CHAPTER X

Employment of workers aged 65 and over: The importance of policy context

Introduction

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Across many EU and OECD countries employment beyond age 65 is growing (Dubois & ~~Robertson~~Anderson, 2012; Lain & Vickerstaff 2014). Employment beyond age 65 is not a new phenomenon, however. Historically, it was common for workers to be retained within organisations when they reached older age, with workplace arrangements that often moved them into 'light work' (Phillipson, 1982). With the advent of more bureaucratic organisational practices, however, employers increasingly encouraged individuals to retire at fixed and predictable ages. From the late 19th and early 20th Century, mandatory retirement ages slowly began to spread in the UK, starting with bureaucratically organised employers such as the civil service and banking. In this context, occupational pensions were increasingly used by employers in countries such as the UK to encourage individuals to retire (Hannah, 1986). The spread of state pensions in OECD countries resulted in further large declines in employment past age 65 (Ebbinghaus, 2006). Sixty five became institutionalised as the male state pension age across many countries, with earlier pensions sometimes provided for women. By the 1980s only around 7-8 per cent of men worked past age 65 in the UK, with employment remaining at this level until the late 1990s (Lain, 2011).

From the early 2000s onwards the proportions of over 65s working started to increase in the UK and other OECD countries. However, these increases started from very different initial levels and the extent of employment growth has also varied. By 2013 employment beyond age 65 in the UK was relatively high compared with other EU countries, but lower than in other English speaking countries. This chapter explores UK employment beyond age 65 in an international policy context. It starts by comparing employment at age 65-69 between countries. It then discusses two policy areas that are likely to influence employment levels: pensions and employment rights. Pension changes in countries such as the UK and USA have made it more attractive, and necessary, to work past age 65. At the same time, we see restrictions on the ability of employers to set mandatory retirement ages in English speaking countries, including most recently in the UK. This enables many of those in work at age 64 to continue working past age 65 and beyond. In this context, UK employment at ages 65-69 almost doubled between 2001 and 2014. As the analysis in this chapter shows, this is primarily because of long-term workers remaining in employment past age 65. Over 65s are now more integrated into employment across occupational groups, sectors of employment and sizes of work place. This has implications for the management of age diverse workforces, something we discuss in the conclusion.

The growth and diversity of employment levels beyond age 65 across countries

Figure X.1 shows employment rates between ages 65-69 across a range of countries in 2002 and 2013. The countries are ranked by the level of employment in 2013 from left to right of the figure. Employment for this age group rose at least marginally in all of the countries except four: Greece, Slovenia, Poland and Portugal. Nevertheless, despite general increases in employment there remained significant differences between countries in employment levels at age 65-69. In 2013 we can see that the UK had higher employment than in most of the other EU countries. It should also be noted that self-employment dominated among this age group in many of these other EU countries. For example, Portugal had relatively high employment in 2002 and 2013, but in 2011 86 per cent of workers aged 65+ were self-employed (Dubois & Anderson, 2012: 39; see also Lain & Vickerstaff 2014: 243). According to analysis by Dubois and Anderson (2012: 39), 50 per cent of workers beyond age 65 were self-employed in the EU in 2011 compared with 38 per cent in the UK. There are a number of reasons why self-employed might be more likely to work beyond age 65 (Lain & Vickerstaff, 2014). First, they may be less constrained by organisational regulations, policies or collective agreements that make working beyond this age difficult. Second, it is possible that they have more control over their working hours and workload than regular employees, which makes continuation in work more attractive (Lain & Vickerstaff, 2014). Third, the self-employed may have amassed smaller pensions than employees in many cases, which increases the financial need to work (Dubois &~~and~~ Anderson, 2012). Clearly, from an organisational age-diversity perspective we are most interested in employees, and in a number of EU countries the majority of workers are actually self-employed.

Insert Figure X.1 about here

Countries with higher employment beyond age 65 than the UK in 2013, on the right of Figure X.1, are all non-EU countries except one (Estonia). It is unclear why employment is relatively high in Estonia – the state pension age was below 65 in 2013 (OECD, 2013) and we do not know whether self-employment was high among over 65s (Dubois & Anderson, 2012: 39). In the case of Switzerland, relatively high employment may be explained to a degree by self-employment, which is likely to have dominated for this age group. In 2011 the proportion of over 65s working as *employees* appears to have been lower in Switzerland than the UK, once we disregard the self-employed (see Lain & Vickerstaff, 2014: 243). In the case of Norway, high levels of employment exist alongside a state pension age of 67 in 2002 and 2013 (OECD 2011: 25; OECD 2013: 129). Norway is very unusual in having a state pension age of 70 until the 1970s, and 67 thereafter (OECD 2011: 25). More generally, high employment in these countries cannot be explained by state pension ages above 65. Only one other country, the US, had a normal state pension age above 65 in 2013 (at age 66). However, employment for this age group was also high in the USA in 2002, when ‘normal’ state pension age was 65. Likewise, we see very high employment in Japan in both time periods, despite a state pension age of 61 in 2002 (OECD 2011: 25) and 65 in 2013 (OECD 2013: 129). Japan, however, has what is likely to be a unique model of employment in older age (Flynn, Schröder, Higo & Yamada, 2014; Casey, 2007). It is not uncommon for employees to be forced to retire at a mandatory retirement age, only to be re-hired in a less senior role either within the firm or in a subsidiary company (Casey, 2007).

Once we have made allowances for Switzerland, Norway, Estonia and Japan we are left with English speaking countries in the ‘top ten’ countries for employment; these are the UK, Canada, Australia, the United States and New Zealand. While self-employment is *relatively* high in all these countries for this age group, the majority of these workers are likely to be employees (see Lain & Vickerstaff, 2014: 243). Only one of these countries, the USA, already had high employment past age 65 in 2002. The UK, Canada, Australia, and New Zealand, on the other hand, saw significant employment increases for this age-group between 2002 and 2013.

Two factors in particular are likely to influence increases in employment beyond age 65 in these English speaking countries. Changes to state and occupational pensions are likely to increase the attractiveness, and necessity, to work at this age, although the impact of this in the UK is likely to be more important in future than in the recent past (see below). Second, these large employment increases are likely to be in part due to the introduction of restrictions on the use of mandatory retirement ages by employers in these countries. The US already had high employment in 2002 in part because it abolished mandatory retirement much earlier, in 1986. This move, alongside earlier federal and state-based age discrimination legislation, is likely to have helped maintain relatively high levels of US employment beyond age 65 (Lain, 2011). Employment rates rose in the other countries in the context of more recent restrictions on the use of mandatory retirement. New Zealand abolished mandatory retirement earliest, in 1999, and saw the largest growth in employment past age 65; Australia followed this path in 2004 (Wood, Robertson & Wintersgill, 2010). Canada finished abolishing mandatory retirement in 2009, although the process began much earlier at a province level (Wunsch & Raman 2010). A number of Canadian provinces that still allowed mandatory retirement in 2002 have since abolished it (Ontario, Newfoundland, Labrador, British Columbia, Saskatchewan and Nova Scotia; ibid). Finally, in 2011 the UK abolished mandatory retirement except where a legally justifiable reason could be given (see below). However, this move in the UK was preceded by the 'right to request' continued employment beyond age 65 in 2006; this first step towards abolishing mandatory retirement may have contributed to the rise in employment over this period.

To summarise the above discussion, in the English speaking countries discussed above we see a rise in employment past 65 in the context of changes to pensions and employment rights. We therefore explore the effects of these factors on employment past age 65, before going on to examine the changing nature of employment at this age in the UK.

Pensions and financial influences on employment

Previous research suggests that pensions and broader financial incentives are important influences on working in older age (for a discussion, see Lain 2015a). Gruber and Wise (1999), for example, found that poor financial incentives to continue working in some countries resulted in early exit. In Germany and France people tended to exit earlier than in the USA, because the financial rewards in terms of enhanced pension wealth were not sufficient to compensate for working longer and receiving the pension for less time.

Within English speaking countries such as the UK, USA and Canada, financial incentives to leave work have often been most significant in occupational pensions. Defined Benefit pensions, which provide regular salary-related payments after retirement, have tended to dominate historically and have encouraged early exit (Lain &d Vickerstaff, 2014). This is partly because people have often had to retire to receive a pension, and individuals that delay taking them were not always fully compensated for the shorter period of receipt. Pension reforms in the UK in 2006 made it easier for employers to pay a pension to a current member of staff, rather than making them retire to receive it (Lain forthcoming). Likewise, The US Pension Protection Act 2006 enabled people to take an occupational pension from age 62 and continue working for the same employer (Johnson, 2011: 76). These reforms may reduce the extent to which having a DB pension encourages exit.

In countries such as the UK, USA, and Canada Defined Benefit pensions are also increasingly being replaced by Defined Contribution schemes. Defined Contribution pensions make continued employment beyond age 65 particularly attractive because another year of work adds directly to the lump sum 'pension pot' received on retirement. Employers also tend to pay less in to DC schemes, increasing the potential financial need to work (Lain, forthcoming). Evidence from the UK and USA suggests that people with Defined Contribution pensions retire later *on average* than those with Defined Benefit pensions (Arkani & Gough, 2007; Banks, Emmerson & Tetlow, 2007; Munnell, Triest & Jivan, 2004; Friedberg & Webb, 2005). The rise of Defined Contribution pensions is therefore likely to contribute to an increase in employment beyond age 65 (for the USA see Friedberg and

Webb, 2005). However, the extent to which this shift to DC pensions explains recent increases in employment beyond 65 in the UK should not be over-stated. Analysis by Banks et al. (2007) found that in England the influence of pension incentives on employment was mainly evident for men in their fifties, not those in older groups. Lain (forthcoming) finds that, in contrast to the US, employees in England contributing to DC pensions in 2002 were *not* more likely to work at age 65-72 in 2012 than those with DB pensions. This is likely to reflect the fact that in the US individuals were *able* to respond to financial incentives and work beyond 65 because mandatory retirement was abolished (Shultz, Morton and Weckerle~~Shultz~~, 1998); in England/the UK mandatory retirement was only abolished in 2011. The influence of UK pension incentives on employment beyond age 65 is therefore only likely to become fully apparent *in future*.

In addition to occupational pension changes, other financial factors are likely to increase employment beyond age 65 in the UK and US. State pension ages in both countries are likely to rise to 67 for men and women by 2027, reaching age 69/70 over time if they are linked to life expectancy projections as currently proposed (Béland & Waddan 2012; ~~The Guardian~~ Clark 2013). Opportunities to obtain means tested US Supplemental Security Income and UK Pension Credit before state pension age are also diminishing (Lain forthcoming). In the USA we also see a large increase in people over the age of 62 with outstanding mortgage debts (Butrica & Karamcheva, 2013). Having an outstanding mortgage increases the likelihood of working past 65 both in the US and UK (Butrica & Karamcheva, 2013; Smeaton and McKay, 2003). This, therefore, is likely to place financial pressure on individuals to work past 65.

While acknowledging the importance of financial factors on employment, it is important to recognise that this is only one of a number of influences. It should be noted, for example, that people work in older age for a range of reasons, both financial and non-financial. Individuals may want to remain in work due to intrinsic rewards from the work itself or because of the social aspects of working (Scherger, Hagemann, Hokema & Lux, 2012; Parry & Taylor 2007). Analysis of the English Longitudinal Study of Ageing found that around two thirds of people working past state pension age said they were primarily motivated to work by non- financial factors (Scherger, Hagemann, Hokema & Lux~~Scherger~~, 2012: 56). This is consistent with previous research suggesting that, compared with younger people, older people are more likely to have intrinsic rather than extrinsic work motivations (Inceoglu, Segers & Bartram, 2011).

One should be slightly wary about attributing a shift toward intrinsic work motivations entirely to the ageing process, however. People remaining in work in older age may be those that always had strong work orientations (McNair, 2006). As there are increasing financial pressures to work past age 65 we may see more evidence of financially motivated employment past age 65. Nevertheless, employment for this age group clearly cannot be simply reduced simply to financial considerations. We should also note that many of those with the greatest financial need to work past age 65 are least likely to actually do so, because low levels of health and education make employment difficult (Lain, 2011; Haider & Loughran, 2001; Crawford & Tetlow, 2010; Komp, van Tilburg & van Groenou, 2010). Indeed, while the financial profile of workers aged over 65 is diverse, there is persuasive evidence that the wealthiest are most likely to continue working (Haider & Loughran, 2001; Lain, 2011; Crawford & Tetlow, 2010).

Financial incentives are therefore insufficient on their own for explaining employment beyond age 65. Nevertheless, a number of pension reforms have been enacted to make it more attractive to continue working. In both the UK and USA earnings limits have been removed from the state pensions (in 1989 and 2000 respectively). This means that people can continue working past state pension age while receiving a full state pension. In the United States since the 1980s employers have also been compelled to continue contributing to pensions for as long as the individual continues working (Quadagno & Hardy 1991). As noted above, UK and US reforms in 2006 make it easier for many employers to pay a pension to someone still in work past age 65 (Lain, forthcoming). Some of the concerns expressed by Gruber and Wise (1999), about people leaving work in order to get a pension, are therefore not as important as they were in the past. Interestingly, in the case of New Zealand, where employment levels past age 65 have grown considerably, there has always been little incentive to delay receipt of the state pension. In the UK, USA and New Zealand most individuals working past age 65 take their pension at the same time (Lain & Vickerstaff, 2014).

Employment rights

While pension changes increase the attractiveness of working beyond age 65, employment increases in the UK, Canada, New Zealand and Australia occurred in the context of restrictions on mandatory retirement. As noted above, mandatory retirement clauses in contracts emerged in the UK in the late 19th century and became increasingly common as the 20th century progressed. In the early 2000s around half of UK employees worked for an employer with mandatory retirement clauses in their contract, usually at age 65 or below (Meadows, 2003: 2; Metcalf & Meadows, 2006: 65).

Explanations for mandatory retirement draw on a number of factors (see Macnicol, 2006). In the background to some of these accounts it is assumed that work productivity declines at a particular age, typically 65, and mandatory retirement is therefore used by employers to remove older workers. This explanation is too simple because the productivity of older people is too diverse to be captured by a particular age. An alternative explanation offered by Edward Lazear (1979) is that mandatory retirement was used alongside remuneration to instil loyalty and prevent shirking. Employees are said to be under-paid in the early years, relative to their productivity, with the promise that their wages will increase over time if they remain with the company. Employers are therefore said to use mandatory retirement (perhaps with a pension) when the worker becomes too expensive relative to their productivity. It is argued that mandatory retirement is not inherently discriminatory because everyone ages and therefore potentially benefits at younger ages from the opportunities arising when colleagues retire (see below for arguments in opposition to this position). Mandatory retirement is said to ‘free up blockages to promotion’ and ensure that opportunities are available for younger workers (Macnicol, 2006). It is argued that mandatory retirement is an understood and accepted part of the employment relationship. Survey evidence from the 1980s shows that UK workers largely accepted mandatory retirement as being a fair arrangement (Hayes & Vandenheuvel, 1994).It is also argued the mandatory retirement allows employers to plan staffing levels, because they have some idea of when people will leave.

These arguments have been challenged considerably in English-speaking countries. In the context of the broader civil rights movement in the USA concerns about age discrimination arose in the 1960s. Inaccurate negative employer stereotypes about older people were said to damage the economy and unfairly deny work to older people (Macnicol, 2006). Studies showed that the work capabilities of older people were extremely diverse. It was therefore argued that management systems that monitor and support individual performance, rather than relying on arbitrary fixed retirement ages, are more effective and equitable. Such arguments challenge the idea that it is demotivating to have your performance managed in older age. Indeed, it is argued that *not* having your performance managed and supported may be demotivating, if skills become obsolete and people feel they are no longer valued as employees.

The wider proposed social benefits of mandatory retirement, in terms of ensuring young people have jobs to move into, was also challenged. This perspective rejected the so-called 'lump of labour fallacy' that assumes there are a fixed number of jobs in the economy that can be redistributed to young people via mandatory retirement (Macnicol, 2006). It is argued that older people do not 'take' the work of the young because they tend to do different jobs. Indeed, older workers may facilitate the recruitment of younger employees, if they provide the labour to manage these young entrants. Furthermore, proponents of this view point to the fact that countries with high early retirement have not had corresponding high levels of youth employment (Gruber & Wise, 2010).

In the context of debates about age discrimination and its negative economic consequences, the US made the first moves towards abolishing mandatory retirement. State-based age discrimination legislation emerged as early as 1960 (Neumark & Stock 1999). This was followed by the federal-level Age Discrimination in Employment Act 1967, which covered individuals aged 40 to 65 (Neumark & Stock 1999). In 1978 mandatory retirement before age 70 was prohibited in most circumstances. From 1986 onwards, mandatory retirement was effectively abolished in most cases when the upper age limit for protection from discrimination was removed. Employers can no longer retire-off individuals on the basis of age alone, or refuse to hire them. Exceptions to this are made where mandatory retirement is allowable for reasons of safety, notably in the case of airline pilots, firefighters and law enforcement officers (Macnicol, 2006: 237). In addition, mandatory retirement is allowed in small firms with fewer than 20 staff, although this exemption is prohibited in a number of states. Finally, so-called bona fide executives and people in high-level policy-making positions can be compulsorily retired if they are over 65 and entitled to annual retirement benefits of at least $44,000 (Macnicol, 2006).

Measuring the impact of abolishing mandatory retirement is not entirely straightforward, because the changes occurred in the context of declining employment among older people (Lain, 2011). The important question, therefore, is what would have happened in the absence of legislation. In order to examine this, researchers have exploited the fact that some states protected people over age 65 from age discrimination earlier than others. A key paper by Adams (2004), found that employment beyond age 65 was higher in states where these individuals were protected from mandatory retirement. Adams (2004: 204) concludes that 'age discrimination legislation has succeeded in boosting the employment of older individuals through allowing them to remain in the workforce longer'. The evidence presented suggests that the increased likelihood of working past 65 was due to people *continuing* in jobs they already held, rather than being recruited to new jobs. Indeed, Adams found some evidence of lower recruitment of over 65s in states where they were protected from age discrimination. This has led some to argue that mandatory retirement restrictions harm older workers by making employers reluctant to recruit them (Heywood & Siebert, 2008). In reality, recruitment levels of older people in the US appear to be relatively high in terms of people moving into bridge jobs or returning to work after retirement (see Lain & Vickerstaff, 2014 for a discussion). The number of Americans moving into new jobs in older age also appears to be increasing (Giandrea, Cahill & Quinn~~Giandrea~~, 2009). We should therefore be wary of assuming that countries abolishing mandatory retirement will see a reduction in the recruitment of older people. At the same time, however, we should recognise that the main consequence of abolishing mandatory retirement is likely to be increased 'staying on rates' for those in long-held jobs.

The UK followed New Zealand, Australia and Canada in abolishing mandatory retirement in most circumstances in 2011. This built on UK age legislation introduced in 2006 that protected individuals from age discrimination up to the age of 65, and gave them the right to request continued employment beyond this 'default retirement age'. Although employers had the right to reject requests for continued employment between 2006 and 2011, there is evidence that this change opened up opportunities for those aged over 65 to a degree. Quantitative and case study research by Parry and Tyson (2009) found that employers were introducing age discrimination policies in this legislative context; this is attributed to employers mimicking the practices of other firms in times of legal uncertainty. The 2011 reform abolished mandatory retirement except where the employer could provide a legitimate 'Employer Justified Retirement Age' (EJRA). To be legally acceptable the justification had to be a 'proportionate means' of achieving a 'legitimate end'; this 'legitimate end' had to have a positive social policy objective that was in the public interest (see Lain, Forthcoming). The Universities of Oxford and Cambridge are high-profile employers with EJRAs that cover academic staff; they cite 'intergenerational fairness' and the promotion of diversity among their justifications. The diversity argument rests on the fact that recruits are likely to be more diverse than those potentially remaining in work. The UCU union for academic staff opposed the retention of a mandatory retirement age, although at a local level the views among academics appear to be mixed on this issue (Flynn, 2014: 32).

While employers can attempt to justify mandatory retirement ages, there is little evidence that many employers will follow this path. Historically, large employers in the private and public sectors have been most likely to have mandatory retirement clauses in contracts (Metcalf & Meadows, 2006). It is therefore interesting to note the results of a survey of 300 members of the Confederation of British Industry (CBI, 2013), a membership organisation comprised primarily of large employers. This survey found that only around 5 per cent of employers surveyed had retained a mandatory retirement age; around a third said they would like to use a compulsory retirement age but saw this as too risky given legal uncertainty. This suggests that mandatory retirement ages have been marginalised considerably since the early 2000s.

Restrictions on mandatory retirement ages are therefore likely to benefit workers that formerly had compulsory retirement ages in their contracts. However, the legislation is likely to more generally reduce employer discretion over deciding who can continue working beyond age 65. In the past employees *without* mandatory retirement ages in their contracts could not automatically assume that they could work past 65. Employment rights, such as the right to claim unfair dismissal or redundancy payments, ended at 65 irrespective of what was in the employment contract (Lain, 2011). In this context, managers appear to have been important in deciding who could continue working beyond age 65 (Vickerstaff, 2006). The legislative changes have therefore significantly increased the ability of employees to remain in work beyond age 65, with consequences for age diversity in the workplaces.

Changing employment beyond age 65: the case of the UK

Given the legislative changes that have occurred in the UK, we now turn to examine how employment past age 65 has changed; this will allow us to consider the implications of these changes for managing age-diverse workforces. We examine employment at age 65-69 at three time periods:

- The early 2000s (2001), when employers had an almost complete free hand in making decisions about employment beyond age 65;
- The late 2000s (2008), after the 2006 right to request continued employment beyond age 65; and
- 2014, three years after the 2011 legislation restricting mandatory retirement.

The UK Labour Force Survey (LFS) July to September quarterly files were analysed for each of the three years. The LFS is a large-scale population survey with relatively big samples of employees aged 65-69; 477 workers of this age are interviewed in the 2001 survey, 655 in the 2008 survey, and 867 in the 2014 survey. The LFS also contains data on the occupation of the individual, their sector of employment, and the size of their workplace.

Figure X.2 tracks the extent of the increase in employment between 2001 and 2014. During this period the proportion of people aged 65-69 working almost doubled, rising from 11.2 per cent in 2001 to 16.3 per cent in 2008 and to 20.2 per cent in 2014. Figure X.2 breaks down the results by whether workers were employees or self-employed. Figure X.2 shows that in all time periods employees were the majority group. Employment rose for both employees and the self-employed during this period; 7.5 per cent of people aged 65-69 were employees in 2001, rising to 11.3 per cent in 2008 and 13.3 per cent in 2014. Each of these employment increases were statistically significant (supplementary analysis, not shown). In the UK context, therefore, we see a sustained increase in people working as employees past age 65. For the rest of the analysis we focus on the dominant group, employees, given their importance for organisational age diversity.

Figure X.2 about here

The second aspect of interest is whether employees aged 65-69 are integrated into organisations through long-term employment relationships. Lain (2012) found that in the early 2000s almost half of employees aged 65-69 had started their job relatively recently, while they were in their sixties. This is perhaps not surprising, given the limited opportunities to continue working past age 65 at this time. Some, such as Standing (2011), have suggested that people are returning to work in precarious marginal jobs following retirement because of financial pressures. Clearly the extent to which over 65s are integrated into organisations depends upon whether they are long-term employees or recent recruits in marginal jobs. Figure X.3 presents the proportion of people aged 65-69 working as employees in each period, broken down by employment tenure. This shows that the rise in employment for this age-group can mostly be explained by people in long-term jobs working past age 65 in greater numbers. In 2001 just 3.39 per cent of those aged 65-69 were working in employee-jobs that they had started in the last five years; this represented around half of the 7.5 per cent working as employees at this time. In 2008 and 2014 we see, once again, that around 3 per cent of people in this age group were in jobs that had begun in the last five years. There was some increase in employment between 2001 and 2008 for those in jobs that had begun in the last 5-10 years. More generally, however, the increase in employment can be explained by the rising number of people in jobs lasting 10+ years staying on in work. Between 2008 and 2014 all of the employment increase could be explained by this continuation in long-held jobs. This is as we would expect, given restrictions on the use of mandatory retirement by employers. During this period the proportion of employees aged

65-69 on temporary contracts also fell from 18 per cent in 2001 to 11.5 per cent in 2014 (a statistically significant change at the 5 per cent level; supplementary analysis not shown).

Insert Figure X.3 about here

Given the increase in long-term employees staying on, it is important to examine the jobs these individuals do. Lain's (2012) examination of the early 2000s suggested that over 65s were disproportionately concentrated in 'Lopaq' jobs; these were typically low paid part-time jobs with low qualification requirements. These jobs included shop sales workers and cashiers, waiters, bar staff, food preparers, cleaners, domestic helpers, home-care workers ('home help') and caretakers among others. The explanation given was that the characteristics of these jobs made them less desirable to the 'core-age' workforce. Very young workers (under 25) were often employed in these low paid jobs because they combined employment with studying or living with parents. Employees in their sixties upwards were an attractive alternative group in this context, however, because of their maturity, experience and perceived customer service skills. The receipt of a state pension also meant that these individuals were often in a financial position to take these low-paying jobs. Managers were therefore happy to recruit people in their sixties to Lopaq roles, or to allow people already in these jobs to continue working. Lain (2012) suggested that age discrimination legislation, and the abolition of mandatory retirement, would reduce this concentration in Lopaq jobs to a degree. It would do this by enhancing opportunities for individuals across a range of occupational groups to continue in employment past age 65.

Insert Table X.1 here.

Table X.1 breaks down employment by occupation for different age-groups: 16-24, 25-49, 50-59, 60-64 and 65-69. For reasons of space we only present results for the beginning and end of the period, in 2001 and 2014. We designate the 'core-age' workforce as being aged 25-49. Sixteen to 24 years olds are excluded from this core-age group because they are entering employment for the first time, sometimes during periods of study, and are often establishing themselves in work. Following previous research those over age 50 are categorised as being 'older' than in the 'core-age' workforce, based on evidence of employer attitudes towards people of this age (see, for example, Loretto & White 2006). Nevertheless, we separate out people aged 50-59 and 60-64 because we expect employers to treat the younger group differently to a degree, because they are further away from typical retirement age. Table X.1 shows whether there are statistically significant occupational differences between the core age workforce and other age groups. To identify Lopaq occupations we recoded the LFS occupational classifications SOC 2000 and SOC 2010 to combine Personal Service, Sales/Customer Service and Elementary occupations. We had to merge managers, professionals and associate professionals into a single category, because the individual categories were not comparable over time due to the change from SOC 2000 to SOC 2010 over the period. This is unfortunate, because we might expect employment differences between managers, who have firm specific skills, and professionals that have occupationally specific skills (Crompton, 2001).

Table X.1 shows the extent to which employees over age 65 were concentrated in Lopaq jobs in 2001. In 2001 44 per cent of those aged 65 to 69 were in Lopaq occupations, compared with only 23.7 per cent of those aged 25 to 49. Previous research suggests that this was not just a 'cohort effect' in which employment for this five-year age-cohort had always been dominated by Lopaq jobs (Lain, 2012). The big jump in Lopaq employment between ages

60-64 and 65-69 also supports the argument that employment of over 65s was being disproportionately confined to Lopaq occupations. In 2014 those aged 65 to 69 were still significantly more likely to be in Lopaq jobs than those aged 25-49. However, the difference between the age groups was much narrower in 2014: 30.1 per cent of those aged 65-69 were in Lopaq jobs compared with 25.8 per cent of those aged 25-49. At the other end of the occupational spectrum, we see a relative increase in the proportion of over 65s working in managerial/professional/associate professional jobs. In 2001, a quarter of employees aged 65-69 were in this upper level category, compared with a third in 2014. There may be some cohort effect operating here to a degree, with the earlier cohort of 65-69 year olds being less likely work to be in these upper level occupations at younger ages. However, it does suggest that over 65s are being more integrated into employment across occupational groups.

Table X.1 also shows employment broken down by sector; this indicates that over 65s have become less concentrated in particular sectors in which Lopaq jobs are common. In 2001, a quarter of employees aged 65-69 worked in the ‘retail etc’ sector, compared with only one sixth of people aged 25 to 49. This sector combines retail, hotels and restaurants and consequently contains a significant number of people in Lopaq occupations. During this time large retailers, such as the DIY chain B&Q, became known in the press as significant employers of older people (Lain, 2012). By 2014 this over-representation in retail was gone. Likewise, there was a significant over-representation of employees aged 65-69 in ‘other services’ in 2001; 9 per cent worked in this sector compared with 4.5 per cent of those aged 25-49. ‘Other services’ includes a number of other lower level service roles related to housekeeping and recreation/leisure. By 2014 this over-representation in ‘other services’ was also gone. Indeed, in 2014 there were no significant sectoral employment differences between employees aged 65-69 and those aged 25-49. This is as we might expect, given the restrictions on mandatory retirement placed on employers across all sectors.

Finally, Table X.1 breaks down employment by workplace size. Previous research suggests that workers over state pension age have been disproportionately employed by small employers in the past (Smeaton & McKay, 2003; Cebulla, Butt & Lyon~~Cebulla~~, 2007). Small employers have been less likely to have mandatory retirement ages. It has also been suggested small employers are less bureaucratic and rule-bound, and have therefore found it easier to accommodate requests for continued employment beyond age 65 (Cebulla, Butt & Lyon~~Cebulla~~, 2007). In the context of mandatory retirement abolition, we would expect this disproportionate concentration in small employers to weaken. Unfortunately, the LFS does not collect data on the size of employer, which is why we focus on workplace size. Clearly employers may have a large number of staff spread across a number of small workplaces. From Table X.1 we can, however, see how many individuals are in workplaces with more than 50 employees; by default we know that these individuals are not working for the smallest employers. Table X.1 shows that the proportion of those aged 65 to 69 in these 'larger' workplaces did rise over this period. In 2001, 33.6 per cent of these older workers were in workplaces with the least 50 staff; by 2014 this had risen to 43.8 per cent. This was still below the percentages of those aged 25 to 49 working in these larger workplaces at both periods; in 2001 57.3 per cent of those aged 25 to 49 were in workplaces with 50+ staff, almost exactly the same percentage as in 2014 (56.3 per cent). Nevertheless, these results are consistent with increasing integration of employees aged 65-69 into larger employers. This has occurred alongside a greater integration of this age-group across occupational groups and sectors of employment. These changes have important implications for managing age diverse workforces, which we consider in the concluding discussion.

Discussion

In recent years there has been increased discussion about 'multi-generational' workforces and increasing age diversity at work. To a degree this reflects a break with the recent past, when older workers in many OECD countries had become increasingly marginalised (Ebbinghaus, 2006). Since the early 2000s we have seen an increase in employment beyond age 65 in most OECD countries, although the extent to which this has occurred has varied. By 2013 the UK was among the English speaking countries that had experienced a significant increase in the number of employees aged over 65. In order to understand these changes, the chapter has focused on two areas of policy that contributed to these employment rises. First, changes to pensions have made employment beyond age 65 both more attractive in countries like the UK and US. In particular, it has become easier to combine pension income with earnings, meaning that people no longer have to leave employment to receive a full pension. Second, in the UK, USA, Australia and Canada restrictions have been placed on the ability of employers to use mandatory retirement ages. In the US this is not a recent development, as mandatory retirement was abolished in the mid-1980s. However, in the other English speaking countries this change has occurred since the early 2000s or thereabouts, a period in which employment rose considerably in these countries. Evidence from the US suggests that the main consequence of abolishing mandatory retirement was to increase the number of individuals continuing in their jobs beyond age 65.

In order to better understand increases in employment beyond 65 in the UK we presented analysis of the UK Labour Force Survey. Employment among those aged 65-69 almost doubled between 2001 and 2014 in percentage terms. The majority of these workers were employees rather than self-employed, so the increase in employment has relevance for age diversity within organisations. The increase in the number of employees working in this age band was primarily due to those in long-held jobs, lasting 10 or more years, continuing in employment. This is as we would expect, given the introduction of restrictions on the use of mandatory retirement. In the early 2000s we saw over 65s disproportionately segregated into Lopaq occupations, that were low paid, typically part-time and required few qualifications. By 2014 the percentages in these occupations was close to that of the 'core-age' workforce aged 25-49. We also see that in 2014 over 65s were no longer disproportionately concentrated in sectors such as retail that include a lot of 'Lopaq' occupations. Indeed, by 2014 the sectoral composition of employment beyond age 65 was not significantly different from that of that of 25-49 year olds. Likewise, we see some evidence of over 65s also being integrated into larger workplaces.

Over 65s have therefore become a much more integrated in UK workplaces since the early 2000s. By continuing in employment in greater numbers their presence across different occupational groups, sectors of employment, and workplace-sizes has increased. Increases in employment have occurred during a period that includes the most severe recession of the post-war period. We should expect this trend of increasing employment beyond age 65 to continue, given pension age increases and the abolition of mandatory retirement.

The increased presence of over 65s in organisational life has important implications. In countries such as the UK employers in the past could easily retire-off workers at 65, irrespective of whether the individual had a compulsory retirement age in their employment contract. With the abolition of mandatory retirement ages there is no obvious fixed end point to employment. The challenge will therefore be to manage long-term workers when there are few age-based markers for how long they will be there. This has undoubtedly caused anxiety on the part of employers, with a third of surveyed organisations stating that they would like to use mandatory retirement ages if they could (CBI, 2013). However, the integration of over 65s into the workplace brings advantages, if it is managed effectively.

From an age diversity perspective the inclusion of over 65s in the workplace can be a real advantage in terms of the experience it brings to the organisation. The case of nursing shows that older workers can make valuable contributions through mentoring younger colleagues and being involved in knowledge transfer activities (Moseley et al., 2008). More generally, the integration of workers over 65 across different occupations provides opportunities to benefit from years of accumulated experience. In this regard, however, there has to be a willingness to listen to experience that is shared, rather than simply labelling some of the critical perspectives of older people as simply being resistant to change.

The second implication is the need for effective performance management systems. In the past, it was often assumed that as older workers would be out by 65 at the latest there was little to be gained from attempting to manage their performance. This might also be considered a more humane approach because older workers were not subject to intense monitoring in their final years of employment. However, this disengagement with older workers could result in individuals feeling under-appreciated, under-invested in, and ready to go at 65 or earlier. Now that the remaining period of employment is less predictable, effective performance management systems are even more important (CIPD, 2011). This is not just a case of monitoring employment so that under-performing individuals can be identified and retired off. Instead, performance management processes can have a positive effect on motivation, if the goals of older workers are regularly reviewed and developmental and training opportunities are provided.

Finally, and related to the last point, the end of mandatory retirement ages means that the pathways out of work and into retirement may become more varied. People still working in their sixties are likely to have a range of competing calls on their time, including caring responsibilities for elderly parents or grandchildren and the desire for more leisure time (Vickerstaff et al., 2008). In this context, part-time and flexible working is popular among many older people. In order to ensure older staff members remain committed to employment it may therefore become increasingly important to provide individualised work arrangements that suit the needs and desires of workers. Research from the Netherlands indicates that individually negotiated 'idiosyncratic deals', or 'Ideals', can motivate staff to work past age 65 (Bal, De Jong, Jansen & Bakker, 2012). These deals aim to provide working arrangements that fit with the lives of employees that would otherwise be retired. As the numbers of over 65s rises, such individual arrangements may become more common within workplaces. On the other hand, the abolition of mandatory retirement may simply result in people working in their jobs a few more years, with few adjustments made to working-hours or job roles (see Lain & Loretto, forthcoming). How late career transitions are played out, and managed, in organisations is therefore a vital area for future research. In relation to UK policy, reforms to mandatory retirement and pensions are likely to increase employment beyond age 65. However, priorities for future include policies that promote life-long learning and acknowledge the work-related health limitations faced by among many older people (see Lain & Loretto, forthcoming).

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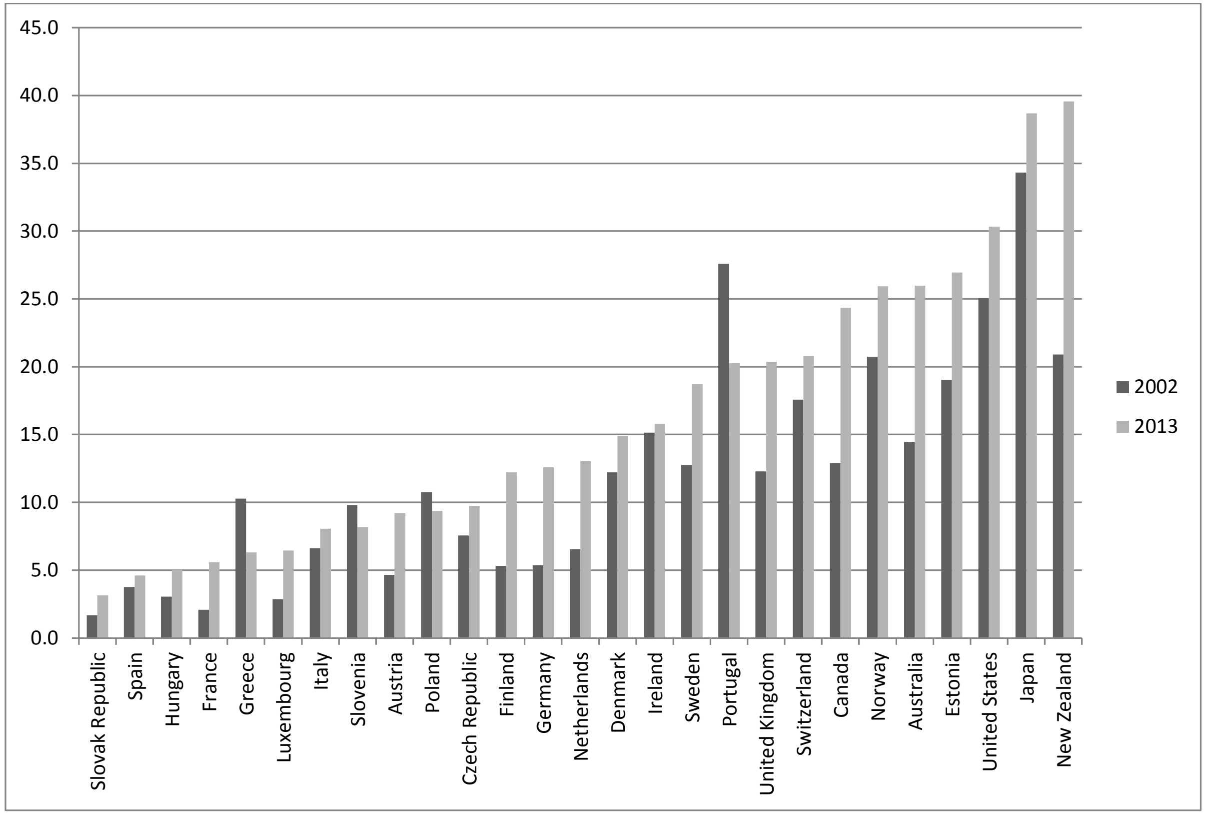
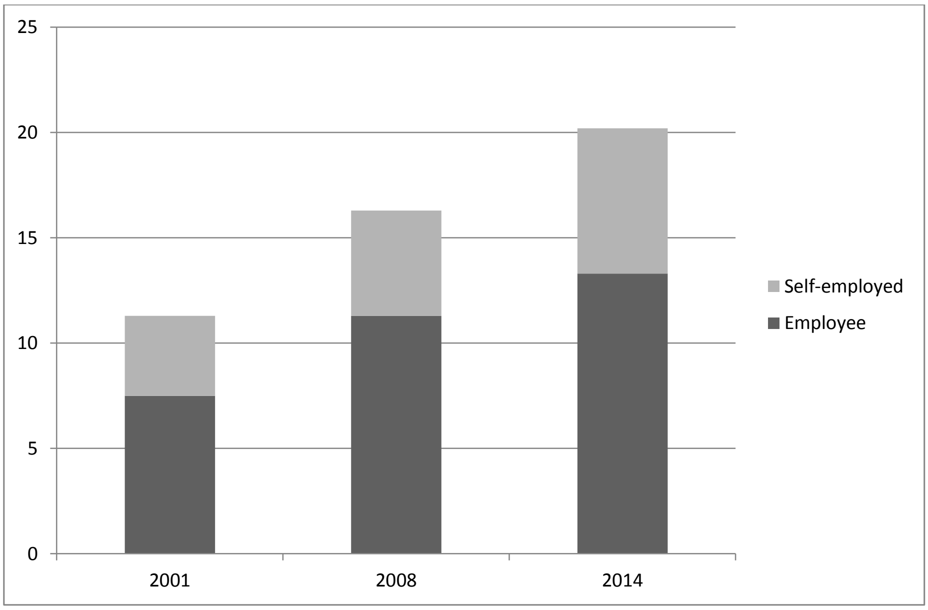
Figure X.1: The percentages working at age 65-69 by country, 2002 and 2013



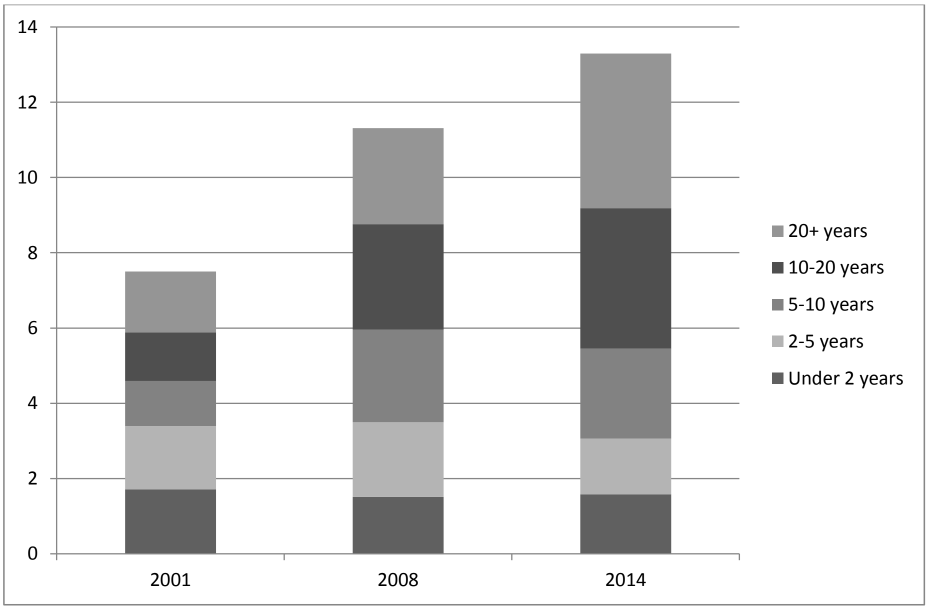
Source: compiled by author from http://stats.oecd.org/Index.aspx?DatasetCode=LFS_SEXAGE_I_R#

Figure X.2: Percentages working at ages 65-69 broken down by employment status



Source: Author's analysis of the July-September Labour Force Surveys 2001, 2008 and 2014

Figure 3: Percentages working as employees at age 65-69 broken down by employment tenure



Source: Author's analysis of the July-September Labour Force Surveys 2001, 2008 and 2014

Table X.1: Percentages of employees working in different occupations, sectors and workplace sizes, broken down by age-group

	2001					**2014**				
	16-24	**25-49**	**50-59**	**60-64**	**65-69**	**16-24**	**25-49**	**50-59**	**60-64**	**65-69**
Occupation										
Managers etc	17.7*	44.0	37.5*	27.9*	24.0*	19.7*	49.5	44.2*	37.1*	34.8*
Crafts	10.6*	9.3	8.9	11.3*	7.5	9.3*	7.9	7.7	9.5	7.6
Operatives	6.0*	8.6	10.0*	12.3*	8.3	3.5*	5.8	7.7*	9.2*	8.8*
Clerks	14.9	14.3	16.5*	14.1	16.2	10.6*	11.1	14.0*	14.7*	18.6*
Lopaq occs	50.7*	23.7	27.0*	34.4*	44.0*	56.8*	25.8	26.4	29.6*	30.1*
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sector										
Manufacturing	13.4*	18.0	18.9	18.8	16.8	7.7*	11.8	12.7	12.5	8.9
Other goods	7.8	7.5	7.4	9.1	5.7	7.0	7.1	7.2	6.8	6.5
Retail etc	38.0*	16.4	14.6	16.8	24.6*	41.1*	17.0	14.4	17.2	17.2
Transport	5.0*	7.7	7.4	7.6	4.2*	2.7*	6.2	6.8	6.8	5.8
Financial	15.5	16.8	11.9*	11.5*	13.4	13.5*	19.3	14.5*	14.4*	16.9
Public administration	3.6*	8.3	8.6	5.8	5.0	3.0*	7.5	8.3	6.0	6.1
Education	3.0	8.7	12.0	10.2	9.3	5.7*	11.6	13.7*	12.9	13.7
Health & social	6.6	12.1	14.5*	13.8	11.9	10.9*	14.6	17.9*	16.9	18.1
Other services	7.2*	4.5	4.7	6.4*	9.0*	8.3*	4.8	4.5	6.4	6.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Work size										
1-10	20.8*	16.4	18.2*	22.7*	35.9*	22.9*	17.3	19.0*	22.1*	30.7*
11-24	19.1*	14.3	15.1	16.4	17.6	22.7*	13.5	13.0	12.7	14.0
25-49	12.9	12.0	12.8	13.6	12.9	14.2	12.9	13.3	13.6	11.4

50+	47.2*	57.3	53.9*	47.3*	33.6*	40.1*	56.3	54.7	51.6*	43.8*
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Unweighted Base	7933	33552	10314	1970	477	4540	23049	8467	2286	867

Note = * = a significant difference from the 'core-age' workforce group aged 25-49 at the p<0.05 level

Source: Author's analysis of the July-September Labour Force Surveys 2001, 2008 and 2014