Demographic Change and Implications for Workforce Ageing in Europe

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Introduction

Despite differences between European Union (EU) member countries, most experience demographic change characterised by a decrease in mortality and fertility rates leading to a growing proportion of older people with effects on the working population. As the baby boom generation, born in the middle part of the 20th century, approaches retirement age, larger cohorts of workers will be retiring while the numbers of new labour market entrants will be insufficient to replace them. Social stability, physical security, improved living conditions and economic as well as medical progress have contributed to longer life expectancy and improved quality of life (Commission Communication 2006). As a result, a major labour shortage is expected, which will pose a serious threat to macroeconomic performance and competitiveness, despite productivity and technological advances (Villoso *et al* 2008). It is argued that free movement of labour across EU member countries has further affected the demographic situation (Pollard *et al* 2008), leading to a decline in the proportion of people in work in many regions of the EU (De Jong and Eding 2000).

To address this, the EU has set employment targets for older people, aiming to raise their participation in the labour market. In terms of the legal framework, despite existing European and national anti-discrimination legislation on age, the law is embedded in wider good employment practice to varying degrees in the EU countries. In addition to the economic and legal framework, intrinsic, non-financial, arguments which relate to the deeper meaning of work[1] also shape the discussion on how the quality of work should encourage prolonged workforce participation. Hence an EU taskforce on employment called on Member States to consider key measures related to incentives, lifelong learning and the work environment (Age Concern 2008). Demographic change poses a number of challenges to governments, employers and trade unions:

[1] Frederick Herzberg, who studied motivation in the 1960s, found that feelings of accomplishment, personal challenge, increased responsibility and belonging were among the strongest intrinsic rewards in organizations.

- How sustainable are social security, health care, pensions and retirement plans systems?
- How can employment skills be maintained in the workforce?
- How can the marginalization of older workers through discrimination and stereotypical perceptions be prevented?

The demographic situation may also pose dilemmas for individual older workers whose voices are often overlooked. Some workers will desire early exit from the labour market; others desire greater flexibility; some will be too ill to continue in work or are pushed out of the labour market while others have to continue for financial reasons. These push and pull factors highlight the complexity of work-related and non-work-related decisions about staying in or leaving employment. Currently it seems that 'free choice' to continue in some form of work beyond statutory retirement age (SRA) is left to those who are financially secure, well-educated and with managerial, transferable skills (Commission Communication 2006).

This chapter has three aims:

- to highlight the key issues and context of demographic change in Europe;
- to draw attention to some of the push and pull factors related to labour market exit; and
- to provide some good practice examples of how these can be managed.

The chapter draws on a European research project, Creative Approaches to Workforce Ageing (CAWA)[2], to highlight that more could be done to address the push and pull factors. Deeper understanding of the role of work as one contributor to overall quality of life is required in order to offer more workers over the age of 50 a realistic opportunity and choice to continue being economically active.

[2] Creative Approaches to Workforce Ageing (CAWA): ESF Art 6 funded project: 2005 –2007 had the following aims: raising awareness of demographic change and workforce ageing; and developing a 'Good Practice Guide' based on organisational case studies and discussion workshops. Countries involved: Austria, Spain, Sweden, UK, Bulgaria. Coordinated by the Working Lives Research Institute (WLRI), London Metropolitan University: http://www.workinglives.org/wlri-project-websites/cawa-en/cawa-en_home.cfm

Europe's Demographic Situation

The current figures show that while average life expectancy has increased by eight to 10 years since the 1950s, there are significant variations between the old and new EU Member States. For example, a 60-year-old woman can now expect to live to 85.3 years of age in France, six years longer than in Bulgaria (to 79.3 yrs). A 60-year-old man can expect to live to 80.7 years of age in Spain, 5.4 years longer than in Latvia (to 75.3 yrs) (Eurofound 2007).

This increase in life expectancy is leading to an increase in the population between 55 and 60 years of about 1.4 per cent between 2002 and 2010. As a result, by 2050 as much as 20 per cent of Europe's population could be above 80 years of age (Age Concern 2008). This leads to predictions that Europe's old-age dependency ratio - the number of people aged 65 years and above compared with the number of working-age people (15-64 years of age) - will more than double by 2050 from 1:4 to 1:2 or even less. Today with at least 16 per cent of the population over 65 years old, Europe has the highest proportion of older people in the world, higher than the US and other developed nations (Haub 2007).

Yet, these predictions are precarious as Europe's demographic change is also influenced by migration. Migration figures are composed of firstly out-migration of young, skilled workers who move temporarily or permanently, particularly from the new accession countries, to work abroad. For example, Poland saw many skilled workers migrating to Great Britain or Ireland. If not reversed, this trend could lead to a lack of skilled young personnel in socio-economically emerging regions of the EU (Pollard *et al* 2008). Secondly, net immigration into Europe is projected to increase even leading to overall population growth in Europe and delaying the predicted population decline until 2035. It is estimated that in 2008 at least 1.6 million more people migrated to the European Union than from it (European Commission 2008) and such numbers of mainly young people coming into the EU has positive effects on the age dependency ratio. However, these effects are small and as Vos *et al* (2008) have calculated, much higher number of immigrants would be required to reverse the trend. Based on figures from the most recent European Commission Ageing Report (2009) the population of the EU as a whole would be slightly larger in 2060 than today, but half of the population will be aged 48 years or above.

While the effects of demographic change on workforce ageing are currently still a predominately European issue, it will soon affect the whole of the developed Western world characterised by high proportions of populations over 60-years-of-age by 2025 (US Census 2000). This population ageing will affect health expenditure leading to a reduction in overall employment rates as well as an increase in the proportion of older workers in the EU15 (Jimeno 2004). Thus the demographic shift calls into question both the sustainability of pension systems and the future of Europe's labour supply (Villosio *et al* 2008). Cowell (2004) called this the 'timebomb' threatening European pensions. Adair Turner's (2004) report on UK pensions concluded that in order to afford continued, guaranteed pensions, generations after the baby boomers will have to save more, pay higher taxes and work longer. Others (Roseveare *et al* 1996; Fougère and Mérette 1998 and Grant *et al* 2004) have stated that unless changes in labour force participation patterns take place, the rise in public health expenditure associated with ageing would increase the fiscal burden and public debt.

Currently in the EU15 (the EU Member States before enlargement in 2004), the employment rate for older workers, aged 50 to 65 years of age, is only around 40 per cent, with 50.1 per cent for men and 30.5 per cent for women. This implies that, within the EU15 the majority of over 50-year-olds are economically inactive. The European Commission has forecast that by 2030 the whole of the European Union will face a shortage of some 20.8 million people of working age. While high proportions of older people are not working, the implication is that part of the labour shortage could be met through delayed retirement.

Europe has, therefore, developed policy responses, such as the Lisbon European Council of 2000 (Lisbon Council 2000) and the Stockholm European Council of 2001 (Stockholm European Council 2001), which have agreed strategic aims to strengthen employment, economic reform and social cohesion in a knowledge-based economy. The principal goal is to increase the average employment rate of older people aged 55–64 years to 50 per cent.

More understanding of push and pull factors related to labour market exit is required to facilitate an extension of older people's working lives in order to reach these targets. This involves addressing current evidence that older workers face

discrimination related to recruitment when trying to access work after redundancy or when trying to change employers (ACAS 2006). A recent UK documentary programme highlighted this: a father and daughter, both offering their services as accountants approached recruitment agencies. While the young and inexperienced daughter was offered interviews and received calls from other agencies, the father's application was ignored (Too Old to Work, Dispatches, Ch4, 9. 2. 2009). It further involves addressing issues that some older workers could be expensive in terms of salary and pension and perceived costs of potential sick leave, loss of productivity and lack of adaptability to change (Phillipson and Smith 2005).

The 2000 Employment Directive on Equal Treatment Article 13 required all Member States to introduce national legislation outlawing direct and indirect discrimination on grounds of age, sexual orientation, religion and belief, and disability by December 2006 (European Commission 2005). Yet current legislation on age has been criticised for being driven by the objective of increasing productivity among older workers (Meadows 2003). While Member States have complied with the introduction of national anti-discrimination legislation, this is embedded to varying degrees in day-to-day working practices. For example, in Austria less than a third of all over 55-year-olds are in employment. The Austrian government introduced *Altersteilzeit,* enabling older workers to reduce their working time with proportionately smaller loss of earnings (AMS 2006; Heuberger 2004). However, as costs exceeded the budget, numbers of beneficiaries decreased and the national social security system still supports early retirement. By comparison, parts of the Swedish labour market are characterised by embedded good practice in relation to the employment of older workers. Moreover, the Swedish trade unions, representing 85 per cent of the workforce, engage actively with the debate on demographic change. While some EU Member States such as Sweden have started to integrate policies and practices facilitating extension of working lives, others still hold on to a bygone era of funded early retirement (Ehrman 2009).

In the UK age discrimination legislation was introduced in October 2006, however, regulation 30 allows employers to set a mandatory retirement age of 65 years (Bytheway 2007; Keldusild 2009), something that is widely viewed as age discrimination (MacGregor 2005 and Munroe 2005, cited in Ibbott *et al*. 2006: 171). While the regulation might give employees the right to request to work beyond the

SRA, employers are not legally bound to grant such requests. Moreover, any decision regards extending working lives does not have to be based on an evaluation of the competency of the individual and is not tied to any qualification or occupational requirement (Gunderson 2003). Not only does this seem to oppose initiatives aimed at extending working lives, maintaining a default retirement age legalised employers' ability to discriminate against older workers and confirms that views on age discrimination have not changed as much as those on gender and race (Loretto *et al*. 2007; Walker 2006).

Retention of Older Workers

Much of the literature on the urgency of managing ageing in the labour market is driven by economic arguments (Henkens *et al* 2008; Adams and Beehr 2003). Yet, intrinsic, non-financial, arguments shape the discussion on how workers can be encouraged to remain in the labour market. A prerequisite is increased job quality and sustainability over the lifecycle in order to match work with individual quality of life. An EU taskforce called for Member States to consider the following key measures:

- incentives for workers to retire later and for employers to hire and retain older workers;
- access to training for all regardless of age and to develop lifelong learning strategies; and
- improvement in the quality of work to provide attractive, safe and adaptable work environments throughout the working life, including the provision of part-time work and career breaks.

These recommendations emphasize key policy areas, such as flexible working and the management of ill-health, which have been stressed in the existing literature (Disney and Hawkes 2003) as being important in providing a non-discriminatory working environment for people of all ages, as well as facilitating the extension of working beyond retirement age (for a fuller discussion of this issue see Flynn's chapter in this volume).

This chapter looks at work as one aspect of overall quality of life and thus draws on the organizational behaviour literature and particularly the concept of 'commitment to stay in work' (Meyer and Allen 1997). Meyer and Allen point out that one can be committed to stay with an organization for a number of reasons without necessarily identifying with what the organization symbolises: people may stay because they need the financial security, expressing 'continuance commitment'; and if employees have received support in the past, they may feel a moral responsibility to stay, expressing 'normative commitment' to the organization. Therefore 'just' staying in work can adversely affect morale, performance, overall productivity and lead to absenteeism. From an employer's perspective, 'affective commitment' among workers is the most desirable, as it describes employees who are committed because they identify with what the employing organization stands for and freely associate themselves with that organization. The concept of organizational commitment offers an understanding of the underlying motives for why a person would remain in work, thus stressing that older workers' continued employment should above all be based on free choice and fair treatment. Work needs to be balanced with other personal commitments and, apart from the economic benefits, continued employment beyond retirement age is reliant on work impacting positively on overall quality of life.

Motivations to extend working life

Drawing on the case studies conducted as part of the CAWA project, this section begins with the employers' position, before examining workers' motivations to extend their labour market participation and ending with comments related to the trade unions' position. From the employers' perspective, training and development are important throughout the life cycle of employment and the contribution made by older employees through their skills and experience is acknowledged within highly-skilled employment sectors. The focus of employers in relation to older workers is two-fold: on the one hand individuals need to develop their skills in order to maintain competitiveness in the labour market and on the other hand older workers can act as resources for skill transfer between the generations.

The CAWA case studies show that employers in high-skilled sectors, such as teaching, engineering, skilled construction work and banking argued that retaining older workers could be more cost-effective than recruiting and retraining a new

person for the same post (CAWA 2008). Some employers also referred to older workers as being more reliable, dedicated and stable. In this context, older, accomplished workers can benefit the businesses by transferring their knowledge to younger, less experienced workers or new members of staff. This can be facilitated through formal or informal mentoring schemes. At the same time, older workers themselves need to maintain their competitiveness through regular training, in particular, related to technology skills.

As employee diversity increases, some companies are eager to promote a public image of being a nondiscriminatory employer. Even though there is little empirical evidence that clients prefer to receive services from workers who match them in terms of age, gender or ethnicity, employers cited this as a business reason for employing ageing workers as their customers become older. Achieving this requires employers to invest in retraining or job redesign throughout the life cycle of work.

Ahead of the introduction of age discrimination legislation in the UK a number of companies implemented specific initiatives aimed at recruiting older and/or long-term unemployed workers with the objective of training them for existing jobs. While this affected relatively few individuals, the fact that such programmes received considerable publicity allowed them to be seen as ‘good practice examples’, contributing to raising awareness of the issues of long-term exclusion from the labour market due to age, ethnicity or social status.

In contrast, in low-skilled sectors, employers generally seemed more hesitant to invest in retention, stating that higher salary cost related to the employment of older workers make it economically more viable to employ younger employees. In sectors such as retail, packaging, hotels, catering and restaurants little training and induction was required and there was no incentive to address the high staff turnover. For that reason, these sectors employed a low proportion of workers over the age of 40 (CAWA 2008).

Older worker’s intentions to remain in work seem to fall into the following three categories:

- those workers who have lost motivation and plan to retire;

- those who have to continue in work, mainly for financial or social reasons, but want to retire as soon as possible; and
- those who want to remain in employment but under more flexible working conditions because they intrinsically enjoy their work or the working environment, including the interaction with colleagues.

A range of personal issues affected retirement plans and employers and policymakers need to take these into consideration in order to manage workforce ageing successfully:

- financial obligations, including mortgages, providing for dependent relatives or subsidising pension shortfalls;
- caring responsibilities for children or ageing family members;
- considerations related to a partner's employment;
- the level of state social security provisions;
- loyalty in small, family run businesses;
- levels of control and free choice;
- intrinsic enjoyment of a career ;
- work affirming individual significance;
- social relationships formed at work and the collective aspect of some jobs;
- views of work as a social responsibility and wider contribution to society;
- level of experienced work-related stress;
- offers of flexible working, such as 'step-down' options, phased retirement, annualised working hours; and
- offer of a change in role with less responsibility or fewer unsociable working and 'on call' duties.

Constructive management of these aspects of work could enable extended participation in the labour market, leaving individuals to experience work as satisfying, enhancing their overall well-being.

The trade union perspective on extending working lives seemed weighed down by a long history of arguing for early retirement. While there is a growing awareness within the union movement of the importance of managing demographic change, for some it was still difficult to switch perspectives to engage in bettering options for older workers to remain in work. Furthermore, many retired members tend to give up their membership, as their loyalty often does not extend beyond the workplace into the wider, political agenda. Thus the emphasis among the trade unions was to stress the importance of offering workers a real choice to stay in work or to quit, rather than forcing individuals to extend their working lives being forced because of shortfalls in funding retirement pensions.

Balancing work with non-work-related activities

This section provides examples of practices related to flexible working in order to balance work with non-work interests among staff. According to the latest European Commission demographic report, the majority of men aged 55 – 64 years in work were working 40 hours or more per week, whereas, in most Member States, only a minority of women worked so many hours. Even though the proportion of part-time employment among older workers was higher than among younger workers, particularly for older men below the state retirement age, typically the choice is between full-time work and complete labour market exit. Thus the latest statistics indicate a lack of flexible working and gradual retirement options (European Commission 2008).

Yet, as the interviews with older workers as part of the CAWA project have shown, the choice over working hours and maintaining a meaningful work/life balance seems to become more significant as people grow older. A range of personal and workplace factors influence individual employees' employment needs and hopes. In order to successfully combine non-work-related commitments with employment, the availability of part-time and flexible working are essential if retention is to be achieved.

Some companies want to be seen by the public and their customers as being socially responsible, and part of this includes actively promoting the values older workers are adding to their organization. Others may offer flexible working arrangements aimed at older workers, yet uptake can be very low and compromised by a cut in salary or a reduction in status within the organization.

Case 1: UK public healthcare

In the UK public healthcare service, National Health Service (NHS) employers are aware of an increasingly ageing workforce, particularly among sections of the nursing staff. NHS management bodies have recommend a wider implementation of flexible working arrangements by NHS Trusts partly as a response to this. Currently a high proportion of nurses chose to retire from full-time work as soon as possible and those wanting flexibility in their working arrangements sign up with either an external nursing agency or a hospital-based nursing bank. This arrangement can offer the individual some choice and control over when and how long to work for as this 56-year-old female NHS manager stated: *'a lot of our afro-Caribbean nurses are retiring right now, … and a lot of them signing on as bank nurses when they retire. And then they come back and do as and when, one or two days'.*

In the past bank nurses used to be people who wanted to do the occasional extra shift in the evenings or at weekends to earn extra money. Nowadays, some employers use agency staff to cover vacant posts, keeping services running without employing staff on a full employment contract (Tailby 2005). In 2008 a survey of 20,000 flexible workers showed that many of the bank nurses were the main breadwinners, had childcare responsibilities or were getting older: as the NHS workforce is ageing, so is its flexible workforce and in 2008 the average age of a bank worker was 40 years compared with 33 years in 2005 (Nursing Times.net 2009).

[end case study 1]

Case 2: Swedish electricity company

Flexible working transitions had been implemented and run for several years by a Swedish electricity producer and distributor: the so-called '80/90/100 model' gave older workers the opportunity to work 80 per cent of normal working hours for 90 per cent of normal pay and a 100 per cent contribution to their occupational (service)

pension. Access to the scheme was available at management discretion and in 2006 was taken up by 165 out of 900 employees who were at least 58 years old, an equivalent of 20 per cent of all older employees. According to the company's calculations the measure was cost neutral as it reduced sick leave and helped lessen rehabilitation costs (Mykletun and Furunes 2007).

[end case study 2]

Other older people who have worked in management or knowledge-based sectors may be encouraged to enter into self-employment. In theory self-employment should offer some older workers a certain element of flexible working, in reality though many may end up working long hours in order to start up and maintain their business.

This section has highlighted the importance of work/life balance as workers grow older. With social security provisions that encourage early retirement being phased out, the working environment needs to be adapted in order to facilitate prolonged working lives (Molinié 2003; Naegele and Walker 2006). With society as a whole placing a high value on work, the individual need to feel valued and acknowledged is linked to employment and can be an important pull factor for continuing in work. Thus, if managed constructively, work contributes to perceived quality of life. The ability to combine work with personal circumstances will determine continued labour market participation for those workers who are able to chose, while others' financial needs force them to continue working.

Workplace design and ill-health

Work organization and workplaces should be designed in such a way that all employees can achieve full working lives (McNair *et al* 2004). Generally older workers who stay in work are more likely to be working part-time and suffer ill-health, such as musculo-skeletal disorders, stress and mental health conditions and particularly those working in manual jobs desire early exit from the labour market (Barnes, Smeaton and Taylor 2009; Black 2008). Yet, recent EHRC research showed, that contrary to common perception, 60 per cent of older workers said they were as physically capable now to perform their jobs as they were when when younger (Smeaton *et al*. 2009). While workers in some sectors may be more prone to specific types of illnesses, employees in all sectors and of all ages can be affected

by forms of ill-health, long-term sickness or disability and the management of workplace design requires clear preventative policies. These need to be adjustable to individual circumstances and based on consultation with individuals and trade unions, particularly as workers get older and physical strength may be reduced. Job design further focuses on health-related issues and is particularly important in physical and manual jobs which have high attrition rates and costs related to ill-health.

In some sectors requiring a high level of physical fitness, the cost of sick leave as a result of work related ill-health among older workers could impede their employment (Molinié 2003; DWP 2004). More commonly, employer's fear of potential sick leave combined with perceived loss of productivity with age inhibits extension of working lives (Phillipson and Smith 2005). Thus the focus needs to be on preventative measures, promoting good health throughout the life cycle. While health and safety training, including physical handling is mandatory in many sectors across Europe, more proactive measures could include provision of occupational health assessments, support of physical exercise and healthy eating programmes. This could involve the provision of good staff canteens or vending machines offering healthy snack options; rest places at work where shift working requires staff to take their rest near their workplace; subsidised membership of gyms and health clubs; education about health and fitness and support for staff suffering from mental health problems related to stress at work.

Case 3: Swedish construction sector

The Swedish construction sector provides an example of how welfare schemes can be extended to rehabilitate workers on long-term sick leave. Construction work is usually physically demanding and for many workers it is difficult to continue working even up to retirement age. Once out of work, the over 50-year-old age group finds it very difficult to re-enter the labour market with one in five remaining long-term unemployed (TAEN 2009). 'Galaxy' was a rehabilitation programme for unemployed workers and for those employees in the construction industry who were unable to carry out their work. The Galaxy programme was a co-operation between the employer's organization, trade union and the county labour board. When joining the scheme, an individual rehabilitation plan was drawn up for the worker who was then placed in a company where the job was adjusted to take account of the particular

disability. For some this meant re-entering the labour market in a different role or adjusted hours. While the scheme was age inclusive, for employers it meant making the most of the skills and experience older workers were contributing while saving on the costs of sick leave.

[end case study 3]

Conclusions

Within the EU there are significant differences in labour markets, awareness of demographic change and its influence on social and economic well-being, and the development of age-friendly policies. Differences imply that any policy solutions have to be specific and sensitive to the nature of local, regional and national labour markets. While states such as Sweden are starting to integrate policies and practices, others have only just discontinued funding of early retirement. In order to foster individual choice, older workers should neither be forced to continue working nor feel compelled to leave employment. To date, even where companies across Europe invest in best practices, these are often limited in scale.

The constructive management of extending working lives for older workers seems to depend on successful employment relations, involving open and clear communication with the individual employee. In this context, it is important to monitor the working conditions of workers approaching retirement age, namely those between 45 and 54-years-old to determine the factors which may lead to their early exit from the labour market. The Director of the European Foundation for the Improvement of Living and Working Conditions made the point that it is also important to monitor and improve work sustainability among young workers, who face a higher incidence of job insecurity (Jorma Karppinen in: Villosio *et al* 2008). Thus if age-related policies are free of discrimination against workers of all ages, they become part of the overall organizational culture fostering positive commitment.

While organizational commitment (Mowday, Steers and Porter 1979) is not always in the interest of the employer, in sectors, such as Small and Medium-size Enterprises (SMEs) and highly professional jobs, it is essential to look after dedicated staff who are willing to make a positive contribution to the organization. As demographic

change leads to fewer people in employment, the ability to foster affective commitment among workers will become increasingly important (Mullins 2002).

There are some overarching concerns: firstly, employment transitions related to the key human resources functions, including recruitment and access to training need to be free of discrimination and based on data resulting from age monitoring; secondly, the issues of work/life balance and flexible working need to be addressed in a consultative manner stemming from dialogue with the individual worker and thirdly, workplace design needs to be supportive of the needs of all workers in order to prevent and manage ill-health.

In the UK for example, public funding for workplace training is often focused on the 18 to 26 age group. Mayhew and Rijkers (2004) point out that access to training is limited for older workers, particularly those in routine or semi-routine occupations. An important issue in this context concerns access to new technologies which increase productivity, but have been found to be biased against low-skilled workers and resulted in job losses for older workers. Partially because older workers are not given access to the training and partially because these technologies reduce the number of staff required (Crépon and Aubert 2003).

Where innovative measures exist, they assist in creating a balance of priorities between working, living, health and well-being, giving a stronger priority to both physical and psychological aspects of occupational health. Flexible working policies are one way for employers to offer improved work/life balance. For employers to engage in innovative measures to prevent early exit from the labour market seems most applicable in sectors with limited competition for workers of similar skill levels (Green 2005). Therefore, in most European countries any good practice guides probably originate in knowledge-based sectors with low physical demands on workers and a high level of transferable skills.

At work an individual's effectiveness and well-being are linked to the interaction between personal identities and work-related ones (Tajfel and Turner 1979). Thus achieving balance between work and other aspects of an individual's life, including their partners' is of real importance. For example, while parents' right to request flexible working in the UK is well established, the right to request flexible employment arrangements if an adult is caring for another adult has only been introduced very

recently in April 2009[3] (Evandrou and Glaser 2004; Loretto *et al* 2005). Existing studies have shown that inflexible working hours can contribute to pushing workers into early retirement as they interfere with non-work-related commitments and interests (Penner *et al* 2002). While there is no clear evidence from the existing literature that family-friendly working practices, including flexible working arrangements are positively linked to performance (Giardini and Kabst 2008), they are important in encouraging an extension of working lives.

Another important pull factor for some workers relates to the social aspect of work through interaction with colleagues. Arnold *et al* (1998) point out that understanding of the area of relationships at work and the impact of workplace socialization is still limited. Nevertheless, poor working relationships are seen to be reflected in low levels of interest, trust and supportiveness and these can negatively affect job satisfaction, motivation and well-being at work, while supportive relationships can have the opposite effect - thus forming a push or pull factor.

With ill-health remaining the main push factor leading to early exit from the labour market (Humphrey *et al* 2003; Barnes *et al* 2002), workplace design or re-design needs to be considered as a preventative measure applied in an innovative and non-discriminatory manner. Companies implementing mentoring schemes are concerned about the loss of talent older workers bring to the job and engage in skill transfer between older and younger workers either formally or informally. Such initiatives utilise the knowledge, understanding and maturity of older workers and enable them to pass these over to younger ones, giving them more confidence. Intergenerational co-operation also benefits the older employee as it changes their role to a more internal one, reducing stress levels. Other companies offer job re-design through a role change without compromising pension arrangements. Sectors with high proportions of manual workers, such as the construction industry may need to develop less physically demanding alternatives or work in co-operation with trade unions and employers' organizations on rehabilitation programmes. In cases where pay is directly related to productivity, alternative employment may require the

[3] http://www.carers.org/news/new-right-to-request-flexible-working-for-carers-of-adults,1570,NW.html

protection of pay and pensions with the avoidance of earnings reductions for older workers.

While economic concerns of governments are an obvious driver to prolong working lives and the concern over pensions has driven much of the debate on demographic change, this chapter has argued that individual experience related to push and pull factors needs to be heard and addressed in order to implement extended working policies successfully. Demographic pressures as well as legal and structural changes in the world of work mean that increasing numbers of workers will be working beyond the current SRA and European employers will be forced to adapt accordingly. If Europe manages to develop coherence and co-operation over these issues, it will have much to offer the rest of the developed world, as demographic change becomes an increasingly global challenge.

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