kingdom; spring 2004

	<i>Cell percentages</i>			
	50-54	55-59	60-64	Total
All				
Long-term sick/disabled	53	45	46	47
Looking after family/home	24	16	3	15
Retired	7	23	42	24
Other	16	16	10	14
Total	100	100	100	100
Men				
Long-term sick/disabled	68	54	46	53
Looking after family/home	8	4	3	4
Retired	10	27	42	31
Other	14	15	10	12
Total	100	100	100	100
Women				
Long-term sick/disabled	44	40	-	42
Looking after family/home	32	23	-	27
Retired	6	21	-	15
Other	17	16	-	16
Total	100	100	-	100

Source: Labour Force Survey (Whiting, 2005).

The survey conducted by McNair and his colleagues (2004) confirms the above pattern with retirement among those under 50 almost entirely related to ill-health and the most common cause for people leaving work in their fifties. Lissenburgh and Smeaton (2003) used LFS data to examine factors associated with movement out of full-time employment by older workers, tracking individuals over 12 month periods during 1997 to 2000. They confirmed previous work by Meghir and Whitehouse (1997) and Campbell (1999) in showing the positive relationship between age and employment exit – for each year older that a man was at first interview, his chances of leaving full-time employment increased by 17 per cent. After age, the next important influence on employment exit was the experience of long-term health problems. When men reported at their first interview that they had a health problem that has lasted for more than a year, their chances of leaving full-time employment by the end of the year was increased by 35 per cent. Men in permanent full-time employment at the first interview and reporting health problems were especially likely to become economically inactive by the time of the fifth interview, with ten per cent of such men inactive by this time compared with five per cent of men who were in permanent full-time employment at the first interview but who did not have health problems. Lissenburgh and Smeaton (2003: 10) comment that:

'The effect of health problems in encouraging men to make exits from permanent full-time employment is particularly strong for men in the bottom third of the wage distribution. When these men had health problems, their chances of leaving permanent full-time employment by the fifth interview were increased by 65 per cent, whereas the effect of health problems for medium and especially higher paid men was only 31-32 per cent.'

Echoing the above finding, Banks and Casanova (2003) in their report using ELSA data, confirm that people in physical or heavy manual jobs generally report higher expectations of their health limiting their ability to work before they reach 65. The authors (p.131) suggest that:

'This may be taken as an indication of the higher demands on health inherent in physical and heavy manual work, although, once again, the lower chance of observing wealthy people in these types of jobs must also be taken into account when interpreting the results.'

(see also, Urwin, 2004; Yeandle, 2005).

Among white-collar employees, the role of stress in the workplace may be an important factor precipitating withdrawal from work. In the Whitehall II Study Higgs et al. (2003:771) found that:

'...when health problems were mentioned, they were generally described in terms of stress... [they go on to note that] it is possible that these results reflect a new pattern of early retirement in which mental health as well as economic considerations feature in the early retirement decisions among white-collar workers.'

This finding has also been reported in qualitative studies such as that of Barnes et al. (2004) in their study of the experiences of people leaving work after 50. They found that:

'Alongside restructuring, there has been an intensification of work for those still in employment, with growing incidence of long hours and high levels of workplace stress. Several of the people we interviewed reported that they found the demands of their jobs difficult to cope with in the last few years at work, either because of changing work practices or because they themselves had changed as they got older.'

More general problems within the workplace, in addition to stress factors, may also 'push' people out of the labour market. Green (2005) has reviewed a number of large data sets which suggest significant declines in job satisfaction over the course of the 1990s (see, also, Crompton et al., 2003; Ginn and Arber, 2005). The programme of research on *Transitions to Retirement* conducted by the Joseph Rowntree Foundation (e.g. Barnes et al., 2002; Arthur, 2003) found that many people leaving work early disliked their jobs because they felt they were not leading anywhere, and that they were undervalued by employers (Hirsch, 2005). In the survey by Humphrey et al. (2003), 31 per cent of men gave a work-related reason for their early retirement; 37 per cent in the case of women. Eleven per cent of men and 16 per cent of women reported that their work had become too 'physically

demanding'; eight per cent of both that it had become too stressful. Barnes *et al.* (2004: 6) found that:

'Several of the people we interviewed had health problems which arose directly from their employment, including injuries sustained at work and mental health problems either caused or exacerbated by workplace stress. In some cases, employers appeared to have done little to prevent these health problems occurring or to help people to remain in work.'

Smeaton and Mckay (2003: 31) argue that the intensification of work within some organisations has become a considerable problem in the context of ageing populations and that there is now limited scope for reducing pressures in the final years of employment. In this context, it is likely they suggest that a lack of opportunities to manipulate work tasks or hours may precipitate exits from full-time employment:

'Within this context it may prove difficult to encourage the older workforce to remain in employment beyond SPA.'

Informal care responsibilities may be a further 'push' factor for older workers. People aged 45-65 are a key group caring for sick, disabled or elderly relatives, as well as partners or children (Evandrou and Glaser, 2004). One in five people in the age group 50-59 are providing informal or unpaid care (cited in Loretto *et al.*, 2005). Loretto *et al.* (2005:42) suggest that:

'...a significant minority of women in mid-life are unable to combine caring and work, or to modify their labour force participation effectively.'

They go on to argue that:

'Looking after the home and family accounts for nearly a quarter of female labour market activity in the age range 50-59...Evandrou and Glaser found that one in five mid-life women who were faced with taking up caring responsibilities, either worked fewer hours or stopped work altogether'.

(Loretto *et al.*, 2005: 42; see, also, Phillips *et al.*, 2002).

Research by Mooney and Statham (2002) found that hours of work were related both to the likelihood of being a carer and the amount of care given. People aged over 50 in full-time employment were less likely to provide care than part-time workers. Where full-time workers were caring, they were more likely to be providing less than five hours of care per week than those working part-time.

2.1.2 'Pull' factors

There are also 'pull' factors (mostly positive) encouraging people to leave work ahead of SPA. Financial security is one highly significant element here, identified in research by, for example, Humphrey *et al.* (2003); Smeaton and Mckay, (2003); Arthur, (2003); Lissenburgh and Smeaton, (2003). Humphrey *et al.* (2003:48) found that those retiring early reported higher incomes than those expecting to retire at SPA. They comment that:

'This suggests that those expecting to retire early were more likely to have had the financial resources to enable them to do this.'

Of those expecting to take early retirement, 45 per cent said that this was because they could afford to do so. This finding is supported by Smeaton and McKay's (2003) analysis of Family Resources Survey (FRS) data. Their research confirmed the extent to which access to an occupational pension was associated – especially in the case of men – with more rapid exit out of the labour market (see further below).

Lissenburgh and Smeaton (2003) and Arthur (2003) link access to financial resources to the idea, following Titmuss (1958), of 'two nations' of early retirees (see, also, McNair *et al.*, 2004; Mann, 2001; Scales and Scase, 2001). On the one hand, older workers from a disadvantaged background are more likely to leave employment *involuntarily* due to unemployment or ill-health while their more advantaged counterparts are more likely to leave *voluntarily* due to their acquired wealth or entitlement to a private pension (see, also, Whiting, 2005). Arthur (2003: 41) links this dichotomy to issues of choice and control in the move from work to retirement arguing that:

'The dimensions that appear to be central in framing people's experiences are first, the degree of choice and control they experience on moving out of work and towards retirement, and second, their financial circumstances during their working life (for example, their income from earnings, access to occupational pension, and accumulation of personal savings...). People who move out of work before [SPA] range from either end of these two dimensions: total choice and control over circumstances to no choice and control, people in very high income brackets to people on low levels of state benefit. Perhaps not surprisingly, the findings suggest that on the whole, but not always, people in strong financial and occupational situations have greater choice and control over leaving work and arranging their finances subsequently.'

Alcock *et al.*'s (2003: 159) study of men over 50 detached from the labour force also drew upon the 'two nations' distinction highlighting a 'middle-class' world embracing white collar workers as well as professionals:

'Detachment [from work] for this group mostly takes the form of early retirement. On the whole they leave voluntarily from jobs which they have usually held for a very long time, and in so doing begin to draw on accumulated pension rights. They mostly own their home outright and they no longer have dependent children living with them. A sizeable minority maintain contact with the labour market through part-time working. Nearly all no longer want a full-time job, though a small minority do look initially for work before reconciling themselves to retirement. Overall, this group draws little if at all on the benefit system.'

An important 'pull' factor for some individuals may be a desire to find a new direction to their lives. In the survey by Humphrey *et al.* (2003) of those who had taken early retirement, close to one in four (23 per cent) had done so to 'enjoy life while they were still fit and young'. Among those intending to retire early, 83 per cent gave this response. The desire to spend more time with partners is also

important in this context. In the Humphrey *et al.* (2003) survey this factor was mentioned by 16 per cent of the early retired, and by 50 per cent of those expecting to retire early (see, also, Barnes *et al.*, 2004). The importance of marital relationships was also noted by Hilbourne (1999: 174) in her study of middle-class couples approaching retirement:

'A substantial minority of men and women saw retirement as an opportunity to improve and enrich their relationship. They focused on the need to work at it. Women hoped that they and their husbands might 'grow closer together', and have a 'different kind of marriage'. Also unlike the men, they looked for an improvement in the emotional and sexual side of the relationship. They expected to 'find a friend and confidante in a husband', to 'rediscover and maintain romance', to 'have a little more tenderness and attention' and 'to have a good sex life – afternoon fun'. The men more soberly confined their comments to 'a closer relationship to be worked on', 'renewal of the partnership', and a realisation that 'marital life' will be more significant' – an implicit recognition, perhaps, that it had hitherto taken second place to the job.'

(see, also, Arthur, 2003).

The idea of professional and managerial groups viewing the fifties as an appropriate point to take stock and possibly leave full-time employment was identified by Scales and Scase (2001: 5) in their report *Fit at Fifty* published by the Economic and Social Research Council. They make the point that among some groups an 'expectation of early retirement' had become entrenched by the end of the 1990s, with a desire for building a different life – notwithstanding potential financial pressures:

'Life after work is seen to offer a period of at least 30 years when personal talents and skills can be developed free from the demands of work. Those who are released from financial commitments – mortgages paid, children left home, and so on – are likely to exit the labour market in their 50s on either a full-or part-time basis, even in the face of a likelihood of a decline in living standards. The search for personal autonomy – a cultural feature of the information age – will be seen to offer greater benefits than higher material living standards.'

Whether this is a short-term (characteristic only of the first baby boom generation) or a longer-term development has important implications for policies such as extending working life. On the one hand, new attitudes to early retirement may encourage flexible working of different kinds (see further below); on the other hand, there may be resistance to closer involvement with types of work which fail to add to the quality of daily living in middle and older age (Ginn and Arber, 2005).

2.2 Why do people remain at work?

Understanding why people remain at work up to and (for a minority) beyond SPA is clearly important, given aspirations to extend working life. A distinction that can be drawn from the research is that between characteristics of the individual that might

encourage/discourage working (associated, for example, with demographic and health factors) and characteristics of the work setting. Some of the key dimensions of the former identified in research include: marital status, gender, educational attainment, socio-economic group, housing characteristics, financial factors. Relevant aspects of the latter include: attachment to work, type of employment and opportunities for self-employment. Both these areas are reviewed in the sections below.

2.2.1 Marital status

Whiting (2005:291) reviewing data from the 2004 LFS Household Dataset, found that older people who were married or cohabiting were also more likely to be in employment than people with no partner (i.e. never married, separated, divorced and widowed people). The employment rate among people aged 50-54 who were married or cohabiting was 82 per cent, compared with 69 per cent among 50-54 year olds with no partner. For those 55-59 the equivalent figures were 70 per cent and 58 per cent.

Lissenburgh and Smeaton (2003) in their analysis of LFS data found male exit from permanent full-time employment was related to partnership status and to their partner's status at the time of the first interview. Men whose partners were in paid employment at the time of the first interview, had reduced chances of leaving permanent full-time employment by 23 per cent relative to single men. Men whose partners were economically inactive at the time of the first interview were 18 per cent less likely to exit permanent full-time employment than single men. The authors comment that:

'This evidence is consistent with a considerable body of research that suggest that couples' economic activities are interrelated and that partnered men are more likely to remain economically active than single men.'

(p.9).

Smeaton and Mckay (2003) in their review of the factors associated with working after SPA, found widows and single people were the least likely to work. Among women, being married enhanced the participation rates possibly due to the practice of some working women coinciding their retirement with that of their partners. However, they go on to report that:

'...the participation rates of married women are exceeded by the participation rates of married women who are separated or divorced. These women are plausibly motivated by social factors (e.g. a desire to leave the house and meet people) as well as financial factors (family budgets are often affected by couples splitting up).'

(pp.15-16).

2.2.2 Gender

Gender is an important factor in determining whether people work beyond SPA. Humphrey *et al.* (2003) examined whether respondents currently working expected to retire early or late. They found that women were much more likely to carry on working past their current – lower – SPA (33 per cent, compared with ten per cent for men). They viewed this as a significant finding in the context of the convergence of male and female pension ages. The implication of the finding of this survey is that many of the female respondents were already attuned to the notion of working beyond their current SPA. Conversely, men were much more likely than women to be expecting to retire *before* their SPA (34 per cent compared with 13 per cent).

Financial factors are likely to be a key factor in the above finding. Price and Ginn (2003) concluded from their analysis of General Household Survey (GHS) data that most married women (in Britain) are dependent on either their husband or the state for pension provision, whereas most men, once married, participate in additional pension schemes as part of their ‘breadwinning’ role. They conclude that most working age women risk individual poverty in retirement through being unable to pay additional contributions into a personal or occupational pension scheme. This observation is supported by the women in Arthur’s (2003: 9) qualitative research study, whose situation she describes as follows:

‘If they had children they were less likely to have had a continuous work history, and therefore to have had the opportunity to enhance their employment and financial situation... The women who had experienced more of a ‘career’ pathway, had not always paid into a pension themselves. Where they were not living with a partner, they were often in a particularly difficult financial situation, with little in the way of their own financial resources. Where a husband had died, and his widow had the opportunity to have payments from his pension, her financial situation was sometimes better than it might have been if she had been divorced, but the additional strains of bereavement put a different set of feelings around wanting to leave work.’

(see, also, Bardasi and Jenkins, 2002).

2.2.3 Educational status

Higher educational qualifications have been associated in a number of studies with either working or anticipating working past SPA (Campbell, 1999; Smeaton and McKay, 2003; McNair *et al.*, 2004). Whiting’s (2005: 288) analysis of 2004 LFS data showed that 81 per cent of people aged 50-SPA with a degree were in employment, compared with 74 per cent of people with the equivalent of GCSE’s and 52 per cent of people with no qualification. This trend held for both men and women.

McNair *et al.* (2004) found that educational qualifications influenced workers’ willingness to consider work after retirement from their main job. Those with degrees were most likely to consider work of some kind (87 per cent), while those without formal qualifications were least likely to do so (65 per cent). Smeaton and McKay (2003) used LFS data to look at the educational qualifications of those working beyond SPA. Among men with degree-level qualifications, 28 per cent

were in paid work, and among those with O-levels as their highest qualification, 19 per cent worked. This compared with just six per cent of those with no qualifications. A similar pattern was found among post-SPA women workers. Nonetheless, Smeaton and Mckay (2003: 19) make the point that the majority of those working after SPA (49 per cent of men and 52 per cent of women) have no qualifications: a significant finding given the educational disadvantages of the current generation of older workers (see further below).

2.2.4 Socio-economic group

Likelihood of working up to and beyond SPA is strongly associated with socio-economic group. Whiting's (2005: 288) analysis of LFS data for 2004 (Table 2.4) demonstrates this very clearly, especially for the upper age groups. Among men and women from higher managerial and professional groups, 60 per cent of those 60-64 are employed, compared with 49 per cent of those in lower supervisory and technical occupations, and 52 per cent of those in semi-routine occupations. Comparable figures for those 65 plus are 29 per cent and 11 per cent and 21 per cent. Self-employed and own account workers were the most likely – at 37 per cent – to continue working after 65.

Table 2.4 Employments rates by socio-economic group; United Kingdom; spring 2004

Column percentages

	Higher managerial and professional	Lower managerial and professional	Intermediate occupations	Small employers and own account workers	Lower supervisory and technical	Semi-routine occupations	Routine occupations
50-54	94	92	88	93	87	82	79
55-59	81	80	78	89	78	77	77
60-64	60	53	51	73	49	52	57
65+	30	23	21	37	11	21	23
Total	73	70	67	73	60	61	59

Source: Labour Force Survey (Whiting, 2005).

2.2.5 Housing characteristics

Smeaton and McKay (2003:16) found financial commitments associated with housing to be significant in the decision to work after SPA, observing that:

'The groups of both men and women with the highest probability of labour market participation are those with outstanding mortgages on their properties'.

Those renting were found to have the lowest participation rates post-SPA. Home ownership was also found to be a factor associated with continued economic activity by McNair *et al.* (2004). Among those economically active, 22 per cent were found to still be paying a mortgage, compared to nine per cent owning their own homes and three per cent who were renting.

The above findings were supported by Humphrey *et al.* (2003) in their analysis of groups at differing stages in the work/retirement transition – working (not retired), semi-retired, and fully retired. Those that still had a mortgage on their house were more likely to be working (54 per cent) compared to those semi-retired (22 per cent) and fully-retired (15 per cent). Arthur (2003) concluded that having a mortgage-free property enabled people more choice in the decision to retire and provided financial security in retirement.

2.2.6 Financial factors

Financial insecurity and disadvantage may also play a crucial role in decisions to remain at work. Some of the respondents in the study by Barnes *et al.* (2004) reported that they had little choice but to continue working, this because of concerns about their financial prospects. In several cases, problems had been precipitated by a crisis approaching retirement, such as redundancy, divorce, health problems, or being forced out on early retirement programmes. Higgs *et al.* (2003) found some of their white collar respondents reporting that they were unable to take early retirement because of financial commitments such as children still at university, non-working partners or other dependents, mortgages, and/or a wish to ensure they had a fully-funded occupational pension.

Smeaton and Mckay's (2003) analysis of British Household Survey Panel Data (BHPS) data indicates that for men and women, working past SPA is associated with a superior post-SPA financial situation in comparison with non-workers. In this data set, some 59 per cent of men working past-SPA said they were 'living comfortably', compared with 40 per cent of those not working (and in the same 65-75 age group). Moreover, only nine per cent of those working described themselves as '*just getting by*', compared with nearly one in three of the non-workers. Smeaton and Mckay (2003: 48) comment that:

'The reasons these groups [i.e. men and women working past SPA] felt better off is not surprising, when put against differences in their household incomes. The median incomes of workers were around two-thirds higher than among non-workers...for both men and women.'

Working after SPA may in fact be crucial for many workers in raising their level of income. This is supported by Barnes *et al.*'s (2003: 34) observation that extending work beyond SPA may be important for some in improving the quality of life and the 'affording of extras'. On the other hand, the lowest paid and least qualified (who may be most in need of additional retirement income) appear to be much less likely to be offered the chance to work past SPA. Respondents in the ELSA survey interviewed in 2002 were asked whether they had the opportunity to work past SPA. Among men 65 plus and women 60 plus, 46 per cent of men and 52 per cent of women had had the opportunity to work past SPA, with the proportion rising over 70 per cent in the case of women aged 60-64 (Figure 2.1). Those in routine and semi-routine occupations were, however, less likely to have had the opportunity to work past retirement age in comparison with other occupational groups (Figure 2.2).

Figure 2.1 Proportion of men and women who had the opportunity to work past retirement age by age of retiree in 2002

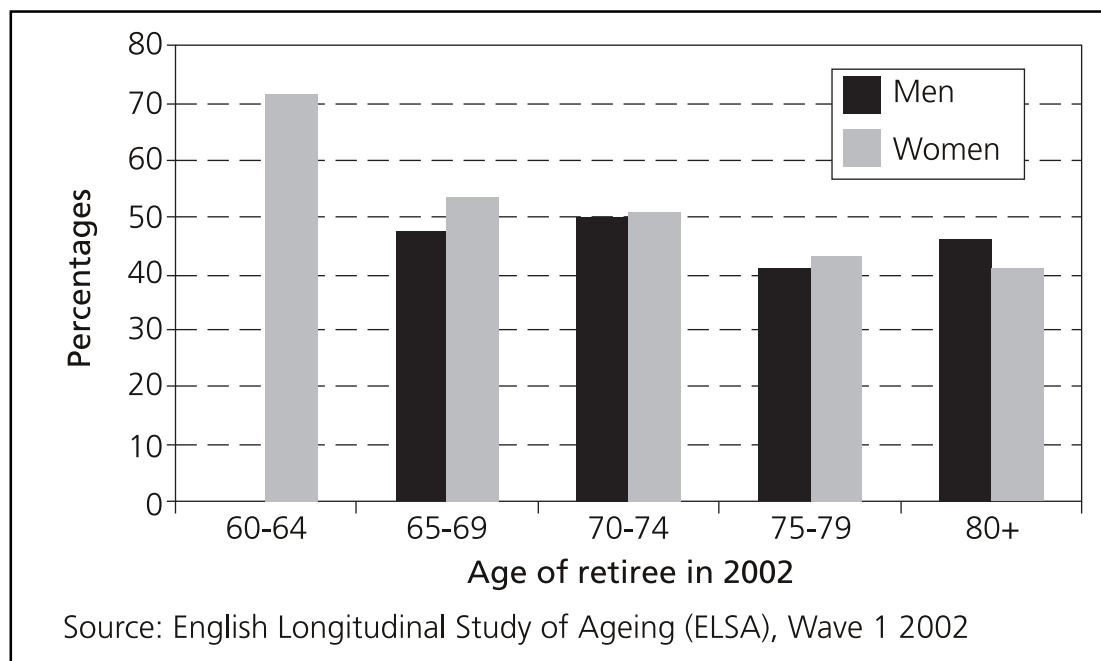
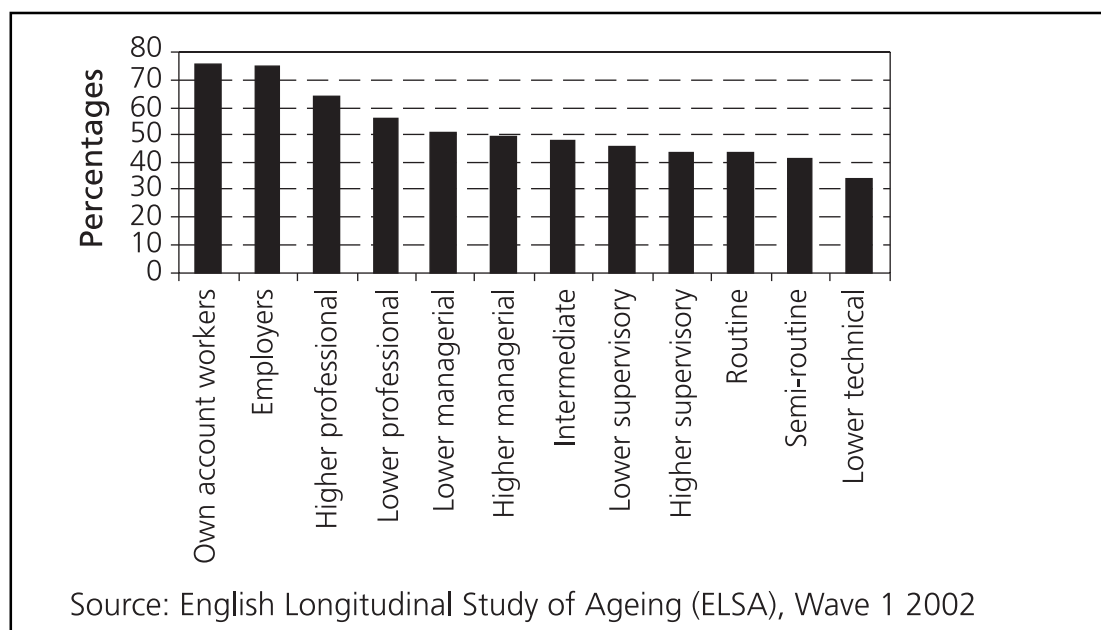


Figure 2.2 Proportion of men and women who had the opportunity to work past retirement age by previous occupational category



2.2.7 Attachment to work

Positive feelings about work are also likely to play a significant role in encouraging people to think about extending employment beyond SPA. This was an important finding from the research undertaken by Barnes *et al.* (2004: 32) which highlighted positive orientations to work among those for whom employment was important for their well-being and identity. For this group of respondents:

'...the prospect of giving up work at retirement seemed illogical, and sometimes even frightening...[In contrast] those for whom work was a vocation contrasted strongly with those 'workers' who perceived work more as a means to an end and who were quite happy to retire, particularly when they felt that they had had 'worked hard' (author's emphasis) for a substantial period of their life.'

Barnes and Parry (2003) examined adjustment in the context of the resources available to individuals to manage the move from work to retirement. They argued that men with strong attachments to their jobs often found it hard to cope with losing work, especially in situations where they were unable to control the manner or timing of their departure. The researchers concluded that:

'Strong occupational identities had a particular capacity for making retirement painful when leaving work was not freely chosen, especially when individuals were involved in few outside activities and had no alternative identity in the absence of paid employment.'

(Barnes and Parry, 2003: 35)

2.2.8 Type of employment

Type of employment is strongly associated with propensity to work up to and beyond SPA. The self-employed are much more likely than employees to continue to work later, in some cases until they are physically unable to continue (McNair *et al.*, 2004). The self-employed are themselves a distinctive group in respect of gender, financial and educational qualifications. Men are much more likely than women to move out of full-time employment into self-employment. Lissenburgh and Smeaton (2003:15) found a number of positive factors associated with this type of transition:

'...men with dependent children have a greater chance of becoming self-employed rather than giving up work, perhaps suggesting that greater financial responsibilities encourage men to use self-employment to help them through this transition. It tends to be high earners who become self-employed...[better qualifications] are also associated with a move to self-employment...those from smaller workplaces are also more likely to become self-employed'.

Age, however, is also an important variable in terms of influencing whether people become self-employed. McNair *et al.* (2004: 47) in their survey found that moving to self-employment became increasingly unattractive as an option as people grew older, with only 1.3 per cent of those in their 60s making this move. This is presumably linked to the perceived risks associated with becoming self-employed and the possibility of losing assets late in working life (see, further, Curran and Blackburn, 2001).

For some individuals, however, self-employment may not be a 'choice'. Smeaton and McKay (2003: 30) report evidence that entry into this type of employment may be an 'unemployment push' phenomenon associated with redundancy and early retirement packages, along with a belief among many that they are 'perceived as too

old for employment opportunities'. These researchers also examined whether some types of jobs appear to offer more opportunities for working beyond SPA. The results of the analysis of LFS data suggested that post-SPA male workers were over-represented in distribution, hotels, restaurants and 'other services', with an under-representation in the construction and manufacturing industries. Post-SPA male workers were also over-represented in occupations that required little training, but under-represented in managerial professions and skilled trades. This may reflect though some 'downward occupational mobility' following retirement, particularly for those moving from main careers in professional and managerial positions. Older women were clustered in part-time employment in service-related positions, reflecting a pattern set earlier in the life course.

Smeaton and Mckay (2003:34) summarise their findings in this area as follows:

'Once again, it is not clear whether it is these occupations which are most likely to offer retention opportunities beyond SPA, provide the most opportunities for re-employment or whether these older men prefer a less demanding position during their final years at work. The distinct occupational profiles of the different groups of men may also reveal a cohort effect with the post-SPA workers retaining their distinct occupational and industrial profiles at earlier ages.'

(see, also, Urwin, 2004).

The above findings are confirmed in the survey by Humphrey *et al.* (2003) who found relatively more workers above SPA working in 'elementary occupations' (28 per cent, compared with 13 per cent for those below SPA), and relatively fewer workers above SPA employed in 'skilled trade occupations' such as 'process, plant and machine operatives'. Company size was also identified as a relevant factor by Smeaton and Mckay (2003), with workers over SPA twice as likely as other age groups to be employed in small companies with 1-10 staff. They are also far less likely to be employed in organisations with over 50 staff. Smeaton and Mckay (2003:23) suggest that this distribution may:

'...reflect the greater informality of small companies, which are far less likely to provide occupational pension schemes and less likely to impose specific ages of retirement'.

(see, also, Loretto *et al.*, 2005).

2.3 What prevents people returning to work?

Drawing those unemployed back into the labour market raises a number of complex issues. McNair *et al.* (2004) observed that across the population as a whole, those who are economically inactive are much less likely to consider entering the workforce after retirement than those who are active. They further note that willingness to consider work is strongly influenced by the length of time which individuals have been retired. The Organisation of Economic Co-operation and Development (OECD) (2004) point out that with relatively low unemployment rates

among older workers and relatively high hours of work per week (the exception being older women, most of whom work part-time), one key to increasing labour force participation is in reducing the high levels of inactivity – 25.2 per cent and 42.4 per cent in 2003 among older men and women (50-SPA) respectively.

Analysis of LFS data by the OECD (2004: 60) demonstrates that with increasing age, the share of the inactive population wanting to work decreases (Table 2.5). For older inactive men aged 60-64, only 18 per cent would like to work and for inactive women aged 55-59, only 16 per cent want to work. Some groups have however increased in the proportion wanting to work – notably men aged 55-59 with a rise of four percentage points over the period 1995 to 2002. The reasons behind inactive individuals wanting or not wanting to work are summarised in Tables 2.6 and 2.7. The importance of long-term illness in explaining why older men are not looking for work is confirmed in both tables. For women, long-term illness is also important but the role of family/home factors are also significant – affecting 25 per cent of those aged 50-54 and 16 per cent of those aged 55-59 who want to work but who are not looking, and 46 per cent of those aged 50-54 and 32 per cent of those aged 55-59 who do not want to work and who are not looking.

Table 2.5 Share of inactive population in the United Kingdom who want to work by age and gender, 1995-2002

	<i>Cell percentages</i>					
	1995		2000		2002	
	Men	Women	Men	Women	Men	Women
25-49	41	31	45	32	46	31
50-54	36	23	39	24	38	21
55-59	27	14	28	16	31	16
60-64	17	6	20	7	18	6

Source: UK Labour Force Survey (OECD, 2004).

Table 2.6 Reason why inactive individuals who want to work are not looking for work, 2002

Cell percentages

		Family/ home	Temporary illness	Long-term illness	Believes no job available	Other
Men	25-49	1	5	11	3	80
	50-54	13	9	59	2	18
	55-59	7	6	74	2	11
	60-64	8	5	75	3	8
	65+	4	3	64	13	17
Women	25-49	58	4	22	1	15
	50-54	25	4	53	3	15
	55-59	16	4	59	3	17
	60-64	17	3	39	10	31
	65+	-	-	-	-	-

Source: UK Labour Force Survey (OECD, 2004).

Table 2.7 Reason why inactive individuals who do not want to work are not looking for work, 2002

Cell percentages

		Family/ home	Temporary illness	Long-term illness	No need	Retired	Other
Men	25-49	1	1	5	-	0	94
	50-54	15	4	56	1	1	24
	55-59	9	1	71	4	11	5
	60-64	5	1	52	6	33	3
	65+	3	1	42	3	49	3
Women	25-49	71	2	16	2	*	9
	50-54	46	1	34	10	5	4
	55-59	32	2	33	8	21	5
	60-64	14	*	15	3	66	2
	65+	-	-	-	-	-	-

Source: UK Labour Force Survey (OECD, 2004).

Smeaton and McKay (2003:54) demonstrate in their analysis of secondary data from the LFS, FRS and BHPS, that working beyond SPA is only a strong possibility for those working in the run-up to this stage. They go on to make the important observation that:

'It is difficult to re-enter the labour market having left it. Moreover, many of those leaving work may be doing so on health grounds, or because they have sufficient resources to live on in retirement. Rates of leaving work for those who do continue to work increase relatively quickly after 60/65. Even if more people can be encouraged to work after this age, on current trends they could not work for many more years.'

ELSA data confirms that expectations of being in work for those currently out of work are generally low and much more associated with health problems than for those individuals currently working. Table 2.8 shows that the large majority of inactive individuals below the SPA do not expect to work in the future and this is even more exaggerated for those inactive individuals who consider themselves retired. Banks and Casanova (2003: 140) comment here that:

'Looking across health groups, the average chances of working at age 60, reported by economically inactive men aged 50-59, vary from 21 per cent for those who are in good health to ten per cent for those in fair or poor health. In the case of inactive women aged 50-54, the probability of being in work five years before the SPA goes from 19 per cent to eight per cent across the broad health groups.'

Table 2.8 Expected chances of returning to paid employment for economically inactive individuals below SPA

		<i>Cell percentages</i>	
	Base	Percentage reporting zero chance of working in future	Average percentage chance of returning to work
Men, 50-59			
All inactive	409	65	15
Inactive and retired	141	75	9
Men, 60-64			
All inactive	404	83	6
Inactive and retired	240	84	5
Women, 50-54			
All inactive	270	64	15
Inactive and retired	29	-	-
Women, 55-59			
All inactive	440	74	9
Inactive and retired	122	74	8

Note: Men below 60 are asked the chances of their being in paid employment at or after age 60; those between ages 60 and 64 are asked the same question with reference to age 65. Women below age 55 are asked the chances of their being in paid employment at or after age 55; those between ages 55 and 59 are asked the same question with reference to age 60.

Source: English Longitudinal Study of Ageing (ELSA) (Banks and Casanova, 2003).

Barham's (2002:307) analysis of the economically inactive in the LFS suggests, at least in the case of the older men, two different groups – both of whom may be resistant to returning to work:

'One group appears to consist of voluntarily retired professional workers, who may well have occupational pension schemes enabling them to have an income before [SPA]. A second group includes skilled or semi-skilled workers who have been made redundant and are now unable to work due to long-term sickness'.

Alcock *et al.* (2003: 150-151), in their survey of men detached from the labour market, found that the share of older (50 plus) detached men who would like a job declines with age, as does the share actually looking for work. Around 20 per cent of the men in their early 50s are still looking for work. This falls away to only around five per cent in their early 60s. The dominant reason given by 60-64 year old men for not seeking full-time work is ill-health or injury – cited by 54 per cent of men in the survey. The decision to retire was cited in only 30 per cent of cases. The authors comment that:

'One in six men cited "little chance of a job due to my age". Given prevailing views about ageism in the labour market this proportion is perhaps surprisingly low but it may well reflect the importance of other factors, notably ill-health and retirement, in motivating men's decisions rather than the absence of widespread ageism'.

McNair *et al.* (2004) grouped their sample of people aged 50-69 into 'choosers', 'jugglers' and 'survivors', with the first of these most amenable either to returning or staying in work. Mostly male, this 'choosers' group was the most highly qualified group in the sample; fewer than one in ten were unqualified. 'Jugglers' were mainly female and had been out of work the longest; they were much more likely to consider voluntary rather than paid work. 'Survivors' were the most resistant to returning to work: a high proportion had left the work for health reasons; most were men and three-quarters were on low incomes. From their analysis of these groups, McNair *et al.* (2004:61) draw the conclusion that:

'Economic inactivity is self-reinforcing. Other studies have found that those who leave the labour market in their 50s stand a poor chance of successfully returning to it. This study shows clearly that those who are economically inactive are very much less motivated to work after retirement age, and that this effect increases with age. A policy approach which increases participation at earlier ages might result in greater retention in later life'.

(see, also, Hirsch, 2005).

2.4 What are the financial incentives or disincentives to remain in the labour market?

Financial security and insecurity have already been discussed as factors influencing labour force participation. Separate from both, however, may be incentives and disincentives operating to influence involvement in work. Key areas considered by research include here: the role of occupational pensions, pension type, benefits arising from deferred pensions, impact of the benefits system, and the role of means-testing. As a general point, it is unclear regarding the extent to which individuals in their fifties or sixties make detailed financial calculations on the relative merits of working over retiring. Indeed, the availability of information to provide the basis for informed choices may be limited for many in these age groups (Financial Services Authority, 2000; Soulsby and Lee, 2002).

As discussed further below, even within ten years of SPA, 43 per cent of respondents in the study by Mayhew (2002) had only a vague or no idea at all of their retirement income. Only one in five of those 55-59 had a good idea. Part of the problem here may be the degree to which people are alienated by the complexity of pension provision. Vickerstaff *et al.* (2004) report that: 'Most people do not find pensions interesting. Even when they are within ten years of likely retirement age, many individuals will not have given much thought to their retirement circumstances. [Our research] confirmed what others have discovered: that people find it difficult to understand pensions and shy away from planning their retirement'. The researchers concluded that:

'...this lack of understanding acted as a block to thinking about gradual retirement or downshifting prior to retirement. This was because those with occupational pensions often misunderstood the implications that such moves would have on their pension income, in some cases believing the impact to be much greater than it would be in practice'.

(Vickerstaff *et al.*, 2004: 38).

Systematic knowledge about pension income may thus be less important at present than the incentives offered within different work/retirement pathways (Blanchet *et al.*, 2005). Much work has already been carried out into the incentive effects of occupational pension schemes, notably in work on the UK Retirement Survey with data collected during the late 1980s and early 1990s. Blundell *et al.* (2002: C170) in their analysis of this data set pointed to the significant incentive and wealth effects of retirement operating through the pension system and the impact of occupational pensions during this period in providing incentives for early retirement. Their analysis indicated that men **without** occupational pensions were less likely to be in the workforce in their early 50s, but by their late 50s men **with** private pensions are less likely to be in work.

The Performance and Innovation Unit (2001) report *Winning the Generation Game* identified three ways in which occupational pensions encouraged early withdrawal from work:

- Their impact on labour supply by giving people higher retirement incomes which encourage them to leave the labour force earlier than they might otherwise have done.
- Their tendency to specify a retirement age which is less than SPA.
- The tendency of companies – especially strong in the 1980s and early 1990s – to use early retirement as a tool to aid company restructuring with the use of private pension schemes as part of this process.

Evidence from ELSA also suggests that pension scheme members may take early retirement even without immediate access to their pension. Taking early retirees as those leaving work before the normal age in their pension scheme, only 48 per cent of men and 29 per cent of women had access to a full pension; 16 per cent of men and 31 per cent of women were receiving no pension at the time of interview. There were clear social class differences in access among women but hardly any among men (Figure 2.3). One point to note from ELSA data is that the financial incentive for leaving work early is much greater for higher social class groups and that in all social class groups the mean weekly value of men's private pension is more than twice that of women (Figure 2.4).

Figure 2.3 Access to pensions for early retired men and women by social class

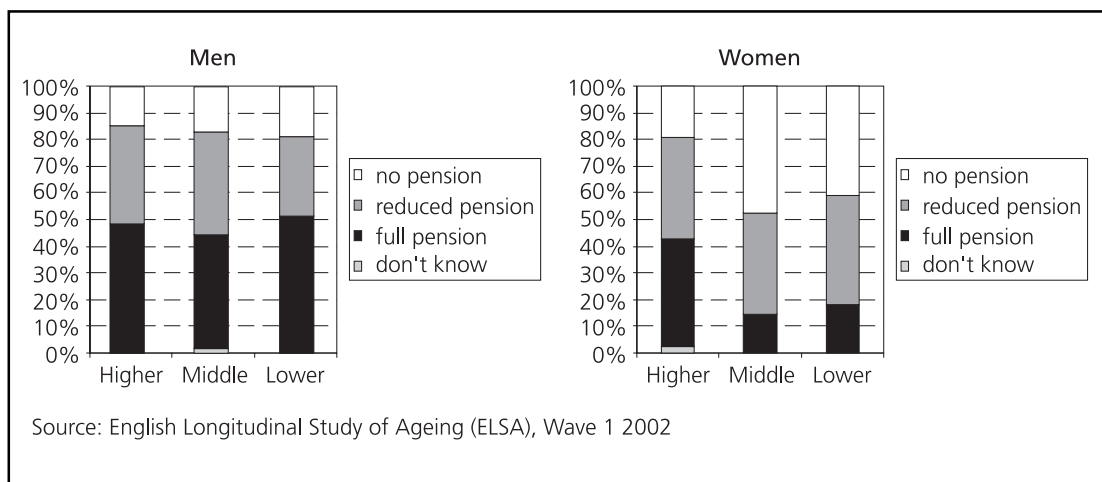
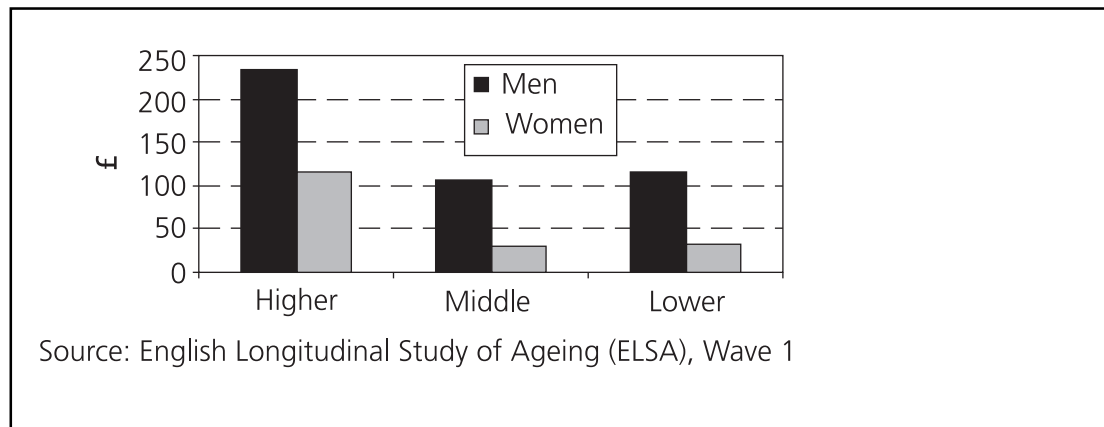


Figure 2.4 Mean weekly value of occupational pension by social class



Further evidence from ELSA suggests that pension type influences decisions as to whether to retire early or later. Banks and Casanova (2003: 137) showed that among men with private pensions those most likely to be retired were those with defined benefit (DB) private pensions – among all 50-64 age groups, the proportion of DB pension holders who were retired was over twice that of defined contribution (DC) pension holders. The researchers note, however, that:

'Whilst it would be tempting to interpret this as an effect of the early retirement incentives often associated with DB plans...it should also be remembered that a number of other characteristics, not least wealth, health and job type, co-vary with pension type, so such a correlation should not be interpreted causally. In particular, there may be strong wealth effects'.

Banks and Casanova (2003) also relate work expectations to the type of pension to which people have contributed where on average those with a DB pension expected to retire earlier than those with DCs.

The OECD (2004) argues that the existence of alternative pathways to early retirement remains an issue in the UK context, citing in particular disability-related benefits. Since 1979 the number of people aged 50 and over on incapacity benefits has nearly quadrupled reaching approximately 1.3 people in 2004 (DWP, 2004), although the rate of increase has declined significantly since the mid-1990s. Overall, around 40 per cent of non-working individuals aged 60-64 years of age in 2003 were receiving Incapacity Benefit (IB) (see, further, Moss and Arrowsmith, 2004). The OECD also highlight the significance of means-tested benefits from age 60 acting as an incentive to early retirement for the low paid, and partly explaining the decline in participation rate for individuals in the 60-64 age group. OECD (2004: 85) conclude from this that:

'The relative generosity of disability-related benefits, combined with a reduced demand for unskilled labour, play an important part in explaining the past decline in labour market participation at older ages. Despite progress in reducing the generosity of some pathways to early retirement...more could be done to ensure that the social security system provides better incentives to work and to [help individuals] remain attached to the labour market'.

Disincentives may also come from income reductions which might be faced by returning to work. Urwin (2004), for example, notes that research suggests that those aged 50 or more who return to work following a period of unemployment face an average wage which is only three-quarters of that they could have expected had they continued in employment. In contrast, those aged 25 to 49 could expect to earn more than 80 per cent of their previous wage. For those who have been out of employment for a lengthy period of time, there may be disincentives operating in respect of loss of benefits and perceived costs associated with resuming work. Moss and Arrowsmith (2003:23) note the significance of benefit disincentives for some groups:

[These] can act as a...barrier to work and arise from the relatively low wages many [Jobcentre] customers are likely to secure. The smaller the wage gap between benefit and work the less likely customers were to see the advantages of moving from the security of benefits into the relatively insecurity of work. Some...felt that it was not worth working unless they were significantly better off.

Alcock *et al.* (2003) studied economically inactive men aged 50-64 who had been out of the workforce for at least six months. Nearly half had not worked full-time for at least five years, and 20 per cent had not worked for ten years or more. Clearly, this level of detachment can itself begin to present barriers in respect of willingness to return to work (see, also, McNair *et al.*, 2004). These may operate on the side of employers as well. Moss and Arrowsmith (2003: 301) found that employers' perceptions about potential job applicants (or trainees) were influenced by the length of time which people had been unemployed, with some viewing long-term unemployment as synonymous with being unemployable (see, also, Department for Work and Pensions (DWP), 2002b).

2.5 What is the role of training in supporting older workers?

Access to training and skill development will also be important in promoting the extension of working life. Information about the experience of older workers in this area is available through sources such as the LFS and ELSA, as well as surveys such as the National Learner Satisfaction Survey (Learning and Skills Council, 2004) and McNair *et al.* (2004). Data regarding training falls into three main types: first, general information about work-related training among those already employed; second, availability of training for those who are economically inactive; third, access to training for those moving between employers. An important context for this topic is the extensive evidence for the high level of work ability of older people – certainly in respect of those in their fifties and sixties. Meadows (2003: 27) summarises the evidence here as follows:

- The evidence suggests that, except in a very limited range of jobs, work performance does not deteriorate with age, at least up to the age of 70. Since few people are employed beyond that age, there is virtually no evidence about work performance after the age of 70.

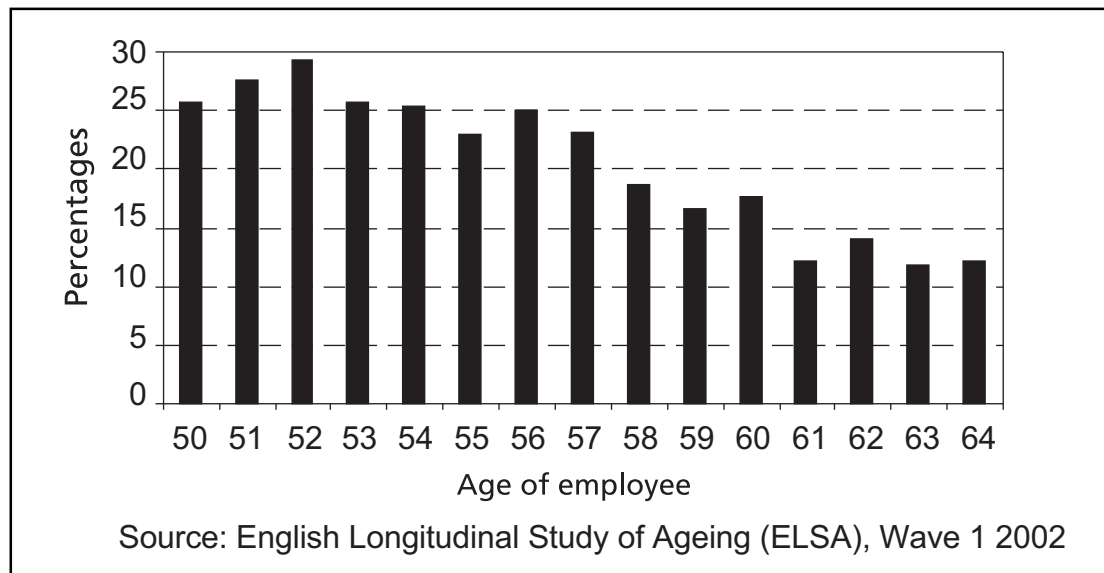
- The positive effects on performance of experience, interpersonal skills, and motivation generally offset the adverse effects of loss of speed, strength and memory.
- Where performance does decline with age, the falling average scores for older people seem to be driven by the marked deterioration of a small number of individuals rather than decline across the whole cohort.

Warnes and John (2005) suggest that while there are declines with age in the speed of information processing and physical responses (psycho-motor functioning), for most practical purposes the effect is slight and irrelevant to almost all workplace tasks until well after the normal working ages (see, also, Benjamin and Wilson, 2005). Set against this, as the OECD (2004) points out, with a trend towards skills-biased technological change, the employment situation for older workers, many of whom lack basic skills, may worsen unless their needs are addressed. In comparison to other European countries, the share of older men in the UK in manual occupations is relatively high at 46 per cent. This group will almost certainly be the least likely to receive regular training (see further below) and may find it difficult to respond to policies to extend working life.

The benefits of learning – for all age groups – is now widely acknowledged. The Department for Education and Skills (DfES) (2005: part 2) argues that there is good evidence that ‘older people can benefit substantially from continuing to learn and gain new skills’ (para. 210). Given a policy of extending the period of employment, the expectation must be that older workers will have an equal opportunity with younger age groups of sharing in different types of training and learning. In reality, younger adults are better qualified than older adults. In 2004, 79 per cent of 25-29 year olds were qualified to National Vocational Qualification (NVQ) level 2 or higher compared to 67 per cent of adults aged over 50. In recent years there has been more improvement among younger adults than older adults and so the gap has widened from nearly eight percentage points in 1997 to nearly 13 percentage points in 2004 (DfES, 2005).

Evidence from a variety of data sources suggests that older workers continue to be disadvantaged in respect of training received while employed. Stoney and Roberts’ (2003) analysis of data from the 2002 LFS indicated that workers 50 and over were 50 per cent less likely than their younger colleagues to receive on or off the job training. Further analysis of the LFS by Newton *et al.* (2005) found that employees working in ‘unskilled occupations’ were the least likely to receive training, with as few as seven per cent of those aged 60-64 in elementary occupations engaged in training (see, also, Humphrey *et al.*, 2003; Urwin, 2004). Data from ELSA also confirms the steady decline in training associated with increased age. Nearly 30 per cent of employees aged 52 had attended a formal educational or training course over the past 12 months, compared with around 12 per cent of those aged 64 (Figure 2.5).

Figure 2.5 Proportion of employees who have attended a formal educational or training course during the past 12 months



The above finding is supported in Humphrey *et al.* (2003) who found that while most employees received some encouragement from their employer to learn more job-related skills, this tended to tail-off after 50-54. Thus among men aged 50-54, 58 per cent had received a great deal or a fair amount of encouragement, this compared with 41 per cent for those 60-64 and 35 per cent for those 65-69. Among women, the equivalent figures for the 50-54 and 60-64 age groups were 63 per cent and 40 per cent.

Lissenburgh and Smeaton's (2003) analysis of LFS data confirmed the link between increased age and declining access to training. Logistic regression models used in their study also suggested that men and women in part-time and temporary employment were especially disadvantaged in respect of training. Humphrey *et al.* (2003) also found that the level of encouragement to undertake training varied between full- and part-time employees. In their survey, one-third of part-time employees were offered no encouragement to learn more job-related skills, compared with one-quarter of full-time employees. These findings were also confirmed in the study by Arulampalam *et al.* (2003) using data from the European Community Household Panel (ECHP). This study investigated gender differences in training participation over the period 1994-1999, with particular attention to type of employment contract and sector affiliation. The research found that, for men, being on a fixed term contract was associated with a significantly lower probability of training. Employees in the UK on part-time contracts were in general less likely to receive training than their counterparts in other European countries. Given the growth in non-standard contracts, especially among older workers, it seems especially important to consider ways in which the quality of training support to this group can be improved.

2.5.1 Attitudes towards training

More information is required about the degree to which older workers themselves fail to take-up opportunities for education and training. This may happen where they lack confidence about learning new skills (Newton *et al.*, 2003) or because they feel that acquiring them is no longer necessary or may go unrewarded (McNair, 2005). Taylor and Urwin's (2001) research conducted in the late 1990s suggested that declining participation in training was linked to employer decision-making rather than an individual preference not to undertake training. Urwin (2004: 28), on the other hand, argues that there is some evidence to suggest that not only is training less likely to be offered to older individuals, but also that 'large proportions of this group have not taken up the opportunity to train'. Moss and Arrowsmith (2003:24) concur with this suggesting that 'attitudinal barriers' can limit responses to training:

'...some [Jobcentre] customers may either feel that it is too late in their life to learn basic skills that they have managed to survive without for so long, or, if they have worked before, that they do not need a course that offers basic employability skills'.

The evaluation of New Deal 50 plus also questioned the intrinsic value placed on training by older workers. Atkinson (2003) provided evidence to suggest that in some cases older people were over skilled for their current job and therefore did not see training as relevant.

Employers are likely to vary considerably in their approach to training. McNair *et al.* (2004) found that people in large firms continued to develop skills in a way that was less true of those in Small and Medium-sized Enterprises (SMEs). Some occupational sectors (notably managerial and professional groups) appear much more likely to support training than others (for example those in elementary occupations). And level of skill and qualification (or human capital) appears critical – those with higher degrees and/or professional qualifications are more likely to participate in training later in working life compared with those with lower level qualifications (Newton *et al.*, 2003). For professional/managerial groups, external pressure to extend working life may not be a major issue given that higher qualifications and socio-economic class is a strong predictor of longer working life (McNair, 2004). For some manual groups, deficits in training over the life course may be difficult to correct, especially given limited workplace opportunities and depressed expectations about learning (Learning and Skills Council, 2004).

Gender may play a significant role in gaining access to training. Taylor and Urwin (2001) found that men aged 50-64 were two per cent less likely to have been offered training and 12.3 per cent less likely to have received training in the last thirteen weeks, relative to the reference group of prime age individuals (aged 25-39). For women, the effects were much smaller with females over 50 to retirement age 5.5 per cent less likely to undergo training when compared with their prime-age counterparts.

Newton *et al.* (2005) report on the availability of training among those unemployed and economically inactive. This study shows that overall, less than one in ten report involvement in training and that training participation declines rapidly with age. The likelihood of someone aged 55 and over participating in training is 50 per cent less compared with an adult aged 35-44.

McNair *et al.* (2004) found that levels of support given to those changing their job declined with age. Older workers were less likely than younger ones to receive any help during a job transition (37 per cent of older workers, against 47 per cent of those under 50). They were less likely to receive training from their employers; help from their workmates and colleagues; or support from a government agency. They were also less likely to have sorted out support from themselves, either through the Internet or other informal sources.

To the above, largely negative findings, must be balanced more positive developments which may be important over the medium and longer-term. Future generations of older workers can be expected to have higher levels of basic numeracy and literacy skills and this should have a major impact on areas such participation in continuing education and training. Dixon (2003: 74) notes from the LFS the strong relationship between level of qualification and the likelihood of undertaking job-related training, as well as the finding that those with higher existing qualifications are more likely to be studying for a new qualification. She concludes that:

'These relationships suggest that age-specific differentials in learning activity could flatten in future as the fraction of older workers who have not completed secondary education gradually declines'.

There is also evidence that older people are just as willing to invest in learning new skills as younger age groups. Taylor and Urwin (2001: 769) found that despite the shorter time horizons of those in the 50-59/64 age group, a similar proportion to those in the 25-39 and 40-49 age groups (20 per cent) had self-financed their training for work-related courses. Evidence from the evaluation of Employer Training Pilots (ETP), administered in 12 Learning and Skills Council (LSC) areas, which tested the effectiveness of free or subsidised training to employees without level 2 qualifications, is also positive. Although older learners appeared less keen to participate in training, those aged 56 and over were 21 per cent more likely than those aged 19-25 to complete their programme once they had started. Learners who were older, male, did not have a disability, worked flexibly and had lower (but at least some) prior attainment, had the greatest chances of completing their training (Hillage *et al.*, 2004).

Sustained economic growth should have some impact in reducing training differentials between age groups. Urwin (2004: 29) suggests some 'catch up' in the period over 1992 and 2002 when comparing the training received by older and younger workers – some of this may reflect a cyclical component with improved economic prospects allowing firms to increase the amount of money allotted to formal education and training.

2.6 What is the experience and reality of flexible working?

Platman (2003; 2004a) argues that policy-makers and campaigning groups have been advocating a more flexible approach to later life careers for many years, with various types of flexible employment viewed as making an important contribution to extending working life (see, further, Delson and Reday Mulvey, 1996; Urwin, 2004). Platman (2003: 283) goes on to suggest that:

'Flexible jobs [are seen to] represent... the means by which older people could overcome structural employment barriers, inject choice into the final phase of their working lives, and tailor their employment commitments to their life stage and circumstances. Such jobs would allow employers to sever expensive and open-ended commitments to full-time, permanent and tenured jobs, whilst retaining talent, knowledge and institutional memory. They would also allow the Treasury to reduce welfare payments to, and sustain income tax revenue from, otherwise economically-inactive people. Older people would also benefit, since they would have rewarding employment and higher income'.

Few detailed studies have been carried out on the extent of flexible work options available to older workers. On the other hand, there may be a case for greater flexibility in work/retirement transitions, not least in terms of reducing working hours in the period leading to SPA. Many older workers (men in particular) continue to face long hours of work during their fifties and early sixties. Men and women aged 50-54 work on average approximately only one hour per week less than men and women aged 25-49. The OECD (2004: 56) concludes from this that:

'... while the UK labour market can be characterised as being relatively flexible, there may be room for manoeuvre to increase flexibility and work to retirement transitions in an attempt to prolong the working lives of older workers'.

Evidence from a variety of data sources indicates support for the idea of gradual retirement from work. A Eurobarometer survey of 15 European Union (EU) countries found the UK close to the EU average with around 78 per cent of respondents agreeing that older workers should be allowed to retire gradually, although only around one in four 'strongly agreed' with this statement (Kohli, 2002). The opportunity to retire gradually is probably only experienced at present by a minority of employees. In the survey by Humphrey *et al.* (2003), among those now fully retired, just seven per cent said they had retired gradually, that is, by gradually reducing the number of hours they had worked. However, the authors point out that this figure is much less than the 31 per cent of those in work who said that they *planned* to retire gradually. They go on to suggest that:

'This [disparity] might be because gradual retirement is becoming more prevalent among successive cohorts of people. However, it might also be due to the fact that the proportion among those working is based on their reported future intentions, which may or may not be realised; in some cases, for instance, a retired person might have been forced into retirement – a situation which a person still working would not necessarily anticipate.'

(Humphrey *et al.*, 2003: 79).

Barnes *et al.* (2002: 22) report that several of their respondents felt that the opportunity for older people:

'...to withdraw from paid work more gradually than is usually possible at present was likely to improve longer-term happiness, because it promotes planning for life outside the labour market and eases transitions into retirement'.

Humphrey *et al.* (2003) examined the extent to which flexible working arrangements and take-up of flexible working currently existed for older workers. Overall, 46 per cent of employees and 55 per cent of self-employed workers were found to have access to one or more forms of flexible employment arrangements (such as part-time work, reduced hours, job sharing, flexitime or working from home). The most common type of arrangement offered was part-time employment, followed by reduced hours and flexitime. For those self-employed the most common flexible working arrangement was working from home some of the time, followed by part-time work and reduced hours. Of those workers offered flexible working just over half took up some form of flexible arrangement. This was particularly common amongst those self-employed in contrast with employees. The most common flexible options were reduced hours and working from home. There were also differences among occupational groups. Those in professional, administrative and secretarial, sales and customer services, and associate professional and technical occupations were more likely to have flexible working arrangements open to them than those in manufacturing occupations, for example process, plant and machine operatives or skilled trade occupations. In addition, those in larger firms had slightly more flexible working options than small firms. However, proportionally, take-up was similar.

2.6.1 Characteristics of flexible employment

In reality, most flexible working takes the form of either part-time or self-employment. Loretto *et al.* (2005: 23-24) analysed 2004 LFS data to examine the extent of involvement among older workers in working arrangements such as flexitime, school term-time working, and job sharing. They found that the majority of men and women over 50 were not employed under any of these: 84 per cent of men and 74 per cent said that none applied to their job. The researchers note that:

'These proportions are virtually identical to the under-50s. They also show that women are more likely than men to work flexibly. Moreover, there are substantial differences in the type of flexible working arrangements experienced by workers aged 50 plus. Women are more likely to undertake term-time working and job sharing (81 per cent of term-time workers are women, as are 86 per cent of job sharers), whereas men are more likely to work shorter weeks'.

(Loretto et al., 2005: 24).

Smeaton and McKay's research (2003) showed only limited movement into flexible working with an existing employer for those continuing to work after SPA. Three-quarters of men and women working after SPA were in jobs (full and part-time) which they held prior to SPA. They comment that:

'This proportion rises for full-time employees but for men working part-time drops to a little over half... Given that many, if not most, men and women prefer part-time working arrangements at this stage of their lives... it is possible that part-time opportunities are not available to men wishing to remain with their pre-SPA employer. Instead, to continue working, it becomes necessary to seek new employment. Given the difficulties associated with securing decent employment at older ages, job search efforts for many in this group may prove futile, hence the dramatic decline in numbers employed at this stage'.

(Smeaton and McKay, 2003: 28).

Lissenburgh and Smeaton (2003: 15-16) examined the characteristics of those who had shifted into part-time employment. This pathway was taken by about one in six men (16 per cent) who had moved out of permanent full-time jobs and almost half (46 per cent) of women who did likewise. In the case of men, advanced age and health problems reduced the chance of a shift down to part-time employment, rather than leaving work altogether (these factors were also negatively associated with the self-employment or gradual retirement pathways). Positive factors associated with the part-time route included working in a small (1-10 employees) company, and having qualifications to least NVQ level 3. Women were also less likely to enter part-time rather than leaving work if they were older or had health problems. There were no training or qualifications effects for women, but they were more likely to enter part-time employment if they had been in an 'elementary occupation' at first interview or worked for a health authority or NHS Trust hospital.

Lissenburgh and Smeaton (2003: 18) also provide interesting findings relating to opportunities for negotiating gradual retirement which in the case of men appeared less likely with higher earnings but in other ways was strongly associated with an advantaged labour market position. They found that reduction in hours for men was more common for those with managerial and professional backgrounds. Analyses of female respondents produced similar findings, with a negative association with income but a positive one with managerial or professional background.

Platman (2003), in a qualitative study of freelance workers, found that the reality of this type of flexible employment often fell short of the often idealised representations found in the policy literature. She found from her sample of respondents that freelance working was insecure, difficult to control and not necessarily lucrative. Platman (2003: 298) drew the conclusion that:

'Older workers who seek to tailor their participation in the labour market are hindered by employment practices that undermine their skills and experience. The lack of formal restrictions and regulations governing freelance work is in one sense liberating, for an individual is free to perpetuate their career for as long as they wish, but the freelance market penalises the most vulnerable members of the workforce, and greater age increases vulnerability.'

Lissenburgh and Smeaton (2003) suggest in fact that there may once again be 'two nations' experiencing flexible retirement. They suggest that enjoying better quality flexible employment is particularly dependent on labour market background. Self-employed professionals or business owners and managers or professionals on fixed-term contracts are the only flexible workers who earn more than comparable full-time employees:

'For less advantaged workers in flexible employment, the experience is often much more variable and the quality of employment is often poor. This is particularly true of part-time employment, in which older women continue to earn less than comparable full-timers, despite the introduction of the Part-time Workers (Prevention of Less Favourable Treatment) Regulations in 2000'.

(Lissenburgh and Smeaton, 2003: 30-31).

On the other hand, negative findings about the quality of part-time employment, need to be qualified by studies that show that such work may offer advantages in terms of lower levels of work-related stress. Crompton *et al.* (2003), in their analysis of data from the British Social Attitudes Survey, reported that work-life stress was experienced most acutely by women in professional and managerial occupations, even though, in terms of 'family friendliness', their working conditions were better than those in routine and manual occupations. They go on to note that:

'On average, men and women in routine and manual occupations express lower levels of work-life stress. However, the explanation for this probably lies in the shorter hours worked and the greater incidence of part-time employment – particularly amongst routine and manual women. Lower levels of work-life stress, therefore, are achieved at some economic cost, and this will be one of the factors contributing to the increasing gap in household incomes between the bottom and those at the top of the occupational hierarchy'.

(Crompton, 2003: 182).

Research suggests that a number of barriers may be operating which limit the availability of certain types of flexible work. Casey (2004) makes the point that although part-time working is an important feature of the workforces of most European countries it tends to be limited to certain industries and occupations. Loretto *et al.* (2005: 32) conclude from their analysis that:

'The relative likelihood of having access to flexible working arrangements is increased most by working in the public sector as opposed to the private sector'.

Worker support for flexible options may also be difficult to assess: in many cases gradual retirement may be seen as a way of leaving the labour force rather than extending working life (Casey, 2004). The poor quality of part-time employment is an issue identified by Lissenburgh and Smeaton (2003), especially in regards to stability and training opportunities where it is inferior to permanent full-time employment for both men and women. Finally, pension conditions have also presented a problem, with 'final salary' schemes strongly discouraging employees from cutting their working hours (or moving to lighter, less well paid positions) before they reach SPA.

Notwithstanding the above, Yeandle (2005: 18) argues that we can expect an increased tendency for people to opt for flexible retirement if new rights and opportunities become available. In the UK, the provision from April 2006 to allow people to carry on working for the same employer while drawing an occupational pension should facilitate greater uptake of part-time working. To facilitate this, however, Yeandle argues that a change in work cultures will be required, with a greater need on the part of managers to see requests for flexible working:

'...as offering opportunities to deliver work in innovative and better ways, rather than as another "headache" facing them in their management of the work along "tried and tested" conventional lines'.

Loretto et al. (2005: 73) conclude their report on flexible work for the Equal Opportunities Commission (EOC) with the view that:

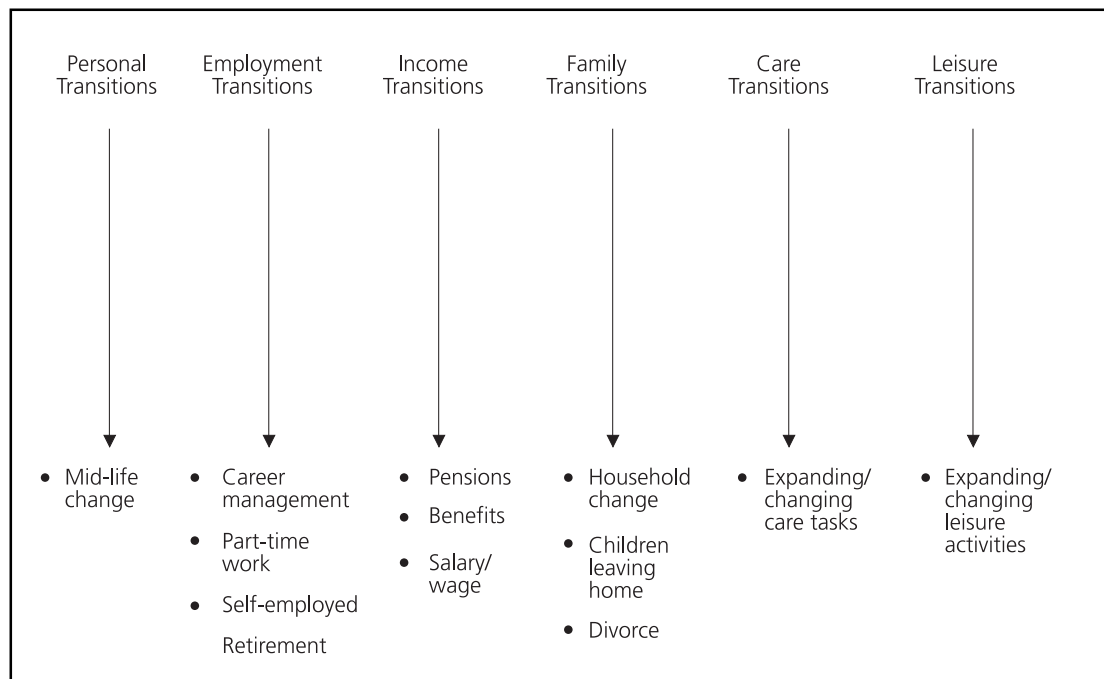
'...older workers would welcome more choice in how they manage their working lives in the period up to and beyond retirement. This includes interest in options to downscale or downshift work commitments, to retire gradually, to choose when they retire, and whether to continue to work beyond SPA'.

2.7 What is the nature of decision-making in the transition from work to retirement?

The idea of 'transition' refers to changes or 'turning points' at key points of an individual's life. Transitions may themselves be simple or complex, depending on the range of social institutions involved. They may be clearly marked with formal rites of passage, or, as is the case with most adult transitions, left informal in respect of their management at individual and societal levels (Pillemer *et al.*, 2000). In some cases they may be relatively insulated from social and economic change, while in others they may be driven and largely constructed by external forces. In the case of transitions after age 50, important influences include changing orientations to employment and growing awareness of impending retirement. Alternatively, new responsibilities in relation to care work of different kinds may emerge to influence

perceptions of work options during this period (Henz, 2004). Phillipson (2002:10) has summarised the range of possible transitions in the period after age 50 as follows:

Figure 2.6 Transitions after 50



Attitudes towards work and retirement will vary according to the stage the individual has reached in the transition. For people in their early fifties, expectations of working are likely to remain strong; for those moving into their sixties, acceptance of retirement is much more likely (see further below). The character of decision-making during the transition will be important in respect of views about extending working life. Some relevant questions here include:

- What informs decision-making about when to retire?
- How do people evaluate options about whether to defer retirement?
- Who are the relevant actors influencing decision-making?
- What role do employers play in the decision-making process?

Answers to such questions will themselves reflect the usual social and demographic factors – notably age, gender, social class and ethnicity, as well as the position of the individual within the retirement process. On the latter, Atchley (1988) has identified three important phases – *pre-retirement*, *retirement*, and *post-retirement* – each of which will have its own dynamic in respect of decision-making and specific issues that individuals need to resolve.

Data on decision-making can be gleaned from general surveys of work/retirement transitions (e.g. Humphrey *et al.*, 2003), attitudes towards pensions (Mayhew, 2002), research on relationships between individuals and their employers (Vickerstaff *et al.*, 2004); studies highlighting the impact of particular events such as changes in health (e.g. McKee, 2002); experiences of the transition from work to retirement (Barnes *et al.*, 2002; McKee, 2002); and decision-making regarding paid work after retirement (Barnes *et al.*, 2004).

2.7.1 Control over retirement

A general aspect, identified in particular in qualitative research, concerns the degree of control which the individual has in moving from work to retirement. An important conclusion from the programme of work in this area conducted by the Joseph Rowntree Foundation, is that a number of groups – in particular those from manual occupations – lack the ability to make meaningful choices in key areas of retirement. Views about when to retire were influenced by health and family considerations and attitudes towards work, but timing was also constrained by finances (Arthur, 2003). Hirsch (2003: 19) summarises the research as follows:

'...a recurring theme [from the research] is the interaction between experiences in the labour market and personal health...this plays an important part in the timing of stopping work for many people. This interaction is often more complex than someone developing a sudden illness that makes them unable to work. Sometimes the effect of long-term health problems can be influenced by what happens at work – most obviously by whether someone with a physical impairment can be transferred away from physically demanding tasks...but also in relation to stress, which can be exacerbated by an unsympathetic employer...decisions about the implications of health difficulties for someone's future in employment depend not only on their own decisions and doctors' advice, but also on decisions by employers. Employers who value older workers sufficiently may look for ways of retaining them despite health difficulties'.

The context for decision-making is likely to vary considerably according to age. McNair *et al.* (2004) highlight the way in which, for those in their 50s (men in particular), decision-making is invariably shaped by health factors. For men (and women) entering their 60s, however, decision-making shifts for many to the idea of retirement as a 'natural' and inevitable event. Mayhew (2002) found that the extent to which people give retirement some thought was clearly linked to age. The older people were, the more likely they were to have thought about their retirement arrangements, although a decline sets in after the late-50s, a point where many people may feel it is too late to modify existing plans or to start if no plans are in place. Among those aged 50-54, 41 per cent had given 'a lot of thought' to their retirement arrangements; this increases to 48 per cent for those 55-59, dropping to 39 per cent for those 60-64. Thinking about retirement arrangements was also strongly related to level of annual income: among those with earnings up to £10,400, just 18 per cent had given their retirement arrangements 'a lot of thought'; for those with earnings above £31,200 the figure was 59 per cent.

Attachment to the labour market was also important, with 35 per cent of adults currently in work giving a lot of thought, compared with 16 per cent of those not currently in work. In the case of the latter, absence of employment may remove both a sense of retiring *from* something as well as undermining a framework for managing arrangements for retirement.

As Mayhew's findings might suggest, the literature on decision-making tends to suggest two sharply contrasting groups. Barnes *et al.* (2004), from their qualitative research, summarised this in terms of one group who is able to freely decide about when to retire, who tends to have higher levels of income, and who have a wide range of options open to them. In contrast, those having more problems tended to be those who had left work on an involuntary basis, whether because of redundancy, caring responsibilities or ill-health. The *forced* versus *voluntary* retirement distinction is reviewed in the survey by Humphrey *et al.* (2003), where among those respondents who were fully retired, 50 per cent said retirement was something they wanted to do, as opposed to 39 per cent who felt it was forced upon them (nine per cent gave a mixture of both elements). Relative to those who had to retire voluntarily, those forced into early retirement were much more likely to have a health problem, and to have no formal qualifications, and were much less likely to have an income from a private pension.

Financial issues will be a major factor influencing decision-making for those considering work/retirement options. Humphrey *et al.* (2003) found that for those respondents who had not been forced into retirement, just under a third (31 per cent) considered the immediate financial implications of retirement and a similar proportion the longer term financial implications. Men appeared much more likely to consider financial implications than women: 52 per cent of men considered the longer-term implications as compared with 19 per cent of women. Humphrey *et al.* (2003: 74) also found that:

'Those in receipt of private pension income, and people with higher qualifications, were more likely to consider both the immediate and longer-term financial implications. Those with both a private pension income and a degree – a group accounting for around 13 per cent of the retired sample – were particularly likely to do so, with 48 per cent considering the immediate financial implications and 55 per cent considering the long-term financial implications.'

2.7.2 The organisational context

The organisational context will be crucial in shaping work/retirement decisions. Vickerstaff *et al.* (2004), in their study of three organisations based in the South of England, found that employees in what they called the 'retirement zone' – typically from 50 years of age upwards – faced a range of options: early retirement, retirement at the 'normal age' or opting to work beyond the normal retirement age. They argue that the actual decision at any of these points is at the discretion of managers or pension funds, even though individuals may make requests that initiate such decisions. The authors go on to argue that:

'In the cases looked at in this research, final decisions about retirement still largely rested with the employing organisation. This discretion, combined with the complexity of provisions for different groups, left many respondents (both managers and employees) confused about the basis for decisions. Some people were offered favourable deals while others in similar circumstances were not'.

(Vickerstaff et al., 2004).

Older employees in larger organisations may, as already noted, be exposed to a greater degree of training and skill development than in SMEs (McNair et al., 2004); this might be an important factor determining their ability and willingness to continue working past SPA. The skills base of older workers, as nurtured by the organisational context, will be crucial in developing what Hirsch (2005) refers to as 'sustainable working lives'. And Lissenburgh and Smeaton (2003: 32) conclude that:

'Actions to help [older workers] maintain their position in the occupational hierarchy are likely to encourage them to enter flexible employment as a bridge to retirement rather than moving out of the workforce'.

2.7.3 Relationships and networks

Personal relationships and social networks are likely to play an important role in the area of decision-making about whether or when to retire. Different types of relationships – family, friendship, organisation-based – are likely to contribute in distinctive ways to decision-making about retirement. Networks may be important in some cases in legitimating early retirement as an appropriate move in mid-life. Data from ELSA confirms the extent to which early retirement is skewed towards particular occupational groups. Among men aged 50-64, 18 per cent of professionals had taken early retirement; and 20 per cent of those in administrative occupations. In these instances, the expectation of early retirement might be said to be normative for the groups concerned – an expectation which may be difficult to dislodge at least over the short and medium-term.

Couples are likely to play a key in influencing each other about decisions about whether to continue working or enter retirement. Arthur (2003) found from her respondents that early retirement had often been part of a long-term plan, and couples often retired within a few years of each other, or at the same time. Arthur (2003: 14) reports further that:

'Where decisions were made in a more reactive way to an offer from work, then couples appeared to have generally been in agreement about the way forward. Similarly, where one partner was having to retire because of ill-health or disability or being unable to find another job, the other partner said they supported their decision and agreed with their reasons. It did not appear that couples had always spoken in depth about their decision, but where they had not done so, it was because one party said they felt happy to leave it to the other to make the right decision'.

Hilbourne (1999: 179) reported from her sample of middle-class couples approaching retirement that people poised to enter retirement appeared to be far more preoccupied about possible changes in their marital relationships than about more practical considerations:

'Such changes were a more immediate cause for concern than the financial implications, the relevance of health and the use of time, topics which are usually thought to preoccupy those approaching this phase in life. This suggests that a more holistic approach to research on adjustment to retirement is indicated. Examining reactions to retirement in the context of marriage and the home is likely to lead to a more realistic and richer understanding of the processes involved than looking at the individual in isolation'.

(Hilbourne, 1999: 179).

Barnes *et al.* (2002) demonstrate the significance of one's partner's situation to one's own decision-making. For example, whether the partner is retired can make a difference – in either direction. Hirsch (2003: 49) notes that:

'On the one hand, it can make retirement more attractive, where partners have plans to do more things together. In other circumstances, however, having a partner in work can make retirement more financially feasibly.

(see, also, Barnes *et al.*, 2004).

The role of friends and colleagues in affecting retirement decisions requires further study. McKee's (2002) pilot investigation of senior managers in the oil and gas industry reported several respondents talking about an 'epiphany' when a colleague or close friend of their own age had died in service, this 'resulting in men reviewing their own health and futures' (p.8). Relationships within the workplace have been found to play a role in decisions about staying or leaving work. Barnes *et al.* (2004:35) found that 'feelings about a particular workplace' were often crucial to understanding people's decisions regarding retirement.

Overall, it is clear that a range of factors will influence decisions in the movement towards SPA, with no single group or individual likely to be dominant. Much will depend on how the individual's own life and work history interacts with the priorities of those around them, and their immediate financial and health circumstances as well as the wider policy context shaping work and retirement decisions.

2.8 Conclusion

This chapter has reviewed a range of literature on the theme of older workers, produced in the period since 1999. Some of the key issues raised by this research include:

First, a combination of 'push' and 'pull' factors influence movement out of employment. Poor health and disability appear as the most common factors

'pushing' people out of the labour market, and are especially significant for those in their 50s and early 60s. Health factors are also more important for those from middle and lower as opposed to higher social class groups. Work-related issues are another significant 'push' factor, notably in respect of problems relating to stress and the perceived intensification of work routines. Informal care responsibilities are also highlighted in the research literature, with evidence that a high proportion of women in their late-40s and 50s, faced with an increase in care responsibilities, either reduced working hours or stop work altogether. 'Pull' factors are associated with financial security, with those retiring early having higher earnings than those leaving at SPA. Access to an occupational pension is also associated with early departure from the labour force. A desire for a new lifestyle may be significant for some: the feeling of wishing to enjoy life whilst still 'fit and young'.

Second, a mix of socio-demographic variables influence decisions about whether to *remain* at work. The range of factors include: marital status, gender, socio-economic status, housing characteristics, financial resources, and type of employment. Some of these factors are also relevant to understanding what *prevents* people from returning to work. Long-term illness is important in discouraging older men and women from looking for work; responsibilities for informal care may also be a significant factor in the case of women. On the other hand, those who have retired voluntarily may be resistant to the idea of further employment.

Third, a variety of financial incentives and disincentives affect the likelihood of people *returning* to work. Access to an occupational pension may provide an incentive for early retirement, a factor which may be especially important for higher social class groups. Pension type may also be significant with defined benefit pension holders more likely to retire early than those with defined contribution plans. Disincentives to return to work may operate in respect of lower wages than when previously employed, loss of benefits and expected costs associated with returning to work.

Fourth, access to training and further skill development is important for *extending* working life. Evidence from a range of research studies suggests older workers continue to be disadvantaged in respect of access to work-related training. Some groups, notably those in part-time employment and on fixed-term contracts, appear more disadvantaged than others. On the other hand, there is some evidence that older workers may, in some instances, be unwilling to take-up offers of training, either because they lack confidence or because it may be perceived as being of limited benefit.

Fifth, access to *flexible* employment arrangements appear to be valued by many groups. Most flexible working takes the form of either part-time or self-employment. Women are more likely to work flexibly than men. There are also gender differences in the type of flexible work arrangements, with women more likely to undertake term-time working and job sharing, with men more likely to have a shorter working week. Access to flexible work options also varies in respect of sector of employment, with these arrangements more common for public sector as opposed to private sector employees.

Sixth, the movement from work to retirement represents a significant *transition*, or 'turning point' in people's lives. Attitudes towards work and retirement will vary at different points of the transition. For example, among those in their 50s expectations of work may remain strong; for those in their early sixties, expectations of retirement become more common. Groups vary in their ability to make meaningful choices about whether to continue in employment or to retire. Health and family considerations will be important in shaping decision-making, but the timing of retirement will also be influenced by financial considerations. Different types of relationships are likely to contribute in distinctive ways to the decisions which individuals eventually make. Relationships within the workplace will almost certainly play a significant role influencing decisions about staying or leaving work.

From this summary of the key areas identified in the research literature, the next chapter examines the key questions arising from this literature and the evidence provided regarding the constraints and opportunities for extending working life. This is followed by an examination of some of the main gaps and unanswered questions from the various studies surveyed in this chapter.

3 Extending working life: what does the research tell us and what is missing?

This chapter groups the main findings from the literature review under a series of research questions central to the issue of extending working life. The questions to be focused upon and discussed in turn are:

- What do people understand by the idea of working longer?
- What are the most important drivers and barriers to working longer?
- What choices and decisions do people make about work and retirement?
- What role does flexible working have to play in extending working life and transitions to retirement?

The discussion then moves to identifying a number of key areas missing from the research literature:

- The experiences of minority ethnic groups.
- The impact of cumulative advantages and disadvantages through the life course.
- The nature of decision making in the work/retirement transition.
- The role of partners and other members of the retiree's social network.
- The impact of multiple transitions in relation to changes in areas such as work, informal care, leisure and health.
- Issues relating to training.
- The impact of flexible working.
- The role of Government policies.

3.1 What do people understand by the idea of working longer?

Viewed from the available literature, a full answer to this question is still somewhat unclear. Much research to date has focused on the extent to which developments from around mid-life to the mid-sixties produce changes in attitudes towards work and retirement. In conceptual terms, Ekerdt (1998: 102) presents this as a tendency among those in late middle age to 'work with retirement in mind'. Drawing on perspectives from developmental psychology, Ekerdt (1998: 102) argues that people organise their time differently from around age 50:

'Rather than calculating personal-time-since-birth, people come to focus on time-left-to-live. The worker's variant of this projection is time-left-to-work'.

At the same time, calculations are likely to vary about the length of time which people wish to stay in employment. The extent to which the work environment challenges or reinforces views about extending working life will depend upon a range of factors. Factors that might encourage views that leaving early or at least at conventional State Pension Age (SPA) is appropriate would include:

- the extent of age discrimination (actual or perceived) within the workplace (see, for example, Barnes *et al.*, 2002; Urwin, 2004; McNair and Flynn, 2005);
- the degree to which retirement is seen as a 'natural' part of the life course (McNair *et al.*, 2004);
- the desire to replace conventional work careers with a greater degree of personal autonomy (Scales and Scase, 2001);

Factors which might encourage extending working life would include:

- availability of desired forms of employment such as part-time/occasional work (McNair *et al.*, 2002) or flexible work options (Platman, 2004; Loretto *et al.*, 2005);
- re-entry into the workforce or experience of a later 'career' pathway (especially significant for women who are much more likely than men to work past their current SPA);
- attachment to the labour market in the run-up to SPA (Smeaton and McKay, 2003).
- realisation of the need for additional financial resources for retirement.

Based on the available research evidence, extending working life is probably only realistic at present for a select number of groups. Whiting (2005: 295) concludes her survey of participation trends with the comment that:

'Older workers have quite different characteristics to people of the same age who are not engaged in the labour market. They are more likely to have higher educational qualifications, be in a higher socio-economic group and be part of a couple'.

Lissenburgh and Smeaton's (2003) research indicates that access to high quality 'bridge' jobs is greater for those with more advantaged work histories.

Hirsch (2003: 5) concludes that: '... self-employment – the type of bridge job that most commonly provides job satisfaction for older workers – is most commonly taken up by men, particularly those with qualifications. Women more commonly take-up part-time work, often at lower rates of pay'.

(see, further, McNair *et al.*, 2004; Loretto *et al.*, 2005).

Based on research evidence, widening opportunities for extending working life would appear to require:

- first, measures to support those whose work histories and/or health characteristics push them to the margins of the labour market;
- second, active measures to improve the quality of bridging employment;
- third, steps to widen the range of flexible employment from the existing part-time and self-employed pathways, as well as increasing take-up from among under-represented groups.

3.2 What are the most important drivers and barriers to working longer?

The literature offers a fairly clear picture of factors encouraging or discouraging people to remain in the labour force.

3.2.1 Health status

Health status is the most important single factor 'pushing' people out of work and reducing the likelihood that they will return. *The earlier the retirement the more it is driven by health as opposed to financial factors* (Humphrey *et al.*, 2003). Men and women in lower social class groups are especially likely to cite health-related reasons for leaving work ahead of SPA; those in physical or heavy manual jobs are especially likely to have low expectations of working up to or beyond SPA (Banks and Casanova, 2003). The likelihood of someone who leaves work through ill-health or disability after age 50 re-entering the labour market are slim, and declines rapidly as the length of unemployment increases (Alcock *et al.*, 2003; McNair *et al.*, 2004).

3.2.2 Economic inactivity

Economic inactivity ahead of SPA is strongly associated with low expectations of returning to work: most inactive individuals below SPA do not return to work and this appears especially the case for those who consider themselves retired (Alcock *et al.*, 2003; Banks and Casanova, 2003). McNair *et al.* (2004) refer to the 'self-

reinforcing' nature of economic inactivity, with those detached from the labour market very much less motivated to work after retirement age.

3.2.3 Social and demographic factors

A variety of social and demographic factors also operate to influence participation, the three most important identified as, first, *marital status*, with being married or divorced reinforcing attachment to work, in contrast with those single or widowed (Smeaton and Mckay, 2003); second, having *educational qualifications* – those with degrees appearing more likely to consider work after retirement in comparison with those without formal qualifications (McNair *et al.*, 2004); third, *social class*, with those from routine and semi-routine occupations having fewer opportunities to work beyond SPA when contrasted with professional and managerial groups.

3.2.4 Financial factors

Financial and related factors operate in different ways: *financial insecurity* (insufficient pension provision; having an outstanding mortgage; financial commitments to children) will be important in encouraging people to work longer (Barnes *et al.*, 2002; Higgs *et al.*, 2003). *Financial security*, on the other hand, is an important factor taking people out of the labour market, those choosing to leave work ahead of SPA reporting higher incomes than those expecting to retire at SPA. This variable may also be linked with a desire among people for a change in direction to their lives, and/or a desire to spend more time with their partners (Humphrey *et al.*, 2003).

3.2.5 Type of employment

Type of employment is strongly related to the likelihood of working up to and beyond SPA, with the self-employed much more likely than employees to work later. Employment sector or type of job is also important: post-SPA men are *over-represented* in distribution, hotels, restaurants and 'other services', with an *under-representation* in distribution in the construction and manufacturing industries. Older women continue their pre-SPA pattern of part-time employment in service-related positions (Smeaton and McKay, 2003).

3.2.6 Age cohorts

Drivers and barriers vary across age cohorts. Early retirement linked to health is especially important for those in the 50-55 age group. The period of the 50s continues, however, to be viewed as important for most people in maintaining an attachment to work. Up to the age of 60, workers generally are more likely to change their jobs for positive rather than negative reasons (McNair *et al.*, 2004). Among men aged 55-59 there has been a rise in the share of the economically inactive population wanting to work. Rates of leaving work for those who do continue in employment increase relatively quickly after 60/65, though a considerable proportion of people between SPA and 69 (17 per cent in the survey by McNair *et al.*, 2004) remain economically active. Again, this will largely consist of those who were economically active in the period up to their SPA (Smeaton and McKay, 2003). McNair (2004: 60) conclude that:

'In many ways the older workforce is like the younger workforce. The broad pattern, in terms of frequency, nature and causes of change remain stable until the late 50s, after which there is a substantial change, as a growing proportion retire, leaving an increasingly atypical workforce'.

3.3 What choices and decisions do people make about work and retirement?

Decision-making in the work/retirement transition will be influenced by the degree of control which individuals have over key events affecting their lives. Researchers contrast those with total choice and control to those with virtually no choice at all (Arthur, 2003; Barnes *et al.*, 2004). Between these extremes will be a variety of circumstances and experiences, these influencing the extent to which work and retirement pathways are open to individual manipulation. Social class appears as a significant variable, with those from manual occupations much less able to make meaningful choices about whether or not to extend work or take flexible retirement. Summarising findings from the Joseph Rowntree Foundation Transitions after 50 Programme, Hirsch (2003: 4-5) finds that:

- Those with weaker work histories and lower skills have less negotiating power in the labour market.
- Those with weaker financial resources are more likely to become dependent on benefits when losing a job; these people may find getting another permanent job or taking on temporary or part-time work more financially risky.
- Lower socio-economic groups experience greater health problems at this stage of life; these are major causes of detachment from the labour market.

The *context for decision-making* is likely to be important. *Organisational factors* are likely to influence decision-making in the move from work to retirement (Brooke and Taylor, 2005). Line managers can exert considerable discretion over determining the options available to an individual at the end of their working life. Research in this area indicates that many employees may have very little personal discretion over the timing and manner of their departure from work (Vickerstaff *et al.*, 2004). Again, social class and occupational factors are relevant here: senior employees may be in a strong position in negotiating their retirement; lower grade staff may simply have to accept what is or is not offered to them (Vickerstaff *et al.*, 2004).

Family circumstances may be relevant for some, notably those with responsibilities for caring for a spouse or parent (Mooney and Statham, 2002; Phillips *et al.*, 2002). Women in their 50s are viewed by Mooney and Statham (2002) as a 'pivot' generation, juggling care as well as work roles. Decisions about work and retirement must also be located in the wider *social networks* within which personal ties are embedded. Retiring early or late may be normative among a group of colleagues within a particular occupational setting. Health issues may reflect individual difficulties but they may lead others within the immediate network to review their own circumstances (McKee, 2002). Personal relationships are themselves likely to

influence work and retirement options, notably in respect of the timing of decisions made by couples about leaving or staying on at work (Arthur, 2003). There is some evidence to suggest that those with a non-working partner are less likely to continue working when compared with other groups (Smeaton and McKay, 2003). More generally, research indicates joint decision-making about a range of issues among couples in their 50s and 60s, notably around whether to leave work early or remain in the labour force.

The likelihood of working after retirement, or taking a bridge job from work to retirement, may itself depend on the strength of personal networks (Barnes *et al.*, 2002). Here, the link between educational and professional qualifications and willingness to work (McNair *et al.*, 2004) almost certainly reflects the way in which professional networks can be drawn upon to provide self-employment and high quality part-time employment – options which are unlikely to be open to those lacking formal qualifications (Humphrey *et al.*, 2003).

3.4 What role does flexible working have to play in supporting extending working life and transitions to retirement?

Negotiating a flexible form of work (e.g. working from home, flexi-time, job sharing) has been identified as an important policy option to assist the extension of working life. Available evidence suggests increasing numbers of employees having the potential to access a flexible working option of one kind or another. Research also confirms a considerable degree of enthusiasm for this type of measure, especially for those juggling work with informal care, or those with a health or disability issue of some kind. On the other hand, the literature indicates that high quality flexible working may only be open to a relatively limited number of occupational groups, notably those already well-placed in terms of labour market position (Lissenburgh and Smeaton, 2003). Some groups – especially those from routine and semi-routine occupations – may have access to poorer quality flexible forms of employment (Loretto *et al.*, 2005). It is unclear, in these instances, the extent to which this can be seen as either genuinely extending working life, or facilitating a smooth transition from work to retirement.

Platman's (2003; 2004b) work raises further issues about the degree of insecurity associated with some forms of flexible working, with pressure placed upon individuals to constantly replenish their skills and abilities to maintain their position in competitive labour markets. Hirsch (2003) suggests that overcoming some of these problems will require looking at generating more choices throughout working life, with an emphasis on 'fitting jobs to older workers as well as older workers to jobs'. Some of the broader policy implications of this type of argument will be examined further in the final chapter where we assess some of the policy implications of the work and retirement literature.

3.5 What is missing from the research literature?

As indicated in the first part of this chapter, the work and retirement literature has a number of strengths in respect of our understanding of many of the factors which keep people *out* of work after or leading up to retirement (health problems are crucial); or what drives some people to *stay* in work (financial need for some; a desire to maintain active and engaged with a work identity for others). We also have a good idea of what *limits* the options of those wanting to retain some involvement in work or what creates problems in switching jobs late in working life (limited access to training for some groups has been identified in a number of studies). Research also provides good coverage of the variations in experiences in moving from work to retirement, and the contrasts across different occupational groups, between men and women, and between different types of industries.

There are though weaknesses in the literature which should be acknowledged. Limitations in the literature were noted by Tillsley *et al.* (2000) in their survey of research carried out during the 1990s. Gaps in the United Kingdom (UK) literature which were listed included: limited understanding regarding attitudes towards work and retirement; limited knowledge of the impact of schemes aimed at increasing the employment/retention of older workers; lack of information on the role of occupational health in facilitating continued engagement in work. Further research would be justified on all of these themes but some additional areas can also be identified. There are, in some instances, gaps which reflect social and demographic changes within the workforce; in other instances there is a lack of detail about certain areas which justifies further research to provide a more rounded picture of the complex changes associated with this period in the life course.

3.5.1 Issues for ethnic minority groups

A first area that can be identified concerns the employment experiences of older workers from different ethnic minority groups. A number of these (notably Pakistanis and Bangladeshis) are associated with high rates of unemployment, especially in the period leading up to SPA. Compared with white 50-64 year olds, black men of the same age are a third more likely, and Indian, Pakistani and Bangladeshi men two-thirds more likely, to be out of work. This is almost certainly associated with health problems of different kinds, these often leading to detachment from the labour market at a relatively young age (Nazroo, 2003; 2004). There will be considerable variation across different birth cohorts, with younger groups likely to have very different experiences and expectations of employment. Nonetheless variations between ethnic groups are likely to remain, these reflecting differences in educational attainment, along with social and health factors. It is also likely that the idea of extending working life will be open to different cultural, as well as social class, interpretations which warrant more detailed investigation and knowledge than presently exists.

3.5.2 'Cumulative' and 'multiple' disadvantage

Better understanding is needed regarding the impact of 'cumulative' and 'multiple' forms of disadvantage. Some of the more intractable problems facing those in their 50s and 60s reflect the interaction between a range of issues which taken together may represent a formidable barrier to people either remaining in or returning to the labour market. Berthoud (2003) demonstrates this point in his study using data from the Labour Force Survey (LFS), this highlighting the degree of overlap for economically inactive people aged 50-SPA, between long-term health problems, lack of qualifications and caring responsibilities. Among men, for example, 44 per cent of 'inactive' men had long-term health problems alone but a further 28 per cent also had no qualifications. Among women, 25 per cent had long-term health problems alone but a further 27 per cent also had no qualifications with an additional seven per cent having caring responsibilities. Interventions to extend working life may need to be more precisely targeted to reflect the range of obstacles which might confront the multiply-disadvantaged in remaining attached to work.

3.5.3 Decision making

More detailed studies are necessary about the nature of decision-making during the transition from work to retirement. A number of the qualitative studies discussed in this report have been helpful in adding to our knowledge of this area (e.g. Arthur, 2003; Barnes et al., 2002; Barnes and Parry., 2003; Vickerstaff *et al.*, 2004). Nonetheless, further studies are required which extend our understanding of the transition as a process involving complex decisions regarding the timing of retirement, considerations about flexible work, financial options, and possibilities for voluntary work within the community. Very little is known about the timing of decisions about work and retirement: is there an optimum time to influence individual judgements about whether to leave or continue working? Who are the key actors influencing decisions? To what extent are decisions based on conscious or unconscious motives or a mixture of both?

Answering the above questions would best be achieved through a qualitative longitudinal study of retirement decision making, following a sample of men and women through their 50s and assessing the range of factors operating to influence key decisions regarding changes to their lives. This should be complemented by additional secondary analysis of data sets such as the British Household Panel Survey (BHPS), BSAS and English Longitudinal Study on Ageing (ELSA), focusing on changing attitudes towards work and retirement. Follow-up surveys to those such as Humphrey *et al.* (2003) will also be important to monitor changes in retirement plans, opportunities for extending employment, and reasons for retirement.

3.5.4 The role of partners and friends

Greater information is needed on the role of partners and other network members in influencing retirement decision-making. Compared with the extensive American literature (e.g. Szinovacz and Davey, 2005), British research is limited in its coverage of how marital relationships impinge on retirement decisions. Work by American

researchers suggests a preference for couples to retire together unless adverse circumstances prohibit joint retirement, with the separate retirement of spouses appearing as especially problematic for the relationship if husbands retire prior to their wives. Extending work might be an issue, therefore, if it cuts across expectations – shared or otherwise – between couples about the timing of their retirement. Against this, a loosening in the traditional roles occupied by men and women may reduce pressures to synchronise retirement, with more options for women (and for men) to continue working up to and beyond SPA.

In addition to the intimate ties of marriage, we also need more information on the role played by friends and work colleagues in relation to views about staying or leaving work. The role of friends has been underestimated in terms of their influence on individual decision-making and relationships more generally (Pahl, 2000). The views of close friends may be crucial – one way or the other – in encouraging people to take retirement or stay in work. The experiences and attitudes of work colleagues will also be important.

Viewing people as members of wider social networks is important in terms of thinking about the opportunities as well as the barriers for continuing in work. Networks are important in providing information about the range of possibilities for, among other things, further employment. This insight was first developed in the distinction made by Granovetter (1973) between ‘dense’ and ‘weak’ ties. The argument developed here was that dense and exclusive networks do not necessarily serve their members as well as looser and more open ones. People with social ties that are heavily interconnected and overlapping may be less well-placed when, for example, searching for work than those whose social networks are more disparate in character:

‘Weak ties may act as a “bridge” in the sense that ‘they facilitate communication between different groups and across different strata’.

(Werbner, 1998: 178).

Similar language has been used by Putnam (2000) to describe different types of social capital, in particular his argument that ‘bridging’ the gap between social groups can be just as important as the ‘bonding’ of members of well-established groups. Thinking about older workers as occupying networks which may limit or facilitate knowledge about work may be important for devising new methods of intervention. Clearly, where individuals are isolated from information or awareness of job options they are highly unlikely to respond to generalised appeals to stay or return to work. This is likely to be especially the case with those who have been detached from the labour market for any length of time – and who are in fact the least likely to return to work.

3.5.5 Multiple transitions

More understanding is required of the impact of the multiple transitions experienced by people as they move through their 50s. In the case of transitions after 50, a range of changes now affect the lives of men and women. Changing orientations to

employment and growing awareness of retirement is one important dimension – as noted at the beginning of this chapter. Responsibilities in relation to care work for parents and/or grandparents may merge with personal changes affecting people as they move through mid-life and beyond. New commitments, such as pressure to fund children through university, may create pressures to remain in employment. What is clear is that transitions after 50 are increasingly complex in respect of the range of statuses and institutions involved (Phillipson, 2002). For example:

- Family transitions associated with divorce in mid-life may foster a desire to maintain a presence within the labour force.
- An expansion of care tasks may lead to an individual withdrawing from work.
- New leisure interests may lead to a reassessment of the priority accorded to paid work.

Further work is needed examining the impact of these transitions on the maintenance of economic activity. On the one hand, mid-life is becoming more ‘crowded’ in relation to demographic and occupational change (notably with the rise in divorce, the growth of early retirement, the impact of informal care). On the other hand, there is what Vickerstaff and Cox (2005) term the ‘individualisation’ of retirement, with the burden of decision-making falling upon individuals in respect of making key decisions within the retirement transition (see, also, Phillipson, 1998; Gilleard and Higgs, 2005). Research is needed to examine the extent to which this new context assists or presents obstacles to decision-making on work and retirement issues. In particular, does the move from retirement as a collective to an individual experience increase options, or does it lead to forms of risk which reduce choice around the transition?

3.5.6 Training

Substantial evidence is available on the extent to which older workers – especially those from routine and semi-routine occupations – are disadvantaged in respect of access to training. Against this, Mayhew and Rijkers (2004) make the point that we know relatively little about what works in respect of the impact of different types of training. These authors go on to note that:

‘...there is a very clear need for more empirical research on the effects of training, and specifically of different types of training, for older workers. Similarly, though it is well-established that training opportunities for older workers are limited in most countries, there is little trustworthy and systematic evidence as to why. For example, is it because of lack of pay-off or perceived lack of pay-off?’

(Mayhew and Rijkers, 2004: 14; see, also, Urwin, forthcoming, 2006).

Further investigation is needed of these issues, with research moving on from simply demonstrating the age-related decline in access to training (now well-understood), to mounting demonstration projects which evaluate the benefits of different types of training targeted at a variety of occupational and professional groups.

3.5.7 Flexible working

Further research is needed on the impact of flexible working, with a particular focus on the reasons for the limited opportunities available to certain social and occupational groups. In their report on this area, Loretto *et al.* (2005) identify the need for research into the following:

- Studies of women's experience of part-time work, exploring ways of improving its quality for different groups.
- Examination of the reasons for the low-level of self-employment among older women.
- Further work on how those detached from the labour market can be helped back into work, with evaluation of the impact of the Department for Work and Pensions (DWP) job retention and rehabilitation initiative.
- Research into the ways in which the cost of transport, or unequal access to transport, may affect opportunities for accessing flexible employment.
- Research, through case studies, into the implementation by employers of gradual or flexible retirement schemes.

3.5.8 Government policies

Research is needed on the role of government policies in promoting the employment of older workers. Although the broad reasons behind the rise in economic activity for older workers is reasonably well-understood (see Chapter 1), the impact of specific policies is much less clear. New Deal 50 plus, a policy aimed at compensating for the declining number of younger entrants into the labour market, is one of the few policies which has been the subject of detailed evaluation (Atkinson, 2001; Atkinson *et al.*, 2003). This programme was introduced in April 2000 and offers: (a) advice and guidance from a Personal Adviser; (b) an in-work Training Grant; (c) initially a tax-free Employment Credit (EC) for 12 months, now replaced by the over-50s element of the Working Tax Credit.

The New Deal schemes relevant to older people are relatively small compared with those targeted at younger age groups. Between 1997-98 and 2003-04, £100 million was spend on the New Deal for Disabled People and £60 million on the New Deal for the Over-50s, the combined total representing about six per cent of total spending on all the New Deals over this period (cited in Robinson, Gosling and Lewis, 2005:20).

The programme has been successful in helping some older workers move back into work. For example, between April 2000 and March 2003, there were almost 100,000 starts to the EC, the majority of which were male (69 per cent), aged 50-54 (57 per cent) and Jobseeker's Allowance (JSA) recipients (OECD, 2004: 125).

Grierson (2002) investigated job retention for New Deal 50 plus EC claimants, in the year following the ending of their entitlement. The majority of EC claimants were in the 50-54 age group (59 per cent) and were previously claiming JSA (72 per cent).

Job retention was found to be high with 84 per cent off benefits at the 52 week stage; 77 per cent of customers stayed off benefits for the entirety of the 52 weeks. Grierson (2002) concluded that:

'Based on a very basic comparison, there is some evidence to suggest that the job retention rate is substantially higher at the six month stage for customers claiming the [EC], compared to Jobcentre Plus customers in general.'

Atkinson et al. (2003) sought to assess longer-term outcome of New Deal 50 plus in a qualitative study of 60 respondents who had been living for a year without the benefit of EC, i.e. had been in employment for up to two years. The authors confirmed the high level of job retention, noting an employment survival rate of around two-thirds towards the end of the second year. They comment that:

'In comparison with other "New Deals" and indeed with active labour market programmes generally, this seems to be a very high proportion. The key explanatory factors appear to derive from the voluntary character of the programme, and the sort of individuals attracted to it...In particular a positive dislike of being on benefits among many of [the] respondents; similarly, a strong commitment to working for a living'.

At the same time, Atkinson's (2001: 525) early review of the scheme noted that:

'...the most successful participants in [the] programme... tended to be the "easier" cases; those without extended previous periods of unemployment, those at the "young" end of the eligible age range [and] those not too fussy about the kind of job they would take'.

Atkinson (2001: 525) also found that the Training Grant appeared to have made little impact and that:

'It does not seem to have contributed to the subsequent advance of those entering work in any significant way at all'.

(see, also, Atkinson et al., 2003).

Moss and Arrowsmith (2003: 35) provide an assessment of 'what works' for those 50-SPA in respect of Jobcentre plus programmes. They make the point that there are now more individuals over 50 who are claiming sickness and disability benefits than are on JSA, but take-up of existing provision is mainly among the latter:

'As a result while this strongly suggests that there is a general gap in provision of support appropriate to the needs of this group of customers, there is at the same time a lack of strong evidence of what works for them'.

The authors go on to suggest that current support and advice tends to be more effective for those in their early rather than late-50s, where problems of age discrimination and expectations about impending retirement reduce expectations about the likelihood of returning to employment.

3.6 Conclusion

This chapter has set out the key research findings from the review of the work and retirement literature, focusing on literature produced about the 50-69 age group in the period since 1999. The strength of the literature is in providing us with a relatively clear picture of the *characteristics* of those who remain and those who leave the labour market; the *reasons* for staying or leaving; the *context* behind decision-making (familial, organisational and social) and the nature of the *transition* through which people move. Less clear are the experiences of *certain groups* (minority ethnic groups, some groups of women; the multiply-disadvantaged); the role of *particular network members* in decision-making (partners, friends, work-colleagues, employers); and the impact of *particular policies* (from government and from employers). But the research does bring out some wider issues about developing policies for extending working life. By way of a conclusion, the final chapter will provide a summary and overview of these.

4 Conclusion: developing policies for extending working life

The previous chapter provided a summary of the key findings from the research literature relating to both the opportunities and the barriers to extending working life. In this concluding chapter, the focus is on the key policy areas and issues which are highlighted in the literature. For this report, the following areas can be identified for further discussion:

- Improving choice and control in the work/retirement transition.
- Improving training and lifelong learning.
- Developing health interventions and improving the quality of work.
- Improving support for women in the workplace.
- Extending the scope of flexible employment.
- Providing integrated public policies to support older workers

Before examining these areas, it is worth underlining the general point made by Hirsch (2005: 3) that:

*'...a strategy to improve the position of older workers and to give them more options about how they make the transition to retirement needs to rest on creating more **sustainable working lives**' (author's bold).*

Hirsch goes on to argue that:

'Helping older workers in this way is fundamentally different from helping other subgroups of workers. Older workers are not a separate group within society; later working life is a stage that most of us will pass through. So it is not just a matter of ensuring that a disadvantaged minority gets extra assistance or does not face discrimination, important as these things may sometimes be for older workers confronting labour market disadvantage. Solutions need also to think about ageing in work as a process that needs to be better managed.'

Extending working life must then be supported through measures which promote attachment to employment *throughout* the life course. Achieving this will require interventions in the six areas identified above which will now be discussed in turn.

4.1 Six areas for development

4.1.1 Improving choice and control in the work/retirement transition

The policy objective of extending working life will be assisted by individual's having greater control over options during the transition, notably in relation to areas such as knowledge about pensions, flexibility over working hours, and control over the timing of retirement. The balance of research evidence, however, notably from programmes such as those conducted by the Joseph Rowntree Foundation, is that for many groups of employees, the locus of decision-making remains largely in the hands of line managers and those in control of pension funds.

The ability to make meaningful choices about whether to continue in work or to retire appears restricted to a limited number of groups and mostly those from managerial and professional occupations (Arthur, 2003; Vickerstaff *et al.*, 2003).

Increasing opportunities for working up to and beyond State Pension Age (SPA) must involve, therefore, extending opportunities to make informed decisions about options in this period of the life course. Crucial areas here include financial education targeted both among the 25-49 and 50-60/65 age groups, with an important development role in this area for employers' organisations and trade unions. This could usefully draw upon existing work on this theme, notably from the Pre-Retirement Association of Great Britain and the National Institute for Adult and Continuing Education (Soulsby and Lee, 2002). The combination of what might be termed '*financial exclusion*' (i.e. lack of knowledge about financial services and products) and '*work exclusion*' (i.e. lack of knowledge about employment options) will be important to tackle if extending working life is to be made a reality for a larger number of groups.

4.1.2 Training and lifelong learning

Access to training and continuing education remains a crucial issue for older workers. Ford (2005a) makes the point that although many adults 50-SPA have highly developed skills and experience currently lost to the economy, learning requirements are higher than for younger age groups. He notes that *one in three* in this age group have literacy or numeracy problems, compared with *one in five* of those 26-35. Current evidence (as reviewed in Chapter 2) suggests that the 50 plus age group often miss out on courses provided by their employer. At the same time, as noted in Chapter 3, evidence about what works in training older workers is lacking:

'...we need to know about what can best meet the diverse needs of this age group, and the range of benefits (for employer and employee) that training is likely to bring.

McNair (2005) makes the point that in addition to access to the mainstream of education and training, the distinctive learning needs of older people should also be recognised. Thus while it is possible that there are changes in ways of working and learning which relate directly to age, it is more likely that these reflect cohort effects or because the approaching end of employment influence motivations for further training. On the other hand, cohort and attitudinal dimensions may be reinforced by experiences in the workplace, where long-serving employees may find themselves the least likely to be given the chance to learn new skills; or, for those who change jobs, to receive support in the form of additional training (McNair *et al.*, 2004; McNair, 2005).

Regional and local initiatives directed at older workers may be especially relevant in terms of challenging prevailing attitudes – among employees as well as employers (Taylor, 2002). Encouraging Learning and Skills Councils (LSC) to give greater priority to this group may be especially valuable in this respect. The National Audit Office (2004: 39) in their report *Welfare to Work: Tackling the Barriers to the Employment of Older Workers* noted the limited range of actions currently undertaken by the LSC:

'All 47 local Learning and Skills Councils have now produced Equality and Diversity Impact Measures. However, only seven councils specifically address issues relating to older learners. These include targets to increase participation, retention and achievement in learning of people aged 50 plus, targets to improve further education data quality in terms of age, and identifying discriminatory practices within the local labour market. All seven have relatively high levels of inactivity among older people, but there are other councils with higher inactivity rates that currently have no measures for older learners'.

Mayhew and Rijkers (2004) stress the importance of *'continuous learning during the whole of working life as a means of reducing the dangers of labour market disadvantage in the older years'*. The Organisation of Economic Co-operation and Development (OECD) (2004: 116) has emphasised the importance of *'promoting a culture of lifelong learning'*, making the point that:

'Basic skill provision is just a starting point – individuals should have an incentive to invest in their human capital at all ages, so as to avoid their skills being eroded'.

Ford (2005b:10) makes the case for an:

'...overall national third age guidance and learning strategy, one which would be linked to the national skills strategy and which would enable adults from mid-life onwards to maximise their skills and potential'.

An important element of this might be closer involvement from Higher Education and Further Education institutions in responding to the needs of older learners, with the development of new programmes or the adaptation of existing ones to the needs of workers in the 40 plus age group.

4.1.3 Developing health interventions and improving the quality of work

This report has confirmed the importance of ill-health and disability as factors which can lead to premature withdrawal from the workplace. This is especially the case for those in routine or manual jobs, with one-third of men in their 50s reporting a long-standing limiting illness. By comparison, similar rates for men from professional and managerial backgrounds are not reached until they are aged over 75: what Yeandle (2005: 2) refers to as a '20 year "illness gap"'. The significance of this needs greater recognition in respect of a preventative approach to health issues at work. The OECD (2004: 122) have emphasised the need for *preventative* measures in the area of health, arguing the need to make:

'...jobs less arduous, staggered hours, shift swapping and job sharing. This could reduce the risk that all workers, notably older ones, exit the labour market for reasons of poor health'.

Awareness of the importance of this area is longstanding, both in the British context (e.g. Health Education Authority, 1994), and elsewhere in Europe, for example the Finnish Older Workers' Programme (1998-2002). Hirsch (2005: 15-16) summarises the key aspects of the Finnish Programme as follows:

- *'An Act on Occupational Health Care, putting a duty on employers to have systematic approaches to care for their workers in collaboration with other authorities, including health and educational services, addressing such issues as working hours, rest periods, shift work and overtime.*
- *A network of occupational health inspectors responsible both for ensuring compliance with the law and the provision of expert advice, and now required to take account of ageing issues as a central aspect of good practice. This is also a priority for the Finnish Institute of Occupational Health, which is involved in a training programme to support organisational development, which addresses both the physical and mental well-being of workers as they grow older.*
- *Action by the Ministry of Education to ensure that older workers systematically receive information on training and other learning opportunities open to them, along with an initiative to make adult education more tailored to individual adults' needs, under a programme in which 40 educational institutions provide vocational education to adults'.*

McNair (2005) argues that the Finnish experience suggests that explicit health interventions, including job redesign, for people in their 40s and early 50s can significantly increase the employability of older workers. He concludes that:

'Helping people to understand the ways in which work damages their health, and helping employers to design work to impose fewer physical stresses would help with this. So would strategies to encourage employers to review the balance of work across the life course, employing older people on less physically demanding jobs to conserve their skills and knowledge'.

Taylor (2002) confirms the importance of this point, arguing that:

'A focus on the needs of older workers is almost certainly too late in some cases, although safety nets are essential'.

He argues for preventative support coming through the provision of grants for ergonomic improvements to reduce the risk of disability among workers of all ages, and to make work more attractive to older workers. Hirsch (2003: 17) summarises the issues in terms of developing policies which would:

'... change the character of work to take account of older people's characteristics as workers'.

On the other hand, more research is needed about the kind of groups for whom health interventions are best suited, as well as the most effective way of encouraging employers to raise standards in occupational health and related services. The programme of work from the National Institute for Health and Clinical Excellence (2005) focusing on improving health in mid-life is providing some illustrations of options in this area, with its focus on those active in the field of health promotion at local and regional levels.

It remains the case, however, that extending working life will prove difficult unless more general steps are taken to improve the quality of work. Research such as the Whitehall II study confirms the role of stress in the workplace as a factor precipitating early retirement (Higgs *et al.*, 2003). A range of studies over the 1990s highlighted the general decline in employee job satisfaction (Green, 2005; Ginn and Arber, 2005). Many of the studies in the *Joseph Rowntree Foundation Transitions after 50 Programme* confirmed how pressures at work motivated people to take early retirement (Barnes *et al.*, 2002; Arthur, 2003). Further research is needed to identify specific policies aimed at improving quality of life in the workplace and their possible benefits for extending working life. More information is also required about the problems facing specific groups – notably those from routine and manual work occupations but some white collar groups as well.

4.1.4 Improving support for older women in the workplace

The OECD (2004) have argued that programmes to support women in the workplace will be important in any package of incentives to extend working life. They argue that:

'In view of the impending rise of the SPA for women from 60 to 65, support programmes should be developed to help women remain in employment rather than using other pathways such as Incapacity Benefits to exit the labour market early. In this respect, early intervention and prevention should be the key approaches used. This will require helping younger women as well, i.e. the age group 50-60. Otherwise it might be too late for intervention'.

(OECD, 2004:14).

Any support will need to take account of the informal care responsibilities of women, especially those in the 'pivot generation', of whom a significant proportion leave work as a result of family and domestic pressures. Maintaining a strong network of services, to assist women caring for parents and relatives in the community, is thus an important corollary of efforts to extend labour force participation among this group. Encouraging what Phillips *et al.* (2002) refer to as 'family-friendly' employment policies is another dimension, with the need for flexible policies to assist line managers as well as carers in decision-making about future work options.

4.1.5 Extending the scope of flexible employment

Despite interest and attention to promoting flexible pathways from work to retirement, the evidence at present suggests these remain narrow in scope and limited to particular groups of workers and specific occupations. The lack of progress must be a concern given the extensive debate around encouraging gradual forms of retirement. Platman (2004b:3) makes the point that:

'Policy-makers and campaigning groups have been advocating a more flexible approach to later careers for many years. In 1980, the International Labour Organisation recommended that its member states introduce measures which ensured a gradual transition from work to retirement, by adopting voluntary, flexible ages for retirement and pension eligibility... Since then, flexible employment as a solution to "the problem" of older workers has surfaced with increasing regularity in a broad range of international policy briefings, research reports, academic texts and good practice guides'.

(see, further, Platman, 2004a; Hirsch, 2003).

Loretto *et al.* (2005) have highlighted some of the difficulties in this area, notably around problems of providing good quality flexible employment and resolving difficulties presented by tax and occupational rules.

Currently, the implication for the research evidence to date is that: (a) very few workers get access to high quality flexible employment, and (b) that options in this area remain limited. What can also be said is that flexible retirement is failing to fulfil its potential in contributing to policies in assisting people delaying their retirement. Further research examining some of the reasons for the present weaknesses and limitations in this policy would seem strongly justified if progress with extending working life is to be achieved. Much of this will need to focus on *organisational* (firm-specific) as well as *policy* (tax and pensions) issues limiting the development of flexible retirement. In relation to the former, examination of the role of HR policies and line managers will be a significant dimension. In respect of the latter, the simplification of tax and pension rules will be important. Hirsch (2003: 45-46) summarises the issues in this area as follows:

'A fundamental problem...is that in terms of paid bridge jobs and in terms of making contributions outside paid work, it is those who have had the most fulfilling work experience who once again seem to have the best opportunities. A challenge for all society is to become more inclusive in this respect. Just as employers need to learn better how to tap the skills of their own employees as they grow older, so communities need to become better at using the talents of a wide range of people once they have left career employment. One element of this in which the Government can have influence is the benefits system: it needs to be made much clearer to people on benefits such as Incapacity Benefit that they can become actively involved in their communities without risking their benefits payments. At the same time, people with changing capacities as they grow older, including those who acquire disabilities, need to be helped to move into different kinds of employment, where necessary partly supported by public subsidy'.

4.1.6 Providing integrated public policies to support older workers

Finally, an important issue to address will be embedding policies for older workers within the broad policy levers available to encourage labour market attachment. Taylor (2002) argues that:

'...the current fragmentation of policy responses has often resulted in a range of similar initiatives targeting different so-called 'disadvantaged groups. This has been inefficient and may have weakened their effectiveness'.

Taylor identifies a number of areas for development if this fragmentation is to be overcome:

- Linking policies on age and employment with other areas of public policy such as lifelong learning and equality more generally (see, also, Ford, 2005b).
- Recognition of the associated costs as well as benefits of extending working life policies e.g. training costs to help retain workers in the labour market.
- Importance of targeting particular groups in recognition of the diversity of the older workforce (see, also, Loretto *et al.*, 2005).
- The importance of localised initiatives from regional, local government and trade union bodies.
- The value of providing long-term support to older workers, given a context of increasing risk in respect of career and retirement planning (see, also, Vickerstaff *et al.*, 2005).

More broadly, the task of Government policy will be managing the greater complexity of work and retirement transitions in the twenty-first century. A retirement where *everyone* finishes at 60, 65 or 67 (to take three possible ages) is no longer feasible (nor indeed desirable). This was characteristic (albeit only for men) of what might be termed the *traditional life course* built around three clear stages of education, work and retirement (Marshall, *et al.*, 2001). The reality now (itself partly a *consequence* of public policy) is for greater fluidity and flexibility in movement

across the boundaries separating each life stage. Policies aimed at extending working life reflect this development. Schuller and Walker (1990) summarised this in terms of seeing the period of the sixties as a part of a 'decade of retirement', i.e:

'the idea that when people reach 60 they should benefit from a number of years of transition between full-time work and complete retirement'.

(Reday-Mulvey, 2005: 37).

Central tasks for public policy arising from implementing this approach include, *first, ensuring that significant numbers of people are not excluded from the benefits of greater flexibility in moving from work to retirement; and second, helping people to secure greater control over transitions after 50*, for example through measures aimed at improving financial security and alleviating poverty. Achieving this might be assisted by implementing the following types of policies:

- Those designed to create greater choice and flexibility about moves in and out of work, with the possibility of spreading work more evenly across the life course.
- Those which enhance the capacity of older workers as a group – through training, improvements to the work environment, lifelong learning, the development of anti-discrimination policies.
- Those which encourage support towards the end of the working life, with the promotion of gradual retirement and preparation for retirement.
- Those aimed at tackling the health problems which may cause or contribute to early exit from work, with the development of a range of preventative measures in the area of health.

Action on these points will be essential for tackling what has been termed the 'cycle of de-skilling' (Platman, 1999) affecting older workers, this arising from limited educational opportunities and restricted job-related training. The challenge for public policy is to create the conditions for greater choice within the various transitions experienced by those aged 50-69. Promoting extending working life as an inclusive policy, one which can meet the diversity of groups among older workers, will be a crucial test for the implementation of policy provision in this area.

Appendix

Principal data sources for the review of the research literature

The quantitative studies cited in the report have used the following data sets: the British Household Panel Survey (BHPS), the Labour Force Survey (LFS), the English Longitudinal Study of Ageing (ELSA), the Family Resources Survey (FRS), the General Household Survey (GHS) and The Whitehall II study. The main cross-sectional surveys drawn upon in the review have been Alcock *et al.*, (2003), Humphrey *et al.* (2003) and McNair *et al.* (2004). Qualitative studies used in the report have been drawn principally from the Joseph Rowntree Foundation *Transitions after 50 Research Programme*. Data from the ELSA survey has been drawn both from the original published report (Marmot *et al.*, 2003) and from a special analysis undertaken for this study by Dr. Jim Ogg (Fellow, Young Foundation) analysing Wave 1 data from the survey. The latter focused in particular on the factors which had led people to withdraw from work before State Pension Age (SPA) and before the normal age of retirement for their particular type of job. The research has also drawn upon a number of policy studies and analyses published for the Department of Work and Pensions (DWP). Table A1 summarises details from the main studies used in this report.

It should be noted that a large number of often commercially-sponsored surveys in the field of pensions and retirement are published on a regular basis, usually by corporate organisations or in some cases pressures groups working on behalf of older workers. Although these reports often produce valuable and useful findings, the sampling strategies adopted are often insufficiently clear to be sure that findings can be generalised either to the general population of older workers or retirees or sub-groups within these categories. For this reason, reports of this kind have been excluded from this literature review.

Searches of data bases was made through the use of key words including: early retirement, older workers, flexible retirement, gradual retirement, phased retirement, transition to retirement, work and disability, labour force participation, economic activity/inactivity.

Searches were made for relevant research carried out by a number of organisations active in the field of work and retirement, including: Age Concern England, the Cambridge Interdisciplinary Research Centre on Ageing, the Centre for Policy on Ageing, the Centre for Research into the Older Workforce, the Employers Forum on Age, the Geneva Association, Help the Aged, the Institute for Fiscal Studies, the Institute of Public Policy Research, the Organisation for Economic Co-operation and Development, the National Institute for Economic and Social Research, the Pre-Retirement Association, the Social Policy Research Unit, and the Third Age Employment Network.

Table A1 Selected literature review data sources

Author	Publisher	Aim of Study	Database
Alcock <i>et al.</i> (2003) Work to Welfare	Cambridge University Press	To review labour market detachment among adult men. Research examines: recent work histories of men outside the labour market; extent to which 'detached' men are cushioned from effects of losing work by family and personal circumstances; extent to which 'detached' men are still seeking work	Research carried out in seven areas of Britain. Respondents were men detached from regular full-time employment. Survey involved 1,703 interviews, 973 of which were with men aged 50-64
Arthur (2003) Money, Choice and Control	Joseph Rowntree Foundation/Policy Press	To provide contextual understanding of role that financial circumstances and awareness played in influencing retirement decisions	In-depth interviews with 35 households drawn from FRS (total sample size 56 people)
Barnes, Parry, and Taylor (2004) Working after State Pension Age: Qualitative Research	Department for Work and Pensions	To explore processes involved in decision-making around retirement	In-depth interviews with 24 people (58-90) plus five discussion groups

Continued

Table A1 Continued

Author	Publisher	Aim of Study	Database
Humphrey <i>et al.</i> (2003) Factors affecting the Labour Market Participation of Older Workers	Department for Work and Pensions	To explore factors affecting labour market participation among 50-69 year olds	Sample drawn from FRS but boosted using benefits records supplied by DWP (N = 2,808)
Hyde <i>et al.</i> (2004) The Effects of Pre-retirement Factors and Retirement Route on Circumstances in Retirement: Findings from the Whitehall 11 Study	Ageing and Society 24 (2): 279-296	Whitehall 11 Study is a prospective study of men and women aged 35-55 at the time of recruitment in 1985 working in 20 London-based civil service departments	The sample for the Hyde <i>et al.</i> report comprises people who retired at 60 years of age, with people who took voluntary early retirement or retired on health grounds and accepted voluntary redundancy. Sample size 3,402
Lissenburgh and Smeaton (2003) Transitions of Older Workers: The Role of Flexible Employment in maintaining Labour Market Participation and Promoting Job Quality	Joseph Rowntree Foundation/ Policy Press	Research examines the characteristics and experiences of those leaving permanent jobs to take up temporary, part-time or self-employment	Secondary analysis of LFS
Marmot <i>et al.</i> (2003) Health, Wealth and Lifestyles of the Older Population in England (ELSA)	Institute for Fiscal Studies	To establish longitudinal data base as a means of furthering understanding of social and physical aspects of ageing	ELSA sample is representative of people aged 50 and over, living in private households in England. Wave 1 fieldwork resulted in 12,100 productive interviews
Mayhew (2003) Pensions 2000: Public Attitudes to pensions and Savings for Retirement	Department for Work and Pensions	Aim of report was to review types of pension and retirement savings which people had; attitudes towards pensions and retirement savings; views and expectations about retirement	Report based on module of questions placed on the National Statistics Omnibus Survey. The Omnibus interviewed 1,794 adults of which 1,242 were of working age
McNair <i>et al.</i> (2004) Changing Work in Later Life	University of Surrey	To investigate extent and experience of job change among older workers	Office of National Statistics Omnibus Survey. 1,136 50-69 year olds interviewed from a sample of 5,204 respondents aged 19 plus

Continued

Table A1 Continued

Author	Publisher	Aim of Study	Database
Mooney and Statham (2002) The Pivot Generation	Joseph Rowntree Foundation/ Policy Press	The main aim of the study was to examine how decisions at work interact with the caring responsibilities of people in their fifties	Multi-method approach including analysis of National Employment Statistics, a large-scale survey of employees and in-depth interviews with both carers and non-carers
Smeaton and McKay (2003) Working after State Pension Age: Quantitative Analysis	Department for Work and Pensions	To understand circumstances of people working beyond SPA	Cross-sectional analysis of LFS from 2000-2001 Cross-sectional analysis of FRS based on combining data 1997/8, 1998/9 and 1999/2000. Panel analysis of Waves 1 to 10 from the BHPS
Vickerstaff, Baldock and Cox (2004) Impact of Employers' Policies and Practice on the Process of Retirement	Joseph Rowntree Foundation/ Policy Press	Research examines interaction of employers' policies and practices, state retirement policies and the preferences of employees and their families in influencing retirement decisions	Interviews with 160 employees and retired ex-employees from three organisations (two commercial and one public sector organisation)

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