



## Labour Participation Rates of the Over 55s in Ireland

A study for the Expert Group on  
Future Skills Needs and the  
National Competitiveness  
Council by Public and Corporate  
Economic Consultants (PACEC)



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## Foreword

Most government and many employers in EU and OECD countries are reversing the support which they gave in the 1970s and 80s to promote early exit from the labour force and are formulating and pursuing policies to encourage greater labour force participation by people over 55. This issue has both short-term and long-term implications for Ireland. The short-term aspect is important because the current labour market is tighter than it is in most other developed countries. On the other hand the long-term problem of an ageing workforce is less pressing in Ireland.

PACEC (Public and Corporate Economic Consultants) was appointed in February 2001 by Forfás, acting on behalf of the Expert Group on Future Skills Needs and the National Competitiveness Council, to carry out a study of labour market participation of people aged 55 or more and to make recommendations regarding ways of increasing the participation rates of the group in the national workforce.

The aim of the work was to recommend ways of increasing the participation of older workers in the workforce without compromising other social and economic objectives. It charts participation rates of this group in the context of changes in overall participation rates, including changes in participation rates in other EU and OECD countries. It also examines the factors affecting participation of older workers with a view to specifying how each of these might be influenced by government measures to increase their participation rates.

On behalf of the Expert Group on Future Skills Needs and the National Competitiveness Council, we wish to thank the steering group who guided the work, the National Council for the Aged and Older People and other interviewees for their interest and support, and Dr Anna Murphy, Forfás without whose dedicated management of the study this publication would not have been possible. The findings of this study are important and the consultants' recommendations challenging. These will we feel provide a valuable input to Ireland's policy formulation for years to come.

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# Executive Summary: Report on labour participation rates of over 55s in Ireland

## X1 Background and aims

### *Chapters 1 and 2 - Introduction, methodology and approach*

- X1.1 Public and Corporate Economic Consultants (PCEC) was appointed in February 2001 by Forfás, acting on behalf of the Expert Group on Future Skills Needs and the National Competitiveness Council, to carry out a study of labour market participation of people aged 55 or more and to make recommendations regarding ways of increasing the participation rate of that group.
- X1.2 Most governments and many employers in EU and OECD countries are reversing the support they gave in the 1970s and 80s to early exit from the labour force and are formulating and pursuing policies to encourage greater labour force participation by people over 55.
- X1.3 This issue has short-term and long-term aspects. In Ireland the short-term aspect is important because the current labour market is tighter than it is in most other developed countries. On the other hand the long-term problem of an ageing workforce is less pressing in Ireland.
- X1.4 The aim of this report is to recommend, to the Irish government and its social partners, ways of increasing the participation of older workers in the workforce without compromising other social and economic objectives. To do this it charts the participation rates of this group in the context of changes in overall participation rates, including changes in participation rates in other EU and OECD countries. It also examines the factors affecting participation of older workers with a view to specifying how each of these might be influenced by government in the direction of increasing their participation.
- X1.5 The tasks included desk studies of statistics and reports and other literature on the subject, interviews with major companies in Ireland, interviews with several government departments and social partners with remits which include this issue and a face-to-face questionnaire survey in April-May 2001 of over 250 people in Ireland aged 55-69 who were not in full-time employment.

## X2 Findings

### *Chapter 3 Sources of labour supply for extra jobs in Ireland and Europe*

- X2.1 Employment of those of working age (15-64) in Ireland increased by 52% (a much greater increase than in Europe) between 1993 and 2000, an extra 585,000 jobs. The increase in participation (defined here as the ratio of employment to population in this age group) during this period has played a bigger part in providing the extra workers than either the fall in unemployment or the increase in the population of working age (including net immigration). This participation rate increase (from 51% in 1993 to 67% in 2000) was very high compared with the UK, where population increase and unemployment reduction played a relatively larger part in meeting the increased demand for labour.
- X2.2 Ireland's National Economic and Social Forum estimated that the participation rate will have to rise by two percentage points between 2000 and 2005, given reasonable assumptions about employment increases and alternative sources of labour supply. It concluded that in the medium term increased participation would be a key factor in meeting demand for labour.





#### *Chapter 4 Participation rates of age/sex groups by country*

- X2.3 Since a further increase in the overall participation rate is a key factor in filling jobs over the medium term, this part of the report identifies the age/sex groups with the most scope for increased participation. Since participation rates are significantly higher in Dublin than in the rest of Ireland, an indicator of the scope for increasing the participation rates in the latter is produced.
- X2.4 Regarding the participation rates for males of working age in both Ireland and Europe, the current trend is slightly upwards but only in response to significant job creation and the long-term trend may well be slightly downwards. For males aged 55-69 the long-term trend is slightly more downwards than for males as a whole. On the other hand, Ireland is near the top of the European activity rate tables for males aged 55-69 and against that benchmark there is limited scope for increasing the participation of the Irish group.
- X2.5 Participation rates for females of working age in both Ireland and Europe have risen throughout the mid-1980s and 1990s, including during the early 1990s recession. The Irish rate has risen considerably since it started from a low base in the mid-1980s, significantly narrowing the gap between it and the EU rate, and was still rising into the year 2000. The overall trend remains upwards for females, including those aged 55-69. The activity rate for Irish females is, nevertheless, still low compared with their counterparts elsewhere and this is also the case for the 55-69 group.
- X2.6 The activity rate of each five-year cohort in Ireland was compared with its average European counterpart. Where the Irish rate was lower a calculation was made of the extra labour supply that would be forthcoming if the activity rate of that cohort in Ireland were raised to the average European level. This would produce an extra 12,900 male workers, none of whom would be in the 55-69 group, and 84,400 females, 10% of whom would be 55-69.
- X2.7 Thus, against a European benchmark, male activity rates in Ireland have limited scope for growth and this is especially true of older males, but female activity rates in Ireland have considerable scope for growth. The greatest scope for increasing activity rates is among women aged 30-59, especially those aged 35-54. Within this group the greater scope is with married women. Among the 55-69 age group the most scope is with women aged 55-59.
- X2.8 The PACEC survey of large Irish companies showed that Human Resources (HR) managers of companies recruiting in Dublin and in the rest of Ireland thought it was significantly easier to recruit in the latter. This is consistent with the fact that activity rates are higher in Dublin. An indicator of the scope to increase the supply of labour by means of the regional policy described in the National Plan is that if activity rates in the rest of Ireland were raised to the level of the Dublin rate there would be an extra 126,800 economically active individuals in Ireland.

#### *Chapter 5 Barriers to the employment of older workers*

- X2.9 Many barriers to the employment of older workers in EU and OECD countries were shaped by negative attitudes which flourished between about 1975 and 1995, when the encouragement of the early exit from the labour force was a common policy. These attitudes persist among older workers themselves and are still embedded in organisational structures.
- X2.10 Since the late 1970s larger numbers of older workers have been displaced through redundancy or (often not entirely voluntary) early retirement and have become discouraged by the scarcity of jobs effectively open to them, by the lack of appropriately tailored training and adjustment programmes, by attitudes they themselves have adopted and by tacit encouragement they have received from benefits agencies to treat social security benefits as retirement pensions. These sources of discouragement are as likely to be found in Ireland as they are found elsewhere.



- X2.11 People discouraged in this way probably make up a large proportion of those between 50 and retirement age who are not working. It is therefore important to prevent this transition from displacement to discouragement, a process experienced by men much more than by women, from setting in.
- X2.12 Downshifting (working fewer hours and/or in a less demanding job) is an opportunity to stay in work rather than retire for those who do not wish to work hard at the end of their working lives, but such opportunities are limited in number. State and occupational pensions often make downshifting difficult.
- X2.13 Training programmes have usually not worked for older displaced workers who have often been effectively excluded from such programmes. The lack of targeting of training and adjustment programmes at older displaced workers has made them ineffective as far as that group is concerned. Awareness of this problem is causing many policy makers, in Ireland and elsewhere, to re-think and to frame effective policies to address it.
- X2.14 Older people in Ireland suffer more than older people in most other countries from a low level of education. Level of education has a major influence on whether an individual is employed. For women in Ireland there is a strong relationship between education and employment. For men in Ireland the relationship is strong among older workers; having a degree appears to have a strong influence on whether men aged 55 and older are employed. In Ireland and in other countries reliance on educating youth cohorts would address the problem of the low level education of older workers only very gradually and there is therefore a need for adult literacy programmes.
- X2.15 Low pay is a barrier to the re-employment of older workers who have been displaced. For the average older worker the gap between pre-displacement income and post-displacement income is especially high. In Ireland low pay is a strong disincentive to many older displaced and long-term unemployed people and there may be a widespread lack of knowledge among individuals of existing policy interventions which can boost take-home pay.
- X2.16 Age discrimination is seen by older job seekers as a major barrier to obtaining work. In many cases the discrimination is in inherited structures rather than in attitudes of current incumbents of positions of influence. The PACEC survey of Irish companies lent support to the view that many large organisations, public and private, have recruitment, remuneration and staff grading structures and processes which have not yet fully adapted to the requirement to employ groups which have not traditionally been employed, including older workers and women returners.
- X2.17 For many Irish companies recruitment problems have emerged only in the last two or three years but some have been adapting to recruiting women returners for several years. It is too early to identify a body of fully formulated best practice but most companies are adapting practices and structures to accommodate these groups. Companies are beginning to recruit sympathetically (e.g. reducing CV and references requirements), to create grades appropriate to the groups in question (e.g. permanent part-time with benefits pro-rata), to institute appropriate training, often in association with FÁS, to increase flexibility of work times and to enable older recruits to qualify for some pension benefit.

### *Chapter 6 Pension and social security influences on age of retirement*

- X2.18 Pension and social security policies over the last few decades have strongly influenced the age of retirement in most OECD countries; the greater the retirement incentives (replacement rate, present discounted value of total future social security and pension benefits) the sooner people retire.
- X2.19 For example, the US, Sweden and Japan offer, on these measures, relatively low retirement incentives and have high participation rates of the over 55s. Belgium, France and Italy offer relatively high retirement incentives and the over 55s have low participation rates. Although the authors of the reports which collated this data did not examine the position of Ireland, it is likely that Ireland is closer to the former group of countries than to the latter group.



### *Chapter 7 PACEC survey results*

X2.20 PACEC undertook a survey of over 250 individuals aged between 55 and 69 in Ireland who were not in full-time employment, in April-May 2001, with a view to examining how the various influences identified above affected the economic activity rate of the Irish cohort.

X2.21 Survey results generally lent support to the findings from the above analysis, suggesting that:

- despite the relatively high activity rate of Irish males aged 55-69, there is scope for increasing participation rates of this group since many retired males did not retire entirely voluntarily and many would consider taking jobs, including full-time ones;
- the finding that there is scope for increasing the activity rates of women was complemented by the survey finding that a significant proportion of women at home aged 55-69 have worked in the last 10 or 15 years and many had responsible full-time jobs;
- among both sexes the 55-59 group is the most likely segment of the 55-69 group to be interested in training and returning to work;
- Dublin respondents are more educated, had more responsible jobs and are more willing to seek work or to be trained for it;
- outside Dublin the scarcity of jobs is an important barrier to obtaining work for the over 55s, a finding very much in line with other evidence presented above;
- concern about take-home pay is an important barrier to greater participation, partly because many jobs open to the less educated respondents offered low gross wages and partly because many respondents did not know enough about interventions which could boost take-home pay;
- the better educated among the retired are more likely than the less well educated to have or to be seeking part-time work and to be in voluntary work;
- part-time and/or flexible hours are very important for the over 55s who could be interested in taking a job, especially women at home;
- people with occupational or individual pensions are more likely than those without such pensions to retire early;
- the group most likely to be settled in their retirement are men aged 60 and over living outside Dublin.

### *Chapter 8 OECD government policies to increase activity rates of older workers*

X2.22 Since the mid-1990s most governments have evolved policies to reduce work disincentives for older people of working age.

X2.23 Policy adjustment measures are often long term and most countries are planning now to address the issue of an ageing workforce in 10 or 20 years' time.

X2.24 Many countries are examining how to change two main aspects of current public and private retirement pension systems. The desired changes are from pay-as-you-go (funded from current receipts) to pre-funded (funds put aside by, or on behalf of, the beneficiary over the years) and from defined benefits (the beneficiary knows the benefits from the start) to defined contribution (contributions, rather than benefits, are defined from the start). These two aspects are usually associated with greater flexibility and choice regarding contributions, benefits and investment of the funds. This can reduce certain rigidities which can be barriers to job seeking by the over 55s. Ireland's Personal Retirement Savings Account (PRSA) is an example of the new thinking.



- X2.25 Some governments are encouraging downshifting by means of incentives to both employers and employees. Flexible pension schemes such as the Irish PRSA can make it possible to downshift in pension-efficient ways.
- X2.26 Assistance to older workers through training and adjustment policies is being refined in North America and elsewhere, including Ireland, where Local Partnerships with closely defined client groups, outreach, client-centred assistance and local links to employers are being developed in pilot initiatives with FÁS and other government departments. As yet there is less targeting of the over 55s in Ireland than there is in North America.
- X2.27 In Ireland low pay arrangements to boost income from work for those who have been unemployed are in place. However there is limited take up from the over 55s. The UK New Deal 50 Plus programme provides a guaranteed take-home wage and is a model that may be more attractive to Over 55s in Ireland.
- X2.28 In Ireland significant commitment has been made to the National Adult Literacy Programme but there is limited focus on older workers.
- X2.29 Age discrimination legislation in Ireland shows that the government takes the issue seriously. Making laws or policy statements against specific types of discrimination without bringing in the issue of age discrimination would send out the wrong signal.
- X2.30 Codes of practice have provided a benchmark to enable employers to review their practices regarding older workers or potential recruits. Governments have started to tackle age discrimination by disseminating research findings showing that age need not diminish most capacities required of workers and by making people aware that retirement age is likely to be nudged upward.

### *Chapter 9 Recommendations*

- X2.31 Displacement/involuntary early retirement and discouragement
- There should be a rigorous evaluation of the effectiveness and efficiency of organisational structures and pilot programmes put in place by Irish government departments to address the problems involved in assisting older workers to adjust to the workplace by training and job seeking. Most of the ideas incorporated in these are in line with international thinking but learning from the Irish experience will be valuable in future policy and implementation refinements.
  - Ireland might take on board an apparently successful experiment in the UK in which on-the-job learning is encouraged and facilitated by the unions, with shop stewards trained as workplace learning advisors.
  - Serious thought should be given about how to mainstream the pilot programmes for training and older worker adjustment which are seen to be effective and transferable since in the past it appears that effective programmes have been discontinued when funding has ceased.
  - Older workers in industry sectors and work situations in which they are vulnerable to redundancy/displacement should be identified and offered appropriate assistance at the earliest stage in order to prevent the displacement-to-discouragement process.
- X2.32 Downshifting
- Identify and reduce any disincentives to downshifting that may be embedded in pension schemes or taxation arrangements. An example of a taxation disincentive which should be reviewed comes from the UK, where tax-approved pension schemes cannot allow older workers to work part-time and receive part-pension while working in the firm where they formerly worked full-time.



- Disseminate good practice by leading by example. Downshifting in the civil service could take the form of a work pool of newly retired civil servants available for consultancy or secondment for project work, possibly inter-departmental or private-public partnership projects which are likely to increase in number. Staff could be surveyed in order to ascertain the likely take-up of downshifting schemes.
- Disseminating the details of functioning schemes in Irish and in foreign companies should be complemented by a programme of making employers aware that they will be increasingly dependent on older workers in the future and that companies which start early in adjusting their cultures, career structures and personnel practices in this area will be best placed to compete for staff.

#### X2.33 Low pay

- A National Minimum Wage should be comprehensively enforced and set at a level which meets a target amount of take-home pay, given that there are other government interventions to boost take-home pay.
- More people should be made aware of what the take-home pay would be if they took specified jobs. This would be a calculation involving pay, interventions such as the Back-To-Work Allowance and tax and pension implications. Local Partnerships sometimes assist in this process while at the same time assisting employers with information on how government interventions affect their financial relationships with their employees and with government.
- The effectiveness of Irish schemes which allow workers in new jobs to retain certain benefit entitlement should eventually be evaluated against schemes elsewhere which boost pay by a direct cash payment to the individual (e.g. the UK scheme, which is targeted at the 50+ age group), especially since the Irish Back-To-Work scheme is taken up by a relatively small proportion of older workers.
- A scheme like 'Workplace' should be evaluated and its principles extended to other benefits. Its core element is allowing claimants to start work and retain benefits for a trial period, so that a claimant does not have to re-establish his or her benefits claim if the job turns out to be temporary or unsuitable. This latter can be a significant disincentive to taking a job, especially one which does not pay particularly well.

#### X2.34 Education and adult literacy

- In dealing with the relatively low average level of education of older people in Ireland, the Department of Education and Science, FÁS and others are evolving a national literacy programme with new initiatives and networks which appear to address the issue in ways which accord with best practice. It is essential that these programmes are enacted to facilitate older persons in the workplace. It is difficult to identify gaps and problems which are not being addressed.

#### X2.35 Age discrimination

- Again the government could lead by example. It could examine its own employment and pension arrangements to ascertain whether there are groups of employees who are effectively facing age discrimination. For example, there may be women returners who are unable to put in the years to qualify for a pension but could be enabled to do so, possibly by being allowed to work past retirement age.
- The government could set out a vision of the role and value of older workers and appoint a minister to chair an inter-ministerial group, with a secretariat and cross-departmental resources, which deals with older workers.



X2.36 Pensions and social security provision

- Early retirement provisions should be reviewed. The Pre-Retirement Allowance was introduced in 1990, when labour market conditions were different from what they are today. It should be reviewed in the light of today's conditions and of whether it is fulfilling its original objectives.
- Anomalies which might interrupt a working life should be reviewed. For example, a state Retirement Pension which discourages an individual from working at age 65 followed by a Contributory Old-Age Pension which allows that individual to work full time and draw the full pension at age 66.
- Sickness or disability benefits should be reviewed to ensure that medical criteria alone are used (and not age, skills etc.)
- The flexibility and other benefits of the Personal Retirement Savings Account should be extended to other pensions and pension recipients.
- Changes in pension and benefits which aim to encourage increased participation by older workers should be integrated with other policies which enable such workers to retain and obtain jobs and should be accompanied by effective information dissemination which ensures that potential workers can calculate their take-home pay.



# 1. Introduction

## 1.1. Background

- 1.1.1. Public and Corporate Economic Consultants (PACEC) was appointed in February 2001 by Forfás, acting on behalf of the Expert Group on Future Skills Needs and the National Competitiveness Council, to carry out a study of labour market participation rates of people aged 55 or more. The tightening of the Irish labour market is considered to be one of the major supply-side barriers to the continued growth of the economy and it is forcing employers to explore niche segments of the labour market. One such segment is the over 55s. Although the focus of the study is on short-term labour market requirements, the findings and recommendations of the study have implications for future labour market policy and concerns both retention and re-entry into the labour force.
- 1.1.2. Governments in most EU and OECD countries are reversing the public support they gave in the 1970s and 1980s to early exit from the labour force of the older age cohorts and are formulating and pursuing policies to encourage greater labour force participation by this age group. An increasing number of employers are also re-assessing their attitudes towards older workers.
- 1.1.3. The interest of the EU and the OECD and their member governments in older workers is due largely to the projected ageing of the workforce in most developed countries over the next 10 or 20 years. Ireland is in a different situation from that facing most other countries in this group. Ireland is responding to increased demand by placing greater emphasis on supply-side measures rather than on demand management and this tends to tighten the labour market. Current labour shortages are therefore more pressing than in most other EU and OECD countries. The age structure of the Irish population, on the other hand, is such as to make the ageing of the workforce over the next decade or two a less pressing problem than it is in most developed countries.
- 1.1.4. The main focus of current interest in older workers in Ireland is therefore on the short-to-medium term while most other EU and OECD governments emphasise the medium-to-long term. The short-to-medium term is the focus of this study.

## 1.2. The aims of the study

- 1.2.1. The study aims to examine the participation rates of over-55s in the Irish labour market in order to find ways in which the government and its social and economic partners can increase the labour force participation of older workers, especially over the next few years. In order to do this it is necessary to identify barriers to participation and the means to lower them. These barriers may come from the supply side (the over 55s themselves may be unwilling or unable to participate in the labour force) or from the demand side (employers may be unwilling or unable to employ older workers or unwittingly make it difficult for older workers to be recruited or retained).
- 1.2.2. The detailed objectives of the study included the following:
  - I) Determination of labour market participation rates of over-55s in Ireland;
  - II) Comparison of participation rates of over-55s in Ireland with other EU and OECD countries;



- III) Identification of factors influencing current participation rates of the over-55s in Ireland such as:
- sex;
  - marital status;
  - early retirement;
  - redundancy/long-term unemployment;
  - health;
  - dependant responsibilities;
  - location;
  - skill set/qualifications/experience;
  - immigration/emigration.
- IV) Investigation of factors which constrain the participation of the over-55s, including:
- pension considerations;
  - social welfare entitlements;
  - lack of information on jobs and training opportunities;
  - skill/work experience deficiencies;
  - location;
  - preference for part-time/voluntary work.
- V) Examination of barriers faced, or erected, by employers in recruiting from the over-55s, including:
- pension/insurance costs;
  - skills and work experience requirements;
  - insufficient information and knowledge;
  - reluctance to employ older workers because of stereotypes etc.
- VI) Preparation of case studies of best practices involving the recruitment of over-55s;
- VII) Survey of policies and programmes to encourage over-55 participation in Ireland and in other OECD countries;
- VIII) Elaboration of policy recommendations to reduce barriers on the supply and demand sides to the participation of the over-55s in the Irish labour market.

### **1.3. The content of the report**

- 1.3.1. The main findings of the report are set out in an Executive Summary. Following this introduction the full report comprises the following chapters:
- (2) Methodology and approach;
  - (3) Overall labour supply and demand in Ireland and comparator countries;
  - (4) The scope for increasing the Irish labour force participation rate;
  - (5) Key influences on participation rates of those aged over 55;
  - (6) The influence of pension and social security provision on the individual retirement decision;
  - (7) Determinants of participation rates of those over 55: survey results;
  - (8) OECD Government policies to increase activity rates of older workers;
  - (9) Conclusions and recommendations.





## 2. Methodology and Approach

### 2.1. Introduction

2.1.1. The terms of reference for the study required the collection and analysis of data drawn from primary and secondary sources of information. It was necessary to obtain information on the labour market participation of the over-55s not only in Ireland but also in the EU and other OECD countries. The methodology and approach were set out in a thorough and detailed manner in the study brief. This was developed under the two main stages, namely the literature review and the fieldwork.

### 2.2. Desk research

2.2.1. The first stage of the desk research was to establish a database of participation/activity rates since 1983 of the over-55s in Ireland and other OECD countries. This time span facilitates the differentiation of cycles from trends. The participation, or activity, rate is the proportion of the total population which is in the labour force, i.e., employed or unemployed and seeking work. Considerable care was required to ensure that like was being compared with like when making cross country comparisons. For example it was important to establish how the self employed are treated, whether double jobbing was taken into account and that definitions of the unemployed were consistent through time and across countries. Activity rates were broken down by age and sex. Activity rates by other characteristics were also explored, although estimates based on sources such as the Labour Force Survey are limited by small sample sizes.

2.2.2. The desk research focused on source data on over-55 participation rates from the following:

- CSO Labour Force Surveys;
- CSO Census of Population;
- CSO Unemployment Register;
- FÁS labour market surveys;
- ESRI/IBEC employer surveys;
- Eurostat;
- OECD Quarterly Labour Force Statistics.

2.2.3. The second stage of the review of the literature focused on identifying factors impacting on labour market participation of the over-55s. Particular attention was placed on identifying constraints/barriers to participation. The identification of public policies which have successfully addressed this issue in other OECD countries was particularly important.

In accordance with the brief for this study, the publications reviewed included the following:

- unpublished academic reports and theses;
- publications by government departments and agencies including:
  - the Expert Group on Future Skills Need
  - National Competitiveness Council
  - FÁS



- reports and studies by the social partners including:
  - IBEC
  - ICTU
  - Irish National Organisation for the Unemployed
  - National Retirement Council
- publications by professional bodies such as the Institute for Personnel and Development, Commission on Pensions and the Equality Authority
  - EU publications including reports produced by the European Foundation for the Improvement of Living and Working Conditions;
  - reports of EU-funded projects focusing on older workers;
  - publications by international organisations e.g. OECD;
  - conference reports and proceedings such as the joint Government of Finland/European Foundation conference on Active Strategies for an Ageing Workforce.

2.2.4. The research findings arising from the desk study and literature review were drawn together in an interim report which was presented to the project steering group responsible for monitoring the study. This pointed to those areas which should be explored in greater depth through the primary research exercise and provide a framework of national, EU and OECD policy assumptions and positions which could be subsequently considered and tested in the discussions with key agencies, organisations and informants.

## 2.3. The Fieldwork

- 2.3.1. The brief required data on factors impacting on the participation of the over-55 in the workforce from key informants such as government departments and agencies, employers, trade unions and organisations representing older workers/citizens.
- 2.3.2. The focus of the primary research was to throw light on underlying causes of, and trends in, the over-55 participation rate. In particular, it sought to identify and quantify segments of the over-55 age cohort where higher than normal non-participation rates prevail and outline the reasons for such non-participation.
- 2.3.3. The field work also involved the preparation of case studies illustrating best practices of employers who have recruited employees from the over-55 age cohort as well as the documenting of the experiences, where available, of people in this age group who have returned to the labour market.

### *Discussions with key agencies and informants*

2.3.4. In the first instance, the primary research involved extensive consultation with key informants to identify reasons for current levels of over-55 participation in the Irish work force and to explore possible policy initiatives to increase the participation rates of this age cohort. Issues such as barriers to participation arising from lack of information on job/training opportunities, social welfare entitlements constraints, pension considerations, etc., were addressed in these consultations. Some 20 interviews were undertaken with the following organisations:

- Department of Enterprise, Trade and Employment;
- Department of Education and Science;
- Department of Social, Community and Family Affairs;
- Forfás/the Expert Group on Future Skills Needs;
- FÁS;



- Pensions Board;
- IBEC;
- ICTU;
- Economic and Social Research Institute;
- National Retirement Council;
- Irish National Organisation of the Unemployed;
- European Foundation for the Improvement of Living and Working Conditions;
- Recruitment agencies;
- Area Partnership Companies from Dublin, Galway and County Galway, which represent respectively a large city, a smaller city and a rural area;
- Other relevant informants.

2.3.5. The discussions with key agencies and informants were undertaken by senior PACEC staff given both the policy sensitivity of the issues and the opportunity to begin to open up the debate drawing on the international experience derived from the literature review.

#### *Interviews with non-employed over 55s*

2.3.6. PACEC undertook face-to-face interviews by means of structured questionnaires with the non-employed between the ages of 55 and 69. The aim was to identify and quantify the influences on their seeking and obtaining paid work or remaining non-employed.

2.3.7. Three questionnaires were designed. There was one for each of three groups of non-employed. These were (a) the retired, (b) women on home duties (i.e. looking after the home) and (c) unemployed men. The main analysis was based on 216 completed questionnaires distributed between these groups as follows: 127 retired, 53 women on home duties and 36 unemployed men. This sample was boosted by an extra 43 interviews at the 'Over 40s Jobs Fair' held in Dublin in March 2001. The reason for these extra interviews was to ensure that there were enough responses to facilitate an analysis of job seekers. These extra responses were not used for the main analysis because they would bias the sample towards job seekers. Careful use of these extra responses could, however, shed light on issues such as the problems faced by job seekers, especially if there happened to be too few job seekers in the main sample to facilitate a satisfactory analysis of these issues.

2.3.8. The extra responses were distributed between the retired (30 extra responses, bringing the total number of retired responses to 157) and women on home duties (an extra 13 responses, bringing the total number of women on home duties responses to 66). The boosted retired sample is reported at the end of section 7.1 in Chapter 7. After some deliberation it was decided not to use the extra 13 women on home duties interviews because using them would have added little to the findings generated by analysis of the smaller, unbiased sample.

2.3.9. Respondents were chosen by means of a stratified random sample aimed at obtaining enough responses to produce statistical significance to make possible analyses of sub-groups defined by sex, type of non-employment (retired, unemployed and women at home) and age (sub-groups of the 55-69 age group).

2.3.10. The survey was undertaken through face-to-face interviews in Dublin, Cork, Galway and Longford, conducted primarily in the principal shopping centres. This geographical spread was designed to pick out any differences that might exist between cities of varying size and between cities and a predominantly rural area (Longford).

2.3.11. The results were inputted and analysed using the SPSS package, allowing for full cross tabulation.



### *Interviews with Employers and the Irish Bank Officials' Association*

- 2.3.12. Employers in Ireland were interviewed for this study in order to ascertain how, in response to growing labour market shortages, they were attempting to increase their employment of groups from which relatively few employees have been drawn in the past. Such groups include women returning to the workforce after rearing a family and older workers. Most respondents were personnel managers. They were asked about how they retained and recruited these groups. One major aim was to ascertain whether a definable body of best practice was emerging and to examine the nature of any difficulties involved in targeting these groups.
- 2.3.13. Ten case studies were to be undertaken. A Steering Group member suggested that the perspective of an important trade union should be sought, so one of the interviews was with the Irish Bank Officials' Association. This, plus last-minute cancellations by intended respondents, reduced the employer case studies to nine. They were chosen on the grounds that (a) they had demonstrated that they were addressing the problem of labour shortages by seeking to recruit older workers (by, for example, being represented at the Over 40s Jobs Fair in Dublin in March 2001), (b) they were large employers who might be formulating systems to facilitate recruitment of the groups under review, (c) some had a wide geographical coverage in Ireland and this facilitated an analysis of geographical variations in encountering and dealing with labour shortages and (d) they represented a number of sectors (public services, banks, retailers, hotels and electronics).



## 3. Overall Labour Supply and Demand in Ireland and Comparator Countries

### 3.1. Introduction

- 3.1.1. The aim of this chapter is to identify and examine the sources from which Ireland has drawn people to fill the large number of jobs created in the economy since 1985. This examination points to how Ireland may continue to draw people into the labour force to fill the projected increase in the number of jobs over the next few years.
- 3.1.2. This chapter aims to identify which source or sources of labour are increasing in importance and may be amenable to enhancement by government policy.
- 3.1.3. For the purpose of comparison the figures for Ireland shown in this chapter are complemented by corresponding figures for the UK.

### 3.2. The sources of labour filling the new jobs in Ireland

- 3.2.1. Between 1985 and 2000 the number of jobs in Ireland changed from 1,035,000 to 1,707,000, a 65% increase. Most of this increase took place in the latter part of the period. A crucial question is how Ireland filled these jobs and whether it can continue to fill future job gains in the same way. Table 3.1 below shows how employment changed in Ireland over the period to 2000 and how these extra jobs were filled.
- 3.2.2. There are three sources from which the extra jobs are filled. These are:
  - An increase in the number of people of working age (including net immigration). 'Working age' is defined here as 15-64;
  - Lower unemployment; and
  - An increase in the economically active (employed/self-employed and unemployed as a proportion of the population of working age).
- 3.2.3. Table 3.1 shows that between 1985 and 2000 employment in the 15-64 age group changed from 1,035,000 to 1,707,000, an increase of 672,000 or 65%. The filling of these jobs was facilitated by (a) the change in the population of this age group from 2,079,000 to 2,538,000, an increase of 459,000 and (b) the change in the number of unemployed from 232,000 to 75,000, a decrease of 157,000 corresponding to a fall in the rate of unemployment (i.e. unemployed as a proportion of the economically active) and (c) the change in the economic activity rate (i.e. the proportion of total population which is employed (including self-employed) and unemployed and seeking employment).
- 3.2.4. The role of increased participation was to grow enormously in the late 1990s when jobs numbers continued to grow rapidly and the growth in the population of working age and the fall in unemployment both steadied or slowed. Table 3.1 shows that to meet this challenge the proportion of the working-age population who were in employment increased from just over a half in 1993 to almost two-thirds by 2000.



**TABLE 3.1 EMPLOYMENT CHANGE AND SOURCES OF INCREASED LABOUR FORCE IN IRELAND AMONG THE 15-64 AGE GROUP, 1985-2000**

| Year | Population<br>15-64 | Employment 15-64 |        |       | Employment<br>as a % of<br>Population | Unemployment |                | Economically<br>active |       |
|------|---------------------|------------------|--------|-------|---------------------------------------|--------------|----------------|------------------------|-------|
|      |                     | Male             | Female | Total |                                       | 000s         | % Lab<br>force | 000s                   | % Pop |
| 1985 | 2,079               | 712              | 323    | 1,035 | 49.8                                  | 232          | 18.3           | 1,267                  | 61.9  |
| 1987 | 2,105               | 704              | 345    | 1,049 | 49.8                                  | 238          | 18.5           | 1,287                  | 61.1  |
| 1989 | 2,106               | 707              | 354    | 1,060 | 50.3                                  | 209          | 16.5           | 1,269                  | 60.3  |
| 1991 | 2,152               | 723              | 377    | 1,100 | 51.1                                  | 211          | 16.1           | 1,311                  | 60.9  |
| 1993 | 2,190               | 707              | 415    | 1,122 | 51.2                                  | 212          | 15.9           | 1,335                  | 60.9  |
| 1995 | 2,273               | 761              | 468    | 1,229 | 54.1                                  | 171          | 12.2           | 1,400                  | 61.6  |
| 1997 | 2,378               | 812              | 529    | 1,341 | 56.4                                  | 155          | 10.4           | 1,496                  | 62.9  |
| 1999 | 2,494               | 921              | 638    | 1,559 | 62.5                                  | 96           | 5.8            | 1,655                  | 66.4  |
| 2000 | 2,538               | 998              | 708    | 1,707 | 67.3                                  | 75           |                |                        |       |

Note: Figures in 000s except where it is indicated that the figures are percentages.

Source: Eurostat Labour Force Survey (April 2001); CSO Ireland Quarterly National Household Survey (February 2001).

3.2.5. Table 3.2 provides an indication of the relative contributions to the supply of labour in Ireland of the three sources of labour supply: population of working age, the unemployed and the activity rate. The contribution to labour supply of a change in population of working age is shown in column 4, "Employment change due to change in population". This is calculated by applying the activity rate at the beginning of each two-year period to the increase in population of working age. The change in unemployment is assumed to give rise to an equal and opposite change in employment, shown in column 5, "Employment change due to change in unemployment". The last column shows the effect of a change in the activity rate. This is simply a residual, based on the last three columns summing to the "Employment change" column. The table shows that the contribution of the changes in activity rate since the mid-90s, especially since 1997, has been very important.

**TABLE 3.2 THE CONTRIBUTION OF CHANGES IN POPULATION OF WORKING AGE, UNEMPLOYMENT AND ACTIVITY RATE TO EMPLOYMENT IN IRELAND, 1985-2000**

| Period            | Employment at<br>start of period | Employment<br>change | Employment<br>change due to<br>change in<br>population | Employment<br>change due to<br>change in<br>unemployment | Employment<br>change due to<br>change in<br>activity rate |
|-------------------|----------------------------------|----------------------|--|--|---|
| <b>Base: 1985</b> | <b>1,035</b>                     | -                    | -  | -  | -   |
| 1985-1987         | 1,035                            | 14                   | 16   | -6   | 4   |
| 1987-1989         | 1,049                            | 11                   | 1  | 29   | -19   |
| 1989-1991         | 1,060                            | 40                   | 28   | -2   | 14  |
| 1991-1993         | 1,100                            | 22                   | 23   | -1   | 0   |
| 1993-1995         | 1,122                            | 107                  | 51   | 41   | 15  |
| 1995-1997         | 1,229                            | 112                  | 65   | 16   | 31  |
| 1997-1999         | 1,341                            | 218                  | 73   | 59   | 86  |
| 1999-2000         | 1,559                            | 148                  | 29   | 21   | 98  |
| <b>1985-2000</b>  | <b>1,035</b>                     | <b>672</b>           | <b>280</b>   | <b>157</b>   | <b>235</b>  |
| <b>End: 2000</b>  | <b>1,707</b>                     |                      |  |  |   |

Source: Eurostat Labour Force Survey (April 2001); CSO Ireland Quarterly National Household Survey (February 2001).



- 3.2.6. Table 3.3 shows the contribution of each of the three sources of labour supply to employment in Ireland as a year-on-year percentage change. This shows more clearly the increasing contribution of the rise in activity rate to employment in Ireland.

**TABLE 3.3 THE YEAR-ON-YEAR PERCENTAGE CONTRIBUTION OF CHANGES IN POPULATION, UNEMPLOYMENT AND ACTIVITY RATE TO EMPLOYMENT IN IRELAND, 1985-2000**

| Period           | Absolute employment at start of period | Year-on-year employment change | Employment change due to change in population | Employment change due to change in unemployment | Employment change due to change in activity rate |
|------------------|--|--------------------------------|---|---|--|
| 1985-1987        | 1,035                                  | 0.7%                           | 0.8%  | -0.3%   | 0.2%   |
| 1987-1989        | 1,049                                  | 0.5%                           | 0.0%  | 1.4%  | -0.9%  |
| 1989-1991        | 1,060                                  | 1.9%                           | 1.3%  | -0.1%   | 0.7%   |
| 1991-1993        | 1,100                                  | 1.0%                           | 1.0%  | 0.0%  | 0.0%   |
| 1993-1995        | 1,122                                  | 4.7%                           | 2.2%  | 1.8%  | 0.7%   |
| 1995-1997        | 1,229                                  | 4.5%                           | 2.6%  | 0.6%  | 1.3%   |
| 1997-1999        | 1,341                                  | 7.8%                           | 2.7%  | 2.2%  | 3.2%   |
| 1999-2000        | 1,559                                  | 9.5%                           | 1.9%  | 1.3%  | 6.3%   |
| <b>1985-2000</b> | <b>1,035</b>                           | <b>3.4%</b>                    | <b>1.6%</b>                                   | <b>0.9%</b>                                     | <b>1.4%</b>                                      |

Source: Eurostat *Labour Force Survey (April 2001)*; CSO Ireland *Quarterly National Household Survey (February 2001)*; PACEC.

### 3.3. Rising vacancy levels in Ireland

- 3.3.1. The National Economic and Social Forum report, 'Alleviating Labour Shortages', published in 2000, pointed out that the private sector vacancy rate (i.e. vacancies as a proportion of employment plus vacancies) had increased from 2% in 1996 to 6.5% in 1999. The 1998 national survey of vacancies in the private, non-agricultural sector, undertaken by ESRI, showed that 27% of such employers reported vacancies and 24% reported that at least one vacancy was 'hard to fill'. A survey of the Chambers of Commerce in Ireland in March 2000, quoted in the Labour Market Review and a Forfás report produced by Tansey Webster Stewart & Company, found that 38% of respondents had unfilled vacancies. The 1999 figure had been 37% (10 percentage points higher than the ESRI figure for the same year). Both surveys paint a picture of rising vacancies and both show that Dublin employers have relatively high vacancy rates.

### 3.4. UK compared with Ireland

- 3.4.1. In order to illustrate the importance of increased activity rates in Ireland, tables corresponding to Tables 3.1-3.3 above for Ireland have been constructed for the UK. The UK has not had to rely much on an increased activity rate to fill the jobs created during the period under review. The increase in the proportion of working-age population who are in employment has been accounted for not by an increase in activity (participation) rate (which has been practically unchanged since 1987) but almost entirely by the reduction in unemployment.



**TABLE 3.4 EMPLOYMENT CHANGE AND SOURCES OF INCREASED LABOUR FORCE IN THE UK AMONG THE 15-64 AGE GROUP, 1985-2000**

| Year | Population | Employment 15-64 | Employment/  | Unemployment |      | Active |       |
|------|------------|------------------|--------------|--------------|------|--------|-------|
|      | 15-64      | Total            | Population % | 000s         | %    | 000s   | % Pop |
| 1985 | 36,706     | 23,884           | 65.1         | 3,123        | 11.6 | 27,007 | 73.6  |
| 1987 | 36,879     | 24,432           | 66.2         | 3,048        | 11.1 | 27,480 | 74.5  |
| 1989 | 36,986     | 26,095           | 70.6         | 2,093        | 7.4  | 28,188 | 76.2  |
| 1991 | 37,033     | 25,768           | 69.6         | 2,427        | 8.6  | 28,195 | 76.1  |
| 1993 | 37,221     | 25,052           | 67.3         | 2,921        | 10.4 | 27,973 | 75.2  |
| 1995 | 37,411     | 25,490           | 68.1         | 2,455        | 8.8  | 27,946 | 74.7  |
| 1997 | 37,572     | 26,181           | 70.1         | 2,017        | 7.2  | 28,198 | 75.0  |
| 1999 | 38,106     | 26,898           | 70.6         | 1,756        | 6.1  | 28,654 | 75.2  |
| 2000 | 38,260     | 27,294           | 71.2         | 1,625        | 5.6  | 28,880 | 75.5  |

Source: Eurostat *Labour Force Survey (April 2001)*.

- 3.4.2. The UK has not experienced the rate of job growth experienced by Ireland in the period under review. While the number of jobs in Ireland increased by 65% between 1985 and 2000, the number of jobs in the UK increased by just 14%. Unlike the situation in Ireland, the UK, as illustrated in Table 3.5, has had enough potential workers from the combination of an increased population of working age and a reduction in unemployment to fill the extra jobs with little or no requirement for increased activity rates. Table 3.5 below is calculated on the same basis as the corresponding Table 3.2 for Ireland above.

**TABLE 3.5 THE CONTRIBUTION OF CHANGES IN POPULATION OF WORKING AGE, UNEMPLOYMENT AND ACTIVITY RATE TO EMPLOYMENT IN THE UK, 1985-2000**

| Period            | Employment at start of period | Employment change | Employment change due to change in population | Employment change due to change in unemployment | Employment change due to change in unemployment |
|-------------------|-------------------------------|-------------------|---|---|---|
| <b>Base: 1985</b> | <b>23,884</b>                 | -                 | -   | -   | -   |
| 1985-1987         | 23,884                        | 548               | 127   | 75  | 346   |
| 1987-1989         | 24,432                        | 1,663             | 80  | 955   | 628   |
| 1989-1991         | 26,095                        | -327              | 36  | -334  | -29   |
| 1991-1993         | 25,768                        | -716              | 143   | -494  | -365  |
| 1993-1995         | 25,052                        | 438               | 143   | 466   | -171  |
| 1995-1997         | 25,490                        | 691               | 120   | 438   | 133   |
| 1997-1999         | 26,181                        | 717               | 401   | 261   | 55  |
| 1999-2000         | 26,898                        | 396               | 116   | 131   | 149   |
| <b>1985-2000</b>  | <b>23,884</b>                 | <b>3,410</b>      | <b>1,143</b>                                  | <b>1,498</b>                                    | <b>769</b>                                      |
| <b>End: 2000</b>  | <b>27,294</b>                 | -                 | -   | -   | -   |

Source: Eurostat *Labour Force Survey (April 2001)*; CSO *Ireland Quarterly National Household Survey (February 2001)*; PACEC.

- 3.4.3. The year-on-year percentage contribution of the three sources of labour supply are shown for the UK. The figures, calculated in the same way as the corresponding figures for Ireland, are shown in Table 3.6. It can readily be seen that increased activity rates have made very little contribution to the supply of extra labour compared with Ireland.





**TABLE 3.6 THE YEAR-ON-YEAR PERCENTAGE CONTRIBUTION OF CHANGES IN POPULATION, UNEMPLOYMENT AND ACTIVITY RATE TO EMPLOYMENT IN THE UK, 1985-2000**

| Period           | Absolute employment at start of period | Year-on-year employment change | Employment change due to change in population | Employment change due to change in unemployment | Employment change due to change in activity rate |
|------------------|--|--------------------------------|---|---|--|
| 1985-1987        | 23,884                                 | 1.1%                           | 0.3%  | 0.2%  | 0.7%   |
| 1987-1989        | 24,432                                 | 3.3%                           | 0.2%  | 1.9%  | 1.3%   |
| 1989-1991        | 26,095                                 | -0.6%                          | 0.1%  | -0.6%   | -0.1%  |
| 1991-1993        | 25,768                                 | -1.4%                          | 0.3%  | -1.0%   | -0.7%  |
| 1993-1995        | 25,052                                 | 0.9%                           | 0.3%  | 0.9%  | -0.3%  |
| 1995-1997        | 25,490                                 | 1.3%                           | 0.2%  | 0.9%  | 0.3%   |
| 1997-1999        | 26,181                                 | 1.4%                           | 0.8%  | 0.5%  | 0.1%   |
| 1999-2000        | 26,898                                 | 1.5%                           | 0.4%  | 0.5%  | 0.6%   |
| <b>1985-2000</b> | <b>23,884</b>                          | <b>0.9%</b>                    | <b>0.3%</b>                                   | <b>0.4%</b>                                     | <b>0.2%</b>                                      |

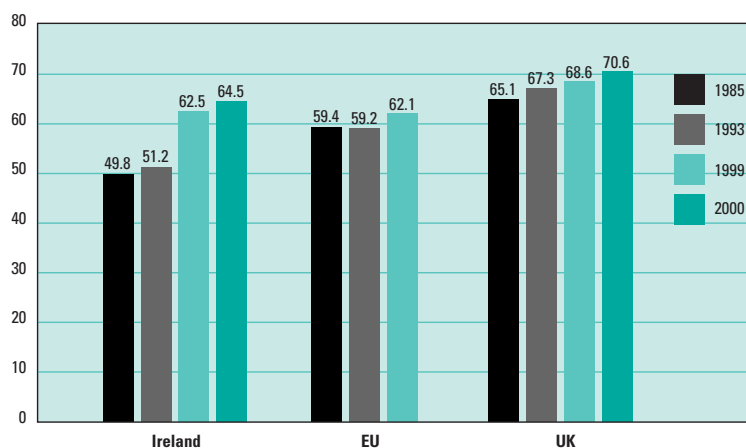
Source: Eurostat *Labour Force Survey (April 2001)*; CSO *Ireland Quarterly National Household Survey (February 2001)*; PACEC.

### 3.5. Requirement for further increases in participation rates in Ireland

- 3.5.1. The evidence presented above shows that in contrast with the UK and the Irish economy has, in recent years compared with the period up to about 1996, relied more on increasing participation rates and correspondingly less on increases in the population of working age or decreases in unemployment to supply expanding labour requirements. Ireland has expanded its labour participation rate. Figure 3.1 shows that the ratio of employment to population among those of working age increased from about a half in 1993 to about two-thirds in 2000.
- 3.5.2. If the Irish economy continues to expand at the kinds of rates seen in recent years, further significant increases in participation will be required. The National Economic and Social Forum's Report No.19, 'Alleviating Labour Shortages', November 2000, calculated, on the basis of reasonable assumptions and projections regarding employment requirements and alternative sources of labour supply, that Ireland's overall participation rate would have to increase from 58.9% in 2000 to 61% by 2005. The participation rates quoted in that report are lower than the activity rate or the employment/population ratio shown in Figure 3.2 because the report's denominator is the population aged 15+, while the denominator in Figure 3.2 is the population aged 15-64. The report concludes that the "evolution" of participation rates "over the medium term is one of the key factors determining the labour supply challenge".
- 3.5.3. Comparisons between participation rates in Ireland, on the one hand, and in the UK and some northern European countries on the other suggest that there is scope for such a further increase in Ireland's participation rate. Figures 3.1 and 3.2 below show that the proportions in Ireland of the 15-64 age group which are (a) employed and (b) economically active (participants) have increased faster than the proportions in the EU or the UK but that there is some way to go to match the proportions in the UK (and several other countries, especially in northern Europe, as illustrated in Chapter 4).

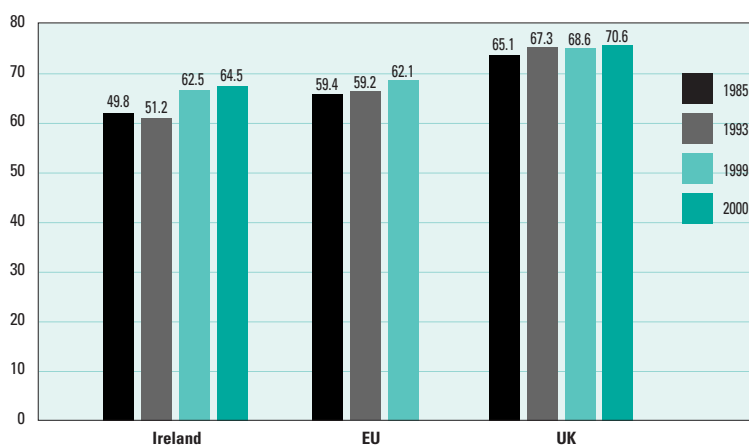


**FIGURE 3.1 EMPLOYMENT AS A PERCENTAGE OF THE 15-64 AGE GROUP, 1985-2000**



Source: Eurostat *Labour Force Survey* (April 2001).

**FIGURE 3.2 PERCENTAGE OF THE 15-64 AGE GROUP WHO ARE ECONOMICALLY ACTIVE (I.E. EMPLOYED OR UNEMPLOYED), 1985-2000**

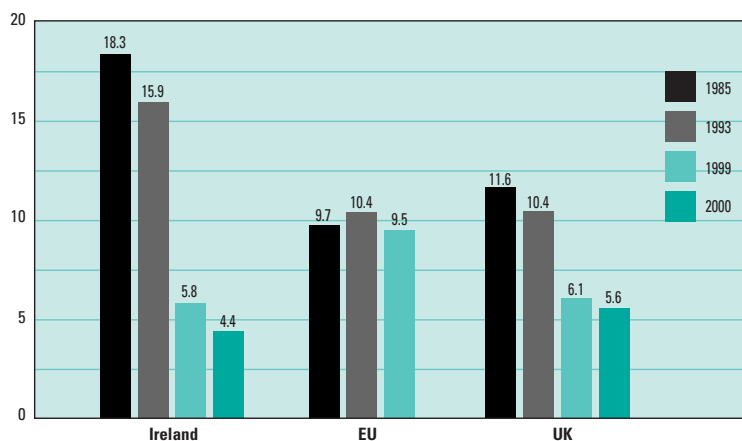


Source: Eurostat *Labour Force Survey* (April 2001); CSO *Ireland Quarterly National Household Survey* (February 2001); PACEC.

- 3.5.4. The importance of increasing Ireland's participation/activity rate is underlined further by the limited scope for increasing employment by means of reducing unemployment. Ireland once had one of the highest unemployment rates in the developed world (e.g. 18.3% in 1983, when the EU rate was 9.7%) but now it has one of the lowest (4.4% in 2000, compared with the EU's 9.5% in the previous year), as shown in Figure 3.3 below.



FIGURE 3.3 UNEMPLOYMENT AS A PERCENTAGE OF ACTIVE POPULATION (AGE 15-64), 1985-2000



Source: Eurostat *Labour Force Survey (April 2001)*.

### 3.6. Summary and conclusions

- 3.6.1. This chapter examined employment growth among those of working age (here defined as 15-64) in Ireland and the UK between 1985 and 2000, and identified the sources from which the increased demand for labour has been supplied over this period. This is an important issue in Ireland, which has experienced a particularly large increase in the number of jobs, especially since 1993.
- 3.6.2. Three sources of extra labour filled the extra jobs:
  - the growth of the population of working age, including net immigration;
  - people coming off the unemployment register; and
  - the increased ratio of employment to population among those of working age and an increased activity/participation rate.
- 3.6.3. All three of these sources have played a significant part in filling jobs but over the last few years the part played by the increased ratio of employment to population of working age has become crucial in Ireland, where the proportional increase in the number of jobs has been much greater than in practically every other developed country
- 3.6.4. The increase in the population of working age and the decrease in unemployment in Ireland were sufficient to supply only 44% of the extra labour requirement between 1999 and 2000 while the other 56% was supplied by the increase in the ratio of employment to population of working age.
- 3.6.5. This chapter has shown that the number of jobs in Ireland has grown significantly faster than in the UK over the last few years. Filling these jobs has required increases in the activity/participation rate and in the ratio of employed to population of working age which have risen significantly faster than in practically any other developed country. It has referred to other work which indicates that further increases in these rates in Ireland will be required to fill the jobs likely to be created over the next four years, given the limitations on filling jobs through the growth of the population of working age or through a reduction in unemployment. The issue is whether there is scope to increase the activity rate by the required amount. The following chapter addresses this issue.



## 4. The Scope for Increasing the Irish Labour Force Participation Rate

### 4.1. Introduction

- 4.1.1. An increase in participation rates is essential for the continued growth of the Irish economy over the next few years. This chapter sets out to identify the groups, defined by age and sex, with the greatest scope for increasing their participation rates and indicates the broad regional differences in participation rates.
- 4.1.2. Activity rates are charted over the period since the mid-1980s in order to identify trends in participation rates in Ireland and in the rest of the EU. Ireland is then benchmarked against other EU countries on current activity rates for men and for women in the 15-64 and the 55-69 age groups.
- 4.1.3. The participation rates of the age/sex groups in Ireland and the EU are compared in order to indicate which groups have the most scope to increase their participation rates. The employment and activity rates of Dublin are compared with the rates for the rest of the country in order to give a broad idea of the scope for increasing the supply of labour at a regional level.

### 4.2. Trends in male and female participation rates in Ireland

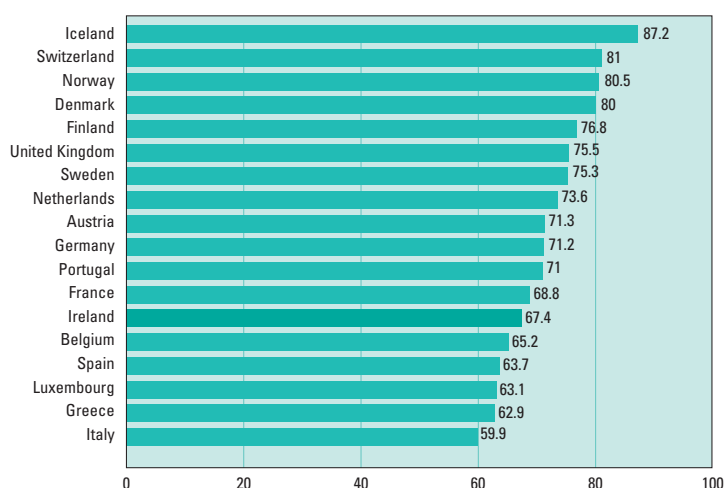
- 4.2.1. The broad trends in male and female participation rates of those of working age (defined here as 15-64) since the mid 1980s, in Ireland and in most other EU and OECD countries, are set out as follows:
- overall participation rates for men were fairly steady or declining slightly in the late 1980s, with many countries, including Ireland, around the 80% mark in 1990. This was followed by falls of about three percentage points during the recession of the early 1990s. Most countries, including Ireland, experienced small increases in the later 1990s but these did not quite reach the 80% mark of 1990. The rate for Ireland in 2000 was 79.1%;
  - overall participation rates for women have risen throughout the late 1980s and 1990s, including the recession years, and are still rising. Ireland started from a low base in the mid-1980s of around 40%, compared with around 50% for the rest of the EU. By 1999, this 10 percentage point gap had narrowed to less than five points (EU15 rate was 59.2%, Irish rate 54.4%). International Labour Organisation (ILO) figures for the corresponding quarter of 2000 show that the rate for women in the 15-64 age group in Ireland reached 55.7%.

### 4.3. Participation rates in Ireland and European countries: 15-64 age group

- 4.3.1. The participation rate of the 15-64 age group in Ireland over the last several years has increased by more than any other European country. It grew from 60% in 1992 to 67.4% in 2000. Most other European countries experienced increases of between two and five percentage points. Despite this surge in the Irish participation rate, Ireland in 2000 was only thirteenth out of 18 countries in the Eurostat database on this measure, set out in Figure 4.1. Seven of these countries have participation rates which are eight percentage points or more above Ireland's rate and Iceland's rate is almost 20 points above it. This suggests that there is considerable scope for increasing Ireland's participation rate.



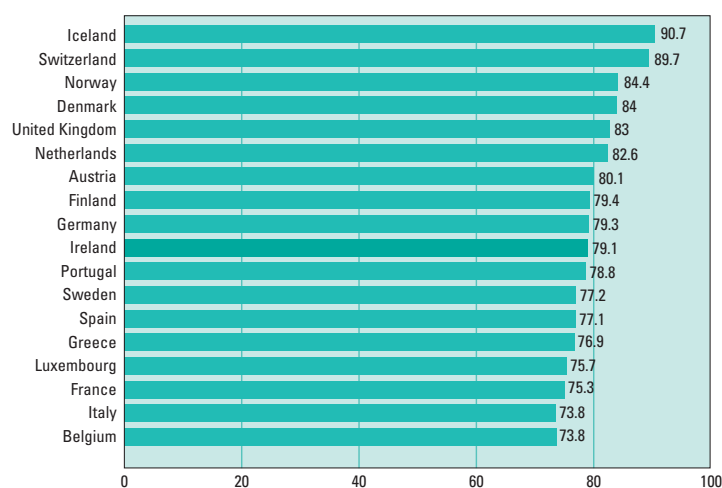
**FIGURE 4.1 ACTIVITY RATES IN THE 15-64 AGE GROUP, BY COUNTRY, 2000**



Source: Eurostat *Labour Force Survey (April 2001)*.

- 4.3.2. Ireland is tenth out of the 18 countries with regard to the participation rate of males. Most of the countries above Ireland in Figure 4.2 have only marginally higher rates and only two countries have rates which are eight percentage points or more above the Irish rate. This suggests that there is limited scope for increasing the participation rate of males in Ireland.

**FIGURE 4.2 ACTIVITY RATES OF MALES IN THE 15-64 AGE GROUP, BY COUNTRY, 2000**

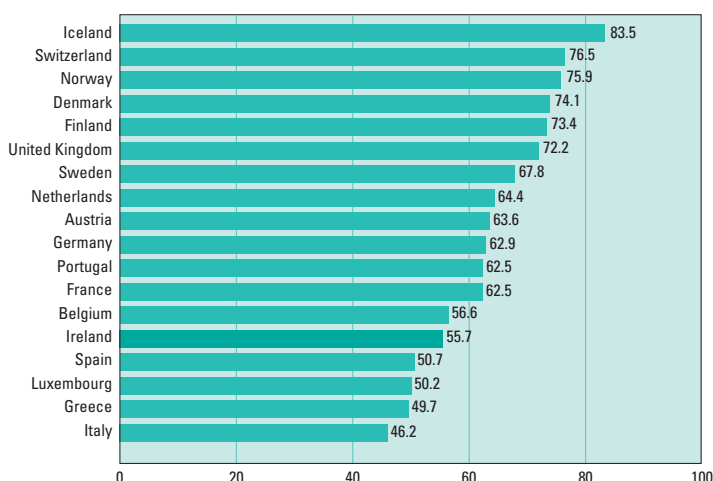


Source: Eurostat *Labour Force Survey (April 2001)*.

- 4.3.3. Ireland is fourteenth out of the 18 countries with regard to the participation rate of females. Nine of the countries above Ireland in Figure 4.3 have participation rates which are eight percentage points or more above the Irish rate. This suggests that there is considerable scope for increasing the Irish female participation rate.



**FIGURE 4.3 ACTIVITY RATES OF FEMALES IN THE 15-64 AGE GROUP, BY COUNTRY, 2000**

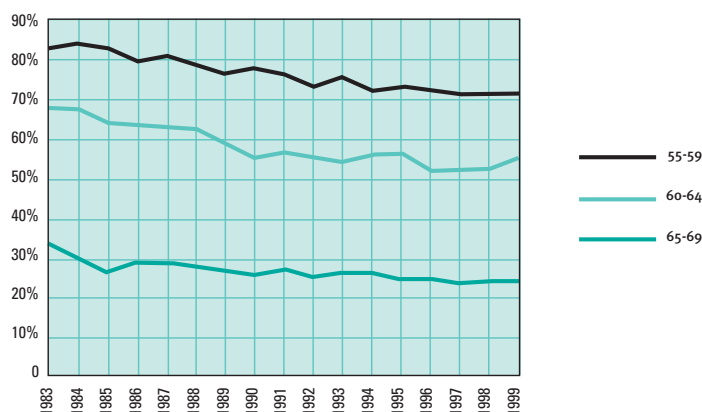


Source: Eurostat *Labour Force Survey (April 2001)*.

#### 4.4. Activity rates in Ireland and the EU: 55-69 age group

4.4.1. Activity rates of men in OECD countries appear to be declining slightly over the last two decades, despite rises in response to recent job creation. For older men this decline is more pronounced. Ireland mirrors these trends and Figure 4.4 below shows the downward trend among older Irish male workers.

**FIGURE 4.4 ACTIVITY RATES FOR MALES IN THE 55-69 AGE GROUP IN IRELAND, 1983-1999**

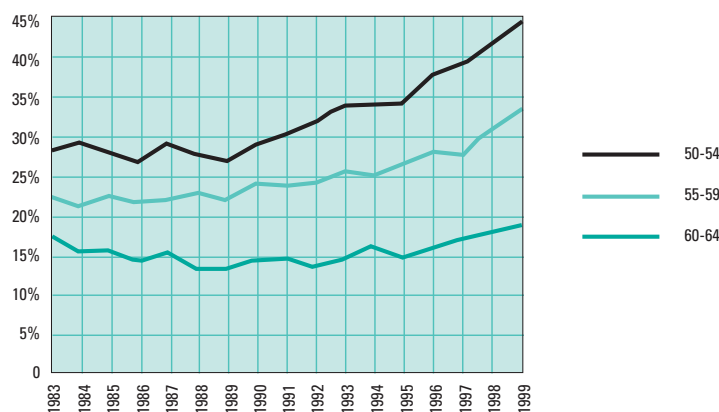


Source: Eurostat *Labour Force Survey (April 2001)*.

4.4.2. Activity rates for older women in OECD countries have risen steadily over the last decade or more, including during the recession of the early 1990s. The rise for women in Ireland has been faster than in practically all other countries. In Ireland the rise in the rate for older females is as strong as the rise for all women. The trend in activity rates for older females in Ireland is shown in Figure 4.5 below.



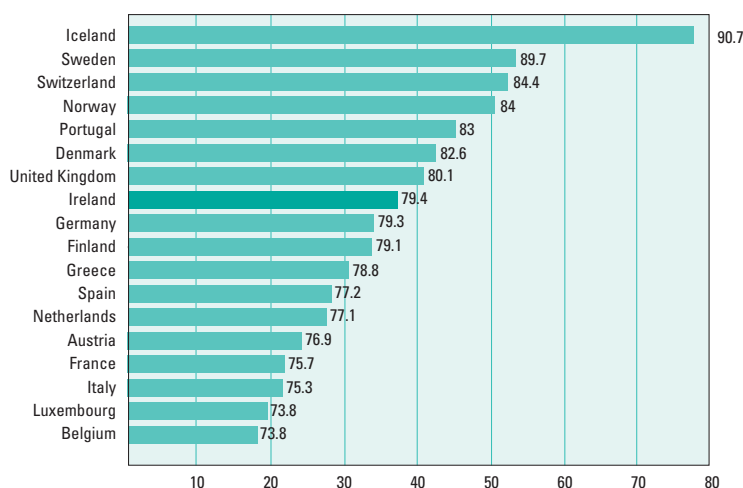
**FIGURE 4.5 ACTIVITY RATES FOR FEMALES IN THE 55-69 AGE GROUP IN IRELAND, 1983-1999**



Source: Eurostat *Labour Force Survey (April 2001)*.

4.4.3. Ireland is eighth out of 18 countries with regard to the participation rate of the 55-69 age group, as set out in Figure 4.6. Even without the outlier, Iceland, with an extremely high rate, there is a wide spread of rates between countries, ranging from 18% in Belgium to over 53% in Sweden. Ireland is around half way between Belgium and Sweden. The wide range suggests that some combination of policy and cultural predisposition can have a significant effect on a country's rate. The fact that Ireland's rate is 13 to 15 points lower than the rates of the top three countries excluding Iceland suggests that there is a fair amount of scope for increasing the Irish rate.

**FIGURE 4.6 ACTIVITY RATES IN THE 55-69 AGE GROUP, BY COUNTRY, 2000**



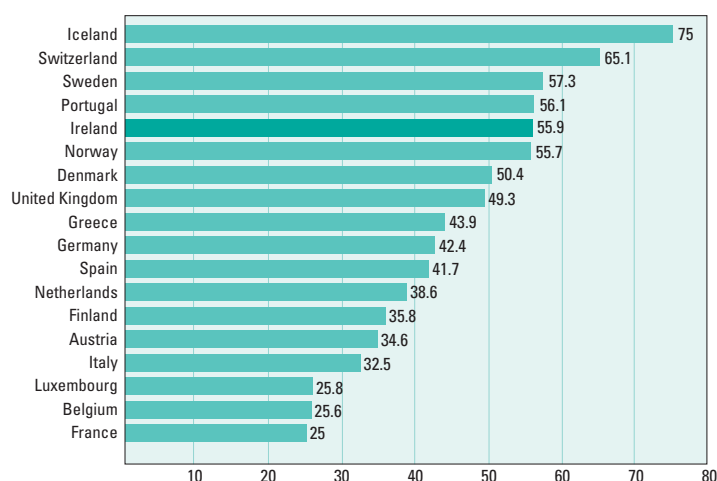
Source: Eurostat *Labour Force Survey (April 2001)*.

4.4.4. A comparison of activity rates of older males and older females in Ireland, in the context of the activity rates for each sex in other European countries, set out in Figures 4.7 and 4.8 suggests that there is more scope in Ireland to increase the activity rate of older women than of older men. Only Switzerland and Iceland have significantly higher activity rates for males in this age group (and the latter figure is barely statistically significant, given the low numbers involved) and most countries are some way behind Ireland's rate.



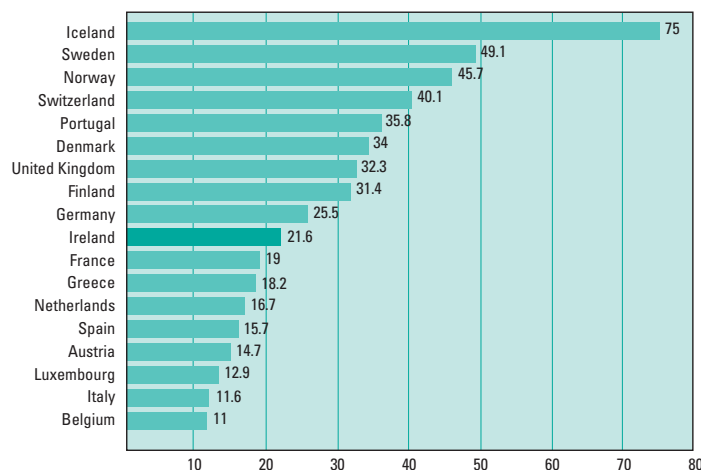
4.4.5. The activity rate of females in the age group in Ireland is low despite the rise over the last several years. It is in tenth position in the Eurostat rankings but the relevant comparison is with the rates in the other European countries shown in the graphs; the rates in the countries above Ireland are generally well above the Irish rate while the rates elsewhere are only a little below the Irish rate (see Figures 4.7 and 4.8).

**FIGURE 4.7 ACTIVITY RATES OF MALES IN THE 55-69 AGE GROUP, BY COUNTRY, 2000**



Source: Eurostat, *Labour Force Survey (April 2001)*.

**FIGURE 4.8 ACTIVITY RATES OF FEMALES IN THE 55-69 AGE GROUP, BY COUNTRY, 2000**



Source: Eurostat, *Labour Force Survey (April 2001)*.

## 4.5. Scope for each group in Ireland to increase its activity rate

4.5.1. A calculation is made of the number of extra recruits each age/sex group in Ireland would provide to the ranks of the economically active if that group's activity rate matched the EU 15 activity rate. Tables 4.1 and 4.2 below show, for each group, the difference in activity rates between Ireland and the EU 15 average. The total population in each age-sex group in Ireland is shown in order to make possible the required calculation. The final column of Tables 4.1 and 4.2 show the scope for increasing the number of active people from each group. This is a measure of the addition to the workforce that would be made by each group if it increased its activity rate to the EU 15 level.





**TABLE 4.1 IRELAND'S MALE POPULATION BY AGE, THE PROPORTION ECONOMICALLY ACTIVE BY AGE AND SCOPE FOR INCREASING THE NUMBER OF THE ECONOMICALLY ACTIVE NUMBERS TO THE EU LEVEL, 1999**

| MALES |                           |                  |                |                         |
|-------|---------------------------|------------------|----------------|-------------------------|
| AGE   | Ireland population (000s) | Ireland % Active | EU 15 % Active | Scope in Ireland (000s) |
| 15-19 | 171.5                     | 33.1             | 30.9           | 0.0                     |
| 20-24 | 164.0                     | 78.1             | 70.9           | 0.0                     |
| 25-29 | 153.2                     | 93.4             | 89.2           | 0.0                     |
| 30-34 | 133.1                     | 94.3             | 95.0           | 0.9                     |
| 35-39 | 132.4                     | 93.3             | 95.5           | 2.9                     |
| 40-44 | 126.7                     | 93.2             | 94.8           | 2.0                     |
| 45-49 | 119.3                     | 88.8             | 93.2           | 5.2                     |
| 50-54 | 112.7                     | 85.5             | 87.2           | 1.9                     |
| 55-59 | 87.8                      | 72.1             | 69.0           | 0.0                     |
| 60-64 | 73.8                      | 55.2             | 32.8           | 0.0                     |
| 65-69 | 62.4                      | 23.8             | 9.4            | 0.0                     |
| TOTAL |                           |                  |                | 12.9                    |

Source: CSO Ireland, *Population & Migration Estimates (April 2000)* and Eurostat, *Labour Force Survey (April 2001)*.

**TABLE 4.2 IRELAND'S FEMALE POPULATION BY AGE, THE PROPORTION ECONOMICALLY ACTIVE BY AGE AND SCOPE FOR INCREASING THE NUMBER OF THE ECONOMICALLY ACTIVE NUMBERS TO THE EU LEVEL, 1999**

| FEMALES  |                           |                  |                |                         |
|----------|---------------------------|------------------|----------------|-------------------------|
| AGE BAND | Ireland population (000s) | Ireland % Active | EU 15 % Active | Scope in Ireland (000s) |
| 15-19    | 162.4                     | 24.8             | 25.3           | 0.8                     |
| 20-24    | 162.1                     | 70.6             | 61.4           | 0.0                     |
| 25-29    | 149.5                     | 81.0             | 74.8           | 0.0                     |
| 30-34    | 134.6                     | 69.2             | 74.0           | 6.5                     |
| 35-39    | 137.6                     | 64.2             | 73.7           | 13.1                    |
| 40-44    | 128.5                     | 59.7             | 74.0           | 18.4                    |
| 45-49    | 119.1                     | 53.0             | 70.7           | 19.4                    |
| 50-54    | 110.5                     | 44.9             | 61.2           | 18.0                    |
| 55-59    | 85.8                      | 33.5             | 43.5           | 8.6                     |
| 60-64    | 74.3                      | 19.4             | 15.1           | 0.0                     |
| 65-69    | 65.6                      | 5.5              | 4.2            | 0.0                     |
| TOTAL    |                           |                  |                | 84.8                    |

Source: CSO Ireland, *Population & Migration Estimates (April 2000)* and Eurostat, *Labour Force Survey (April 2001)*.

- 4.5.2. The figures shown in Tables 4.1 and 4.2 are for 1999 since the EU 15 figures for 2000 are not yet available. Since the Irish economy was growing faster than Europe's in the late 1990's the increase in the Irish figures for 2000 is probably greater than any increase in the EU 15 figures, but it is unlikely that using the 2000 figures would have any significant effect on the figures in the last column of those two Tables.
- 4.5.3. If those groups in Ireland with activity rates below the EU 15 average were brought up to that average there would be an extra 12,900 men (Table 4.1) and an extra 84,800 women (Table 4.2) in the labour force.



- 4.5.4. The activity rate of males aged 55-69 in Ireland is higher than the EU average. If females in this age group in Ireland matched the activity rate of their EU counterparts an extra 8,600 would enter the labour force.
- 4.5.5. The greatest scope for increasing activity rates in Ireland is among women aged 30-59 (an extra 84,000, based on the calculations in Table 4.2)) especially in the cohort of those aged 35-54 (an extra 68,900).
- 4.5.6. Single women in Ireland have far higher activity rates than married women. Eurostat data for 1999 show that the activity rate in Ireland for all single women was 59.6% and for all married women it was 50.7%. In the EU 15 the difference was relatively small (59.6% for single women, 58.6% for married women). The difference between activity rates of single and married women in Ireland, set out in Table 4.3, is particularly pronounced in those age groups where women's activity rates are low compared with other European countries i.e. age 35 and over.

**TABLE 4.3 ACTIVITY RATE OF FEMALES IN IRELAND, 1999, BY AGE AND MARITAL STATUS**

| Age   | Single<br>activity rate (%) | Married<br>activity rate (%) |
|-------|-----------------------------|------------------------------|
| 25-29 | 87.0                        | 70.5                         |
| 30-34 | 82.2                        | 64.2                         |
| 35-39 | 81.2                        | 60.6                         |
| 40-44 | 76.6                        | 56.5                         |
| 45-49 | 71.8                        | 49.7                         |
| 50-54 | 62.2                        | 42.5                         |
| 55-59 | 55.8                        | 30.0                         |

Source: Eurostat, *Labour Force Survey (April 2001)*.

## 4.6. Regional activity rates

- 4.6.1. Activity rates in Ireland vary by region as well as by age, sex and marital status. Table 4.4 shows that in 2000 Dublin had a significantly higher activity rate than the rest of Ireland.

**TABLE 4.4 ECONOMIC ACTIVITY, EMPLOYMENT AND UNEMPLOYMENT AMONG THOSE AGED 15+ IN DUBLIN AND IN THE REST OF IRELAND, 2000**

|                        | No<br>Active (000s) | No. in<br>employment | No.<br>employed (000s) | Unemployed<br>(%) (000s) | Activity rate<br>(%) |
|------------------------|---------------------|----------------------|------------------------|--------------------------|----------------------|
| Dublin                 | 565.5               | 548.8                | 16.7                   | 2.9                      | 63.4                 |
| Ireland                | 1,779.1             | 1,710.3              | 68.8                   | 3.9                      | 59.2                 |
| Ireland outside Dublin | 1,213.6             | 1,161.5              | 52.1                   | 4.3                      | 57.4                 |

Source: Central Statistics Office, Ireland, *Quarterly National Household Survey, (February 2001)*.

- 4.6.2. Table 4.4 suggests that there is considerable scope for increasing activity rates in Ireland outside the Dublin area. The interviews with companies with national branch/outlet coverage indicate that filling vacancies for most jobs is noticeably easier outside Dublin. Of course there are various reasons for the rest of Ireland being unable to raise its activity rate to that of Dublin but a measure of the scope for regional policy is that if the activity rate in Ireland outside Dublin were raised to the level of Dublin this would add 126,800 to the number of economically active individuals in Ireland (calculation from Table 4.4).



## 4.7. Summary and conclusions

- 4.7.1. This chapter shows that male and female activity rates over the last decade and a half in Ireland have followed very different paths. However, both have broadly followed the EU pattern for each sex.
- 4.7.2. Rates for males in both Ireland and Europe were already falling slightly before the recession of the early 1990s. They fell further during that recession and then recovered without quite reaching the 80% mark which pertained in Ireland and several EU countries in 1990. The current trend is slightly upwards but only in response to significant job creation and the long-term trend may well be slightly downwards.
- 4.7.3. Rates for females in both Ireland and Europe have risen throughout the mid-80s and 1990s, including during the recession. The Irish rate has risen considerably since it started from a low base in the mid-80s, significantly narrowing the gap between it and the EU rate, and was still rising into the year 2000. The overall trend remains upwards.
- 4.7.4. Male activity rates in Ireland have limited scope for growth, but female activity rates in Ireland have considerable scope for growth if other European countries in the Eurostat database are taken as the benchmark.
- 4.7.5. Irish activity rates are higher than in Europe among younger (under 30) and older (over 60) people but lower for the middle groups (30-59)
- 4.7.6. The greatest scope for increasing activity rates is among women aged 30-59, especially those aged 35-54. Within this group the greater scope is with married women, not only because their number is far greater than the number of unmarried women but also because the participation rate of married women in Ireland is significantly lower than the rate for unmarried women in Ireland or for married women in the rest of Europe.
- 4.7.7. There appears to be scope for increasing the supply of labour by improving overall activity rates in the rest of Ireland outside the Dublin area.



## 5. Key Influences on Participation Rates of Those Aged Over 55

### 5.1. Introduction

5.1.1. This chapter examines the key determinants or barriers to labour force participation of those aged 55 and over including the main labour market influences on participation rates.

5.1.2. These influences are analysed under six headings:

- I displacement (or redundancy) and involuntary early retirement;
- II lack of opportunity to 'downshift' (staying in employment but for fewer/flexible hours and/or in a job which requires less physical labour or is less stressful);
- III inadequate training and assistance with job seeking;
- IV education;
- V low pay; and
- VI discrimination on the grounds of age.

5.1.3. The issues discussed in more depth under these headings include:

- skills no longer in demand/lack of skills relevant to growth sectors of the economy;
- relatively low levels of literacy and formal educational attainment;
- lack of experience and skills in job searching;
- personal issues related to self-esteem;
- less willingness to be geographically and/or occupationally mobile for an employment opportunity, for reasons of cost and risk;
- negative stereotyping by employers, the media, and private as well as public employment agencies about the productivity of older workers, resulting in employer reluctance to hire or (re)train older workers;
- social, managerial and political pressures on older workers to step aside to help address youth unemployment, reduce payroll costs and downsize organisations; and
- job-related training programmes which are often inaccessible and/or inappropriate to the needs and interests of older workers.

### 5.2. Displacement/involuntary early retirement and discouragement

5.2.1. Employment of older males in most countries declined most sharply during the 1979-83 recession when manufacturing contracted. The initial decline appears to have been due more to displaced older workers becoming long-term unemployed and discouraged once they became redundant rather than to disproportionate numbers of older workers being made redundant at the time. These kinds of effects of downsizing on the participation rate of older workers during the 1980s were often reinforced by government policies. These included ineffective implementation of the benefits system and inadequate training or job-matching. In the UK the Job Release Scheme (1977-88) specifically encouraged older workers to stand down in favour of younger ones and the principal training programme for unemployed adults was not available to claimants over 50 until 1989.

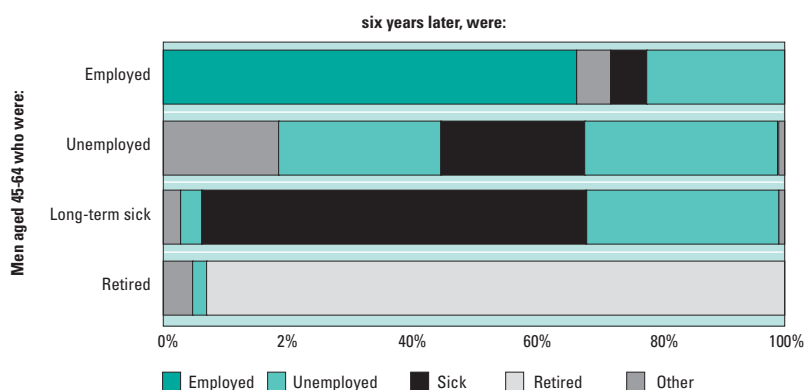


- 5.2.2. The effects of these policies, which were prevalent in the 1980s, are still felt today. The levels of employment of older men still have not recovered to the 1979 level even though the heaviest contraction of manufacturing took place nearly 20 years ago. Fundamental adjustments which cause labour force restructuring are still taking place, often to the disadvantage of older workers. Displaced older workers are over-represented among discouraged unemployed workers. Several studies have shown that displaced older workers are far less likely than non-displaced older workers to be employed two or even four years after displacement. Displaced older workers are more likely than displaced younger workers to obtain temporary rather than permanent employment.
- 5.2.3. In these respects the 55-64 age group fares significantly worse than the 45-54 age group. The latter has a much higher rate of labour force participation and appears to use employment support services and other adjustment measures more readily. In general, older workers in the 55 to 64 group have been more seriously affected by economic downturns, closures and layoffs, and by age discrimination.
- 5.2.4. There have been very few government programmes for assisting displaced older workers, partly because older individuals have generally enjoyed more stable work histories at relatively higher wages than younger workers (though these advantages for older workers are beginning to recede). Consequently there has not been, until recently, a pressing need to implement assistance programmes specifically targeted at displaced older workers. Those who have had a need have generally been referred to general employment assistance programmes which are not targeted specifically at them.
- 5.2.5. Older workers have been encouraged more in the last 20 years than at any previous time to retire early. These retirements have often not really been voluntary and many are not voluntary now. It has become more acceptable to retire early and it is more acceptable than making younger people redundant. Any assessment of how far the trend towards early retirement is a result of people exercising a free choice is complicated by two important factors:
- many people may have accepted a 'voluntary retirement' package not wholly voluntarily. Evidence from a UK Department of Social Security Retirement Survey in the UK, made available to the UK Cabinet Office and quoted in the Cabinet Office Performance and Innovation Unit Report, April 2000, found that 40% of men and 20% of women had retired earlier than they had expected. Of these early retirements, just under two-thirds are described as having been instigated by the employer rather than by the individual. The survey showed that choices are often taken from a limited range of options; half of the people retiring early from large employers indicated that it was their choice to do so but only a quarter felt that they had voluntarily accepted a good deal;
  - people's current attitude to their position may be determined more by experience since leaving their last job than the circumstances in which they left it. The UK Cabinet Office study identified above found that people progressively adapt to their changed circumstances. It quoted a UK survey of men who had not been in full-time work in the last six months found that while 32% had looked for work after the end of their last full time job, only 12% were doing so at the time of interview and only 5% felt they had a reasonable chance of succeeding. One in five of those in this survey who described themselves as 'early retired' left their last job compulsorily. Retirement is a more socially acceptable concept than other reasons for not working, enabling individuals to view their own position positively.
- 5.2.6. The use of Incapacity Benefit (IB) in the UK illustrates some of the work disincentives in the benefits system which function as early retirement benefits (though this issue is currently being addressed in the UK and elsewhere). The fact that the biggest increases in numbers of IB claimants have been in areas which experienced the biggest increases in unemployment in the 1980s suggests that IB is used as an unemployment or an early retirement benefit. Falls in claims for unemployment since the mid-1980s have been paralleled by rises in claims for other benefits by older workers, especially IB. There has also been an increase in the average time an individual spends on IB.



- 5.2.7. The Benefits Agency in the UK has until recently had only passive contacts with IB claimants; they are deemed incapable of work, are therefore not expected to seek work and are offered no assistance to do so (the New Deal for Disabled People has recently begun to offer job search help to this group for the first time). For some claimants this passive approach is an attraction. Avoiding the job search regime is something that many claimants aspire to. This advantage, together with the higher rate of benefit paid to IB claimants, makes receiving IB, rather than unemployment benefit, a form of a status symbol in some areas.
- 5.2.8. Since older job seekers face much larger drops in pay than younger ones, IB for older workers can pay as much as any new job. A further work disincentive, suggested by some reports, is that there is widespread concern among IB claimants that any active attempt to seek work will lead to disqualification from IB. Similarly, there are real fears about eligibility for reclaiming benefits if a new job does not work out. The Cabinet Office Report cited above, indicates that there is anecdotal evidence that claimants' anxiety about losing the secure income offered by IB is an important work disincentive in the UK.
- 5.2.9. The experience in the UK indicates that once someone has been displaced or "voluntarily" retired and has been through the process of attrition leading to discouragement, rationalisation, the downgrading of expectations and reliance on benefits, it is very unlikely that he or she will work again. A very small proportion of those older workers who become long-term sick or "retired" or have left the ranks of the economically active (employed or seeking work) ever work again. Figures 5.1 (males) and 5.2 (females), below, show, for those aged 45-64 in each employment status at a given time (vertical axis), the proportion in each employment status six years later (horizontal bars). For example, Figure 5.1 shows that, of the men in this age group who were employed at the earlier date, about two-thirds were employed at the later date, about 5% were unemployed, 5% were sick and the rest (about 22%) were retired. (The report indicates that the two points in time were six years apart but it does not specify which years they were.)
- 5.2.10. Figure 5.1 shows the degree to which male non-participants in the labour force in the earlier year are likely to be non-participants six years later. While about 67% of males who were employed at the earlier date were also employed at the later date, only about 18% of those registered unemployed in the earlier year were employed in the later year. Of those "retired" in the earlier year only 5% were employed in the later year and this figure falls to 2% for those registered long-term sick in the former year. The figures understate the proportions making the transition to employment in the later year since the men covered in the earlier year are aged up to 64, so a proportion would be beyond retirement age in the later year. The figures are nevertheless indicative of the relative differences between the categories and illustrate the difficulty of increasing the labour force participation of those who have become marginally attached to, or detached from, the labour force.

**FIGURE 5.1 CHANGES IN UK MEN'S EMPLOYMENT STATUS OVER SIX YEARS**

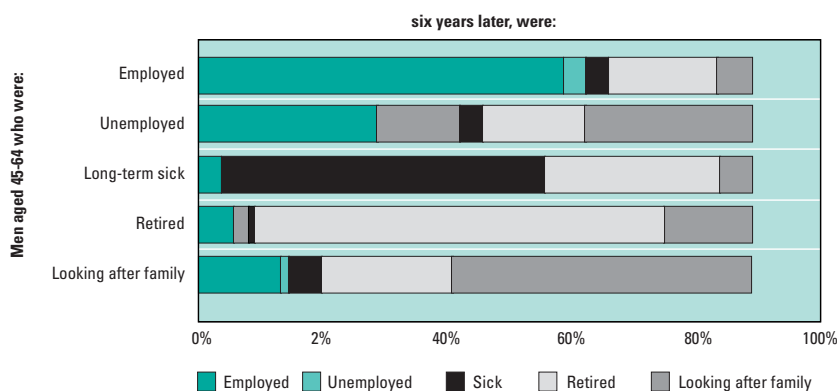


Source: UK Cabinet Office Performance and Innovation Unit, *Winning the Generation Game* (April 2000).



5.2.11. A similar analysis of employment of females shows that all categories of women who were not employed (i.e. unemployed, long-term sick and retired) in the earlier year were more likely than men in the same categories to be in employment in the later year. For example, about 32% of the women who were unemployed in the earlier year were employed in the later year. The corresponding figure for men was about 18%. The figures for females include an extra category, “Looking after family”. About 17% of women in this category in the earlier year were in employment in the later year.

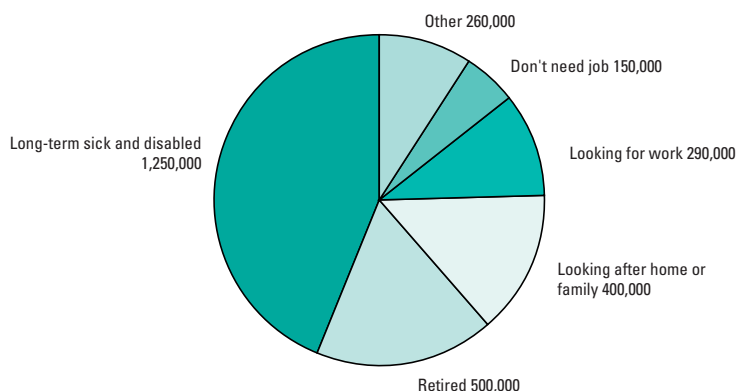
**FIGURE 5.2 CHANGES IN UK WOMEN’S EMPLOYMENT STATUS OVER SIX YEARS**



Source: UK Cabinet Office Performance and Innovation Unit, *Winning the Generation Game* (April 2000).

5.2.12. In the UK there are approximately 2.85 million people who are between 50 and state pension age (65 for men, 60 for women) and who are not working. The Cabinet Office study team commissioned research from benefits agencies to ascertain the benefits and other labour force status of these people. The results are shown in Figure 5.3 below. This chart shows that the largest groups are those which are least likely to return to work, i.e., the long-term sick and the retired. Only about 10% of the 2.85 million are unemployed and looking for work. (The figures appear to be for a very recent year but the report does not specify which year.)

**FIGURE 5.3 LABOUR FORCE STATUS OF PEOPLE NOT WORKING BETWEEN 50 AND STATE PENSION AGE**



Source: UK Cabinet Office Performance and Innovation Unit, *Winning the Generation Game* (April 2000).



- 5.2.13. Slightly less than a quarter of the 2.85 million are in the groups (unemployed/looking for work and looking after a house or family) which may take up employment in significant numbers. Applying the proportions of each group which were in employment six years after a given point in time (shown in Figures 5.1 and 5.2) to the numbers in each group (shown in Figure 5.3) produces a projection of the proportion of the 2.85 million who will be in employment in six years' time.
- 5.2.14. Thus, approximately 2.5% of the "long-term sick" at a given time are in employment six years later (Figures 5.1 and 5.2). If it is assumed that this category is the same as the "long-term sick and disabled" category in Figure 5.3 (1,250,000 people in the age group under review are in this category) then 31,250 of the people in this group are projected to be employed in six years' time (2.5% of 1,250,000 = 31,250). Applying the same calculation to the other categories and adding the results produces a figure of around 250,000 (i.e. less than 10% of the 2.85 million projected to be in employment in six years later). It should be noted that the calculations cannot be exact because the authors of the report on which the figures are based did not produce totals for males and females in any of the three graphs on which the calculations are based.
- 5.2.15. These UK figures suggest that achieving a significant increase in the participation rates of people in the 50+ age group will depend to a large extent on preventing the drift from redundancy to long-term unemployment and benefit dependency, or from semi-voluntary retirement to discouragement.
- 5.2.16. In Ireland there are approximately 545,000 people aged between 50 and 65 (Central Statistics Office, *Population and Migration Estimates*, April 2000) Approximately 250,000 of these (46%) are not working (estimate based on CSO *Quarterly National Household Survey*, Fourth Quarter 2000, Table 10, which gives employment for each age group).
- 5.2.17. There appears to be no analysis of older workers in Ireland which allows a robust application to Ireland of the UK figures projecting that under 19% of the non-employed 50-65 age group will be employed in six years' time. All that can be said is that if this UK figure were applied to Ireland, under 25,000 of the 250,000 non-employed in this age group in Ireland would be employed in six years' time.
- 5.2.18. The implications of this UK research for Ireland are:
- currently the main sources of extra labour from the over 50s are women at home and the unemployed, with limited scope for finding future employees from those in this age group who are long-term sick or retired; and
  - there is probably a significant scope for increasing employment in this age group by tackling the process of drift from redundancy or semi-voluntary retirement to disillusionment or settling in to a life that excludes paid work.

### **5.3. Lack of opportunity to 'downshift'**

- 5.3.1. Labour force participation by those in the older working age group is inhibited by the limited opportunities for downshifting (i.e. working fewer hours or doing a less demanding job) for those approaching the end of their working lives. The restructuring of the economy and labour market have reduced this option. Rather than moving into less demanding work, older workers are more likely than they were 15 or 20 years ago to be confronted by a choice between continuing at the same pace (and risking 'burnout') and retirement. One international study noted that, "in the vast majority of cases, the transition from work to retirement is a relatively abrupt one, especially for men. There are few opportunities to move to lighter work or to part-time work as an intermediate phase" (OECD, *The Labour Market and Older Workers*, *Social Policy Studies* No. 17 Paris).





- 5.3.2. The design of state or occupational pensions often make it difficult to downshift. A recent Canadian report on the potential benefits of, and the likely opportunities for, phased-in retirement among Canadians notes that the present design of most occupational pension plans, as well as the Canada Pension Plan (CPP), are not conducive to a phased-in approach to retirement. Regulations governing workplace pensions in both the public and private sectors are barriers to a more graduated approach to earning partial pension credits as well as drawing partial pension benefits (Human Resources Development Canada Older Worker Adjustment Programs Lessons Learned, December 1999). A representative of The Retirement Planning Council of Ireland in an interview for this study made a similar point with regard to state and occupational pensions in Ireland.

## 5.4. Inadequacies in training and assistance with job seeking

- 5.4.1. Older workers appear to receive significantly less training than younger ones. This statement applies generally both to employer-funded or government schemes and to more than one country. A survey in the UK in 1997 showed that only 9% of people in their 50s had recently undertaken “taught learning with future work in mind”. This compared with 17% of all adults. “Learning related to the current job” was undertaken by 14% of workers in their 50s and 39% of all workers (Beinart C and Smith P, *National Adult Learning Survey*, Department for Education and Employment, 1997). Several studies, quoted in *Human Resources Development Canada, Older Worker Adjustment Programs, Lessons, Learned*, December 1999, on older workers in Canada show that they are under-represented on programmes for re-employing laid-off workers.
- 5.4.2. Attitudes of employers and of workers are the causes of the inadequate training for older workers. Studies have shown that older people are less likely to have had positive experiences of training and are more likely than younger ones to dislike classroom-based learning. Employers are concerned about the limited time for older workers to pay back the investment in training.
- 5.4.3. The accessibility and efficiency of assistance and information to help people to make transitions in the labour market, from one job to another or from unemployment to work, are crucial. The key labour market intermediary in the UK is the Employment Service (ES), which has had very limited success in helping older people to make such transitions. The majority of older people in the UK leave unemployment benefit for incapacity benefits and inactivity rather than for jobs. The Cabinet Office report cited above referred to anecdotal evidence that ES staff have tended to steer older people towards incapacity benefits, given the difficulties they encounter in the labour market, and once older people slip into claiming disability benefits their attachment to the labour market becomes minimal.
- 5.4.4. The Cabinet Office report states that staff in the Employment Service are often not qualified to provide careers guidance and are not trained to understand the specific needs of older workers. Older people are often unwilling to accept advice from the younger staff who usually deal with job seekers. This has generally meant that older people have not received, and are not receiving, the accurate information and intensive guidance about the career choices open to them, or the more active assistance with job search and specific training that they require
- 5.4.5. Research in several countries (the US, Canada, Australia, France, Germany, Japan, Holland, Sweden and the UK) and reported in a number of studies (*Human Resource Development Canada*, quoted above, Tindale, J. 1991 *Older Workers in an Aging Workforce Report* prepared for the National Council on Aging Ottawa and Trebilcock, M J.1986, *The Political Economy of Adjustment*, Toronto: University of Toronto Press) has shown that programmes designed for workers in general that focus on traditional training and counselling approaches neither attract nor benefit significant numbers of older workers. Even where programming is geared toward re-integration rather than compensation, a high proportion of programmes have had unsatisfactory results. Many approaches have suffered from:
- insufficient levels of benefits, such as mobility and retraining allowances;
  - entry requirements which are too high;



- no specific targeting of older workers,
- lack of clear programme goals;
- an emphasis on seasonal or temporary employment; and
- piecemeal approaches and frequent changes in programme structures and criteria.

5.4.6. There appears to be general agreement that older unemployed people require job-search and training assistance targeted specifically at their own age group. The key characteristics required of such programmes are:

- outreach, bringing in those who are discouraged or lacking in confidence;
- clearly defined goals pertaining to older workers and activities designed specifically to meet those goals;
- a client-centred approach that recognises the diversity of circumstances, abilities, interests, styles of learning (older people prefer to build on existing knowledge to a greater degree than younger people) and goals of older displaced workers;
- training which is clearly linked to jobs for which the trainee can apply;
- provision of sufficient personal and financial motivation;
- partnerships among service providers;
- a community-based approach;
- alternative work environments such as part-time, flex-time, and job sharing;
- active participation of older workers in the design, development and delivery of programmes aimed at older workers;
- job placement and peer support; and
- a non-classroom learning environment.

5.4.7. The recent (undated) report entitled 'Combating Prejudice against the Unemployed' (CPATU), managed inter alia by FÁS and the Department of Social, Community and Family Affairs, was based on interviews and focus groups with 44 long-term unemployed men, the majority of whom were aged 45-54. The interviews and focus groups were conducted in four small towns (Dundalk, Castlebar, Ballyfermot and Blanchardstown). 32% of the respondents were reported as not having actively sought work in the previous 12 months. The main reason given for giving up the search for work were that the respondents had given up hope of finding a job, and 'depression/withdrawal'. Most of the respondents felt that training programmes for older long-term unemployed men crucially lacked (a) adequate training allowances, (b) adequate training in marketable skills and (c) job guarantees for those completing training.

5.4.8. The CPATU focus groups were asked for their views on the efficacy of Community Employment (CE), the largest labour market intervention in Ireland. The aims of CE are to provide services to communities and "the development and progression of participants into the labour market" (FÁS Annual Report, 1999). CE had 36,000 participants at the end of 1999. but the focus groups felt that it did not provide training which facilitated progression into jobs. There are places for only 500 participants on the new Core Skills modules and up to 1,000 on specific training initiatives. The view of the Irish National Organisation of the Unemployed is that, in general, CE provides work experience rather than training and that a vocational training scheme should focus on the progression into work of participants and should not have another, separate aim (services to local communities) which does not further the training/progression aim.

5.4.9. Respondents in the CPATU survey were asked which "labour market services" they had used. The services in question were those managed by FÁS, the Local Employment Service, the Department of Social Community and Family Affairs, Local Partnerships, the Unemployed Centres and the Vocational Education Committees. The only labour market services used by over half of the respondents were those of FÁS and the Local Employment Service. Only with the LES did half or more of those using the service find it 'Considerably' or 'Fully' useful rather than 'Not' or 'Somewhat' useful.



- 5.4.10. The Survey of Unemployed Customers and Employment Opportunities was commissioned by the Department of Social Community and Family Affairs and carried out in County Galway in May and June 2000. Over 1,400 unemployed people were interviewed. Of these less than 40% had heard of any Active Labour Market Programme (ALMP) such as Back to Work Allowance (BTWA) or Back to Work Enterprise Allowance, Family Income Supplement, Jobstart or Job Initiative. BTWA, the most-used ALMP scheme, had been used by less than 5% of respondents.
- 5.4.11. There is a growing awareness in Ireland and elsewhere of the elements which are most effective in the design of programmes for reaching, training and placing in jobs the older workers and the long-term unemployed and others who have been out of the labour force for several years. The kinds of initiatives emerging in this area are identified in Chapter 8.

## 5.5. Education

- 5.5.1. The OECD International Adult Literacy Survey (IALS, 1997) focused public attention and urgency on the adult literacy problem in Ireland. The survey tested the knowledge and skills required to locate and use information contained in various formats such as official forms, timetables, maps and charts. The researchers specified five levels of literacy where Level 1 was the lowest and Level 5 was the highest. It found, in Ireland in 1995, that about 25% of the population (no age range specified) scored at Level 1, the lowest of five levels and a further 32% scored at Level 2. The percentage at Level 1 was the highest for any country studied except for Poland. The survey also drew attention to:
- the substantially lower levels of literacy in older age groups;
  - the close links between lower scores and lower educational levels;
  - an association between low income and low literacy levels;
  - an association between low levels of literacy and low levels of participation in “second-chance” education (education after leaving school) and training.
- 5.5.2. In 1966, 55% of the population had finished their education at under the age of 15, whereas, in 2000, over 81% of school-leavers annually have completed the Leaving Certificate. One consequence of this change is a widening gap in educational attainment between younger and older age groups. This gap is wider in Ireland than it is in most industrialised countries. Table 5.1 indicates that in 1998, 67% of those aged 25-34 and 31% of those aged 55-64 completed what the researchers defined as “upper secondary education”, a gap of 36 percentage points. The corresponding proportions reaching this level for 28 OECD countries were 72% and 44%, a gap of 28 percentage points. Thus the gap between Ireland and the OECD average was five points for the younger group and 13 points for the older group.



**TABLE 5.1 PERCENTAGE OF THE POPULATION COMPLETING AT LEAST UPPER SECONDARY EDUCATION BY AGE GROUP, 1998**

|                     | 25-64     | 25-34     | 35-44     | 45-54     | 55-64     |
|---------------------|-----------|-----------|-----------|-----------|-----------|
| Australia           | 56        | 64        | 58        | 52        | 44        |
| Austria             | 73        | 84        | 78        | 68        | 56        |
| Belgium             | 57        | 73        | 61        | 51        | 34        |
| Canada              | 80        | 87        | 83        | 77        | 65        |
| Czech Republic      | 85        | 92        | 88        | 84        | 74        |
| Denmark             | 78        | 85        | 80        | 78        | 67        |
| Finland             | 68        | 84        | 78        | 62        | 41        |
| France              | 61        | 75        | 63        | 56        | 41        |
| Germany             | 84        | 88        | 87        | 84        | 76        |
| Greece              | 44        | 66        | 52        | 36        | 22        |
| Hungary             | 63        | 77        | 73        | 65        | 31        |
| Iceland             | 55        | 61        | 58        | 55        | 40        |
| <b>Ireland</b>      | <b>51</b> | <b>67</b> | <b>56</b> | <b>41</b> | <b>31</b> |
| Italy               | 41        | 55        | 50        | 35        | 19        |
| Japan               | 80        | 93        | 91        | 77        | 57        |
| Korea               | 65        | 92        | 70        | 45        | 27        |
| Mexico              | 21        | 26        | 23        | 16        | 9         |
| Netherlands         | 64        | 74        | 68        | 59        | 50        |
| New Zealand         | 73        | 79        | 77        | 69        | 58        |
| Norway              | 83        | 93        | 88        | 78        | 65        |
| Poland              | 54        | 62        | 59        | 53        | 37        |
| Portugal            | 20        | 29        | 20        | 14        | 12        |
| Spain               | 33        | 53        | 38        | 23        | 12        |
| Sweden              | 76        | 87        | 80        | 73        | 60        |
| Switzerland         | 81        | 88        | 83        | 80        | 71        |
| Turkey              | 18        | 24        | 19        | 13        | 7         |
| United Kingdom      | 60        | 63        | 62        | 58        | 53        |
| United States       | 86        | 88        | 88        | 87        | 80        |
| <b>Country Mean</b> | <b>61</b> | <b>72</b> | <b>65</b> | <b>57</b> | <b>44</b> |

Source: OECD (2000), 'Education at a Glance', OECD Indicators 2000, Paris.

- 5.5.3. There is a stark difference, shown in Table 5.2, between the educational levels of the 25-34 and the 55-64 age groups in Ireland. Over half of the older group of men had only a primary education compared with 8.4% of the younger group. Almost 70% of the younger group had achieved upper secondary education or above but only a third of the older group had done so. The picture for women is similar: almost half of the older group has had no more than a primary education but less than 8% of the younger group is in this situation. About 75% of the younger group has achieved upper secondary education or above but only about a third of the older group has done so. (Note that the proportions shown here differ slightly from the OECD proportions. The figures are from different sources and for slightly different years).



**TABLE 5.2 LEVEL OF EDUCATION IN IRELAND BY AGE AND SEX, 1999 (%)**

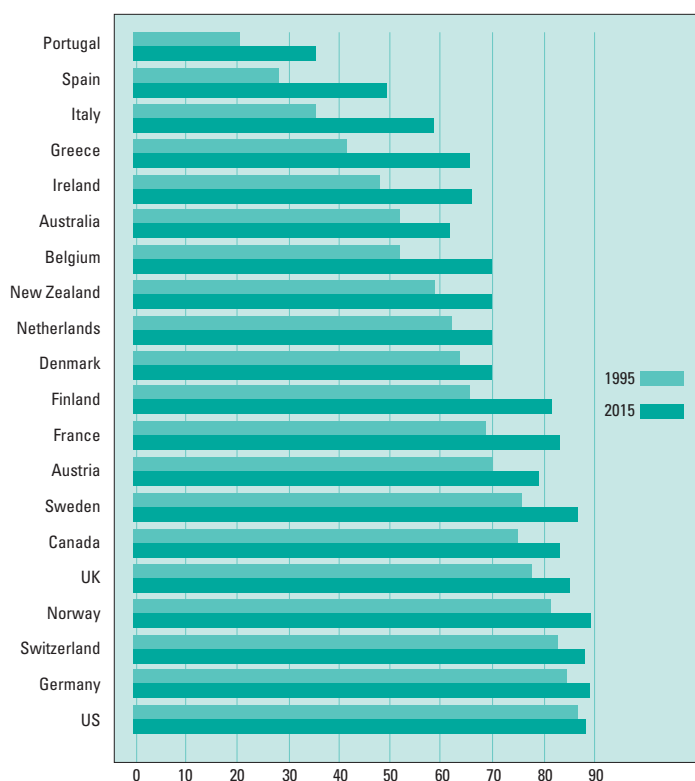
|                      | MEN   |       | WOMEN |       |
|----------------------|-------|-------|-------|-------|
|                      | 25-34 | 55-64 | 25-34 | 55-64 |
| Primary              | 8.4   | 53.5  | 7.8   | 48.1  |
| Lower secondary      | 22.3  | 14.3  | 16.8  | 17.7  |
| Upper secondary      | 28.4  | 12.2  | 31.5  | 16.4  |
| FE/Training          | 13.8  | 7.0   | 15.6  | 6.8   |
| 3rd level non-degree | 9.4   | 2.8   | 11.0  | 4.9   |
| Degree and above     | 17.7  | 11.0  | 17.3  | 6.2   |
| TOTAL                | 100.0 | 100.0 | 100.0 | 100.0 |

Source: CSO Ireland *Quarterly National Household Survey Second Quarter (1999)*.

- 5.5.4. If countries rely on educating youth cohorts, raising education levels for the whole population will be a slow process. The data in Figure 5.4 below show that in 1995 Ireland ranked fifteenth out of 20 OECD countries in the proportion of the 25-64 age group who have completed upper secondary education. It shows the OECD's 20-year projection of this proportion for each country based on 1995 youth qualification rates (the qualifications of school leavers). According to these projections, the increase for Ireland and most other countries would be relatively slow if the education of young people were not supplemented by substantial adult education programmes.



**FIGURE 5.4 PROPORTION OF THE POPULATION AGED 25-64 COMPLETING UPPER SECONDARY EDUCATION, BY OECD COUNTRY, 1995 AND 2015 (PROJECTED FROM 1995 YOUTH QUALIFICATION RATES)**



Source: OECD, *Education Policy Analysis* (1997).

5.5.5. Furthermore, Table 5.3 illustrates that the likelihood of an individual being in employment increases with his or her level of education. For women this likelihood increases significantly with each step up the education ladder; women's employment depends heavily on their level of education. For men the increase in the proportion in employment with each step up the ladder is fairly small except for the step from Primary to Lower Secondary, which is associated with a huge 21 percentage point increase in employment. The corollary of this is that at the lower education levels there is a large gap between the proportions of men and of women in employment and that this gap narrows considerably at the higher education levels.

**TABLE 5.3 PERCENTAGE OF 25-64 AGE GROUP IN EMPLOYMENT IN IRELAND, BY SEX AND LEVEL OF EDUCATION, 1999**

| Level of Education      | Male % | Female % |
|-------------------------|--------|----------|
| Primary                 | 63     | 26       |
| Lower Secondary         | 84     | 44       |
| Upper Secondary         | 89     | 61       |
| FE/Training             | 90     | 65       |
| Third level, non-degree | 93     | 77       |
| Degree or above         | 93     | 85       |

Source: CSO Ireland, *Quarterly National Household Survey Second Quarter, (1999)*.



- 5.5.6. Table 5.4 indicates that the level of education has relatively little effect on total male employment rates for those with at least a lower secondary education. The exception to this is that older men with degrees are significantly more likely to be in employment than older men without degrees; the gap between the proportion of men aged 45-54 in employment and the proportion of men aged 55-64 in employment is at its narrowest among those with degrees. For women, each step up the education ladder significantly increases the likelihood of being employed and this rule applies almost equally to all ages. At each level of education there is a gap of around 20 percentage points between the proportion of women aged 45-54 in employment and the proportion of women aged 55-64 in employment and this gap does not significantly narrow at the higher education levels.

**TABLE 5.4 PERCENTAGE IN EMPLOYMENT IN IRELAND, 1999, BY SEX, AGE AND LEVEL OF EDUCATION**

| Level of education | Male  |       |       |       | Female |       |       |       |
|--------------------|-------|-------|-------|-------|--------|-------|-------|-------|
|                    | 25-34 | 35-44 | 45-54 | 55-64 | 25-34  | 35-44 | 45-54 | 55-64 |
| Primary            | 60    | 66    | 69    | 55    | 34     | 35    | 30    | 15    |
| Lower secondary    | 87    | 88    | 84    | 65    | 51     | 48    | 42    | 26    |
| Upper secondary    | 92    | 92    | 90    | 67    | 73     | 62    | 51    | 30    |
| FE/Training        | 95    | 93    | 90    | 65    | 80     | 61    | 57    | 33    |
| 3rd level <degree  | 94    | 97    | 93    | 69    | 86     | 75    | 72    | 53    |
| Degree or above    | 93    | 96    | 96    | 80    | 89     | 87    | 81    | 64    |
| % in employment    | 91    | 89    | 83    | 62    | 73     | 59    | 47    | 26    |

Source: CSO Ireland, *Quarterly National Household Survey Second Quarter, (1999)*.

## 5.6. Low pay

- 5.6.1. Low pay levels for older workers may have a significant influence on participation rates. The Human Resource Development Canada report cited a 1997 study (attributed only to “Ekos”) which examined a seven-year period after workers were laid off and found that the average annual earnings from employment after lay-off was \$11-12,000 for the 45-49 age group, \$8-9,000 for the 50-54 age group, \$3-4,000 for the 55-59 age group, and \$0.5-2,000 for the 60-64 age group. This earnings problem among older workers is compounded by the fact that, among laid-off older workers, the oldest workers had generally earned the highest employment incomes prior to being laid off, so the drop in income tended to be much greater among this group. Average earnings loss ranged from \$12,000 in the 45-49 age group to \$27,000 in the 60-64 age group and the loss in total income ranged from \$9,000 to \$12,000, respectively. The report cited does not show these figures as proportions of total earnings or incomes.
- 5.6.2. The majority of respondents in the CPATU report (mainly long-term unemployed men aged 45 and over) emphasised that low pay was a barrier to many of the jobs they feel able to do. The authors of the report write that “There was strong agreement across all of the LTU groups that the wages...offered...are far too low...for example £2.20 per hour”. (The “groups” referred to here are presumably defined by age and duration of employment.) They add that there is a lack of knowledge of the types of intervention which would contribute to realistic take-home pay. They recommend a combination of a National Minimum Wage and the removal of poverty traps (mainly the loss of secondary benefits) as well as more effective communication of interventions which boost take-home pay. The Survey of Unemployed Customers and Employment Opportunities (2000) commissioned by the Department of Social Community and Family Affairs and carried out in County Galway in May and June 2000 found that “wages offered are too low” was a bigger impediment to seeking and taking jobs among the short-term unemployed (32% said this was an impediment) than among the long-term unemployed (18%). For the short-term unemployed this factor was the second largest impediment to working (after inadequate training or education). Since the long-term unemployed are generally older than other unemployed the important factors impeding their finding jobs include age, lack of transport and inadequate training or education in addition to low pay.



## 5.7. Age discrimination

- 5.7.1. One of the key causes of declining economic activity among older people is age discrimination by employers, which affects both the retention and re-entry of older workers. This underlying cause is almost impossible to quantify. In the European Union countries, a 1993 Eurobarometer Survey (one of a series of public opinion surveys conducted at least twice a year in each of the European Union countries on behalf of the European Commission) found that a large majority of people of all ages believed that there was age discrimination in recruitment, promotion and training. The Survey of Unemployed Customers and Employment Opportunities commissioned by the Department of Social Community and Family Affairs, cited above, found that 'age' was regarded as the biggest impediment to obtaining work among the over 55s. There was a large increase between the 45-54 group and the 55-60 group in the proportion identifying 'age' as an impediment (from 46% to 69% among the long-term unemployed and from 46% to 81% among the short-term unemployed).
- 5.7.2. Evidence from studies elsewhere and from PACEC's discussions with employment agencies in Ireland indicates that many employers feel that older people have inappropriate skills, are less productive, less flexible, less ambitious and take more sick leave than younger people. In the PACEC discussions one respondent said that younger managers sometimes feel uncomfortable managing older staff or feel that older people will not 'fit in' with younger people in the workforce. Redundancy is often followed by long-term unemployment among older workers and the Irish CPATU report showed that employers often take the view that there is something 'wrong' with someone who has experienced both, despite there being many people who were in highly skilled or professional jobs when they were laid off. This body of evidence shows that employers also attribute positive characteristics to older workers, including stability, reliability, commitment and responsibility but the negatives tend to outweigh the positives in influencing behaviour and many employers see older people as suitable only for a particular range of employment, e.g. routine clerical work, cooks, porters, supermarket check-outs and counselling and caring.
- 5.7.3. Another problem involved in older workers becoming employed is that HR recruitment and remuneration structures of companies have often not had time to adjust; for most Irish companies a tight labour market is a new phenomenon and it is taking some time to restructure HR practices to fit a situation in which groups traditionally excluded from the workforce are now required to fill jobs. In PACEC's survey of companies, government departments and other agencies dealing with the issue, recruitment agencies reported that smaller companies were usually the more flexible and the more likely to accommodate the requirements of older workers and women returners. HR departments of many of the larger Irish companies in the PACEC survey recognise the need to accommodate such requirements and are working to adapt but this takes time. The problems being addressed by larger Irish companies in the PACEC survey include:
- dealing with applicants who lack confidence in their own ability to be trained or with people who lack the confidence to apply, thus necessitating a partnership with local outreach organisations;
  - dealing with applicants who cannot easily produce references and CVs;
  - difficulties with remuneration packages, e.g., taking on someone who cannot put in the required number of years to qualify for some pension benefit before he/she retires, given the company's retirement age;
  - existing employees may want the flexible hours that older job applicants often require, so the demand for flexible hours is coming from both groups;
  - the creation of new grades, e.g. permanent, part-time and pensionable, with new benefits packages (should benefits be pro-rata? should incumbents be promotable? or be able to transfer to a full-time position with promotion in a way that is fair to everyone employed in the organisation?); and
  - the change in policy from encouraging early retirement to encouraging people to stay on and problems associated with this, e.g., it may be difficult to allow the return to an organisation of people who had taken early-retirement packages without creating among others the sense that this is unfair.





## 5.8. Summary and conclusions

- 5.8.1. In most developed countries, including Ireland, barriers to the employment of older workers have been shaped largely by the attitudes which flourished in the two decades before the mid-1990s. These attitudes were prevalent among both policy makers and older workers themselves. These attitudes will be barriers for some time: the attitudes are still there among older workers themselves and others, and large parts of the organisational structures which reflect the policies stemming from those attitudes are still in place.
- 5.8.2. Since the late 1970s larger numbers of older workers have been displaced, through redundancy or (often not entirely voluntary) early retirement, and have become discouraged by the scarcity of jobs effectively open to them, by the lack of appropriately tailored training and adjustment programmes and by attitudes they themselves have adopted. In some countries there appears to have been tacit encouragement by benefits agencies of claimants to treat social security benefits as retirement pensions but this is difficult to document.
- 5.8.3. People discouraged in this way probably make up a large proportion of those between 50 and retirement age who are not working. It is therefore important, from the point of view of raising the participation rates of people in their 50s and 60s, to prevent this transition from displacement to discouragement from setting in. This process is experienced by men more than by women and unless it is tackled it is likely to remain the case that the greatest scope for increasing participation of older workers is among women returners.
- 5.8.4. Downshifting is an opportunity to stay in work rather than retire for those who do not wish to work as hard at the end of their working lives but such opportunities are limited in number. State and occupational pensions often make downshifting difficult.
- 5.8.5. Training programmes have usually not worked for older displaced workers, who have often been effectively excluded from such programmes. The evidence cited in this chapter, though limited, suggests that this may be the case in Ireland. The lack of targeting of training and adjustment programmes at older displaced workers have made them ineffective as far as that group is concerned. Awareness of this problem is causing many policy makers, in Ireland and elsewhere, to re-think and to frame effective policies and implementation structures.
- 5.8.6. Older people in Ireland suffer more than older people in most other countries from a low level of education. Level of education can have a major influence on whether an individual is employed. For women in Ireland there is a strong relationship between education and employment. For men in Ireland the relationship is strong among older workers; having a degree appears to have a strong influence on whether men aged 55 and older are employed. In most countries, including Ireland, reliance on educating youth cohorts would address the problem of the low level of education of older workers only very gradually and there is therefore a need for adult literacy programmes. In Chapter 8 evidence is presented to suggest that Ireland is developing an effective programme.
- 5.8.7. Low pay is a barrier to the re-employment of older workers who have lost their jobs. For older workers the gap between pre- and post-redundancy income is especially high. In Ireland low pay is a strong disincentive to many older displaced and long-term unemployed people and there may be a widespread lack of knowledge of the interventions which could boost take-home pay.



5.8.8. Age discrimination is seen by older job seekers as a major barrier to obtaining employment. In many cases, including among Irish companies, the discrimination is in inherited structures rather than in attitudes of current incumbents of positions of influence. Many large organisations, public and private, have recruitment, remuneration and staff grading structures and processes which have not yet adapted to the requirement to employ groups which have not traditionally been employed, including older workers and women returners. Chapter 8 shows, however, that this problem is being addressed in Ireland and elsewhere.



## 6. The Influence of Pension and Social Security Provision on the Individual Retirement Decision

### 6.1. Introduction

- 6.1.1. This chapter aims to analyse and measure the effect of retirement and social security provision on individuals' decisions to retire from full-time work in OECD countries.
- 6.1.2. Pension and social security policies introduced in several OECD countries in the early 1970s were associated with fairly rapid falls in the average age of retirement but, with changed labour market conditions from the mid-1990s, most OECD countries are attempting to remove or reduce these incentives for early retirement and these attempts are first identified.

### 6.2. Social security provision and retirement in OECD countries

- 6.2.1. In 10 of the 11 OECD countries identified below the labour force participation rates of men aged 60-64 in 1960 was over 70% (the exception was Italy with 58%). By 1995 only Japan exceeded 70% on this measure, while other countries exhibited a fairly even spread between a high of 57% (Sweden) and a low of 11% (France). Ireland had a relatively high 56% at that date.
- 6.2.2. In order to illustrate how social security provision affected, and still affects, retirement decisions the experiences of three of the countries, Germany, France and the US, are summarised and analysed and then data from the eleven OECD countries are brought together in an attempt to demonstrate relationships between aspects of social security provision and activity rates of older workers. Germany and France have seen significant reductions in participation rates of older people, apparently in response to policies which provided incentives to withdraw early from the labour force. The fall in participation rates among older people in the US has been much smaller, apparently in response to a different set of incentives.
- 6.2.3. An advantage of analysing individual countries is that it facilitates the identification of the direction of causation. If new policy provision facilitating early withdrawal from the labour force are associated with early withdrawal it is possible that the policy provisions were made as a result of labour market conditions (high unemployment, especially among laid-off older workers, leading to policies facilitating early retirement and a corresponding culture, which may cause problems for those older workers who would prefer to work). The timing of policy changes and the subsequent withdrawals of older workers from the workforce in individual countries suggest, however, that policy is an important immediate cause of early withdrawal from the labour market but it should be emphasised that this does not preclude some causation in the opposite direction.

### 6.3. Germany

- 6.3.1. The following summary of the situation in Germany is based on Gruber, J. and Wise, David A. 'Introduction and Summary', *Social Security and Retirement around the World*, University of Chicago Press (1999) and on Börsch-Supan, A. and Schnabel, R. 'Social Security and Retirement in Germany' in the same book.



- 6.3.2. In Germany relatively few employees are covered by employers' pension plans and the vast majority are covered by the social security system. Old age social security benefits are the largest part of the social security system, the benefits of which amount to 10.3% of GDP, a share more than 2.5 times larger than the share in the US. Before 1972 there was no social security 'early retirement age' and the normal retirement age was 65. In 1972 social security provision was made for early retirement at age 60 for women and 63 for men. At the same time there was liberal use of unemployment and disability benefits to induce early retirement. Typically there was no reduction in benefits for those who took early retirement. Staying in work beyond early retirement age decreased the number of years an individual received benefits but did not increase the annual benefit.
- 6.3.3. The response to this increase in retirement incentives was a fall in the mean retirement age from over 62 in 1972 to just over 58 in 1981. People started to withdraw from the labour force in their late 50s and the fall in their participation rate corresponded with the increased proportion receiving unemployment and disability benefits. Labour force participation rates then declined sharply at age 60 (early retirement age for men who are "disabled" or "unemployed" and have been in the system for a specified number of years). The next step-change in the non-participation rate was at age 63 (the early retirement age for men who have been employed for 35 years) followed by a step-change at age 65, the normal retirement age.
- 6.3.4. Two key features of the German system are a high replacement ratio and the lack of penalty for taking early retirement (i.e. retiring at the state early retirement age (ERA), which is 60 in Germany and in most OECD countries). The replacement ratio is defined here as the ratio of social security retirement benefits to net pre-retirement income. The authors calculate this as 72% in Germany for a worker on an average salary who has earned for 45 years. An indicator of the lack of penalty for retiring at ERA is the authors' calculation that the present value of lifetime retirement benefits taken from age 60 is 18% higher than the present value of benefits taken from age 65. They calculate that delaying retirement from age 60 to age 61 would reduce benefits by 4%, equivalent to a 35% tax on the net average wage earned for that extra year's work.

## 6.4. France

- 6.4.1. The following summary of the situation in France is based on Gruber, J. and Wise, David A. 'Introduction and Summary', *Social Security and Retirement around the World*, University of Chicago Press (1999) and on Blanchet, D. and Pelé, L-P., 'Social Security and Retirement in France' in the same book.
- 6.4.2. In France, as in Germany, normal social security retirement age prior to 1972 was 65. In the early 1970s early retirement provisions were introduced by way of a guaranteed income for people aged 60 or over who lost their jobs. In 1983, 60 became the normal retirement age and the guaranteed income for those losing their jobs was extended to those aged 57 or above. These provisions had dramatic effects on participation rates. Of the cohort born in 1912 (aged 60 in 1972), 10% retired at age 60. Of the 1918 cohort (aged 60 in 1978), 23% retired at 60. Of the 1926 cohort (60 in 1986), 38% retired at 60. The correspondence with the policy changes is clear.
- 6.4.3. As in the case of Germany, there is a large implicit tax on working beyond the age of sixty (corresponding to the high present value of a retirement pension taken at 60 compared with one taken later). This "tax" was calculated by the authors at 70% on earnings after that age. Retirement among 56-58 year-olds is close to zero because workers receive much lower benefits unless they work until age 58: and the implicit tax on work before that age is negative. The guaranteed income for those who lose their jobs at 57 or later, however, runs counter to this effect and there is some labour force withdrawal at this age through this unemployment which lasts until retirement at 60.



## 6.5. United States

- 6.5.1. This summary of the situation in the United States is based on Gruber, J. and Wise, David A. 'Introduction and Summary', *Social Security and Retirement around the World*, University of Chicago Press (1999) and on Diamond, P. and Gruber, J.; 'Social Security and Retirement in the United States' in the same book.
- 6.5.2. In the United States similar effects of social security retirement provisions on retirement behaviour have been traced. Early retirement benefits for men aged 62 were introduced in 1962. Similar provision had been made for women a few years earlier. Until 1962 relatively few men retired at any age other than 65. Eventually there were two retirement peaks for men, one at 62 and one at 65. By 1980 the proportion retiring at 62 was greater than those retiring at 65.
- 6.5.3. The main difference between Germany and France on the one hand and the US on the other has been that departure rates from the workforce have been much lower in the US. In Germany and France the departure rates at early retirement age (60) are around 60% but in the US departure rates at early retirement age (62) are only about 25%. This difference is explained to an extent by the implicit tax rates on earned income incurred, as explained above, by foregoing early retirement benefits in favour of waiting until normal retirement age (65). The implicit tax is much lower in the US, where the tax rate calculated in this way for someone taking early retirement (at 62) is about zero, compared with almost 70% in France and about 40% in Germany for 60 year-olds taking early retirement.
- 6.5.4. This implicit tax rate is low in the US on account of four factors. First, the replacement ratio (see 6.3.4) is relatively low. Social security benefits at early retirement are a much higher proportion of pre-retirement earnings in France (about 91%) and Germany (about 62%) than in the US (about 41%). Second, unlike France and Germany, the US makes an actuarial adjustment which increases benefits if their receipt is delayed. Third, payroll taxes to finance retirement are much lower in the US and this lowers the actual tax on work. Fourth, the US system allows higher earnings later in work life to replace low earnings in earlier years.

## 6.6. Comparative state provision and retirement in OECD countries

- 6.6.1. Various relationships between features of social security retirement programmes and the withdrawal from the labour force of older workers in eleven OECD countries are shown in Table 6.1. Explanations of each of the columns follow the table. The countries are ordered in the table according to their unused capacity rates for the 55-65 age group (i.e. the proportion of the population in a specified age group which is not in the labour force). The table is divided into three groups of countries; those with high unused capacity rates (the group from Belgium to the UK), medium rates (Germany, Spain and Canada) and low rates (US, Sweden and Japan). This is followed by a discussion of the relationship between each of these groups and features of the social security programmes for older workers/retirees.



**TABLE 6.1 UNUSED LABOUR CAPACITY, KEY PUBLIC RETIREMENT PLAN FEATURES AND LABOUR FORCE DEPARTURE RATE AT EARLY RETIREMENT AGE (ERA), MALES ONLY, BY COUNTRY**

|             | Unused labour capacity 55-65 | Men out of labour force at age 59 (%) | Early retirement age (ERA) (%) | Replacement rate at ERA | Accrual in year after ERA (%) | Implicit tax on earnings in year after ERA | Departure rate at ERA |
|-------------|------------------------------|---------------------------------------|--------------------------------|-------------------------|-------------------------------|--|-----------------------|
|             | Column 1                     | Column 2                              | Column 3                       | Column 4                | Column 5                      | Column 6                                   | Column 7              |
| Belgium     | 67                           | 58                                    | (60)                           | 77                      | -5.6                          | 82   | 33                    |
| France      | 60                           | 53                                    | 60                             | 91                      | -7.0                          | 80   | 65                    |
| Italy       | 59                           | 53                                    | (55)                           | 75                      | -5.8                          | 81   | 10                    |
| Netherlands | 58                           | 47                                    | (60)                           | 91                      | -12.8                         | 141  | 70                    |
| UK          | 55                           | 38                                    | 60                             | 48                      | -10.0                         | 75   | 22                    |
| Germany     | 48                           | 34                                    | 60                             | 62                      | -4.1                          | 35   | 55                    |
| Spain       | 47                           | 36                                    | 60                             | 63                      | 4.2                           | -23  | 20                    |
| Canada      | 45                           | 37                                    | 60                             | 20                      | -1.0                          | 8  | 32                    |
| US          | 37                           | 26                                    | 62                             | 41                      | 0.2                           | -1   | 25                    |
| Sweden      | 35                           | 26                                    | 60                             | 54                      | -4.1                          | 28   | 5                     |
| Japan       | 22                           | 13                                    | 60                             | 54                      | -3.9                          | 47   | 12                    |

Source: Articles on each country in Gruber, J. and Wise, D.A. *Social Security and Retirement Around the World* (1999), University of Chicago Press. Also summary article by the editors. This table is reproduced from that article.

*Column 1 shows the unused labour capacity for men aged 55-65. This is a measure of non-participation in the labour force. Roughly it is non-participants in that age-group as a proportion of the total population of the age-group. The countries are ordered in the table according to this measure. An indication of the difference between the countries at the extremes is that less than 5% of Belgian men and 60% of Japanese men are in the workforce at age 65 (these figures are from the Gruber and Wise text and are not shown in the table).*

*Column 2 shows the proportion of men out of the labour force at age 59. This proportion is related to the receipt of unemployment and disability benefits, which in most cases tend to function as retirement benefits before state early retirement at 60. Gruber and Wise point out in the text that, excluding Italy (which, as indicated in column 3, arguably has an early retirement age of 55 and is therefore excluded from the following) the first five countries in the table usually had between 21% and 37% of men aged 59 on at least one of these benefits during the late 1990s. while the corresponding figure for the US and Japan is 12%.*

*Column 3 shows early retirement age (ERA). The use of other benefits as de facto retirement benefits creates ambiguity in specifying this age in some countries. Parentheses around figures in the column indicate a higher than average degree of ambiguity. In Belgium, for example, employees who are laid off between the ages of 55 and 59 are eligible for generous benefits. In columns 5 and 6 for Belgium the authors treat these benefits as early retirement benefits available at 55. In the Netherlands there is no state social security early retirement at 60 but employer private pension benefits with early retirement at 60 are virtually universal and the authors have counted these benefits in the Netherlands in the same way that social security retirement programmes are counted for other countries.*

*Column 4 Replacement rates show the proportion of net pre-retirement income represented by social security retirement benefits (includes private pension schemes in the Netherlands; see notes for column 3).*

*Column 5 shows the percentage change in the present discounted value of total future social security benefits which results from working a year past early retirement age.*

*Column 6 shows the implicit tax (as a proportion of earnings) resulting from foregoing retirement benefits by working for an extra year past ERA.*

*Column 7 shows the proportion of employed men in the labour force at ERA who retire at that age, e.g. in France in a recent (unspecified) year, 65% of the 60-year-olds in the labour force retired in that year.*



- 6.6.2. The relationship between features of public retirement schemes and benefits specific to older workers is evident from Table 6.1 In the five countries with high unused capacity/low participation (column 1) the average replacement rate (column 4) is 76.4 and the average implicit tax on work earnings in the next year (column 6) is 91.8%. In the group of three countries with the lowest unused capacity the average replacement rate is only 50% and the average implicit tax is just 24.7%. The indices of incentives to retire at early retirement age (ERA) in columns 4, 5 and 6 indicate that the higher the figures in columns 4 and 6 and the higher the negative figure in column 5, the greater is the incentive to retire at ERA. These incentives to retire at ERA are high for the first five countries in the table and this corresponds to the high rate of retirement at ERA, shown in column 7. The last three countries in the table offer relatively low incentives to retire at ERA and the rate of retirement at that age is correspondingly relatively low (column 7).
- 6.6.3. It was pointed out in paragraph 6.2.3 that causation can go both ways in the relationships identified above and it is possible that some policies to facilitate early retirement were introduced in response to rises in unemployment and lay-offs in which older workers were encouraged to retire. The significant reduction in participation rates after the introduction of policies effectively offering incentives to retire earlier do suggest, however, that the stronger effect is the policy effect on participation rather than vice versa.

## 6.7. Summary and conclusions

- 6.7.1. Pension and social security policies over the last few decades have strongly influenced the age of retirement in most OECD countries. Three indices of incentives to retire were presented in the chapter. These were (a) the replacement rate at early retirement age (ERA), defined as the ratio of social security retirement benefits to net pre-retirement income, (b) the accrual rate in the year after ERA (i.e. the percentage change - usually negative - in the net present value of individuals' total future social security benefits resulting from working for that extra year) and (c) the implicit tax on earnings in that year, which results from foregoing the benefits which an individual would have received if he had retired. There are strong associations between each of these incentives and (d) the proportion of the male population aged 55-65 outside the labour force and (e) the proportion of those of ERA in the labour force who retire in the year they become eligible for early retirement (e.g. in countries where ERA is 60 it is the proportion of those in the labour force between their 59th and 60th birthdays who retire at 60).
- 6.7.2. Across a range of countries the greater the incentives to retire at the state ERA the more likely men are to retire at that age and this association is a strong one. The analysis presented was for men but there is no reason to believe that the retirement behaviour of women is different. The timing of the introduction of the incentives and the change in retirement behaviour points to the former causing the latter but it is possible that some of the causal link is in the other direction (the incentives to retire introduced in response to high unemployment in the 1970s and 1980s).



## 7. Determinants of participation rates of those over 55: survey results

### 7.1. Introduction

7.1.1. PACEC undertook a survey in April and May 2001 of individuals in Ireland who were aged between 55 and 69 and were non-participants in the labour force. The main aim of the survey was to inform policies aiming to increase the labour force participation rate among the 55-69 age group. The survey was designed to ascertain:

- what influences the group's attitudes and behaviour with regard to seeking paid work;
- the outcomes and reasons for the outcomes of the group's job searches;
- constraints on the group obtaining paid work; and
- what the group requires in order to take such work.

7.1.2. Respondents were interviewed by means of questionnaires. Three questionnaires were designed, one for each of three categories of respondent. Respondents were assigned by interviewers to one of the three categories and the appropriate questionnaire was used. The categories were:

(A)retired males and females;

(B)unemployed males; and

(C) females who look after a home ("Home Duties") and who are not registered unemployed or retired from work.

The categories were chosen by the Steering Group on the basis that they covered all the types of non-participants likely to be interested in sufficient numbers in finding paid work to warrant their inclusion in the survey. The sick and disabled were considered for inclusion but the Steering Group decided that there was not sufficient evidence about their capacity for and likelihood of finding paid work to warrant their inclusion.

7.1.3. PACEC was commissioned to undertake 300 interviews by telephone or 200 interviews face-to-face. The former was the preferred option, partly because of the increased statistical significance the larger number would achieve and partly because the telephone interviews were to be done with respondents from lists containing enough information to allow the required quotas to be drawn. The quotas were to be based on a combination of age, sex, location (city or town) and type of non-participation in the labour force (categories in preceding paragraph). Since it was not possible to compile the required lists the face-to-face option was chosen. Potential respondents were approached in public places and were interviewed there or, in a few cases, in their homes.

7.1.4. Quotas were set for respondents but it was more difficult to meet them than it would have been if it had been possible to compile the lists containing the required information. The sample was monitored as the interview programme progressed and interviewers were asked to target the sub-groups which were under-represented at the time of monitoring. As the 200-interview target was close to being reached it was apparent that the requirement to meet quotas would necessitate extra interviews to boost the under-represented sub-groups. The final total of interviews for the main analysis was therefore boosted to 216.

7.1.5. The target quotas were set according to the following criteria:

- there should be at least 15 respondents in each sub-group (defined by sex, age and type of non-participation);
- greater weight was put on selecting groups which are most likely to be interested in seeking and finding paid work, e.g. the 55-59 age group rather than the 65-69 age group;
- the quotas should to some extent reflect the size of the groups in the population of Ireland;





There are 18 possible sub-groups defined by sex, age and type of non-participant (see Table 7.1) and the plan was to undertake interviews with people in 11 of these groups. Males looking after a home and unemployed females were not interviewed because the size of the former group in the population was likely to be too small to justify their inclusion and the size of the latter group was known to be too small. Unemployed males in the 65-69 age group were excluded because their numbers and the likelihood of their re-entering full-time employment were both small. The decision to set a minimum of 15 interviews for each sub-group was a compromise based on the relatively small sample and the requirement to make possible a degree of statistical significance. This is fairly low but it can be increased by aggregating sub-groups (e.g., by analysing the responses of all males aged 55-59 or all females looking after a home, possibly examining whether responses vary in ways that may be expected on the basis of other studies). The following target quotas were set:

**TABLE 7.1 TARGET QUOTAS FOR SURVEY SAMPLE**

|                    | MALES |       |       |       | FEMALES |       |       |       |
|--------------------|-------|-------|-------|-------|---------|-------|-------|-------|
|                    | 55-59 | 60-64 | 65-69 | TOTAL | 55-59   | 60-64 | 65-69 | TOTAL |
| Unemployed         | 15    | 15    | 0     | 30    | 0       | 0     | 0     | 0     |
| Looking after home | 0     | 0     | 0     | 0     | 25      | 15    | 15    | 55    |
| Retired            | 32    | 18    | 20    | 70    | 15      | 15    | 15    | 45    |
| TOTAL              | 47    | 33    | 20    | 100   | 40      | 30    | 30    | 100   |

Source: PACEC.

- 7.1.6. There are obvious problems with meeting quotas without a list of potential respondents and their relevant characteristics. The numbers actually interviewed are shown in Table 7.2. The only cell with a significantly smaller number than the targets set was that for retired women aged 65-69. Whether to target any respondents at all from this group had been in the balance because of the small likelihood of their seeking work and it was decided not to spend resources on meeting this target.

**TABLE 7.2 NUMBERS INTERVIEWED, BY SEX, AGE AND TYPE OF NON-PARTICIPANT**

|                    | MALES |       |       |       | FEMALES |       |       |       |
|--------------------|-------|-------|-------|-------|---------|-------|-------|-------|
|                    | 55-59 | 60-64 | 65-69 | TOTAL | 55-59   | 60-64 | 65-69 | TOTAL |
| Unemployed         | 20    | 16    | 0     | 36    | 0       | 0     | 0     | 0     |
| Looking after home | 0     | 0     | 0     | 0     | 21      | 15    | 17    | 53    |
| Retired            | 29    | 33    | 29    | 91    | 13      | 15    | 8     | 36    |
| TOTAL              | 49    | 49    | 29    | 127   | 34      | 30    | 25    | 89    |

Source: PACEC.

- 7.1.7. The other basis for drawing the sample for this survey was geographical. The respondents were to be drawn from four areas representing four parts of the country and cities/towns of varying size. Metropolitan, large and smaller urban and rural areas were represented. This split was designed to identify differences between areas that might be expected on the basis of the body of theory of how these different types of areas function. For example, metropolitan areas are more likely to have younger populations with a higher proportion of professional workers and rural areas are more likely to have older populations and residents who are physically isolated and lacking transportation. These features are likely to affect responses to this survey. The metropolitan area is obviously Dublin and the large urban area is Cork. Galway was chosen to represent both a smaller urban area and the West and Longford was chosen to represent an area with a large rural hinterland in an area some distance from the other areas. The aim was to undertake 50 interviews in each area but since 216 interviews were undertaken the quota was exceeded in some areas. Practical difficulties prevented the setting of a quota structure within each location along the lines set for the sample as a whole. Table 7.3 shows how the achieved sample was split within each geographical area by sex, age and type of non-participation.



**TABLE 7.3 ACHIEVED SAMPLE NUMBERS, BY LOCATION, SEX, AGE AND TYPE OF NON-PARTICIPANT**

|          | MALE    |            | FEMALE |         | TOTAL |
|----------|---------|------------|--------|---------|-------|
|          | Retired | Unemployed | Home   | Retired |       |
| Dublin   | 22      | 14         | 13     | 8       | 57    |
| Cork     | 20      | 12         | 10     | 9       | 61    |
| Galway   | 28      | 4          | 3      | 13      | 48    |
| Longford | 21      | 6          | 17     | 6       | 50    |
| TOTAL    | 91      | 36         | 53     | 36      | 216   |

Source: PACEC.

- 7.1.8. Table 7.4 below shows the occupational breakdown PACEC constructed for the purpose of this survey. One consideration the Steering Group wanted used in the construction was that it should be comparable to the Supplement On Attitudes To Retirement survey undertaken by the Economic and Social Research Institute (ESRI) and appended to the February, March, April and May (2001) rounds of the EU Consumer Survey undertaken by the ESRI. On the Spring 2001 Supplement, Question 7 asks an open-ended question, "What is your present/former occupation?" and the ESRI indicated to PACEC that the occupational breakdown would be constructed on the basis of answers to that question. PACEC constructed its own breakdown since the PACEC survey was to be undertaken before the ESRI breakdown could be constructed by the method just indicated.
- 7.1.9. The PACEC occupational breakdown was based on that used by the CSO Quarterly National Household Survey (QNHS) with adjustments for certain characteristics of the groups surveyed for this report. These adjustments were:
- civil servants were a separate category since relatively generous pension provisions for them may have a strong influence on the age at which they retire;
  - it is understood that farmers make up a significant proportion of those who work beyond the age of 65, so these (and farm workers) were included as a separate category, as self-employed farmers have been a category in the ESRI EU Consumer Surveys;
  - the "Sales" category in the CSO QNHS was included in "Routine Service, Shop and Sales Work" in order to distinguish routine sales from the sales work which is done at a professional/technical or managerial level (the latter is included in "Professional" or "Technical" category).
- 7.1.10. Practically all tables show a breakdown by age group, sex and location so this is not specified repeatedly in the table headings.
- 7.1.11. Section 7.2 reports on the survey of the retired of both sexes. Section 7.3 reports on the survey females looking after a home. Section 7.4 reports on the survey of unemployed men.
- 7.1.12. In addition to the 216 interviews conducted in the way described above, PACEC took the opportunity to interview others at the 'Over 40s Jobs Fair' held in Dublin on 5th and 6th March 2001. An extra 43 interviews were undertaken there (30 were 'Retired' and 13 were 'Females in Home Duties'). These extra interviews were conducted because this was an opportunity to interview job seekers. Given that a major focus of the survey was to ascertain which characteristics distinguished over 55s job seekers from over 55s non-seekers and whether over 55s job seekers have different requirements and different job-seeking experiences from younger job seekers, it was decided that over 55s job seekers (such as those attending a jobs fair) should be targeted. This was thought preferable to relying on the main sample to provide enough job seekers among the over 55s to facilitate such an analysis. These interviews were to be analysed separately from the main group of 216 respondents because of the bias they would introduce (showing an artificially high proportion of job seekers among the over 55s). Most of the analysis below is based on the main group of 216 respondents, but for reasons just indicated, the extra interviews are used carefully and, where this is the case, it is made clear in the text.



## 7.2. Retired individuals over 55

### *Composition of sample by age, location and education*

- 7.2.1. There were 127 “Retired” respondents in the main, non-boosted sample (see section 7.1.12 above for an explanation of the boosted sample). Respondents defined themselves as “retired” in discussions with interviewers who were asked to ensure that no-one might belong to another group (such as long-term unemployed or people whose main occupation was looking after a home). Respondents were told that they could define themselves as “retired” even if they were doing a part-time job or may at some point take another job. The main criterion for the definition of retired was a respondent’s receipt of a social welfare pension and/or a private pension.
- 7.2.2. Males made up 73% of the sample, females 27%. Respondents were spread fairly evenly across the four locations except for Galway, where more were interviews done than in any other location. The respondents were fairly evenly spread across the age groups although a higher proportion of the youngest group would have been preferred since this group is likely to have more job seekers than the other groups.

**TABLE 7.4 SAMPLE COMPOSITION BY AGE, SEX AND LOCATION**

| Age         | Total | Male | Female | Dublin | Cork | Galway | Longford |
|-------------|-------|------|--------|--------|------|--------|----------|
| 55-59       | 36    | 30   | 6      | 12     | 10   | 10     | 4        |
| 28%         | 32%   | 18%  | 41%    | 34%    | 24%  | 14%    |          |
| 60-64       | 47    | 29   | 18     | 9      | 12   | 15     | 11       |
| 37%         | 31%   | 53%  | 31%    | 41%    | 37%  | 39%    |          |
| 65-69       | 44    | 34   | 10     | 8      | 7    | 16     | 13       |
| 35%         | 37%   | 29%  | 28%    | 34%    | 39%  | 46%    |          |
| Total%      | 100%  | 100% | 100%   | 100%   | 100% | 100%   | 100%     |
| Sample size | 127   | 93   | 34     | 29     | 29   | 41     | 28       |

*Note: Figures are actual numbers, or percentages where indicated. Numbers and percentages sum vertically. Because of rounding not all columns sum to 100%.*

Source: PACEC.

### *Background to retirement*

- 7.2.3. The ‘Retired’ respondents were engaged in a variety of occupations prior to retirement. Men dominated the craft or trade and plant and machine operators occupations, and women the clerical, service/shop/sales occupations.



**TABLE 7.5 THE MAIN OCCUPATIONS OF THE RETIRED IN THE LAST 10 YEARS OF THEIR WORKING LIVES**

|                                     | Total      | Male       | Female     | 55-59      | 60-64      | 65-69      | Dublin     | Cork       | Galway     | Longford   |
|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Senior Civil Servant                | 1          | 0          | 3          | 0          | 0          | 2          | 0          | 3          | 0          | 0          |
| Middle-grade civil servant          | 2          | 2          | 3          | 3          | 4          | 0          | 3          | 7          | 0          | 0          |
| Clerical civil servant              | 4          | 2          | 9          | 8          | 0          | 5          | 7          | 0          | 5          | 0          |
| Professional, not civil service     | 9          | 11         | 3          | 14         | 9          | 5          | 28         | 3          | 0          | 7          |
| Technical, not civil service        | 9          | 8          | 12         | 6          | 13         | 7          | 21         | 7          | 7          | 0          |
| Clerical, not civil service         | 6          | 2          | 15         | 0          | 11         | 5          | 7          | 14         | 2          | 0          |
| Farmer                              | 2          | 3          | 0          | 0          | 6          | 0          | 0          | 3          | 2          | 4          |
| Farm worker                         | 5          | 6          | 0          | 3          | 0          | 11         | 3          | 3          | 5          | 7          |
| Routine service, shop or sales work | 12         | 5          | 29         | 17         | 11         | 9          | 3          | 10         | 15         | 19         |
| Craft or trade                      | 26         | 32         | 9          | 39         | 19         | 23         | 17         | 28         | 27         | 33         |
| Plant or machine operator           | 11         | 14         | 3          | 6          | 6          | 20         | 3          | 10         | 15         | 15         |
| Unskilled manual worker             | 13         | 13         | 15         | 3          | 21         | 14         | 7          | 7          | 22         | 15         |
| Protective service (police/army)    | 1          | 1          | 0          | 3          | 0          | 0          | 0          | 3          | 0          | 0          |
| <b>Total</b>                        | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> |
| Sample size                         | 127        | 91         | 36         | 42         | 48         | 37         | 30         | 29         | 41         | 27         |

*Note: All cells are percentages, summing vertically, except for the bottom row. Columns are shown as summing to 100% but because of rounding this may not always be the case.*

Source: PACEC.

- 7.2.4. 70% of the sample had an average annual employment income of less than £20,000 in the three years preceding retirement and 22% earned under £10,000. The low earners were far more likely to live in Galway and Longford than in Dublin or Cork. Only 4% of the Dublin respondents had earned under £10,000 per annum but at the other extreme 41% of the Galway respondents were in this earnings bracket. All high income earners (£50,000+) were resident in Dublin (4 respondents or 14% of the Dublin respondents had been in this bracket).

**TABLE 7.6 AVERAGE ANNUAL EMPLOYMENT INCOME IN THREE YEARS PRECEDING RETIREMENT**

|                    | Total      | Male       | Female     | 55-59      | 60-64      | 65-69      | Dublin     | Cork       | Galway     | Longford   |
|--------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Over £50,000       | 4          | 5          | 0          | 9          | 0          | 3          | 14         | 0          | 0          | 0          |
| £35,000 to £49,999 | 6          | 7          | 0          | 9          | 8          | 0          | 11         | 4          | 0          | 8          |
| £25,000 to £34,999 | 6          | 5          | 7          | 9          | 6          | 3          | 7          | 9          | 6          | 0          |
| £20,000 to £24,999 | 13         | 19         | 7          | 15         | 22         | 10         | 25         | 9          | 16         | 8          |
| £15,000 to £19,999 | 21         | 25         | 11         | 21         | 14         | 18         | 14         | 43         | 6          | 28         |
| £10,000 to £14,999 | 27         | 33         | 36         | 30         | 25         | 25         | 25         | 26         | 31         | 24         |
| Under £10,000      | 22         | 16         | 39         | 6          | 25         | 33         | 4          | 9          | 41         | 32         |
| <b>TOTAL</b>       | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> |
| Sample size        | 127        | 91         | 36         | 42         | 48         | 37         | 30         | 29         | 41         | 27         |

*Note: All cells are percentages, summing vertically, except for the bottom row. Columns are shown as summing to 100% but because of rounding this may not always be the case.*

Source: PACEC.



### Age at retirement

- 7.2.5. 41% of the sample of respondents retired before the age of 60. Females tend to retire earlier than males; 47% of females and 37% of males retired before the age of 60.

**TABLE 7.7 AGE AT RETIREMENT**

| Age at retirement | Total | Male | Female | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|-------------------|-------|------|--------|-------|-------|-------|--------|------|--------|----------|
| 45-49             | 2     | 1    | 3      | 6     | 0     | 0     | 0      | 3    | 2      | 0        |
| 50-54             | 6     | 3    | 12     | 11    | 4     | 2     | 7      | 7    | 2      | 7        |
| 55-59             | 33    | 33   | 32     | 78    | 21    | 9     | 38     | 31   | 44     | 15       |
| 60-64             | 42    | 38   | 53     | 6     | 74    | 36    | 38     | 48   | 37     | 48       |
| Other             | 18    | 25   | 0      | 0     | 0     | 52    | 17     | 10   | 15     | 30       |
| Total             | 100   | 100  | 100    | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size       | 127   | 91   | 36     | 42    | 48    | 37    | 30     | 29   | 41     | 27       |

*Note: All cells are percentages, summing vertically, except for the bottom row. Columns are shown as summing to 100% but because of rounding this may not always be the case.*

Source: PACEC.

### Reasons for retirement

- 7.2.6. Respondents were asked to give their reasons for retiring when they left their last job. They indicated these reasons from the list shown in Table 7.8. Each respondent was asked (a) which reasons applied to his or her case (responses are summarised in Table 7.8) (b) which of these was the main reason (responses are summarised in Table 7.9). The average respondent made 2.2 answers to (a) but each was asked to make only one answer to (b). An alternative which was considered was to ask respondents to rate each reason on a scale from 1 to 5 but this was considered to be likely to add complexity to the interviews and to the analysis of results without adding significantly to what was to be gleaned about reasons for retirement.
- 7.2.7. In Table 7.8 the reasons for retiring are listed with the most cited reasons at the top. The table shows that the most cited reasons for retiring were “I wanted to spend more time with friends and family” and “I had done enough paid work” These are not, however, cited as the main reason for retiring (see Table 7.9) by as many respondents as might be expected from the replies in Table 7.8 This is not surprising since one might expect that these more voluntary reasons would be secondary reasons.
- 7.2.8. Women are more likely than men to cite the ‘voluntary’ reasons for retirement, such as the two reasons identified in the previous paragraph. Men are more likely to cite the ‘no choice’ reasons such as “I reached retirement age/company wanted my retirement, no choice” and “I had a health or disability problem”.



**TABLE 7.8 WHY RESPONDENTS RETIRED WHEN THEY LEFT THEIR LAST JOB**

|  | Total | Male | Female | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|--|-------|------|--------|-------|-------|-------|--------|------|--------|----------|
| I wanted to spend more time with friends or family               | 50    | 49   | 53     | 33    | 55    | 59    | 41     | 45   | 46     | 70       |
| I had done enough paid work                                      | 36    | 29   | 56     | 19    | 43    | 43    | 38     | 52   | 24     | 33       |
| I reached retirement age/company wanted my retirement: no choice | 28    | 30   | 24     | 8     | 17    | 57    | 34     | 17   | 32     | 26       |
| I had a health or disability problem                             | 23    | 28   | 9      | 33    | 13    | 25    | 14     | 28   | 20     | 33       |
| I wanted to retire as soon as I could afford to do so            | 20    | 26   | 6      | 28    | 23    | 11    | 24     | 21   | 15     | 26       |
| The work situation was not particularly satisfying               | 13    | 9    | 24     | 8     | 21    | 7     | 7      | 14   | 12     | 19       |
| I wanted to pursue a particular interest/travel                  | 13    | 14   | 9      | 17    | 9     | 14    | 34     | 7    | 5      | 7        |
| The job was not particularly satisfying                          | 12    | 9    | 21     | 11    | 15    | 9     | 7      | 17   | 7      | 19       |
| Other  | 9     | 8    | 11     | 19    | 6     | 0     | 17     | 0    | 0      | 0        |
| I had to look after a dependant                                  | 6     | 4    | 12     | 6     | 9     | 5     | 3      | 3    | 10     | 7        |
| I became unemployed and was too old to look for another job      | 6     | 9    | 0      | 11    | 9     | 0     | 17     | 0    | 5      | 4        |
| Sample size  | 127   | 91   | 36     | 42    | 48    | 37    | 30     | 29   | 41     | 27       |

*Note: All cells are percentages except for the bottom row. Respondents could make more than one answer, so columns sum to > 100.*

Source: PACEC.

7.2.9. Women cite the 'voluntary' reasons as main reasons significantly more often than men cite them (see Table 7.9). "I wanted to spend more time with friends or family" is given as a main reason by 30% of women retirees and only 8% of men retirees. One or other of the two main 'no choice' reasons identified in the previous paragraph, on the other hand, are cited as the main reason for retirement by 45% of men and only 24% of women. Dublin respondents are less likely than others to retire "to spend more time with friends and family".



**TABLE 7.9 THE MAIN REASON FOR RETIREMENT**

|  | Total | Male | Female | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|--|-------|------|--------|-------|-------|-------|--------|------|--------|----------|
| I reached retirement age/company wanted my retirement: no choice | 21    | 22   | 18     | 3     | 11    | 46    | 19     | 11   | 31     | 19       |
| I had a health or disability problem                             | 18    | 23   | 6      | 31    | 11    | 15    | 15     | 29   | 13     | 19       |
| I wanted to spend more time with friends or family               | 14    | 8    | 30     | 9     | 22    | 10    | 4      | 18   | 15     | 15       |
| I wanted to retire as soon as I could afford to do so            | 11    | 14   | 3      | 17    | 11    | 5     | 12     | 14   | 5      | 15       |
| I have done enough paid work                                     | 8     | 7    | 12     | 9     | 6     | 7     | 8      | 11   | 8      | 7        |
| I had to look after a dependant                                  | 7     | 5    | 12     | 6     | 9     | 5     | 4      | 4    | 10     | 7        |
| The job was not particularly satisfying                          | 8     | 5    | 9      | 6     | 9     | 0     | 8      | 11   | 5      | 11       |
| The work situation was not particularly satisfying               | 5     | 5    | 6      | 6     | 9     | 0     | 8      | 0    | 8      | 4        |
| I became unemployed and to look for another job                  | 3     | 5    | 0      | 3     | 7     | 0     | 8      | 0    | 3      | 4        |
| I wanted to pursue a particular interest/travel                  | 3     | 3    | 3      | 6     | 0     | 5     | 8      | 4    | 3      | 0        |
| Other  | 2     | 2    | 0      | 3     | 5     | 0     | 8      | 0    | 0      | 0        |
| TOTAL  | 100   | 100  | 100    | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size  | 121   | 88   | 33     | 35    | 45    | 41    | 26     | 28   | 39     | 27       |

*Note: All cells are percentages, summing vertically, except the bottom row. Columns are shown as summing to 100% but because of rounding this may not always be the case.*

Source: PACEC.

- 7.2.10. The respondents who retired because they had “reached retirement age/company wanted my retirement” or because the “job (or work situation) was not particularly satisfying” and gave no other answer were deemed to have left their jobs but not necessarily with the intention of retiring. They were therefore asked whether they had sought other jobs after leaving their final job before retiring. There were 23 respondents (18% of the total sample of 127) in this group and 16 (70% of the 23) of them indicated that they did not seek another job. This suggests that a significant proportion of people who leave their jobs for reasons connected specifically with those jobs (as distinct from people who intend specifically to retire) decide not to seek further work if they are in their 50s and 60s. It could be informative to analyse this group by age at which they left their last job but the small number in the group precludes such further analysis.
- 7.2.11. Table 7.10 uses the “Total” column from Table 7.9 and groups the “Main reasons” according to the likelihood of returning to work (at the time of retirement rather than at the time of the survey) that was implied or suggested by the “main reason”. For example, someone who left his or her last job mainly because “the company wanted my retirement/reached retirement age” or because “the job or work situation was



unsatisfactory” may be more likely to seek or take another job than someone whose main reason for retiring was that he or she “had done enough paid work.” Table 7.10 shows that about one-third (34%) of retired respondents, at the time of leaving their last job, left for reasons that could imply willingness to take another job and that about two-thirds (36% + 28% = 64%) left for reasons that imply little or no inclination to seek or take another job. A similar analysis was done on the boosted sample (see section 7.1.12) and the proportions in each group barely changed.

**TABLE 7.10 MAIN REASON FOR RETIREMENT AND LIKELIHOOD OF RETURNING TO WORK**

| Likelihood of returning to work                              | Main reason for retirement                | %   |
|--|---|-----|
| Could possibly return to work                                | Company wanted retirement/retirement age  | 21  |
|  | Job or work situation not satisfactory    | 13  |
| SUB-TOTAL %  |   | 34  |
| Unlikely to return to work (retired for voluntary reasons)   | Wanted to retire as soon as possible      | 11  |
|  | Retired to pursue interests               | 3   |
|  | Wanted to spend time with friends, family | 14  |
|  | Have done enough paid work                | 8   |
| SUB-TOTAL %  |   | 36  |
| Unlikely to return to work (retired for involuntary reasons) | Health reasons                            | 18  |
|  | Retired to look after a dependant         | 7   |
|  | Became unemployed, too old to find a job  | 3   |
| SUB-TOTAL %  |   | 28  |
| Other  |   | 2   |
| SUB-TOTAL %  |   | 2   |
| TOTAL %  |   | 100 |
| TOTAL of SUB-TOTALS %  |   | 100 |
| SAMPLE SIZE (Males+females)                                  |   | 127 |

Source: PACEC.

### *Current work status of the retired*

- 7.2.12. Twelve (10%) of the retired respondents were in part-time paid work (none was in full-time work since this would have been counter to the definition of “retired”). Ten (8%) of the retired respondents were seeking some paid work, including two of the 12 already in paid work. More respondents were in voluntary work than were in paid work; 22 (18%) did voluntary work. Three of these were either in part-time work or seeking work. There was therefore a total of 39 respondents (31% of the retired sample) in, or seeking, paid or voluntary work and a further eight respondents were engaged in home duties including carer. Thus 47 respondents (38%) might be described as ‘active’ in one of the ways just identified. Another 20% were engaged in home duties other than carer. Women were more likely to be in voluntary work and in home duties, men are more likely to be in paid work. Dublin respondents are more likely than others to be in, or seeking, paid work and less likely to be doing voluntary work. See Table 7.11.





**TABLE 7.11 CURRENT WORK STATUS OF THE RETIRED**

|  | Total | Male | Female | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|--|-------|------|--------|-------|-------|-------|--------|------|--------|----------|
| Doing some paid work                       | 10    | 12   | 3      | 15    | 6     | 9     | 11     | 3    | 12     | 11       |
| Actively seeking some paid work            | 8     | 9    | 6      | 12    | 11    | 2     | 22     | 3    | 5      | 4        |
| Engaged in voluntary work                  | 18    | 12   | 32     | 15    | 19    | 18    | 11     | 28   | 15     | 19       |
| Engaged in neither paid nor voluntary work | 58    | 63   | 44     | 47    | 57    | 66    | 56     | 48   | 68     | 52       |
| Engaged in home duties including carer     | 6     | 4    | 12     | 9     | 2     | 9     | 4      | 10   | 5      | 7        |
| Engaged in home duties but not carer       | 20    | 14   | 35     | 9     | 32    | 16    | 7      | 28   | 7      | 44       |
| Other                                      | 0     | 0    | 3      | 3     | 0     | 0     | 4      | 0    | 0      | 0        |
| Sample size                                | 125   | 91   | 34     | 34    | 47    | 44    | 27     | 29   | 41     | 28       |

*Note:* All cells are percentages except for the bottom row. Respondents could make more than one answer, so columns sum to > 100%.

Source: PACEC.

### Retirement Income

- 7.2.13. Table 7.12 shows which respondents (by age, sex and location) received each type of income in retirement. There are clear geographical differences, with Dublin again standing out from the other locations. Retired respondents in Dublin are significantly more likely than retired respondents in the other three locations to be in receipt of occupational pensions (public or private) and significantly less likely to be in receipt of a social welfare pension. Retired males are more likely than retired females to be in receipt of personal pensions or private sector occupational pensions or other private sector incomes. The age from which individuals (male or female) may receive a state, or social welfare, pension in Ireland is 65 (if retired from employment) or 66 (for the Old Age Contributory Pension). Retired respondents aged 65-69 are significantly more likely than those aged 55-59 to be in receipt of a state pension. This is not surprising since only the oldest group can qualify for the pensions just identified. The older group is less likely than the younger group to be in receipt of other incomes (occupational or personal pensions or other private income). This suggests that occupational and personal pension plans facilitate early retirement.

**TABLE 7.12 THE PROPORTION OF THE RETIRED RECEIVING EACH TYPE OF INCOME**

|  | Total | Male | Female | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|--|-------|------|--------|-------|-------|-------|--------|------|--------|----------|
| Public service occupational pension scheme | 16    | 11   | 31     | 19    | 16    | 14    | 31     | 14   | 15     | 0        |
| Private sector occupational pension scheme | 20    | 23   | 13     | 28    | 20    | 14    | 48     | 24   | 8      | 4        |
| Personal pension plan                      | 29    | 33   | 16     | 44    | 29    | 16    | 28     | 41   | 31     | 15       |
| Social welfare pension                     | 56    | 53   | 66     | 33    | 56    | 75    | 28     | 41   | 69     | 85       |
| Part-time earnings                         | 6     | 8    | 0      | 11    | 0     | 7     | 3      | 3    | 10     | 4        |
| Income from an insurance policy            | 17    | 18   | 13     | 22    | 18    | 11    | 10     | 24   | 15     | 19       |
| Income from rents, interest or dividends   | 14    | 16   | 9      | 22    | 9     | 14    | 21     | 14   | 5      | 22       |
| Other                                      | 9     | 10   | 6      | 17    | 7     | 5     | 14     | 7    | 8      | 7        |
| Sample size                                | 125   | 93   | 32     | 36    | 45    | 44    | 29     | 29   | 39     | 28       |

*Note:* All cells are percentages except for the bottom row. Each respondent may have more than one type of income, so columns sum to > 100%.

Source: PACEC.



7.2.14. In order to measure the extent to which occupational and personal pension plans influence the age at which individuals retire, the retired respondents were asked which incomes they received during retirement. Their responses were cross-tabulated with the age at which the respondents retired. For this analysis it was considered legitimate to include the extra respondents obtained at the 'Over 40s Job Fair' (see section 7.1.12).

7.2.15. Table 7.13 shows the proportion (%) of each age group receiving each type of income. The percentages are additive in columns rather than in rows. The main findings are:

- those who retired below age 65 are more likely to be recipients of public service pensions than those retiring at 65 or older;
- early retirees are more likely than others to be receiving income from a private sector pension, a personal pension plan or from an insurance policy;
- those retiring at the older groups are significantly more likely to be receiving a social welfare pension than are early retirees.

**TABLE 7.13 TYPE OF INCOME(S) RECEIVED BY THE RETIRED, BY AGE OF RETIREMENT**

| Type of income received               | Total | Age at retirement (%) |       |     |
|---------------------------------------|-------|-----------------------|-------|-----|
|                                       |       | 40-59                 | 60-64 | 65+ |
| Public service occupational pension   | 16    | 19                    | 18    | 4   |
| Private sector occupational pension   | 28    | 34                    | 24    | 24  |
| Personal pension plan                 | 30    | 38                    | 27    | 16  |
| Social welfare pension                | 48    | 31                    | 53    | 80  |
| Part-time earnings                    | 10    | 9                     | 13    | 4   |
| Income from insurance policy          | 19    | 26                    | 16    | 8   |
| Income from rent, interest, dividends | 17    | 24                    | 11    | 16  |
| Other                                 | 10    | 15                    | 8     | 4   |
| Sample size                           | 155   | 68                    | 62    | 25  |

*Note: Each respondent may have more than one type of income, so columns sum to > 100%.*

Source: PACEC.

7.2.16. An analysis of respondents receiving social welfare pensions and no other form of income (41 respondents) showed that a relatively small proportion retired early. 44% of those retiring at 65+ were in this position, compared with 21% of those retiring between 40 and 59 and 26% of those retiring between 60 and 64. Again this suggests that personal or occupational pensions or other private incomes enable people to retire before the age of 65 and that those dependent on social welfare pensions are more likely to retire at 65+.

7.2.17. The vast majority of retirees appear to have retired when they had just enough income to do so. Only 5% of the retired said that they could manage without one or more income of the retirement incomes under review. The small number (six) of such respondents precludes further analysis.

7.2.18. Financial circumstances other than the types of income analysed above that facilitated retirement were cited by only 11 respondents. The circumstances cited were quite diverse in character and included inter alia increased asset values, a lottery win, redundancy package and disability benefit. Not surprisingly the main way this income facilitated retirement was by securing an increase in income which made retirement possible. Again, the low number involved precluded further analysis.



### Proportion of the “Retired” sample undertaking part-time work

- 7.2.19. Since the extra respondents (from the ‘Over 40s Jobs Fair’) were considered likely to bias results by being more likely than others to have positive attitudes to work, they were omitted from this section and the analysis is based on the 127 retirees in the main survey. These respondents were asked whether they were doing any part-time work and were asked about their attitudes to work and retirement.
- 7.2.20. 30% were engaged in some kind of part-time work. Almost half of the female respondents but less than a quarter of male respondents were doing part-time work (see Table 7.14). Younger respondents may be more likely than older ones but the difference is not great and the numbers involved do not allow a great degree of confidence in this finding.

**TABLE 7.14 DOES THE RESPONDENT DO PART-TIME WORK (INCLUDING VOLUNTARY WORK)?**

|             | Total | Male | Female | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|-------------|-------|------|--------|-------|-------|-------|--------|------|--------|----------|
| Yes         | 30    | 23   | 48     | 33    | 30    | 27    | 21     | 32   | 36     | 31       |
| No          | 70    | 77   | 52     | 67    | 70    | 73    | 79     | 68   | 64     | 69       |
| Total       | 100   | 100  | 100    | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size | 123   | 90   | 33     | 36    | 46    | 41    | 29     | 28   | 39     | 27       |

Note: All cells are percentages except for the last row.

Source: PACEC.

- 7.2.21. Table 7.15 shows that of the 37 respondents who did part-time work about three-quarters did voluntary rather than paid work (no respondent did both). The only finding from this table that can be stated with some confidence is that retired males aged over 55 who do part-time work are almost as likely to be doing paid work as they are to be doing voluntary work but retired females in this age group are far more likely to be doing voluntary rather than paid work.

**TABLE 7.15 PROPORTION OF PART-TIME WORKERS IN PAID AND VOLUNTARY WORK**

|             | Total | Male | Female | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|-------------|-------|------|--------|-------|-------|-------|--------|------|--------|----------|
| Paid        | 27    | 43   | 6      | 33    | 21    | 27    | 33     | 11   | 36     | 25       |
| Voluntary   | 74    | 57   | 94     | 67    | 79    | 73    | 67     | 89   | 64     | 75       |
| Total       | 100   | 100  | 100    | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size | 37    | 21   | 16     | 12    | 14    | 11    | 6      | 9    | 14     | 8        |

Note: All cells are percentages except for the bottom row. One column does not sum to 100 because of rounding.

Source: PACEC.

- 7.2.22. There were 86 retired respondents without part-time work. These were asked whether they wished to do part-time work. 85% replied “No”, 8% replied “Maybe” and only 7% replied “Yes”. The only significant finding was that retired Dublin respondents without jobs are more likely than their counterparts elsewhere to be interested in finding part-time work. While only 61% of Dublin non-working retired respondents indicated that they did not want a part-time job, this proportion reached 100% in Cork and almost 100% in the other two locations (see Table 7.16).



**TABLE 7.16 DO THE RESPONDENTS WITHOUT A PART-TIME JOB WANT SUCH A JOB?**

|             | Total | Male | Female | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|-------------|-------|------|--------|-------|-------|-------|--------|------|--------|----------|
| Yes         | 7     | 6    | 13     | 8     | 13    | 0     | 22     | 0    | 0      | 5        |
| No          | 85    | 84   | 87     | 75    | 84    | 93    | 61     | 100  | 87     | 95       |
| Maybe       | 8     | 10   | 0      | 17    | 3     | 7     | 17     | 0    | 13     | 0        |
| Total       | 100   | 100  | 100    | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size | 85    | 70   | 15     | 24    | 31    | 30    | 23     | 19   | 23     | 20       |

*Note:* All cells are percentages except for the bottom row.

Source: PACEC.

### *Barriers to obtaining work*

- 7.2.23. Of those not doing part-time work, six respondents (7% of the 85 not doing part-time work) said they wanted such work and seven respondents (8% of those 85) said “maybe” they wanted such work. These 13 were asked why they did not have such work. The responses, set out in Table 7.17, are shown in absolute numbers rather than in percentages (respondents could give more than one answer). The main reasons were concern about the tax implications, lack of awareness of the job opportunities, and low pay attached to part-time work. The range of factors is set out in ranked order.

**TABLE 7.17 FACTORS PREVENTING RESPONDENTS HAVING A PART-TIME JOB**

| Prohibiting factors                               | No. of answers                     |
|---|------------------------------------|
| Tax implications / tax may affect pension         | 3                                  |
| Age   | 3                                  |
| Not aware of any jobs                             | 2                                  |
| Lack of suitable skills                           | 2                                  |
| Health  | 2                                  |
| <b>Other reasons (identified by respondents):</b> |                                    |
| Want good pay                                     | 2                                  |
| Civil service rules                               | 1                                  |
| Seen as overqualified                             | 1                                  |
| Need to care for spouse                           | 1                                  |
| no, none, nothing                                 | 1                                  |
| <b>TOTAL</b>                                      | <b>18 answers (13 respondents)</b> |

Source: PACEC.

- 7.2.24. It was considered legitimate to use the boosted sample (see section 7.1.12 above) to increase the number of retired respondents who are not doing part-time work but who want or “maybe” want to find such work, and to ascertain what prevents such people from having a part-time job. The fact that the boosted sample is unrepresentative because it is too “rich” in job seekers is hardly likely to bias responses to the question of what prevents respondents from having part-time work. In the boosted sample 101 respondents indicated that they did not have part-time work. Of these, 13 (13%) indicated that they wanted a part-time job and 14 (14%) indicated that “maybe” they would take such a job, a total of 27 respondents. Thus the 13 respondents analysed in Table 7.16 has increased to 27. The main problems cited were as follows; eight of the 27 (30%) cited tax reasons, including the possible effect on pensions, five (19%) said that age was a problem and four (15%) felt that they lacked suitable skills. Thus one can have more confidence in the picture emerging from Table 7.17 that these factors are the most important ones. The boosted sample highlights concerns about the tax implications as the main problem preventing retired people from taking part-time work.



7.2.25. The analysis of barriers in paragraphs 7.2.21 and 7.2.22 is based on an open-ended question put to retired respondents who want, or “maybe” want, to find part-time work. A further question put to respondents was “If you think that returning to paid work is a possibility, what are the main problems you face with it?” Respondents were asked to choose from a list of pre-set answers. The boosted sample was used. Table 7.18 shows that 48 of the boosted sample of 155 retired respondents answered the question (those with part-time work and those who had no interest in taking part-time work did not answer). The table shows that insufficient pay, age and the difficulty of being able to work at suitable hours are the main problems. Inadequate skills was not an issue in this group. Little can be said with any confidence about the effect of age on the perceived problems because of the small sample. For the same reason no breakdown by location is shown in the table.

**TABLE 7.18 “IF YOU THINK THAT RETURNING TO PAID WORK IS A POSSIBILITY, WHAT ARE THE MAIN PROBLEMS YOU FACE WITH IT?”**

|  | Total | 55-59% | 60-64% | 65-69% |
|--|-------|--------|--------|--------|
| Transport difficulties                                   | 10    | 25     | 0      | 0      |
| I have to look after someone                             | 10    | 5      | 18     | 9      |
| I cannot get a job paying me enough to induce me to work | 38    | 45     | 47     | 9      |
| I would hardly be better off                             | 40    | 45     | 53     | 9      |
| Difficulty of getting a job at my age                    | 56    | 65     | 53     | 45     |
| Difficulty of getting a job with suitable hours          | 52    | 70     | 53     | 18     |
| Health/disability  | 17    | 15     | 6      | 36     |
| Inadequate skills  | 4     | 5      | 6      | 0      |
| Other  | 6     | 10     | 0      | 10     |
| Sample size  | 48    | 20     | 17     | 11     |

*Note:* Respondents could give more than one answer.

Source: PACEC.

### *Disadvantages of retirement*

7.2.26. All of the main group of 127 retired respondents were asked whether there were any disadvantages in being retired. Table 7.19 shows that two thirds of respondents said that there were no disadvantages. The group most settled into retirement (i.e. with the smallest proportion reporting that there are no disadvantages) was that of men aged over 60 living in the regions outside Dublin.

**TABLE 7.19 ARE THERE DISADVANTAGES IN BEING RETIRED?**

|                              | Total | Male | Female | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|------------------------------|-------|------|--------|-------|-------|-------|--------|------|--------|----------|
| There are some disadvantages | 38    | 39   | 32     | 42    | 36    | 34    | 69     | 24   | 41     | 11       |
| There are no disadvantages   | 62    | 61   | 68     | 58    | 64    | 66    | 31     | 76   | 59     | 89       |
| Total                        | 100   | 100  | 100    | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size                  | 127   | 93   | 34     | 36    | 47    | 44    | 29     | 29   | 41     | 28       |

*Note:* All cells are percentages except for the bottom row.

Source: PACEC.



7.2.27. 48 Respondents (38% of the sample of retired respondents) indicated that there were some disadvantages to retirement. These respondents were asked to choose from a list of “Disadvantages of Retirement” those disadvantages which affected them. Respondents chose as many as they felt affected them. Table 7.20 shows that the most frequently cited disadvantages of retirement in ranked order were:

- Lower income;
- Less contact with former colleagues;
- Less sense of belonging;
- Difficulty of keeping occupied all day; and
- Difficulty of keeping informed about things that matter.

Analysis of responses by sex, age and location shows few significant influences of these factors on the responses. It appears, however, that Dublin respondents are the ones most likely to depend on their jobs for a sense of belonging.

**TABLE 7.20 DISADVANTAGES OF RETIREMENT**

|                                | Total | Male | Female | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|--------------------------------|-------|------|--------|-------|-------|-------|--------|------|--------|----------|
| Lower income                   | 65    | 64   | 67     | 67    | 56    | 73    | 70     | 43   | 71     | 50       |
| Less contact with colleagues   | 63    | 67   | 50     | 47    | 72    | 67    | 70     | 43   | 71     | 25       |
| Less sense of belonging        | 54    | 53   | 58     | 53    | 61    | 47    | 85     | 14   | 41     | 25       |
| Difficulty of keeping occupied | 46    | 42   | 58     | 47    | 50    | 40    | 40     | 43   | 53     | 50       |
| Difficult to keep informed     | 17    | 14   | 25     | 20    | 22    | 7     | 20     | 14   | 12     | 25       |
| Other                          | 4     | 6    | 0      | 0     | 6     | 7     | 0      | 0    | 6      | 25       |
| Sample size                    | 48    | 36   | 12     | 15    | 18    | 15    | 20     | 7    | 17     | 4        |

*Note: All are percentages except for the bottom row. Each respondent may identify more than one disadvantage.*

Source: PACEC.

7.2.28. All respondents were asked whether they preferred retirement to going back to full-time work. Ninety six (76%) preferred retirement while 18 (14%) did not. The other 13 (10%) were not sure. This suggests that 24% of the retired (the sum of the latter two categories) could, under the right circumstances, be interested in taking a full-time job. The numbers who did not prefer retirement or were not sure were too small for further analysis.

7.2.29. All 127 respondents were asked whether they preferred retirement to going back to part-time work. Table 7.21 shows that, from 125 useable responses, 16% did not prefer retirement and another 14% were not sure. Thus 30% wanted, or may want, a part-time job. This compares with only 10% of the same number of respondents who are in part-time paid work (see Table 7.10 above). The degree of interest in part-time work was fairly similar for all three age groups.

**TABLE 7.21 DOES RESPONDENT PREFER RETIREMENT TO GOING BACK TO PART-TIME WORK?**

|             | Total | Male | Female | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|-------------|-------|------|--------|-------|-------|-------|--------|------|--------|----------|
| Yes         | 70    | 66   | 82     | 69    | 69    | 73    | 59     | 78   | 63     | 85       |
| No          | 16    | 18   | 9      | 17    | 16    | 16    | 28     | 7    | 17     | 11       |
| Not sure    | 14    | 15   | 9      | 14    | 16    | 11    | 14     | 15   | 20     | 4        |
| Total       | 100   | 100  | 100    | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size | 125   | 92   | 33     | 36    | 45    | 44    | 29     | 27   | 41     | 27       |

*Note: All cells are percentages except for the bottom row. The “totals” row may not sum to 100 because of rounding.*

Source: PACEC.



## Inducement to Return to Work

7.2.30. There were 36 respondents who indicated that they did not prefer retirement to some kind of job, some preferring part-time work, others indicating that they would consider full-time work. When asked what would induce them to go back to the last jobs at which they had worked 18 (50%) of the 36 respondents said “nothing would induce me to go back to the job”. The other half (18 respondents) of this group could be persuaded to go back to their last jobs under the right (but realistic) circumstances. Eight of the 36 (22%) said that they would like to go back to the job if it offered more flexible hours/part time work and six (17% of the 36) said they would go back with realistically higher pay (there was some overlap here since respondents could give more than one answer). See Table 7.22.

**TABLE 7.22. THE INDUCEMENTS REQUIRED TO RETURN TO THE LAST JOB**

|   | Total | Male | Female | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|---|-------|------|--------|-------|-------|-------|--------|------|--------|----------|
| I would like my old job back with nothing changed           | 8     | 10   | 0      | 0     | 14    | 9     | 25     | 0    | 0      | 0        |
| I would like my old job with changes in personnel/culture   | 0     | 0    | 0      | 0     | 0     | 0     | 0      | 0    | 0      | 0        |
| I would like my old job with (realistically) higher pay     | 17    | 17   | 17     | 0     | 14    | 36    | 33     | 0    | 14     | 0        |
| I would like my old job with more flexible hours/part-time  | 22    | 20   | 33     | 9     | 29    | 27    | 17     | 0    | 36     | 25       |
| I would like my old job with phased retirement              | 6     | 7    | 0      | 0     | 0     | 18    | 8      | 0    | 7      | 0        |
| I would like my old job back with training to update skills | 6     | 3    | 17     | 0     | 14    | 0     | 8      | 0    | 7      | 0        |
| Nothing would induce me to go back to the job               | 50    | 53   | 33     | 91    | 36    | 27    | 50     | 83   | 36     | 50       |
| Other   | 14    | 13   | 17     | 0     | 29    | 9     | 0      | 17   | 21     | 25       |
| Sample size   | 36    | 30   | 6      | 11    | 14    | 11    | 12     | 6    | 14     | 4        |

Note: All cells are percentages except for the bottom row. Respondents could give more than one answer, so the columns sum to >100.

Source: PACEC.

7.2.31. Of the 36 respondents identified in section 7.2.28, 34 gave useable answers to the question “Is there some other job (i.e., other than the last job at which the respondent worked) you would like to do or to be trained for?” Eight (24%) of the 34 indicated that they would be interested in doing or being trained for such a job. Two of the 34 respondents (6%) answered “Don’t know”, suggesting that they could be interested under the right circumstances. Dubliners are more interested than people from elsewhere. See Table 7.23.



**Table 7.23 Is there some job that you would like to do or be trained for?**

|             | Total | Male | Female | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|-------------|-------|------|--------|-------|-------|-------|--------|------|--------|----------|
| Yes         | 24    | 21   | 33     | 27    | 31    | 10    | 55     | 17   | 0      | 25       |
| No          | 71    | 71   | 67     | 67    | 62    | 90    | 27     | 83   | 100    | 75       |
| Don't know  | 6     | 7    | 0      | 9     | 8     | 0     | 18     | 0    | 0      | 0        |
| Total       | 100   | 100  | 100    | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size | 34    | 28   | 6      | 11    | 13    | 10    | 11     | 6    | 13     | 4        |

*Note:* All cells are percentages except for the bottom row. The "total" row may not sum to 100 because of rounding.

Source: PACEC.

- 7.2.32. Of the eight respondents who indicated that they would be interested in taking or being trained for a job other than the last job they did (section 7.2.30), seven specified the kind of job for which they would like to be trained. All the jobs specified were in the `services` sector and included computing and IT, tourism and clerical/receptionist. When asked the open-ended question with prompts, "Under which conditions would you take such a job (e.g. pay/remuneration, training, location)" four (57%) indicated that "good pay" or "similar pay to my previous job" was required and three of these four respondents specified that "good pay whilst training" was required.

### *The relationship between education and employment/activity*

- 7.2.33. The positive effect of education on employment is highlighted by the "Retired" survey results. The likelihood of being 'active' (working or seeking part-time work or doing voluntary work) increases with education.

**TABLE 7.24 THE PROPORTION 'ACTIVE' AT EACH LEVEL OF EDUCATION**

| Level of education             | % 'active' |
|--------------------------------|------------|
| Primary                        | 29         |
| Group/inter/junior certificate | *          |
| Leaving certificate            | 37         |
| Other second level             | 42         |
| Third level                    | 68         |
| Sample size                    | 125        |

*Note:* The Table should be read thus: 29% of those with no more than a Primary education are 'active'.

Percentages do not sum.

\* = Sample too small.

Source: PACEC.

### *Summary and conclusions: the scope for increasing participation rates of the "Retired" group*

- 7.2.34. An indication that the retired could become economically active is that a significant proportion are already 'active' in the sense that they are in part-time work or seeking some paid work or doing some voluntary work. The boosted sample showed that 65 of 150 respondents (43%) were 'active' in this sense. Women were slightly more active than men (see Table 7.25). It should be remembered, however, that most of the women's activity was disproportionately in voluntary work, which typically took up less than 10 hours a week. Retired respondents with a high level of education are significantly more likely than those with lower levels of education to be 'active'.





**TABLE 7.25 PROPORTION OF THE RETIRED AGED 55-69 WHO ARE 'ACTIVE', BY SEX AND TYPE OF ACTIVITY**

|       | % Doing or | % Doing some<br>seeking part-time<br>work | Total %<br>voluntary work | Sample size |
|-------|------------|---|---------------------------|-------------|
| Men   | 30         | 11  | 41                        | 103         |
| Women | 19         | 29  | 48                        | 47          |
| All   | 27         | 16  | 43                        | 150         |

Source: PACEC.

- 7.2.35. As one would expect, the younger groups are more active. 53% of the 55-59 age group were in one of those 'active' categories while 45% of the 60-64 and 30% of the 65-69 group were in one of those categories.
- 7.2.36. About one-third of retired people retired for reasons which suggest that, at the time of retirement, they could have been interested in staying in work. They left their last jobs because "the company wanted my retirement/reached retirement age" or because "the job or work situation was not satisfactory". The other two-thirds left because they positively wanted to retire or because they had to retire because of health problems or to look after a dependant. See Table 7.10.
- 7.2.37. People tend to retire as soon as they can just afford to do so. The receipt of personal and occupational pensions significantly decreases the age of retirement and few pensioners could afford to dispense with much of their income.
- 7.2.38. Results reported above show that a significant proportion of the retired could be induced to return to work. 30% of retired respondents are in part-time work (paid or voluntary) and 15% of all respondents are not in part-time work but could be interested in taking a part-time job. Thus 45% of the whole sample are in, or could be interested in doing, part-time work. Almost a quarter (24%) of the whole sample say they do not, or are not sure whether they do, prefer retirement to full-time work, suggesting that they could be interested in full-time work under the right circumstances.
- 7.2.39. The main factor that could induce the retired to seek and take jobs is adequate pay, including during any training that may be required, and the government dealing with concerns that taxation could affect pensions. Among those who feel that there are disadvantages in being retired, the main disadvantage is "lower income". The other important factor which could induce respondents to take work are flexible and part-time hours. Other barriers to taking jobs are the feeling that age is against them finding a job and, to a lesser extent, the feeling that respondents' skills are inadequate.
- 7.2.40. The retired in Dublin stand out from the retired elsewhere in a number of ways. These findings are taken from the non-boosted sample and are therefore not the results of including the participants at the Dublin Jobs Fair: Dublin respondents stand out because:
- they had more professional jobs and were higher paid;
  - they are more likely to have occupational or personal pension plans;
  - they are more likely to be seeking work and to be 'active' (working, seeking work or doing voluntary work);
  - they are more likely to see the disadvantages of retirement and to prefer part-time work to retirement;
  - they are more likely to want to be trained for new jobs.



### 7.3. Females in home duties

#### *Composition of sample by age, location and education*

7.3.1. There were 53 females in the sample who defined themselves as spending a substantial amount of their time in home duties, i.e., looking after a home, possibly but not necessarily including looking after a dependant. There were another 13 in this group in the boosted sample (i.e. including those interviewed at the 'Over 40s Jobs Fair'). The analysis below is based on the non-boosted 53 because using the extra 13 introduces bias and it was found not to add much to the analysis. Table 7.26 shows the composition of the sample of 53 by age group and location.

**TABLE 7.26 SAMPLE COMPOSITION BY AGE GROUP AND LOCATION**

|             | Total | Dublin | Cork | Galway | Longford |
|-------------|-------|--------|------|--------|----------|
| 55-59       | 21    | 6      | 5    | 1      | 9        |
|             | 40%   | 43%    | 26%  | 33%    | 53%      |
| 60-64       | 15    | 4      | 6    | 1      | 4        |
|             | 28%   | 29%    | 32%  | 33%    | 24%      |
| 64-69       | 17    | 4      | 8    | 1      | 4        |
|             | 32%   | 29%    | 42%  | 33%    | 24%      |
| Total       | 100%  | 100%   | 100% | 100%   | 100%     |
| Sample size | 53    | 14     | 19   | 3      | 17       |

*Note: Some columns may not add to 100% because of rounding.*

Source: PACEC.

7.3.2. Nearly two thirds (64%) of the sample had obtained a Leaving Certificate or completed other second-level education but only 4% had completed Third Level (University, college, Institute of Technology or professional qualification) of formal education. See Table 7.27.

**TABLE 7.27 THE HIGHEST LEVEL OF FORMAL EDUCATION COMPLETED**

|                          | Total | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|--------------------------|-------|-------|-------|-------|--------|------|--------|----------|
| Primary level            | 17    | 19    | 7     | 25    | 0      | 21   | 33     | 24       |
| Group/junior certificate | 15    | 10    | 13    | 25    | 31     | 11   | 33     | 6        |
| Leaving certificate      | 54    | 57    | 73    | 31    | 69     | 53   | 33     | 47       |
| Other second level       | 10    | 10    | 7     | 13    | 0      | 11   | 0      | 18       |
| Third level              | 4     | 5     | 0     | 6     | 0      | 5    | 0      | 6        |
| Total                    | 100   | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size              | 52    | 31    | 15    | 16    | 13     | 19   | 3      | 17       |

*Note: All figures are percentages except for the last row. Some columns may not sum to 100% because of rounding.*

Source: PACEC.



### *Caring for dependants*

- 7.3.3. An important influence on activity rates for certain groups, including the over 55s, is the duty of care for dependants. The lack of an alternative method of care can keep at home people who might otherwise seek paid work. The questions in this section aimed to provide some evidence relevant to this issue.
- 7.3.4. Twenty of the 53 respondents (38%) were caring for a dependant. 57% of those in the age group most likely to be interested in taking a job, the 55-59 age group, were in this position.

**TABLE 7.28 DO YOU CARE FOR ONE OR MORE PERSON (S) WHO ARE UNABLE TO LOOK AFTER HIMSELF/HERSELF/THEMSELVES?**

|             | Total | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|-------------|-------|-------|-------|-------|--------|------|--------|----------|
| Yes         | 38    | 57    | 29    | 24    | 38     | 26   | 0      | 59       |
| No          | 62    | 43    | 71    | 76    | 62     | 74   | 100    | 41       |
| Total       | 100   | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size | 52    | 21    | 14    | 17    | 13     | 19   | 3      | 17       |

*Note: All figures are percentages except for the bottom row.*

Source: PACEC.

- 7.3.5. About three quarters of those being cared for were too young to look after themselves and the remainder were too old or disabled. Almost half of those being cared for were grandchildren and a quarter were sons or daughters.

**TABLE 7.29 THE RELATIONSHIP OF DEPENDANTS TO RESPONDENT**

|                                       | Total | 55-59 | 60-64 | 65-69 | Dublin | Cork | Longford |
|---------------------------------------|-------|-------|-------|-------|--------|------|----------|
| My parent(s)                          | 0     | 0     | 0     | 0     | 0      | 0    | 0        |
| Relative of my parents' generation    | 0     | 0     | 0     | 0     | 0      | 0    | 0        |
| My siblings                           | 5     | 0     | 25    | 0     | 0      | 20   | 0        |
| Non-sibling relative of my generation | 10    | 17    | 0     | 0     | 0      | 0    | 20       |
| My son or daughter                    | 15    | 25    | 0     | 0     | 0      | 40   | 10       |
| My grandson or granddaughter          | 45    | 42    | 75    | 25    | 40     | 40   | 50       |
| Other                                 | 25    | 17    | 0     | 75    | 60     | 0    | 20       |
| Total                                 | 100   | 100   | 100   | 100   | 100    | 100  | 100      |
| Sample size                           | 20    | 12    | 4     | 4     | 5      | 5    | 10       |

*Note: All figures are percentages except for the bottom row. Columns may not all sum to 100% because of rounding.*

Source: PACEC.

- 7.3.6. All respondents except one could see no reasonable alternative method of having the dependant cared for. All 20 respondents looking after a dependant were asked whether they would look for paid work if they did not need to look after that person. Eleven (55%) said "No", eight (45%) said "Maybe" and one (5%) said "Yes". This suggests that around half of the carers (or 17% of the sample of 53 women in home duties) could be interested in looking for paid work if there were some alternative method of care.



**TABLE 7.30 WOULD RESPONDENT LOOK FOR PAID WORK BUT FOR NEEDING TO LOOK AFTER DEPENDANT PERSON?**

|             | Total | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway |
|-------------|-------|-------|-------|-------|--------|------|--------|
| Yes         | 5     | 8     | 0     | 0     | 0      | 0    | 10     |
| No          | 55    | 33    | 75    | 100   | 60     | 60   | 50     |
| Maybe       | 40    | 58    | 25    | 0     | 40     | 40   | 40     |
| Total       | 100   | 100   | 100   | 100   | 100    | 100  | 100    |
| Sample size | 20    | 12    | 4     | 4     | 5      | 5    | 10     |

*Note: All figures are percentages except for the bottom row. Columns may not all sum to 100% because of rounding.*

Source: PACEC.

### *Work record of respondents*

- 7.3.7. Respondents were asked about their work record since this provides indications of the likelihood of individuals' seeking and finding work. One might expect women with consistent and recent work records and with well paid jobs to be more likely than those without those attributes to become employed again.
- 7.3.8. Over two-thirds of the respondents had had paid employment in the past for more than one year and this proportion increased to three quarters for women in the 55-59 age group. A higher proportion in Dublin than anywhere else had had such employment.

**TABLE 7.31 HAS THE RESPONDENT EVER HAD A PAID JOB OUTSIDE THE HOME OF MORE THAN ONE YEAR'S DURATION?**

|             | Total | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|-------------|-------|-------|-------|-------|--------|------|--------|----------|
| Yes         | 68    | 70    | 53    | 76    | 93     | 63   | 67     | 53       |
| No          | 32    | 30    | 47    | 24    | 7      | 37   | 33     | 47       |
| Total       | 100   | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size | 53    | 21    | 15    | 17    | 14     | 19   | 3      | 17       |

*Note: All figures are percentages except for the bottom row.*

Source: PACEC.

- 7.3.9. 43% of respondents had worked in paid employment in the past fifteen years.

**TABLE 7.32 HAS THE RESPONDENT HAD A JOB IN THE PAST 15 YEARS?**

|             | Total | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|-------------|-------|-------|-------|-------|--------|------|--------|----------|
| Yes         | 43    | 43    | 47    | 41    | 36     | 53   | 33     | 41       |
| No          | 57    | 57    | 53    | 59    | 64     | 47   | 67     | 59       |
| Total       | 100   | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size | 53    | 21    | 15    | 17    | 14     | 19   | 3      | 17       |

*Note: All figures are percentages except for the bottom row.*

Source: PACEC



- 7.3.10. There were 23 respondents (43% of the sample of 53) who had worked in the previous 15 years. Thirteen of the 23 (57%) had worked in the previous five years and 20 (87%) had worked in the previous 10 years. All 23 were asked what their main occupation had been. Nine of the 23 (39%, or 17% of the total sample of 53) had been in professional/managerial or associate professional/technical work.

**TABLE 7.33 THE MAIN OCCUPATION OVER THE LAST 15 YEARS**

|                                  | Total | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|----------------------------------|-------|-------|-------|-------|--------|------|--------|----------|
| Professional                     | 9     | 11    | 14    | 0     | 0      | 0    | 0      | 29       |
| Managerial                       | 9     | 0     | 0     | 29    | 0      | 20   | 0      | 0        |
| Associate professional/technical | 22    | 33    | 14    | 14    | 20     | 30   | 0      | 14       |
| Clerical/secretarial             | 4     | 0     | 0     | 14    | 0      | 10   | 0      | 0        |
| Craft & related                  | 17    | 11    | 43    | 0     | 0      | 10   | 100    | 29       |
| Personal & protective services   | 26    | 22    | 14    | 43    | 60     | 20   | 0      | 14       |
| Sales                            | 13    | 22    | 14    | 0     | 20     | 10   | 0      | 14       |
| Total                            | 100   | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size                      | 23    | 9     | 7     | 7     | 5      | 10   | 1      | 7        |

*Note: All figures are percentages except for the bottom row. Columns may not all sum to 100% because of rounding.*

Source: PACEC.

- 7.3.11. Each of the 23 respondents who had worked in the previous 15 years was asked why she left her last job. All except two had left voluntarily. In reply to an open-ended question, seven respondents (30%) indicated that they had left to look after a relative. Nine (39%) specified reasons indicating that they simply wanted more time for themselves or their families. Six (26%) indicated that the job was unsatisfactory in some way (too tiring or hot or not enjoyable) but only one of these six identified low pay as a reason for leaving.
- 7.3.12. Of the 23 respondents, 12 (52%) had usually been in full time work, nine (39%) had usually been in part time work and two (9%) had been in and out of part time work.

### *Current plans*

- 7.3.13. All respondents were asked whether they were actively seeking work and whether they would take a job if one were offered. Only 8% said that they were actively seeking work. Those not actively seeking work were asked whether they would, or might, be interested in taking a job if one came up. 16% of this group (i.e. 15% of all respondents) said they would, or may be, interested in taking a job under these circumstances. Thus 23% (8% and 15%) of all respondents would consider doing a suitable job offered to them. The most important consideration was hours of work; nearly all those who might consider doing a job indicated that it should be part-time and/or fit in with responsibilities at home. Dubliners are more likely than others to be seeking jobs and to be prepared to take a suitable job which might materialise.



**TABLE 7.34 ARE YOU ACTIVELY SEEKING WORK?**

|             | Total | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|-------------|-------|-------|-------|-------|--------|------|--------|----------|
| Yes         | 8     | 14    | 7     | 0     | 21     | 0    | 0      | 6        |
| No          | 92    | 86    | 93    | 100   | 79     | 100  | 100    | 94       |
| Total       | 100   | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size | 53    | 21    | 15    | 17    | 14     | 19   | 3      | 17       |

*Note: All figures are percentages except for the bottom row.*

Source: PACEC.

**TABLE 7.35 WOULD THE RESPONDENT TAKE A JOB IF ONE CAME UP? (%)**

|             | Total | 55-59 | 60-64 | 65-69 | Dublin | Cork | Galway | Longford |
|-------------|-------|-------|-------|-------|--------|------|--------|----------|
| Yes         | 4     | 6     | 7     | 0     | 8      | 5    | 0      | 0        |
| No          | 84    | 78    | 80    | 94    | 67     | 89   | 100    | 88       |
| Maybe       | 12    | 17    | 13    | 6     | 25     | 5    | 0      | 13       |
| Total       | 100   | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size | 50    | 18    | 15    | 17    | 12     | 19   | 3      | 16       |

*Note: All figures are percentages except for the bottom row.*

Source: PACEC.

### *Summary and conclusions: scope for increasing participation rate*

7.3.14. The following are the main indicators of the scope for increasing the participation rate of over 55 females in home duties:

- 68% of respondents had had a job of more than one year's duration;
- Thirteen of the 53 respondents (25%) had worked in the previous five years, 20 (38%) had worked in the previous 10 years and 23 (43%) had worked in the previous 15 years;
- Of the 23 who had worked in the previous 15 years, 12 were full-timers and 11 were part-timers;
- Of these 23, 16 (70%) gave reasons for leaving their last job which implied that they were unlikely to be seeking further work. The 16 were made up of seven who left the job to look after a dependant (and indicated that there was no alternative method of care) and nine who left to have more time to themselves or their families. Only six left for reasons which implied that further work could be of interest (did not like the job or some aspect of it). Pay was an issue for only one respondent;
- Twenty respondents (38% of the sample) were looking after a dependant, almost half of these dependants being grandchildren. Nine of the 20 (45%, or 17% of the total sample of 53) indicated that they would or may be interested in doing a job if they did not have to look after the dependant;
- 23% of the total sample indicated that they were either seeking work or would, or may, be interested in taking a job if one materialised.

## **7.4. Unemployed men over 55**

7.4.1. It is important to point out that the number of unemployed men aged between 55 and 64 (the age group studied in this section) is small. The CSO's *Quarterly National Household Survey, Fourth Quarter (2000)* showed that there were 2,100 people in this group.



### *Composition of sample by age, location and education*

- 7.4.2. There were 36 registered unemployed men in the sample. All were aged 55-64. Dublin and Cork provided 26 of the 36 respondents.

**TABLE 7.36 THE AGE AND LOCATION OF THE UNEMPLOYED OVER 55S**

|             | Total | Dublin | Cork | Galway | Longford |
|-------------|-------|--------|------|--------|----------|
| 55-59       | 20    | 9      | 5    | 1      | 5        |
|             | 56%   | 64%    | 42%  | 25%    | 83%      |
| 60-64       | 16    | 5      | 7    | 3      | 1        |
|             | 44%   | 36%    | 58%  | 75%    | 17%      |
| Total       | 100%  | 100%   | 100% | 100%   | 100%     |
| Sample size | 36    | 14     | 12   | 4      | 6        |

Source: PACEC.

- 7.4.3. Of the respondents, 64% obtained a Leaving Certificate or completed other second level education. The other 36% did not reach second level. None had a third level education. The relatively low level of education of this group is a reflection of its age and employment status (on average, younger and employed people have higher levels of education).

**TABLE 7.37 HIGHEST LEVEL OF FORMAL EDUCATION**

|                                | Total | 55-59 | 60-64 | Dublin | Cork | Galway | Longford |
|--------------------------------|-------|-------|-------|--------|------|--------|----------|
| Primary level                  | 28    | 20    | 38    | 0      | 25   | 75     | 67       |
| Group/inter/junior certificate | 8     | 0     | 19    | 14     | 0    | 25     | 0        |
| Leaving certificate            | 47    | 65    | 25    | 50     | 67   | 0      | 33       |
| Other second level             | 17    | 15    | 19    | 36     | 8    | 0      | 0        |
| Total                          | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size                    | 36    | 20    | 16    | 14     | 12   | 4      | 6        |

*Note: All figures are percentages except for the bottom row. Because of rounding not all columns sum to 100%.*

Source: PACEC.

### *Work record and current period of unemployment*

- 7.4.4. Taken together, managers/professional and technical accounted for 15% of the sample even though none had been educated beyond second level. Another 29% of respondents were in craft and related occupations, 14% were plant and machine operators. The remainder were in a variety of occupations, mainly sales or unskilled.



**TABLE 7.38 RESPONDENTS' LAST JOBS**

|  | Total | 55-59 | 60-64 | Dublin | Cork | Galway | Longford |
|--|-------|-------|-------|--------|------|--------|----------|
| Managers and Administrators                      | 9     | 10    | 7     | 7      | 9    | 0      | 17       |
| Professional Occupations                         | 3     | 5     | 0     | 7      | 0    | 0      | 0        |
| Associate Professional and Technical Occupations | 3     | 0     | 7     | 7      | 0    | 0      | 0        |
| Clerical and Secretarial Occupations             | 3     | 5     | 0     | 7      | 0    | 0      | 0        |
| Craft and Related Occupations                    | 29    | 40    | 13    | 36     | 27   | 0      | 33       |
| Personal and Protective Service Occupations      | 9     | 0     | 20    | 7      | 9    | 25     | 0        |
| Sales Occupations                                | 11    | 10    | 13    | 14     | 18   | 0      | 0        |
| Plant and Machine Operatives                     | 14    | 5     | 27    | 7      | 9    | 50     | 17       |
| Other Occupations                                | 20    | 25    | 13    | 7      | 27   | 25     | 33       |
| Total  | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size                                      | 36    | 20    | 16    | 14     | 12   | 4      | 6        |

*Note:* All figures are percentages except for the bottom row. Because of rounding not all columns sum to 100%.

Source: PACEC.

- 7.4.5. Respondents were asked why their last jobs came to an end. 50% reported that they left because the work was finished or because the employer wanted them to leave. 25% of respondents chose to leave their last job. The other 25% were split fairly evenly between “voluntary redundancy” and “illness or disability”.





**TABLE 7.39 WHY LAST JOB CAME TO AN END**

|                             | Total | 55-59 | 60-64 | Dublin | Cork | Galway | Longford |
|-----------------------------|-------|-------|-------|--------|------|--------|----------|
| Job finished, no more work  | 39    | 45    | 31    | 36     | 33   | 50     | 50       |
| Employer wanted me to leave | 11    | 0     | 25    | 7      | 17   | 25     | 0        |
| I chose to leave            | 25    | 25    | 25    | 36     | 17   | 25     | 17       |
| Other                       | 25    | 30    | 19    | 21     | 33   | 0      | 33       |
| Total                       | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size                 | 36    | 20    | 16    | 14     | 12   | 4      | 6        |

*Note: All figures are percentages except for the bottom row.*

Source: PACEC.

- 7.4.6. 81% of respondents were in full-time work (either “usually in” or “in and out of” such work) before the current period of unemployment.

**TABLE 7.40 WORK PATTERN IN THE LAST TWO YEARS BEFORE CURRENT PERIOD OF UNEMPLOYMENT**

|                              | Total | 55-59 | 60-64 | Dublin | Cork | Galway | Longford |
|------------------------------|-------|-------|-------|--------|------|--------|----------|
| Usually in full-time work    | 56    | 50    | 63    | 57     | 75   | 25     | 33       |
| In and out of full-time work | 25    | 30    | 19    | 36     | 17   | 25     | 17       |
| Usually in part-time work    | 8     | 10    | 6     | 0      | 8    | 0      | 33       |
| In and out of part-time work | 11    | 10    | 13    | 7      | 0    | 50     | 17       |
| Total                        | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size                  | 36    | 20    | 16    | 14     | 12   | 4      | 6        |

*Note: All figures are percentages except for the bottom row.*

Source: PACEC.

- 7.4.7. 47% of respondents (slightly less than the national average) had been unemployed for a year or more.

**TABLE 7.41 WHEN CURRENT PERIOD OF UNEMPLOYMENT BEGAN**

|                       | Total | 55-59 | 60-64 | Dublin | Cork | Galway | Longford |
|-----------------------|-------|-------|-------|--------|------|--------|----------|
| Less than 4 weeks ago | 3     | 5     | 0     | 0      | 8    | 0      | 0        |
| 4-11 weeks ago        | 6     | 5     | 6     | 0      | 17   | 0      | 0        |
| 3-6 weeks ago         | 19    | 15    | 25    | 36     | 8    | 25     | 0        |
| 6-12 weeks ago        | 25    | 35    | 13    | 21     | 25   | 25     | 33       |
| Over a year ago       | 47    | 40    | 56    | 43     | 42   | 50     | 67       |
| Total                 | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size           | 36    | 20    | 16    | 14     | 12   | 4      | 6        |

*Note: All figures are percentages except for the bottom row.*

Source: PACEC.

### *Current job search*

- 7.4.8. Two thirds of the sample were actively seeking paid employment. The proportion in Dublin (86%) was somewhat higher than in the other three centres. The majority (60%) of the unemployed are looking for a different job from the one they previously occupied.



**TABLE 7.42 IS RESPONDENT ACTIVELY SEEKING PAID EMPLOYMENT?**

|             | Total | 55-59 | 60-64 | Dublin | Cork | Galway | Longford |
|-------------|-------|-------|-------|--------|------|--------|----------|
| Yes         | 67    | 70    | 63    | 86     | 50   | 50     | 67       |
| No          | 33    | 30    | 37    | 14     | 50   | 50     | 33       |
| Total       | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size | 36    | 20    | 16    | 14     | 12   | 4      | 6        |

*Note: All figures are percentages except for the bottom row.*

Source: PACEC.

- 7.4.9. Two-thirds of the sample (24 of the 36 respondents) were actively seeking paid employment. Only 18 of the 24, however, reported that they had made one or more job applications in their current period of unemployment. Of the six not applying for a job two were seeking self employment, two reported that no suitable job had appeared and one was on a FÁS scheme.
- 7.4.10. Of the 18 who had made job applications during their current period of unemployment, 12 (67%) had had no job offer, though 11 respondents were currently awaiting a response to their applications.
- 7.4.11. Respondents were asked "What are the main reasons for any job applications being unsuccessful?" There were 15 respondents who thought the question was relevant to them. The options were "older than employer wanted", "insufficient qualifications", "insufficient experience" and "other". Age was the most important reason perceived by respondents for applications being unsuccessful. Six of the 15 (40%) unsuccessful job applicants thought that their age was an "important" or "very important" reason for not being offered the jobs (see Table 7.43). Four respondents (27%) said "insufficient experience" and two (13%) said "insufficient qualifications" were "important" or "very important" reason for applications being unsuccessful.

**TABLE 7.43 UNSUCCESSFUL APPLICATIONS: RATING FOR 'OLDER THAN EMPLOYER WANTED' AS A REASON**

|                  | Total | 55-59 | 60-64 | Dublin | Cork | Galway | Longford |
|------------------|-------|-------|-------|--------|------|--------|----------|
| Of no importance | 53    | 57    | 50    | 63     | 25   | 100    | 0        |
| Neutral          | 7     | 14    | 0     | 13     | 0    | 0      | 0        |
| Important        | 13    | 14    | 13    | 13     | 25   | 0      | 0        |
| Very important   | 27    | 14    | 38    | 13     | 50   | 0      | 100      |
| Total            | 100   | 100   | 100   | 100    | 100  | 100    | 100      |
| Sample size      | 15    | 7     | 8     | 8      | 4    | 2      | 1        |

*Note: All figures are percentages except for the bottom row. Because of rounding not all columns sum to 100%.*

Source: PACEC.

- 7.4.12. When asked to elaborate on reasons for job applications being unsuccessful nine (60%) of the 15 respondents gave answers that were later coded as "employers want younger/fitter people".
- 7.4.13. The 24 respondents who were actively seeking work were asked whether it was likely that they would obtain work in the following few weeks. Of 22 who responded to this question, 16 (73%) thought it "unlikely" and six (27%) thought it was "likely" or "very likely" Of these 22 respondents seeking work 10 (45%) were from Dublin. Dublin respondents were evenly split between "likely" and "unlikely" responses but the other 12 respondents (split between Cork, Galway and Longford) produced one "likely" and 11 "unlikely" responses. Of 20 respondents who gave reasons for thinking they were "likely" or "unlikely" to obtain jobs in the following few weeks, seven (35%) said job scarcity made it "unlikely" and six (30%) said that it was "unlikely" because employers wanted younger people.



- 7.4.14. Nineteen of the 36 respondents (53%) had access to a pension but three of these said the pension was not “fully mature”. The 16 respondents with access to mature pensions were asked why they continued to seek work rather than to retire. There were responses to this question by 14 interviewees. They were able to give more than one answer and the 14 gave 19 answers. Six (43%) said they needed the extra money, five (36%) said they remained active because they were interested in the work they did and three (21%) said they were seeking a balance between spare time and income from working.
- 7.4.15. All 36 respondents were asked when they planned to retire. Thirty respondents replied. Only six (20%) planned to retire before the age of 65, twenty two (73%) expected to retire between the ages of 65 and 69, and two (7%) expected to retire after the age of 70.

### *Summary and conclusions: scope for increasing participation rate*

Most indications are that there is limited scope for increasing the participation rate of unemployed males aged 55 or over. The group is very small (2,100) and almost half of the sample analysed here had been unemployed for a year or more. Only two-thirds were actively seeking work and of these some had made no job applications during their current period of unemployment, either because no suitable job materialised or because they were hoping to go into self-employment or were on a FÁS course. Only 18 of the 36 people in the sample had actually made job applications and of these 12 had not had a job offer. Thus only six of the 36 had had a job offer from applications during their current period of unemployment. About half of job applicants thought that age was a significant barrier to obtaining a job. Over 70% of the 24 respondents actively seeking work thought it “unlikely” that they would find jobs in the following few weeks. Dublin again emerges as different from the other locations. Over 80% of Dublin respondents, and about 50% of respondents from elsewhere, were actively seeking work. Half the Dublin respondents thought it “likely” that they would find a job in the following few weeks but only one of the 12 respondents from elsewhere who were actively seeking jobs thought that such an outcome was “likely”.

## **7.5. Summary and Conclusions**

- 7.5.1. There were three surveys of the over 55s who were not in full-time work. The main findings of each are as follows:
- 7.5.2. The survey of the Retired showed:
- over 40% stay ‘active’ (seeking or doing paid or voluntary part-time work);
  - about one-third left their last jobs for reasons which suggest that they could at the time have been interested in taking other work;
  - 30% are in part-time work (paid or voluntary) and another 15% could be interested in paid part-time work, while almost one-quarter of the total sample could be interested in full-time work as long as it meets their requirements;
  - the respondents’ main requirements for taking paid work are sufficient take-home pay, in light of concerns that the effect of taxation on pensions may make it difficult to earn enough to make work worthwhile, and flexible hours of work;
  - respondents see age and, to a lesser extent, inadequate skills as important barriers on the demand side;
  - Dublin respondents, despite being more likely to have the means (private or occupational pensions) to retire early are more likely than others to be working and to be interested in seeking work, partly because of the higher level of formal education of Dublin respondents (this being positively associated with working or being interested in taking a job); and
  - the group most likely to be settled in their retirement are men aged 60 and over living outside Dublin.



7.5.3. The survey of Females in home duties showed:

- two-thirds of the sample have had jobs which lasted a year or more but under 40% have worked in the last 10 years and only 20% have had full-time jobs in that period;
- two-thirds of those which have had jobs left their last job for reasons which suggested that they would be unlikely to want other jobs;
- almost 40% of the sample were looking after dependants, mainly grandchildren. Nearly all of these respondents said that there was no alternative method of care, and half of this group could be interested in taking part-time work under the right circumstances (mainly flexible hours);
- about one-quarter of the sample were either seeking paid work or could be interested in taking a job.

7.5.4. The survey of Unemployed males showed:

- although the respondents were registered as unemployed and seeking work, only two-thirds were “actively” seeking work and almost half the sample had been unemployed for a year or more;
- only 17% had had a job offer from an application during their current period of unemployment;
- over 70% thought it “unlikely” that they would find a job in the next few weeks;
- most barriers to obtaining work were seen as coming from the demand side and age was a particularly important barrier, along with lack of jobs in locations outside Dublin;
- Dublin respondents were significantly more likely than others to be seeking work and to be optimistic about finding it.



## 8. OECD Government Policies to increase activity rates of older workers

### 8.1. Introduction

- 8.1.1. It is evident that for much of the 1980s and early 1990s many downsizing companies found it convenient to encourage early exit from the workforce and most OECD governments facilitated this solution. The labour shortages that have been emerging since the end of the recession of the early 1990s and the long-term problems associated with an ageing labour force, which will start to bite in a decade or more, have caused governments to reverse these early-exit policies and encouragements.
- 8.1.2. Much analysis and policy design has taken place in the last few years and a new set of policies is beginning to take shape, albeit unevenly. In some countries, like France, the retirement of older workers to make way for younger ones has been the aim of some labour market adjustment programmes while the Swedish and several other governments have usually emphasised the aim of keeping older workers employed.
- 8.1.3. In the previous chapters the barriers to labour force participation by those aged 55 and over were divided into two main elements: (a) the difficulties faced by older workers who sought to remain in, or return to, work and (b) the pensions and social security provisions which may have formed disincentives to labour force participation for this age group. As an aid to informing future policy decisions in Ireland, this chapter surveys OECD government policies which address these two types of problem.

### 8.2. Pension and social security provision

- 8.2.1. Since the mid-1990s most OECD governments have worked on the evolution of policies with the objectives of (a) reducing or removing incentives to leave the labour force early and of (b) putting in place the platforms for financing the heavy social security burden which will result from the ageing of populations and workforces in ten or 20 years' time.
- 8.2.2. With regard to pensions, some governments appear to be thinking in terms of incremental changes while others are thinking in terms of fundamentally changing the two main aspects of most current retirement pension systems. These fundamental changes are (a) to replace pay-as-you-go arrangements (where pensions are financed out of current government receipts) with pre-funded arrangements (where pensions are financed by funds put aside by, or on behalf of, the individual over the years) and (b) to replace "defined benefits" arrangements (where benefits/receipts are defined at the outset) with "defined contribution" elements (where individuals have choice/flexibility about how much and when they contribute and receive and how the funds are invested).
- 8.2.3. Ireland's Personal Retirement Savings Account (PRSA) is an example of these fundamental changes. PRSAs are available to individuals irrespective of employment status. They allow for a flexible retirement age, benefits are determined by the accumulated funds in the individual's account and there is flexibility regarding the withdrawal of benefits and when the individual buys an annuity. The flexibility of this kind of pension facilitates "downshifting" (withdrawing gradually from the labour force) and can therefore go some way to increasing the labour force participation rate of older workers.
- 8.2.4. The framing of public pension and other social security arrangements to reduce work disincentives for older workers is guided in part by the kind of research on the broad relationships between policy and labour market participation identified in this report.



- 8.2.5. Recent research activity has produced examples of how the target groups of older workers in each country can be more accurately characterised, thus facilitating better-informed and therefore more effective policies. The US government for example, undertakes a number of household surveys gathering information on changes in labour force participation of older workers and the recently retired. The Current Population Survey and Survey of Income and Program Participation provide information on employment and retirement trends for the US. This may not be unique but the information has been expanded in recent years to facilitate a better understanding of the retirement process than is possible elsewhere.
- 8.2.6. The US Health and Retirement survey identifies and assesses the importance of the factors influencing retirement and other matters affecting older workers. The original sample, in 1992, included people who were aged 51-61 at that time and their spouses. These have been surveyed biennially since. New cohorts are added over time and merged with an ongoing study of those aged 70+ to provide continuous information about the entire non-institutionalised US population aged 51 and older. These data provide critical information on trends in labour force participation, retirement behaviour and pension and health dynamics in order to provide a scientific basis for tax policy and social security programme development and modification.
- 8.2.7. In Canada the Survey of Consumer Finances is able to specify, for the average individual in a specified age group, the proportion of total income coming from each of several sources. For example in 1996 individuals over 65 received on average 29% of their income from flat-rate public pension schemes and targeted anti-poverty programmes and 20% from contributory, earnings-based public pension schemes. Similarly specified proportions came from occupational pensions, returns on private savings/investments, earnings from part-time work, savings plans receiving tax support etc.
- 8.2.8. The kind of information collected in Canada and the US is valuable for those designing policies which have the reduction of work disincentives for older workers as an aim. For example, replacement ratios appear to have a major influence on retirement decisions. A replacement ratio is usually defined as net post-retirement income as a proportion of net pre-retirement income. What matters to the individual is total post-retirement income, not just the amount of public pension. Only country-by-country research can inform policy makers how any of their possible adjustments of pension programmes will affect total post-retirement income and the decision to retire. G. Cooper and P. Scherer's article 'Can We Afford to Grow Old?' (*OECD Observer No 212*, June/July 1998) showed that most people in the several countries (but not Ireland) surveyed act as though they have a target replacement ratio of about 0.7 or 70%. This holds across countries and income groups. In countries with low public pensions individuals compensate with other sources of income and in many countries people have to work well into their 60s in order to achieve their target post-retirement income.
- 8.2.9. Public pensions and other social security benefits usually make up a significantly lower proportion of the post-retirement income of the highest income quartile than that of the lowest quartile. The highest quartile typically receives between 10% and 40% of its pre-retirement income from public funds and makes this up to 70% by private savings, occupational pensions etc. This kind of information about income sources and retirement behaviour is required in order to frame public policies which influence retirement decisions without undermining other aims (e.g. ensuring that everyone has some basic minimum income).
- 8.2.10. Most OECD countries have recently framed policies aimed at reducing disincentives to work for older workers. OECD countries recently responded to an OECD questionnaire in which each country was asked about the steps it was taking to reduce these disincentives. The main responses are set out by country as follows. These responses are simply reported here and not evaluated.
- (A) Several countries have raised early and/or normal retirement age and/or reduced benefits of early retirees and/or increased the period during which pension rights are earned (an individual's pension increases with the number of years worked). Even countries with high participation rates of older workers have taken these kinds of steps:



- Japan raised the pensionable age of the flat-rate portion of Old Age Employees Pension from 60 to 65, a reform which will take place gradually between 2001 and 2013;
  - Iceland abolished the claiming of pensions by public employees at the age of 60. Pension rights accrue at the same rate over a working life and full pension is reached at the age of 70. Working between 65 and 70 increases pensions by 0.8% per month. Social security benefits are low and means-tested;
  - Sweden will soon have no limit on the period during which individuals can earn pension rights. Those who do not draw a full pension will see their pension assets increase at the same rate as wage growth. The government has considered raising normal retirement age from 65 to 67 but this is subject to collective agreements;
  - Denmark has introduced an incentive to keep working with a premium for every quarter-year worked beyond the age of 62;
  - Canada has few disincentives to working beyond a certain age and programmes for the older unemployed and disabled contain fewer still. The government concentrates on encouraging, through taxation and other measures, occupational pensions and private savings. The aim is flexibility and choice and rewarding those who contribute longest. The Canadian reply does point to the problem of balancing the reduction in work disincentives with the requirement to ensure income support for those most in need. Although existing disincentives are small, research is under way on how they work and on the potential effects of reducing them.
- (B) Some countries are closing or restricting the route to early retirement via unemployment and disability benefits.
- Finland has raised the age at which someone can take the unemployment path to retirement (i.e. receive an unemployment pension) from 55 to 57. It has tightened the sanctions on the unemployed of all ages who refuse to take a job or training and encouraged the take-up of training and education by means of an allowance. Emphasis is now placed on rehabilitation rather than making social security disability payments.
  - Iceland and other countries have tightened the criteria for drawing disability pensions. Only standard medical criteria will be sufficient.
  - Denmark is phasing out the Transitional Allowance Scheme, which was a special retirement scheme for the long-term-unemployed aged 50-59. The government is also concentrating on increasing incentives for continued work and facilitating part-time work and gradual retirement.
  - The UK found that increasing numbers of people within five years of retirement age were drawing disability benefits. At one point it reached almost 25%. The criteria for drawing Incapacity Benefit have been changed so that only those satisfying an objective test of the effect of the illness/disability on functional capacity can draw the benefits. Formerly factors such as age, skills and experience were taken into account.
- 8.2.11. Ireland spends less on social security as a proportion of GDP than any other EU country. It spends 20% of GDP in this way. Sweden at the other extreme spends over 35%. Ireland also spends least on Old Age benefits (5%) and Italy spends most (over 15%). (Figures are from the EU's Employment and Social Affairs Symposium 'Towards a Society for All Ages', page 40). Although this suggests that the Irish government may feel less need than some other countries to address the question of work disincentives contained in benefits and pensions programmes, that government has introduced recent reforms which move in this direction. These include:
- Individualisation contained in the 2000 Budget enables a working spouse to have his/her own standard rate band. Before this the first working spouse would have used up the couple's married allowance at the standard rate, so that the second spouse would start paying tax at the higher rate. This arrangement is not age-specific but it applies to the over 55s as well as other age groups. It particularly encourages married women to take employment;



- A disregard of two years for pension purposes is applied to those who have spent time child minding. Up to 20 years spent in this way counts towards the earning of pension benefits on condition that the recipient of this benefit returns to work. This policy is designed to encourage women in their 40s and 50s to take jobs;
- Pay-Related Social Insurance contributions will have to be paid for ten years rather than three. This may have some limited effect on increasing the number of years spent working.

- 8.2.12. There are studies which argue that there are strong influences on participation rates of older workers other than the financial considerations summarised above. The rise in wage levels, changes in preferences independent of financial considerations and the shifts in job structure towards the sectors where early retirement is typical are some of the reasons given for the lowering of the participation rates of older workers. There is also the argument, referred to above, that causation may be in the opposite direction to that which may be regarded as the common sense interpretation of the correlation between the generosity of pension and other benefits policies and the decline in participation rates among older workers. The evidence presented above strongly suggests, however, that government policies have had a significant effect on these participation rates and this in turn suggests that the decline in these rates is reversible by reversing the policies which encouraged early retirement.
- 8.2.13. Several countries replying to the OECD questionnaire referred to above did emphasise, however, that these policy reversals cannot take place overnight. It takes several years either to change attitudes or to put in place the administrative and software systems required to implement such programme changes. In Ireland the Commission on Public Service Pensions, reporting in November 2000, concluded that it would take decades to raise the retirement age of public servants, mainly because new arrangements would apply only to new entrants to public service. Most of the policy changes identified above have been introduced gradually over several years (in some cases a decade or more). Added to this there is an increased emphasis on non-governmental organisations as important agents of some of the changes.
- 8.2.14. In addition to reviewing and adapting pension and social security provisions most countries are dealing with the issue of participation rates of older workers at the level of the workplace, with policies and initiatives to address retention and recruitment problems.

### **8.3. 'Downshifting'**

- 8.3.1. Some governments have enacted legislation to encourage downshifting. Germany's Law to Promote Gradual Transition to Retirement provides conditions encouraging employers and employees to make collective agreements on gradual retirement through facilitating part-time working for employees aged 55 or over. Employees receive favourable pay and pension contribution deals from employers, who in turn are rewarded by the state if the vacancies resulting from the reduced hours of work by older employees are filled by people from the unemployment register or by people who have just completed their education. The employee who undertakes part-time work for two years under the scheme is slightly favoured in terms of state pension eligibility.
- 8.3.2. Sweden has a similar partial retirement scheme. Evaluations of the scheme suggest that older part-time workers are more productive than full-time workers of the same age.
- 8.3.3. The introduction of greater flexibility in pensions enables individuals to downshift in 'pension-efficient' ways. Ireland's Personal Retirement Savings Account (see section 8.2 above) is an example of a step in this direction.





## 8.4. Training and adjustment programmes for older workers

- 8.4.1. Several countries are recognising the need to implement assistance programmes specifically targeted at displaced older workers. In the 1980s and for some of the 1990s such workers have generally been referred to general employment assistance programmes which are not targeted specifically at them.
- 8.4.2. In North America and elsewhere there are programmes which focus on the re-entry of displaced workers to the labour force while other programmes are aimed at anticipating the problem of the laying-off of older workers who find it difficult to re-enter the workforce by assisting workers who are still employed but who are in declining or restructuring industries and could therefore be displaced in the short or medium term. Such programmes enable participants to remain employed through training, job-sharing, work-time reduction and other measures or, through training, to be prepared to move into a job with a different employer.
- 8.4.3. Other programmes focus on communities or regions and seek to revitalise economic activity there. These often aim to create employment opportunities for displaced workers or workers whose livelihoods are in jeopardy
- 8.4.4. Several programmes aimed at (re)training and job placement in North America have been launched and evaluated over the past decade or more. Evaluations of these programmes have generated a fairly wide consensus about what works and what does not for older workers. The older programmes met with little success in re-integrating workers over 50. According to these evaluations the reasons for this lack of success included:
- older workers appeared to lack the incentive to undertake training, particularly training in new skills (those interested in training preferred building on their existing skills to acquiring new skills);
  - entrance requirements to training programmes were viewed as being too high, especially formal educational levels for some older individuals;
  - training allowances were seen by potential participants as being too low;
  - there was little encouragement for unemployed older workers to consider being trained;
  - employers' concerns about not recovering their training investment from older workers;
  - older workers were not specifically targeted by programme administrators.
- 8.4.5. It appears to be important to target older workers and to treat them as a separate group attempting to adjust to economic and structural change. Some targeted approaches have had success in North America and elsewhere, where the elements contributing to their effectiveness have included:
- training, counselling and support tailored to the specific interests and requirements of individual participants and delivered in ways with which trainees are familiar (e.g. on-the-job learning in a UK programme where shop stewards of a trade unions are trained as workplace learning advisors);
  - a focus on building self-esteem and motivation among older individuals;
  - matching participants with the local labour market requirements and circumstances;
  - delivery of programme benefits through partnership arrangements with local stakeholders;
  - job placement and employer contact services; and
  - peer support and mentoring to increase confidence and encourage job seeking.
- 8.4.6. A Canadian example of a programme which incorporated these features is the New Brunswick Job Corps, implemented in 1994. It works with non-profit, private and public sector (municipal and provincial) host organisations to provide work placements to older workers aged 50 to 65. Participation is voluntary. To be eligible, older workers must have a total family income of less than \$20,000 a year, be a displaced worker, or



be eligible to receive employment insurance benefits or social assistance. The programme provides 1,000 eligible individuals a work placement with a project host employer for a period of six months. Types of work include silviculture, nature trail development, upgrading of beaches and other environmental projects. For the remaining six months, during which participants are not active with a host employer, they receive a pro-rated amount that reflects the total income provided during the active period.

- 8.4.7. An interim evaluation done in 1996 reported significant benefits to both participants and employers. The programme has had a positive economic impact on the province and the outputs produced by participants are of substantial value. The work completed by participants has improved the general physical environment and projects were developed which could not have been completed otherwise. The programme reached the specified target group; in 1994, for example, the average age of a participant was 56 years. Approximately 60% of the participants had been social assistance recipients
- 8.4.8. The evaluation also found that the programme was operated at a reasonable level of administrative cost and was flexible and adaptable. The types of work placements offered tended to be in or near the participant's own community, and appeared to be consistent with the skill levels of participants and with the kinds of occupations and industries in which they had been employed in the past.
- 8.4.9. The US experience shows a significant positive correlation between the amount of on-going job search support and guidance provided to the older workers and the successful placement of these individuals into employment. The literature indicates that programmes that incorporate individualised support, guidance, on-going assessment and a job developer function (which makes personal contact with local employers) displayed the highest placement rates
- 8.4.10. In Ireland the aim of FÁS training and employment measures for the long-term unemployed is to provide participants with a range of coherent progression pathways comprising training/education/employment provision to assist them to gain employment.
- 8.4.11. Each FÁS region runs specific training initiatives for the long-term unemployed in co-operation with FÁS Employment Services, Local Employment Service (LES) and Area-Based Partnership Companies. To support these initiatives research was undertaken to ascertain which elements would contribute most to success. The key factors identified by the research were similar to the ones identified above for North America:
- an outreach approach to contact LTU clients;
  - shorter waiting periods;
  - suitable entry requirements;
  - design of appropriate training provision;
  - delivery of flexible/local training;
  - supports for overcoming literacy and numeracy difficulties;
  - Employment Service supports to assist progression; and
  - improvements in financial incentives.
- 8.4.12. Bridging Training programmes, such as pilot literacy projects for Community Employment participants, were introduced in 1998 to support the progression of long-term unemployed persons onto FÁS mainline training programmes and into work. These programmes are aimed at enabling persons to sample different types of training and help to build up confidence, communication, team working and job seeking skills. Programmes that combine work and study such as the accelerated technician programme and the institute trainee programme may be well suited to older workers (although these are not a specific target group).
- 8.4.13. Core funding for the area-based Partnership Companies which assist in the delivery of some FÁS programmes comes from Area Development Management (ADM), a private company established in 1992 by the Irish



government and the European Commission. ADM's purpose is to support integrated local economic and social development through managing programmes targeted at countering disadvantage and exclusion, in part by enabling clients to obtain jobs or start businesses. Its operating principles are:

- having a detailed understanding of the needs of the people who live in an area, specifically those who are marginalised, including the long-term unemployed, women returners and older workers who have difficulties in obtaining employment;
- participation of these groups in collective decision making aimed at securing their economic independence;
- full participation of the state, social partners, community and voluntary sectors in framework agreements and co-operative arrangements for the purposes of -
  - (A) strategic planning and
  - (B) providing the resources which are used and customised by Local Partnerships focusing on specified groups and individuals;
- transparency, openness, and accountability;
- mainstreaming of successful innovative activities developed by Partnerships and community groups.

8.4.14. These policies are implemented by the 38 Local Partnerships which receive core funding from ADM, which in turn receives these funds from the Social Inclusion sub-programme of the National Development Plan. Many initiatives are joint ventures between the Partnerships and government departments which fund and manage education, training and other social inclusion programmes.

8.4.15. Area-Based Partnership Companies address the problems of social exclusion and foster local social and economic development. Their programmes enable those who are marginally attached to social and economic life to obtain jobs or start businesses. The Partnership Companies are usually supported by a Local Employment Services (LES) Network (to enable client groups to obtain jobs) and an Enterprise Support unit (to help them to start businesses).

8.4.16. PACEC interviewed groups of managers and officers of three local Partnership Companies for this study. They were chosen to represent Dublin, a small-to-medium-sized town (Galway) and a rural area (rural Galway). These Partnerships usually operate in line with the principles of best practice identified above for the North American programmes. Core principles of Partnerships are that closely defined client groups are targeted and that assistance should be client-centred and based on local links to employers and other players relevant to the aims of the assistance.

8.4.17. Outreach (contacting those who are difficult to reach and may not approach a service provider) is an important function of the Partnership Companies. In Dublin the Northside Partnership LES provides labour market guidance services from eight Contact Points in its catchment area. Enquirers are provided with information, initial assessment of his/her requirements, referral to the appropriate services, career guidance and Job Clubs, which assist in confidence-building and developing clients' job-seeking skills. In addition, there are three outreach centres in the area. Outreach may include some or all of the features of the Northside Partnership's initial contacts with women returners in its Expanding the Workforce Initiative (EWI). These are:

- targeted promotion of its programmes;
- friendly and immediate reception for callers;
- supportive assessment process, emphasising that there are no pre-conditions for participating, such as CVs, certifications etc.;
- choice between pre-work preparation/induction options (such induction is important for women who felt distant from the world of work);
- assisted placement in jobs.



- 8.4.18. With regard to employment, Partnerships aim not only to maintain and improve the core Employment and Enterprise Support Services but also to fill gaps in the core services matrix and to explore more effective ways of improving access to employment of local people. Networks of local employers participate actively; some employers work on the design and monitoring the projects
- 8.4.19. One project, called JobMatch Employers' Advice and Recruitment Service, in the Northside Partnership area (160,000 population) was set up by IBEC and the Partnership and is co-funded by the Dublin Employment Pact. The aim of the project is to enable employers to interface with the LES Network. It is an employers' information, advice and recruitment service. It helps employers to make use of the complex range of employment supports, to negotiate the tax and social welfare system and to satisfy their recruitment needs by having access to LES or Partnership clients who have been assisted to become "job-ready".
- 8.4.20. For many Partnerships enhancing social inclusion (of marginalised individuals and of isolated or marginalised communities or areas) is a primary aim, and job placement and enterprise development are only aspects of that aim. The work of Partnerships is nevertheless important from the point of view of labour force participation of people in their 50s and 60s. Less than 10% of those between 50 and retirement age who are not working are registered as unemployed/looking for work. Among the unemployed in this age group, around two-thirds have been unemployed for a year or more and almost half have been unemployed for three years or more. A large proportion of those who can be targeted to increase the participation rate of people in their 50s and 60s are defined by the local Partnership as in some way marginalised and targetable by Partnership programmes aiming at enhancing social inclusion. The relevant groups are long-term unemployed men, women who have not worked for several years or even a couple of decades, the long-term sick and the retired, many of whom were semi-voluntarily retired or displaced and became discouraged.
- 8.4.21. The Partnership projects which aim at training and job placement appear on the whole to incorporate the features which have been identified in other countries referred to above as crucial for the success of the process of training, confidence-building, local networking and job placement of older workers.
- 8.4.22. A major issue is the development of the successful Partnership employment and enterprise projects as country-wide, mainstream programmes (a process known as "mainstreaming") Some have been discontinued when funding ceased and there appear to be no clear structures in place to develop them as mainstream programmes. Difficulties with mainstreaming include:
- the complexity attached to the funding and management of pilot projects; several government departments or agencies or groups are often involved;
  - retaining the client-centred, local networking nature of most projects;
  - setting and meeting performance measures while assisting the most disadvantaged, who may not perform as well as the less disadvantaged (the problem of 'creaming' in order to meet targets).

## 8.5. Low pay

- 8.5.1. In some countries there are arrangements to boost income from work for those who have been unemployed for some time and move into modestly paid jobs. Ireland has 'Back to Work' (BTW) and 'Back to Work Enterprise' (BTWE) allowances. In order to qualify for BTW an individual has to have been unemployed for at least a year (or be on certain other benefits) and be moving into a job where he/she works at least 20 hours a week. The beneficiary keeps a proportion of his/her social welfare payment for three years. This proportion tapers off from 75% in the first year to 25% in the third year. Secondary benefits (for fuel, rent, medical and other expenses) are also retained for the three years on condition that the income from work and the BTW allowance does not exceed £250 per week (this last condition is not tapered despite the secondary benefits being significant to the recipient). BTWE allowance (for those unemployed for at least a year who are starting their own businesses) is a similar scheme with slightly more generous allowances.



- 8.5.2. Other employment supports that are potentially of interest to older workers who have been unemployed for a considerable time include 'Jobstart' and 'Workplace'. 'Jobstart' pays employers £80 per week for taking on in a full-time job someone who has been on the unemployment register for three years or more while the employee keeps his/her secondary benefits provided the household income does not exceed £250 per week. 'Workplace' allows someone who has been unemployed for six months or more to take employment for a five-week trial period without losing benefit entitlements. This helps to solve the problem of welfare recipients being reluctant to "sign off" (i.e. terminate a claim for benefit) because of the problems and delays in "signing on" again if the job does not work out or is temporary.
- 8.5.3. So far these programmes have had a limited effect on the move back into employment of older workers, despite the fact that long-term unemployment disproportionately affects older workers. In the most-used employment support, BTW, there are around 26,000 to 30,000 recipients at a given time but only about 1,500 (5% or 6%) are aged 55 or more (a group which makes up about a quarter of the unemployed for a year or more, i.e. the group entitled to BTW allowance).
- 8.5.4. The UK has recently introduced the New Deal 50Plus programme for those aged 50 and over who have been unemployed for six months and have taken a full time job. The programme pays a tax-free £60 per week on top of the wage for the job as long as this does not exceed £15,000 a year, and recipients are guaranteed a take-home wage of £180 per week. The effectiveness of the programme has not yet been evaluated.

## 8.6. Adult literacy

- 8.6.1. Concerns raised in Ireland by the International Literacy Survey (1997) have led to a huge increase in resources directed at enhancing adult literacy. The White Paper on Adult Education, July 2000, published by the Department of Education and Science shows that since the launch of the OECD survey, provision for adult literacy in the education sector increased from a base of £0.85m in 1997 to £7.8m in 2000 and to £10.8m in 2001, plus an additional £0.96m for programme development. The National Development Plan has committed £73.8 the National Adult Literacy Programme for the years 2000-2006. According to the White Paper there are about 15,000 clients in adult literacy programmes.
- 8.6.2. An Adult Literacy Development Fund was established in the late 1990s to fund a range of pilot actions which test models and innovative approaches to inform future practice in the area of adult education. Such initiatives concern themselves with promoting public awareness, developing new outreach strategies for those most in need, establishing referral networks and more flexible delivery mechanisms, including group tuition.
- 8.6.3. These initiatives, combined with a growing provision, have, according to the White Paper, ensured that:
- the clients catered for increased from 5,000 in 1997 to 13,000 in 2000;
  - a range of media (church announcements, local radio, posters leaflets, past participants, outreach staff and referral networks) are used to promote the programme;
  - provision includes night-time, morning and day-time classes;
  - a continuum from one-to-one voluntary tuition to group work to progression to certified learning options is being developed;
  - referral networks with FÁS, LES, Partnership companies, Health Centres, welfare and community groups, playgroups, schools and school parent committees and libraries are being expanded and strengthened;
  - family literacy groups involving both adults and their children are running successfully, and a number of open learning centres is being piloted, along with literacy groups for migrant women and Travellers, and programmes for the unemployed in co-operation with the Community Employment Scheme (see section 5.4.8 above for more on this Scheme);



- staff development programmes are underway;
- a quality framework for the adult literacy service has been developed and published by the National Adult Literacy Agency in collaboration with partners in Northern Ireland, Spain and UK;
- literacy programmes over the radio have been successfully piloted and evaluated in Mayo and Tipperary. Arising from the success of this initiative, the Department of Education and Science has commissioned the development of a TV series in literacy awareness and tuition for adults. Work is under way in collaboration with RTÉ and National Adult Literacy Agency (NALA) with a view to broadcasting in the autumn; and
- an Inter-Departmental Group on Literacy for the Unemployed has been established to develop an integrated response to addressing the literacy needs of the unemployed “to jointly develop measures in consultation with the appropriate statutory agencies and expert groups, and report back to the Cabinet Committee on Social Inclusion, including estimated costs and available funding”.

8.6.4. The National Adult Literacy Programme aims, as set out in the White Paper, are to:

- continue to increase the number of clients and the scale of investment so that by the end of the Plan (year unspecified), an estimated 113,000 will have benefitted from these services;
- prioritise those with lowest literacy levels;
- monitor the effectiveness of the service;
- continue to develop new modes of targeting those requiring assistance, especially through the use of referral networks;
- provide for more education and basic skills training for the unemployed, including increased education and training within the Community Employment Scheme, in order to provide a bridge to formal learning options for literacy students;
- encourage greater flexibility in combining schemes so that FÁS (The National Training and Employment Authority) and Vocational Education Committees (VECs) can co-ordinate their resources locally to best cater for emerging needs, e.g. Community Employment participants could be referred to literacy training provided by education agencies, with the allowances paid by FÁS. Initiatives in this area are reported in the White Paper to have been piloted and FÁS is expanding such options to all regions.

8.6.5. Optimum use is being made of the Bridging Training Measures under the FÁS Action Plan for the Long-Term Unemployed. These Measures aim to support up to 1,500 long-term unemployed persons to advance onto mainstream training programmes. Literacy training is a key component of this bridging support. Other initiatives in this area include:

- ensuring referral of those with literacy needs to appropriate training and education programmes;
- using the complementary supports which can be made available by FÁS and the VECs;
- developing new strategies to address the under-representation of men in literacy and other basic education programmes;
- exploring the potential of Information and Communications Technologies (ICT) and broadcasting in literacy training;
- expanding provision for workplace literacy (a pilot initiative has started in a large firm in the Dublin area; and similar initiatives are being planned for workers in the health and local authority sectors);
- increasing collaboration with the public library service; and
- increasing collaboration with relevant interests to meet the literacy needs of farmers.

8.6.6. These developments are to be accompanied by strategies to explore and address any remaining barriers to access to education and training generally that are due to any disincentives contained in the social welfare and supplementary benefit system. Such barriers are addressed by the educational adult guidance and counselling service.



- 8.6.7. Individuals require allowances which make participation in literacy and training schemes economically viable for them. In order to ensure this happens:
- combinations of schemes are used (literacy schemes with Community Employment or with Bridging Training Measures) to optimum effect to enable participants on literacy programmes to be paid allowances;
  - adult basic education and/or literacy programmes of duration of a minimum of 19.5 hours per week are to be treated as full-time for the purpose of entitlement to a continued welfare payment;
  - the Department of Social, Community and Family Affairs assists participants in approved part-time programmes to fulfil the requirements for persons in receipt of unemployment assistance/benefit to be available for full-time work; and
  - an inter-Departmental approach has been adopted, across all education and training and welfare programmes, regarding the payment of allowances and the means-testing for secondary benefits. A Liaison Group was set up to remove anomalies and uncertainties which deter participation in education and training.
- 8.6.8. In order to ensure that the National Adult Literacy Programme is realising its objectives, a National Adult Literacy Survey is to be conducted at regular intervals.

## 8.7. Age discrimination

- 8.7.1. Ireland and a few other OECD countries have legislation against age discrimination. The UK has no such legislation but it has a Code of Practice, drawn up by unions (the TUC), employers (the CBI) and organisations dealing with age-related issues. The Code covers six areas: recruitment, selection, promotion, training/development, redundancy and retirement. Employers can review their current positions against the standards set down in the Code. There is to be an evaluation of the effectiveness of the Code in 2001.
- 8.7.2. There is no common agreement about the effectiveness of legislation or codes, but there is increasing awareness of the problem of an ageing workforce and of the anti-discrimination measures required. Perhaps the most important benefit of legislation against age discrimination is that to have legislated against discrimination on the grounds of sex, race, disability etc. and not to have legislated against discrimination on the grounds of age can send out a signal that age is a less important issue.
- 8.7.3. Studies by the OECD have suggested that productivity and trainability need not decline much with age. The 1997 International Adult Literacy Survey suggested, after controlling for education and other appropriate variables, that literacy skills generally decline only modestly between ages 40 and 65 and that such skills improve with practice and deteriorate if not used ("use it or lose it"). Disseminating such research findings can combat age discrimination.
- 8.7.4. Governments and organisations like the EU and the OECD are increasing the general awareness of the problem of smaller and older workforces in ten or 20 years' time and are disseminating the idea that early retirement should no longer be a normal expectation. These 'awareness' measures, allied to other policies, aim to create an expectation that normal retirement age will rise and early retirement will no longer be the norm. Since the return on investment in training depends on the anticipated age of retirement, policy makers hope that an increase in anticipated age of retirement should increase the spend on training for older workers.



## 8.8. Summary and Conclusions

- 8.8.1. The conclusions arising from this chapter have broadly focused on emerging government policy related to the difficulties faced by older workers who have sought to remain in work and the pension and social security provision which may have formed disincentives to work.
- 8.8.2. Since the mid-1990s most governments have worked on the evolution of policies with the objective of reducing disincentives to work.
- 8.8.3. Policy adjustment measures usually require several years to become fully effective and have been introduced through a process of gradual change (e.g. from defined benefits to defined contributions pensions).
- 8.8.4. Measures to encourage 'downshifting' among older workers are gaining in acceptance.
- 8.8.5. Assistance to older workers through training and adjustment policies is becoming more effective in some countries and the relevant government departments and agencies in Ireland have shown increasing awareness of the factors which enhance this effectiveness.
- 8.8.6. In Ireland the role of Local Partnerships in integrating marginalised groups into work and into society more generally is well advanced but there is limited targeting of the over 55s.
- 8.8.7. In Ireland low pay arrangements to boost income from work for those who have been unemployed are in place but with limited take up from the over 55s. The UK New Deal 50Plus programme provides a guaranteed take home wage. The effect of this provision has not yet been evaluated but when such an evaluation is published this may be of interest to Irish policy makers.
- 8.8.8. In Ireland a significant commitment has been made to the National Adult Literacy Programme but there is limited focus on older workers.
- 8.8.9. Age discrimination legislation in Ireland suggests that the government takes the issue seriously. If governments make laws or policy statements to combat discrimination it is important to include age discrimination in those laws and statements. Not to do so could send out the signal that tackling age discrimination is not a priority.
- 8.8.10. Codes of practice on employing older workers can provide a benchmark to enable employers to review their practices regarding their older workers or potential recruits from the relevant age group. Governments can tackle age discrimination by disseminating research findings showing that age need not diminish most capacities required of workers and by making people aware that retirement age is likely to be nudged upward (see section 8.7.4).





## 9. Conclusions and Recommendations

### 9.1. Conclusions

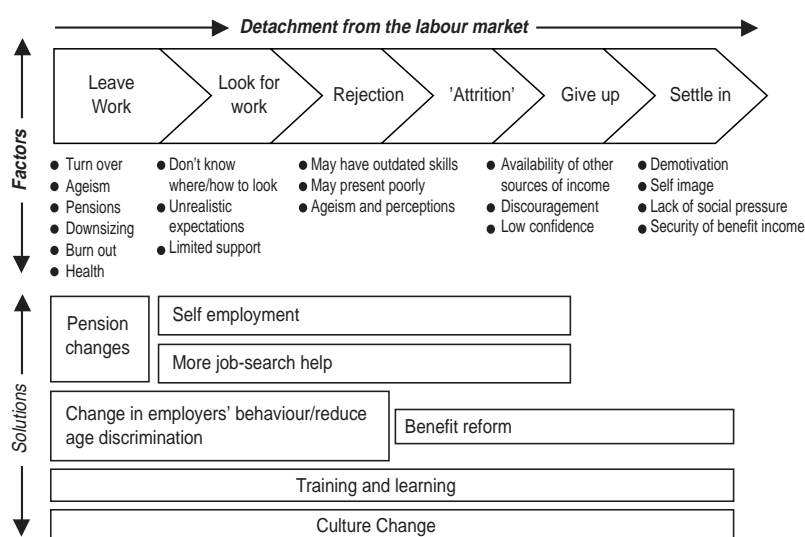
- 9.1.1. In the last few years of economic buoyancy, Ireland has tended to put less emphasis than many other countries on demand management and more on increasing supply. The proportional increase in jobs in Ireland in the last few years has been far greater than for the average European or OECD country. This has resulted in a tight labour market and record lows in unemployment. There is limited scope for filling new jobs from the unemployment register or from increases in the population of working age (including net immigration), so an increase in participation rates has become a very important way to meet the demand for labour.
- 9.1.2. There has been a large increase in Irish participation rates but there is scope for a further increase. Compared to average levels of participation in the EU, the greatest scope for increases in participation rates is among married women in their 30s, 40s and 50s and among those living outside Dublin. Another important group is people who retire or, for some other reason, give up work early. The participation rate in Ireland for women aged 55 and over is still low despite a significant increase in the rate in recent years. For men in this age group the participation rate is reasonably high in a European context but there is a steep decline in participation that occurs between the 45-54 and the 55-59 age groups.
- 9.1.3. Of the group between 50 and retirement age who are not working, less than 10% are registered as unemployed/looking for work and the majority of the unemployed in this age group have been unemployed for over a year. Of the others, most men are retired or receiving a Disability/Disablement Benefit/Allowance or an Invalidity Pension and many women spend a significant part of their time in home duties. Of the retired many were either made redundant and/or offered an early retirement inducement which pushed them out of the labour force semi-voluntarily and many of these became discouraged when job seeking proved unrewarding. Others use social security benefits as de facto retirement pensions. Many women in home duties could enter the labour force with some assistance with confidence-building, training and seeking jobs, including being matched with jobs which fit in with other commitments.

### 9.2. Displacement/involuntary early retirement and discouragement

- 9.2.1. Various industry and company re-structurings over the last 25 years have led to increased redundancies and worker displacement. Older workers have been affected most, partly because they have been expected to make way for younger people and partly because they are far less likely than younger displaced workers to find another job. Until the mid-1990s, governments were generally complicit in (a) encouraging early retirement, (b) failing to take seriously the problems facing displaced older job-seekers, (c) failing to provide adequate training and (d) enabling people in their 50s to retire early, either on a state pension or by the use of benefits as de facto pensions. Ireland conformed broadly to this pattern.
- 9.2.2. There has been a widespread problem among displaced older workers of a drift from redundancy or semi-voluntary early retirement to long-term unemployment, benefit dependency and discouragement.
- 9.2.3. The Irish and other governments in recent years have recognised these problems and have begun to tackle them. New aims and principles of operation have been formulated and implemented for assisting older displaced workers to obtain employment through training/learning, associated supports related to building confidence and assisting with searching for jobs, often through networks of local employers and partnerships.
- 9.2.4. These principles, put into practice in Ireland, North America and elsewhere, include specific targeting of older workers, tailoring programmes to suit the needs of that group and of individuals within it, community-based initiatives, peer support and mentoring and tying the training to local jobs and job-finder services. Figure 9.1 below shows the process of drift into discouragement and the range of policy responses aimed at preventing it and at re-integrating the individual concerned.



**FIGURE 9.1 THE DRIFT FROM JOB-LOSS TO NON-PARTICIPATION AND THE IDEAL POLICY RESPONSES**



9.2.5. The recommendations in this section are confined to the policies on training/learning, job-search assistance and self-employment support.

### Recommendations

- There should be a rigorous evaluation of the effectiveness and efficiency of organisational structures and pilot programmes put in place by Irish government departments to address the problems involved in assisting older workers to adjust to the workplace by training and job seeking.
- Ireland might take on board an apparently successful experiment in the UK in which on-the-job learning is encouraged and facilitated by the unions, with shop stewards trained as workplace learning advisors (see section 8.4.5).
- Serious thought should be given to finding ways of mainstreaming the pilot programmes which are seen to be effective and transferable since some respondents from Partnership Companies who were interviewed for this report claim that valuable programmes have been discontinued simply because the funding ceased.
- Older workers in industry sectors and work situations in which they are vulnerable to redundancy/displacement should be identified and offered appropriate assistance at the earliest stage in order to prevent the displacement-to-discouragement process.

## 9.3. Downshifting

9.3.1. Downshifting can increase participation rates of older workers if the period of an individual's downshifting carries him or her past the age at which he/she would otherwise have retired. Most companies and workplaces have not yet adapted to the requirement of many older workers to downshift but some have. An appropriate government department could intervene by disseminating good practice (probably as part of a wider programme of persuading individuals and institutions that ageism is counter-productive) and by working to ensure that taxation and pension arrangements do not run counter to the aim of widening the practice of downshifting. The government could set examples by facilitating downshifting in the civil and other public services.



### *Recommendations*

- Identify and reduce any disincentives to downshifting that may be unintentionally embedded in pension schemes or taxation arrangements. An example of a taxation disincentive is the provision in the UK legislation, whereby tax-approved pension schemes cannot allow older workers to work part-time and receive part-pension while working in the same firm.
- Disseminate good practice by leading by example. Downshifting in the civil service could take the form of a work pool of newly retired civil servants available for consultancy or secondment for project work, possibly inter-departmental or private-public partnership projects which are likely to increase in number. Staff could be surveyed in order to ascertain the likely take-up of downshifting schemes.
- Disseminating the details of functioning schemes in Irish and in foreign companies should be complemented by a programme of making employers aware that they will be increasingly dependent on older workers in the future and that companies which start early in adjusting their cultures, career structures and personnel practices in this area will be best placed to compete for staff.

## **9.4. Low pay**

- 9.4.1. A large proportion of over-55s who are not employed would be earning fairly low pay if they were to find a job because their skills and level of education are relatively low and even those with skills are often considered as having little more than 'reliability' to offer to an employer. Irish studies identified in this report have shown that for significant proportions of older job seekers low wages are an impediment to moving into work. A Canadian study cited in his report showed that the drop in pay for displaced workers who move into new jobs is greatest among older workers.
- 9.4.2. Increasing the participation rates of older workers (and many younger workers) will be facilitated by the offer of increased take-home pay for those at the lower pay levels.

### *Recommendations*

- Reports of the offer of very low wages suggest that the National Minimum Wage should be more comprehensively enforced. Since many individuals have an implicit target take-home pay, a study could be undertaken to ascertain how individuals might achieve this target with a combination of an enforced floor on wages, other government interventions to boost take-home pay and informing those people who assume that take-home pay from any job they may do will be lower than it would in fact be if the individual was well advised.
- More people should be made aware of what the take-home pay would be if they took specified jobs. This would be a calculation involving pay, interventions such as the Back-To-Work Allowance and tax and pension implications. Local Partnerships sometimes assist in this process while at the same time assisting employers with information on how government interventions affect their financial relationships with their employees and with government.
- The effectiveness of Irish schemes which allow workers in new jobs to retain certain benefit entitlement should eventually be evaluated against schemes elsewhere which boost pay by a direct cash payment to the individual (e.g. the UK scheme, which is targeted at those aged 50 and over), especially since the Irish Back-To-Work scheme is taken up by a relatively small proportion of older workers.
- A Scheme like 'Workplace' (see section 8.5.2) should be evaluated and its principles extended to other benefits. Its core element is allowing claimants to start work and retain benefits for a trial period, so that a claimant does not have to re-establish his or her benefits claim if the job turns out to be temporary or unsuitable. This latter can be a significant disincentive to taking a job, especially one which does not pay particularly well.



## 9.5. Education and adult literacy

- 9.5.1. The Department of Education and Science is fully aware of the stark contrast between the educational levels of younger and of older people in Ireland and of the educational disadvantages which affect the job levels and participation rates of older workers in Ireland. Older men are far more likely to be employed if they have at least a degree and with each increase in level of education women become significantly more likely to be in paid employment.
- 9.5.2. The National Literacy Programme has had its funding significantly increased in recent years and the number on adult literacy courses has also increased significantly. Various efforts are being made to increase awareness of the problem and of the solutions being put in place. Outreach and referral networks are in place. Integration with FÁS training schemes is proceeding, so that training is integrated with addressing literacy inadequacies. Pilot initiatives and the exploration of remaining barriers to acquiring literacy skills and training which may be embedded in the social welfare system are both in place to ensure that there is a feedback/evaluation process. Typical problems with inadequate allowances and other factors which might make training/literacy economically unworkable for the individual are being addressed. Training formats which combine work and study such as the accelerated technician programme and the institute trainee programme may be well suited to potential returnees to the workplace.

### *Recommendations*

- Given that all the key areas seem to be covered it is difficult to make recommendations which add anything to the initiatives and networks built up by the Department of Education and Science and FÁS.

## 9.6. Age discrimination

- 9.6.1. This can be subtle and difficult to identify but several surveys cited in this report and the PACEC survey undertaken specifically for this study show that for older job-seekers, especially those over the age of 50, this is the main demand-side barrier to obtaining a job. Positive stereotypes ('reliability', 'responsibility') usually qualify people in this age group for routine jobs. Sometimes the discrimination is embedded in structures rather than in the attitudes of individuals. Companies which have in the past never had to make much effort to recruit or retain are having to organise their Human Resources departments and their work practices to facilitate the recruitment of groups which have traditionally been largely outside the workforce.
- 9.6.2. Ireland has legislation against age discrimination and this puts down a marker and a signal that this is an issue to be taken as seriously as any other form of discrimination. On the other hand most of the policies and initiatives which assist older workers are not targeted specifically at them. Thus older workers or job-seekers may need to seek to benefit from programmes aimed at the long-term unemployed, the poorly educated, the displaced and marginalised.
- 9.6.3. The Irish government could tackle age discrimination on at least two fronts:
- The civil service and other public services could examine their own employment practices in order to deal with any de facto discrimination which may be embedded in these practices;
  - The government could set out a vision which helps to change perceptions regarding the capacities and roles of older workers and appoint a minister with a brief largely concerned with participation of older workers.



### *Recommendations*

- The government could lead by example. It could examine its own employment and pension arrangements to ascertain whether there are groups of employees who are effectively facing age discrimination. For example, there may be women returners who are unable to work the number of years required to qualify for a pension but could be enabled to do so, possibly by being allowed to work past retirement age.
- The government could set out a vision of the role and value of older workers and appoint a minister to chair an inter-ministerial group, with a secretariat and cross-departmental resources, which deals with the problems, as set out in this report, faced by older workers and older job seekers.

## **9.7. Pensions and social security provision**

- 9.7.1. Many changes in pension and social security provision which might change attitudes and behaviour can take years. The Commission on Public Service Pensions recognised that it would take decades to raise the retirement age of public servants (see section 8.2.13).
- 9.7.2. Moves in Ireland and other OECD countries towards making pensions more flexible and contributions-based helps to end any limitation on the period for earning pension rights and to reward longer periods of contributions. It is worth restating here the benefits of Personal Retirement Savings Accounts in Ireland. They are available to individuals irrespective of employment status, they allow for a flexible retirement age, benefits are determined by the accumulated funds in the individual's account and there is flexibility regarding the withdrawal of benefits and when the individual buys an annuity. The flexibility of this kind of pension facilitates "downshifting" (withdrawing gradually from the labour force) and can therefore go some way to increasing the labour force participation rate of older workers.
- 9.7.3. Any action on pensions and social security payments which aims to enable or encourage older people to work has to be integrated with other measures which have these aims, such as training and creating a climate of opinion that current retirement age(s) in the European Union and other OECD countries are historically low and are likely to go up in the future.
- 9.7.4. More immediate requirements are to review benefits and pension arrangements which might provide work disincentives for older people.
- 9.7.5. Individuals should be aware of what their take-home pay would be if they took a particular job. The PACEC survey showed that a significant proportion of older job seekers in Ireland were concerned about the effect of taxation on pensions and on total net income if they took paid employment. Other studies in Ireland cited in the report suggested that there is a widespread apprehension that taxation for pensioners and others who take paid work will be higher than it in fact is and that there is inadequate awareness of government interventions which boost take-home pay.

### *Recommendations*

- Early retirement provisions should be reviewed. The Pre-Retirement Allowance was introduced in 1990 when labour market conditions were different from what they are today. It should be reviewed in the light of today's conditions and of whether it is fulfilling its original objective of social security provision for those requiring it.



- Anomalies which might interrupt a working life should be reviewed. For example, the Irish state Retirement Pension discourages an individual from working at age 65 (since recipients have to cease paid employment) but for many individuals this is followed by a Contributory Old-Age Pension, claimable at age 66, which allows that individual to work full time and draw the full pension. Since the individual may have spent a year out of work in order to claim the former pension it may be difficult for him or her to re-enter the world of work.
- Sickness or disability benefits should be reviewed to ensure that medical criteria alone are used (and not age and skills, which are criteria which have been used in some countries cited in the report).
- The flexibility and other benefits of the Personal Retirement Savings Account should be extended to other pensions and pension recipients.
- Changes in pension and benefits which aim to encourage increased participation by older workers should be integrated with other policies which enable such workers to retain and obtain jobs and should be accompanied by effective information dissemination which ensures that potential workers can calculate their take-home pay.



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| Report  | Date of Publication |
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