

## 1. The labour market is not fit for older workers yet. The role of ageism, tradition and institutional factors

Modern welfare states all over the world are facing an unprecedented demographic challenge. Decreasing birth rates and increasing longevity result in ageing populations as well as an ageing workforce. Of course, from a human perspective one can only enjoy and welcome the fact that access to better and healthy food, better sanitation, better housing and better healthcare have resulted in higher life expectancy and an increasing share of the population reaching the ages of 80, 90 or even 100. As can easily be seen from [Figure 1](#), the share of young people in Europe, for instance, is gradually declining between 1950 and 2050, while the share of 65-plus is steadily increasing.

From a macroeconomic perspective increasing longevity is not necessarily a feast, when you take into account that all modern welfare states have on the one hand a set of rules and regulations that prevent young people to enter the labour market before a certain age or before they have at least completed some form of education, while on the other hand there are rules and regulations that protect older people and grant them some kind of pension from a certain age, depending on the country where one lives.

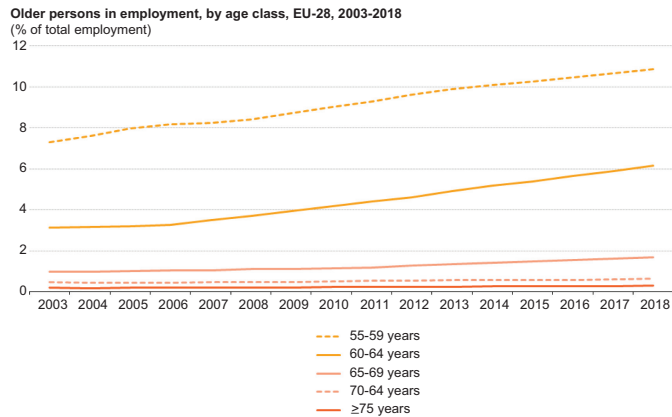
As can be seen from [Table 1](#), during the first half of the current century, the 65-plus group in Europe will almost double its share and will constitute a quarter of the population in 2050, while the share of the youngest group will fall below 15%. In the meantime, the group from 15 to 65 years old, i.e. the group that in most countries constitutes the working population, is expected to show a decline of about 10 percentage points.

Nevertheless, since the turn of the century, there has been a moderate increase in the proportion of workers aged 65 and over in European countries ([Eurostat, 2019](#), see [Figure 1](#)).

Consequently, the balance between those who are responsible for earning most of GDP and those who live (mostly) on transfers from the working part of the population is shifting, increasing the burden on those who are in the work force. Of course, this does not imply that 65+ citizens do not contribute to national wealth. While some are still involved in paid work and contribute to GDP (we will elaborate on that later on) others contribute to society by way of all kinds of (unpaid) voluntary work and care tasks which is not included in GDP. This allows – for instance in the case of grandparents caring for their grandchildren – parents to participate (more hours) in the labour market or saves – for instance in the case of older people participating in voluntary work – the library or the museum to extend its opening hours and receive more visitors. So, on the one hand senior citizens contribute indirectly to GDP by allowing others to be more “productive” (in traditional economic terms), while on the other hand senior citizens’ activities outside paid work contribute directly to the fulfilment of a lot of needs and desires of other members of society.

Altogether, it should not come as a surprise that especially economists have been calling upon policymakers to start a discussion on the *age* at which people can or should retire from the labour market. Each individual who works one year longer contributes longer to the foundations of the welfare state, while (s)he does not need to be provided for by that same welfare state. Of course, it is a matter of political and individual preference which part of the years gained by increasing longevity should be spend on working in the labour market and which part should be enjoyed as leisure, time to rest or spend with family, on voluntary work etc. But keeping retirement ages fixed as they have been since the middle of the 20th century implies an increasing burden on the working generations in favour of the older ones.





Eurostat (2019). Ageing Europe-statistics on working and moving into retirement, Available online at:  
[https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Ageing\\_Europe\\_-\\_statistics\\_on\\_working\\_and\\_moving\\_into\\_retirement#Employment\\_patterns\\_among\\_older\\_people](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Ageing_Europe_-_statistics_on_working_and_moving_into_retirement#Employment_patterns_among_older_people)

**Figure 1.**  
Older persons in employment, by age class, EU-28, 2003-2018

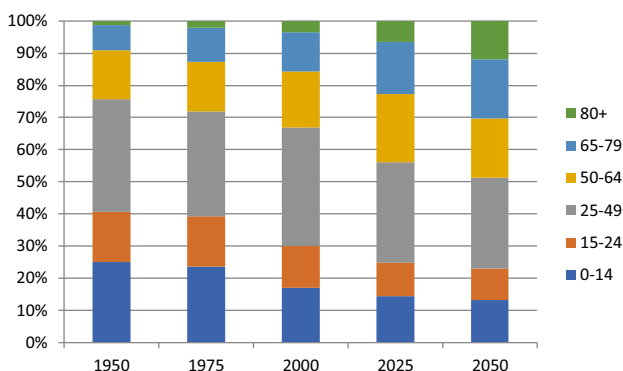
**Table 1.**  
The development of the working age population compared to younger and older people, different parts of the world, 2000-2050 (in %)

	0-14 years		15-65 years		65+	
	2000	2050	2000	2050	2000	2050
Africa	42.7	32.0	54.0	62.2	3.4	5.8
Asia	30.3	17.8	63.9	64.1	5.8	18.1
Europe	17.6	14.6	67.7	57.3	14.8	28.1
Latin America/Caribbean	32.2	17.1	62.1	63.9	5.7	19.0
Northern America	21.5	16.3	65.9	61.0	12.5	22.6
Oceania	26.0	20.2	64.3	61.9	9.8	17.9
World	30.1	21.1	63.0	63.0	6.9	15.9

**Source(s):** United Nations, Department of Economic and Social Affairs, Population Division, *World Population Prospects 2019, Volume II: Demographic Profiles* (<https://population.un.org/wpp/Graphs/DemographicProfiles/line/900>)

Arguments like this appear in the public discourse in many countries, pushing to revise labour market and pension policies with the aim to increase the retirement age in order to solve the issues addressed above. As can be seen from [Table 1](#), compared to other parts of the world, Europe is in a rather disadvantaged position from a competitive perspective, as it will have the largest share of 65+ citizens and the lowest share of people aged between 15 and 65 years. So, especially in Europe the urge to promote later retirement is strong.

Moreover, one can argue that increasing vitality amongst for instance people in their fifties and sixties adds to their desire to stay active and keep on working and not to retire while they are still full of energy. Mandatory retirement at the same age their parents had to retire would not only spoil their talents, but probably also make them dissatisfied. So, both from an economic perspective as well as from a more psychological one there are arguments in favour of raising retirement ages. Given the fact that (the increase in) life expectancy is not



**Source(s):** Commission of the European Communities, Commission Staff Working Document, Com (2006) 177 final, Brussels, 26-4-2006 SEC(2006) 516, p. 11 (graph 7, edited by the authors)

**Figure 2.** Distribution of the population per age group in the EU 25 (1950–2050) (in %)

the same for everyone it may be worthwhile to differentiate between different groups within the population or even leave it up to individuals' choices, as promoted by the AGE Platform Europe (Perek-Biała, 2019, see <https://www.age-platform.eu/>). This issue can be considered even more relevant if one realizes that an increase in life expectancy does not necessarily and for everyone imply additional healthy years too. In general, only part of the additional life expectancy consists of healthy years and the gap between additional life expectancy and additional healthy years shows some remarkable differences when one looks at it from the perspectives of gender and education. Despite all kind of national differences, the general pattern shows women to have on average a higher life expectancy than men, but only part of this advantage is also spent in good health. The gender gap in life expectancy could even increase from the coronavirus 2019 (COVID-19) crisis, which seems to be fatal more often for older men than for older women. From a labour market perspective, it is even more interesting to notice that higher educated women and men not only live longer than lower educated women and men but also have more healthy years. As a matter of fact, for large groups of low educated men and women, the unhealthy years already start even before their official retirement age (König *et al.*, 2019). They already fall into disability with current retirement ages. So, extending working lives does seem the proper thing for them to do. But on average, stimulating people to work longer seems the logical thing to do, even though the current COVID-19 crisis and especially the economic consequences of it may have serious and long lasting effects for life expectancy and the balance between those in the work force and those who have already retired.

## 2. Governments' calls for working longer are only partially successful

Both most national governments and the European Commission have picked up the idea that it will be necessary to increase retirement ages and have people work longer. In several countries (like Germany, Scandinavian countries, the Netherlands and several others) measures have been taken to change the age at which people can benefit from public or private old age pensions. In some countries (like the ones we already mentioned) these changes went rather smoothly, while in other countries (like France and Italy) proposals for

change resulted in major industrial conflicts (of which the actions of Les Gilets Jaunes in France are most eye catching).

Governments can introduce legislation on the age at which one is entitled to *old age pension* (pension benefits) and promote working longer by implementing subsidy programmes for employers hiring older workers or fiscally stimulating lifelong learning. Yet, given the liberal nature of most European economies, in almost all countries it is in the end not the government that decides on hiring or retaining older workers or providing them with training to catch up with new technologies. These decisions are made by owners of companies, employers, HR managers or other officials responsible for personnel policies. Often together with workers themselves, who also have preferences concerning their tasks during the last part of their working life and the conditions under which they have to work. So, even though several countries show an increase in actual retirement ages of older workers, many countries still also show a picture of the actual retirement ages lagging behind the (increased) official retirement age. As shown in [Figure 3](#), In most OECD countries, the effective age of retirement (e.g. the average age of exit from the labour force during a five-year period) is below the normal age for receiving a full old-age pension. This is particularly noticeable amongst both men and women in European countries as Norway, Ireland, the Netherlands, Denmark, Finland, Germany, Italy, Spain, Belgium, Slovak Republic, France, Luxemburg. In other countries, different patterns of effective retirement age vs normal age are shown amongst men and women, as demonstrated in the Figure in the United Kingdom, Poland and Austria.

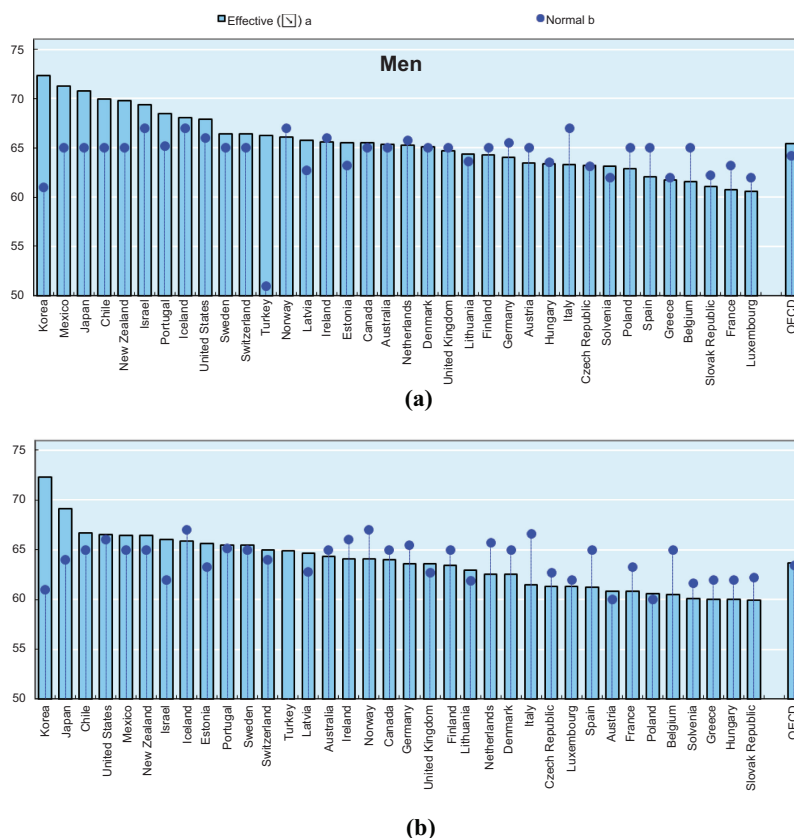
In a similar vein many older workers in Europe who become unemployed experience that it is hard for them to find a (proper) job again, while during the 2008–2012 crisis they have been hit hard when it came to losing their jobs. Older workers also frequently report that they are excluded when it comes to promotion or participation in (on-the-job) training. So, despite all the moving words by policymakers on the necessity of increasing older workers' labour market opportunities and the support pledged by union leaders and representatives of employers' organizations, the actual situation in many organizations and the experience of many older workers is that the labour market is still not fit for older workers or at least not as fit as it should be ([Naegele et al., 2018](#); [Stypińska and Nikander, 2018](#)).

### 3. Tradition or discrimination?

While taking all the previous arguments into account we cannot forget that many older workers who are not selected for a job (recruitment) or are denied training opportunities or something similar feel that they are being discriminated (in performance, in promotion) because of their age (various form of discrimination could appear in the workforce, [Abuladze and Perek-Białas, 2018](#)).

Before we briefly introduce the different forms of labour market discrimination, it is important to remind how ageism could be understood in the context of the workforce. Ageism was defined as the complex and often negative social construction of old age is highly prevalent in different contexts, at the structural and the individual levels ([Iversen et al., 2009](#)). A study based on the European Social Survey found that ageism is the most prevalent type of discrimination ([Ayalon, 2014](#)). Research on ageism is focussed on the causes, the consequences, the concept and the ways in which ageism may be reduced ([Iversen et al., 2009](#)). At the same time, as people live longer, the prevalence of older adults in the workforce has increased and is expected to continue rising. Despite significant life and work experiences, pervasive ageism operates in various ways to discriminate against older workers in workplace practices ([Jackson, 2013](#)).

For a better understanding of what is going on in the labour market it is useful to go back to some major theoretical contributions from the economic literature on the issue of



**Note(s):** (a) The average effective age of retirement is defined as the average age of exit from the labour force during a 5-year period. Labour force (net) exits are estimated by taking the difference in the participation rate for each 5-year age group (40 and over) at the beginning of the period and the rate for the corresponding age group aged 5-years older at the end of the period. The official age corresponds to the age at which a pension can be received irrespective of whether a worker has a long insurance record of years of contributions  
 (b) The normal retirement age is the age at which an individual can retire in 2018 without any reduction to their pension having had a full career from age 22

**Source(s):** OECD estimates derived from the European and national labour force surveys, OECD Pensions at a Glance (<http://oe.cd/pag>)

**Figure 3.** Average effective age of retirement versus the normal retirement age, 2013–2018

discrimination. Becker (1957) developed his theory on discrimination based on tastes for not associating with a certain group. In 1972 Phelps published his famous article on “statistical discrimination” (Phelps, 1972). In case of statistical discrimination, it is not taste that is responsible for paying lower wages to a certain group or for not hiring them, but the uncertainty amongst employers about individual productivity. For want of other means to establish individual productivity employers resort to what they happen to know about (average) group productivity. For this they often rely on “previous statistical experiences” (Phelps, 1972) or even hear say.

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Ageism in the labour market may occur in different forms. One form is various stereotypes against older workers (e.g. “less competent”, “less motivated”, “less trainable”, “resistant to change”, etc.) (Desmette and Gaillard, 2008; Krings *et al.*, 2011). Another form of ageism are discriminative practices against older workers in the domains of recruitment, training, general treatment, promotion and retention (Harris *et al.*, 2017).

When we look at what happens in the case of ageism in the labour market it is most likely that we are dealing with some form of statistical discrimination. Employers do not “hate” older workers; they do not try to avoid them outside the workplace. They like them as parents, grandparents, neighbours, fellow members of the bowling club or participant in any other social activity. But when it comes to the workplace employers are reluctant to hire older workers, retain or retrain them. Partly, this has to do with real uncertainty (how is an older person’s health going to develop, will he or she be able to pick up a new technique that will be introduced in the workplace shortly?). But for another part the behaviour induced by this uncertainty has been institutionalized in a simple rule of thumb: new for old! If an older worker leaves a vacancy behind the default behavioural option has become to hire a younger replacement. And if there is a choice between a younger and an older applicant the default is to hire the younger one. So, often there is no real consideration of the costs and benefits of candidates of different ages, as the “tradition” points straightforwardly in the direction of the younger candidate.

For a long time one could easily “blame” human capital theory for its contribution to the preservation of this tradition, as human capital theory – among other things – points to the payback period of earlier investments in human capital (e.g. in the form of training activities). For older workers this period is – by definition – shorter than for younger workers. Consequently, younger workers offer employers better opportunities for a higher rate of return on their investments in the human capital of workers. As technological innovation has resulted in faster depreciation of human capital and a growing need to maintain existing skills and knowledge age is becoming less important as a determinant of the payback period. If new technology results in obsolescence of human capital after, e.g. seven years it could be rewarding to invest in a 55 years old worker. And if obsolescence was to be going even faster it might become worthwhile to invest in someone who is 60 years old. So, technological innovation and the rapid increase in the pace of obsolescence contributes to undermining the rationality of the argument in favour of younger workers. From the perspective of the role of consumers as put forward by Becker (1957) as a possible explanation for discrimination one might also look at the effect of a growing share of 65+ citizens in most Western societies. Are we heading for an era where having a staff that includes older workers might become an asset for a firm that also wants to attract older customers? And is something similar going to happen in politics or the media, changing the overall image of older citizens?

Taking all these considerations into account, there is a firm theoretical framework from which we can deduce several interesting hypotheses, but we are still short on empirical knowledge which via evidence will try to contribute to the better recognition of the phenomena of unequal treatment of the older workers. Because of that, but also due to the collaboration in the European Union COST Action framework on Ageism: – Ageism – a multi-national, interdisciplinary perspective (IS 1402), we have developed this special issue that contributes to our insights on the position of older workers, the role of ageism and discrimination, employers’ views and workers’ experiences. We are convinced that the collection of the papers in this special issue (also outside the network of academics from the COST Action on Ageism) creates a great forum for further discussion in what direction the research should go in this field (there is a hope that a group of early stage researchers under the Marie Skłodowska Curie Actions – Innovative Training Network EUROAGEISM, 764,632 via their work bring new evidence and findings in this topic).

#### 4. Overview of the papers included in this special issue

Papers selected for this special issue touch upon the aspects of ageism in the labour market in various ways. We tried to organize the issue to show diversity of the theoretical and empirical approaches in the research related to the topic.

First, we have a paper on age and sustainable labour participation. Studying moderating effects, Josine van den Elsen and Brenda Vermeeren tried to analyse effects of age on sustainable labour participation (SLP), defined as the extent to which people are able and willing to conduct their current and future work. In doing this the authors were examining age effects on SLP by focussing on the moderating role of workload.

The second paper by Jaap Oude Mulders studies the effects of employers' retirement age norms and age-related stereotypes on their preferences for younger or older workers in three types of employment practices: hiring a new employee; offering training and offering a permanent contract. Many employers have a strong preference for younger workers, especially when hiring a new employee, while preferences for older workers are highly uncommon. Higher retirement age norms of employers are related to a lower preference for younger workers in all employment decisions. When employers are more positive about older workers' soft qualities (such as reliability and social skills), but not about their hard qualities (such as their physical capacity and willingness to learn), they rate older workers relatively more favourable for hiring and offering training, but not for providing a permanent contract. This is one of the first studies to estimate the effects of retirement age norms and age-related stereotypes on ageist preferences for a diverse set of employment practices.

In the third paper Hendrik P. van Dalen and Kène Henkens used a unique panel study of Dutch managers to track the development of their attitudes towards older workers over time (2010–2013). The authors focussed on a set of qualities of older workers aged 50 and older and tried to see whether attitudes towards older workers by managers change over time and what might explain these changes. Findings showed that managers have significantly adjusted their views on the so-called “soft skills” of older workers, like reliability and loyalty. Attitudes toward “hard skills” – like physical stamina, new tech skills and willingness to train – have not changed. These findings were confirmed in another study from Poland (Turek and Perek-Białas, 2013). However, what is new is that important drivers behind these changes are the age of the manager – the older the manager, the more likely a positive change in attitude towards older workers can be observed – and the change in the quality of contact with older workers.

The next paper is by Mengyang Zhang's and Sarah Gibney on ageism and perceived job sustainability. In a comparative European analysis they showed that even though reported prevalence of ageism in the workplace is quite low across the 28 European Union Member States, ageism imposes a significant negative influence on current workers. One of the authors' recommendation for policies is to claim that by developing efforts to reduce ageism in the workplace it can lead to improved working conditions and job sustainability.

In their paper, Per H. Jensen, Wouter De Tavernier, Peter Nielsen “To what extent are ageist attitudes among employers translated into discriminatory practices: The case of Denmark” claim that most studies analysing ageist stereotypes do not assess the extent to which stereotypes are translated into discriminatory personnel management practices in the workplace. From their own analysis based on a survey conducted amongst Danish employers ( $n = 2,525$ ) they conclude that ageist stereotypes amongst employers do not translate into discriminatory personnel management practices. This could be limited only to Denmark situation, so international and comparative studies could be welcomed in the future to study the possible effect for other countries.

In their paper, Laura Nagele, Wouter De Tavernier, Moritz Hess, Frerich Frerichs describe a tool to systematise discrimination in labour market integration as an application to combat ageism. The analytical process developed in this paper provides the scientific

community, but also policymakers, trade unions and employers with a model they can use to better target and tailor anti-discrimination measures in labour market integration.

From the paper of Per Solem we can learn that in Norway older workers increasingly prefer to extend their working career. However, managers seem less interested in expanding their older workforce. This analysis shows that still there is a trend that even a majority of Norwegian managers expressed quite positive opinions about older workers' performance, but less often, they liked to recruit older workers. As an average, managers told that they would hesitate to call in applicants above 58 years of age to job interviews which is much lower than the official retirement age. An important conclusion for future studies in this field is that the measurement of the affective component needs consideration and further exploration.

The paper of Filip Pertold and Lenka Lakatova is not directly linked to the ageism, but is relevant while they analyse how retirees' motivation to work by type of employment can have impact on their workability. Also as we lack more evidence from Central and Eastern European countries this paper adds to our understanding of the underlying mechanisms. The legal reform (from 2010) in the Czech Republic allowed retirees to simultaneously receive regular pension benefits and to work on a permanent contract for a period longer than one year. The analysis includes only men's behaviour (it is interesting and maybe even revealing, by the way, that data on women were not available from the used source) and showed that the reform significantly increased the share of permanent contracts held by retirees). The regulation of employment contracts does not affect aggregate employment, but may affect low skilled workers.

At the end of this introductory paper we would like to thank all authors who replied to our invitation to contribute papers to this special issue. It has been a long journey. But we hope that the issue will be well welcomed and used not only via academics debates but also in the policy discourse by those who can act upon these results to limit the number of situations where ageism is still present. The efforts of many researchers interested in this topic is shown in this special issue, but still a lot of topics remain unexplained and not analysed in-detail. As an example we lack more papers from others parts of the world (not only from other parts of Europe – mainly countries from the North-West of Europe are represented in this issue – but also from other continents). The Sloan Network of Ageing Research for example, has been alarming frequently about ageism in the US labour market. In addition, one could notice a lack of variety in types of data used. Because of lack of access to the register data (from employers) we have to often rely on(worker) surveys in analysis of this topic (on that [Abuladze and Perek-Białas, 2018](#) claimed already). And thirdly, complexity of phenomena and options for finding the best ways to come up with answers to questions about effective ways of reducing the ageism in the labour market needs a more advanced and innovative methodological approach, which in the future should also be developed and more often shown in publications.

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#### Further reading

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