

## **Labour Market Trends. Volume 112, No 6: 20 July 2005**

A typographical error has been corrected in the article 'The Labour Market Participation of Older People'. The introductory paragraph showed the number of economically inactive people aged 50 and over as 1.2 million. This has now been corrected to 12 million.

ONS apologise for any inconvenience caused.

## National Statistics feature

# The labour market participation of older people

By **Elizabeth Whiting**, Labour Market Division, Office for National Statistics

## Key points

- The employment rate among people aged 50 and over has started to recover in recent years, although not to levels seen in the past. The number of inactive people aged over 50 has also increased substantially over the same period. However, the larger increase in the size of the total population aged over 50 has meant the inactivity rate for this age group has fallen.
- Among older people there appear to be at least three distinct groups: the employed, those people who are inactive voluntarily and those people who have moved into inactivity involuntarily, perhaps through ill health or redundancy.
- Older workers have different characteristics to older people who are not participating in the labour market. Older workers are more likely to have higher educational qualifications and be in a higher socio-economic group. They are also more likely to be part of a couple.

## Introduction

In recent years, the employment rate among people aged 50 and over has started to recover following years of decline. Despite this, the proportion of people in employment still drops significantly after people reach their mid-fifties and people aged over 50 remain underrepresented in the labour market. The number of economically inactive people aged over 50 has also risen during the past ten years, by about 413,000, to 12 million in 2004. However, the proportionately larger increase in the total population aged over 50 during the same period has meant that the percentage who are inactive has fallen by 4.3 percentage points, to 61.7 per cent.

There are a number of distinct groups among older people. The aim of this article is to examine three of them using the Labour Force Survey (LFS): those who are participating in the labour market, those for whom inactivity represents a positive choice and those who are inactive because of long-term illness or a disability. The article looks at the

characteristics of older workers to see if they are different to people of the same age who are not participating in the labour market. It also aims to explore people's reasons for inactivity. Older people are defined in this article as anyone aged 50 and over. However, in a few instances the analysis has been restricted to people aged between 50 and state pension age (60 for women, 65 for men) because of the limitations of the dataset.

## Background

The labour market participation of older people is an area of concern for several reasons. Significant changes in the population of the UK have resulted in there being fewer young people and a larger number of older people and projections suggest that this trend will continue. In 2004 more than 20 million people were aged 50 and over, equating to 34 per cent of the population. It is estimated that by 2024, the over-50 population will have increased by about 6 million, and will represent 40 per

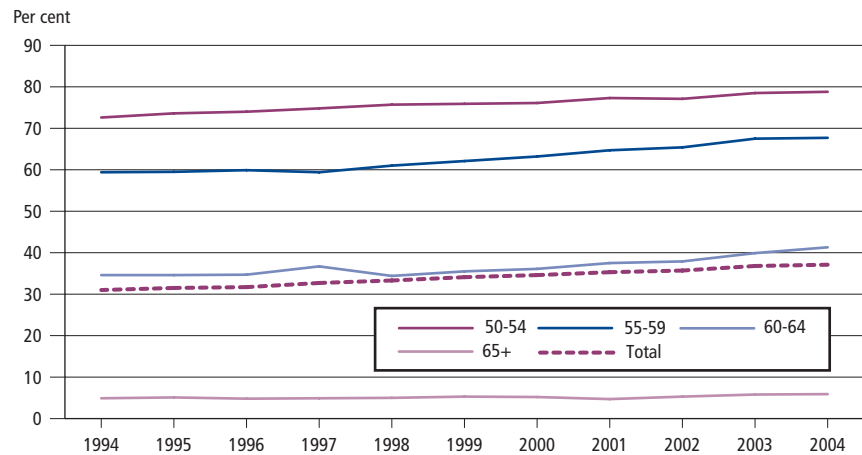
cent of the total population. Changes are also occurring to the population structure of the workforce. It is projected there will be one million fewer working-age people under 50 and three million more aged over 50 by 2022 (Government Actuary's Department Population Projections, 2002). Therefore older workers will increasingly play an important role in the labour market, so if substantial numbers of older people continue to leave the labour market this will have a direct impact on the size of the working population. In addition, as young people increasingly stay in full-time education longer and thus enter the labour market later, there will be a shortening of the average working life and a fall in the ratio of working-age people to those of retirement age.

More broadly, for many people, leaving the labour market can result in poverty, insecurity and social exclusion, which in turn can lead to ill health, depression and disenchantment. Work is an important way of engaging with people, building social networks and overcoming social exclusion (National Audit Office, 2004).

Another reason for concern relates to the fact that a high proportion of the older population give their reason for inactivity as long-term sickness or disability. In conjunction the number of people claiming incapacity benefits has grown, even though the health of the nation has improved (National Audit Office, 2004). Since 1979 the number of people aged over 50 on incapacity benefits has nearly quadrupled reaching approximately 1.3 million people in 2004 (Department for Work and Pensions, 2004). A report by the Policy Innovation Unit (2000) showed that almost half of people aged between 50 and state pension

**Figure 1**

**Employment rates by age; spring 1992 to spring 2004; United Kingdom, not seasonally adjusted**



Source: Labour Force Survey

age who were not working received most of their income in state benefits, and that early exits from the labour market contributed substantially to poverty.

The over-50 population is a key policy target group. The government is trying to raise the labour market participation of older workers, through schemes such as the New Deal 50 plus, to compensate for the declining number of young entrants into the labour market and to reduce the tax and pensions burden created by large number of pensioners. There is concern that early retirement potentially makes it harder for individuals to make adequate pension provision and there are also widespread concerns over the financing of state pensions (Hirsh, 2003). Thus, as an incentive to people to continue working beyond state pension age, the government introduced a scheme in April 2005 whereby people can defer drawing their state pension. When they eventually claim they may then

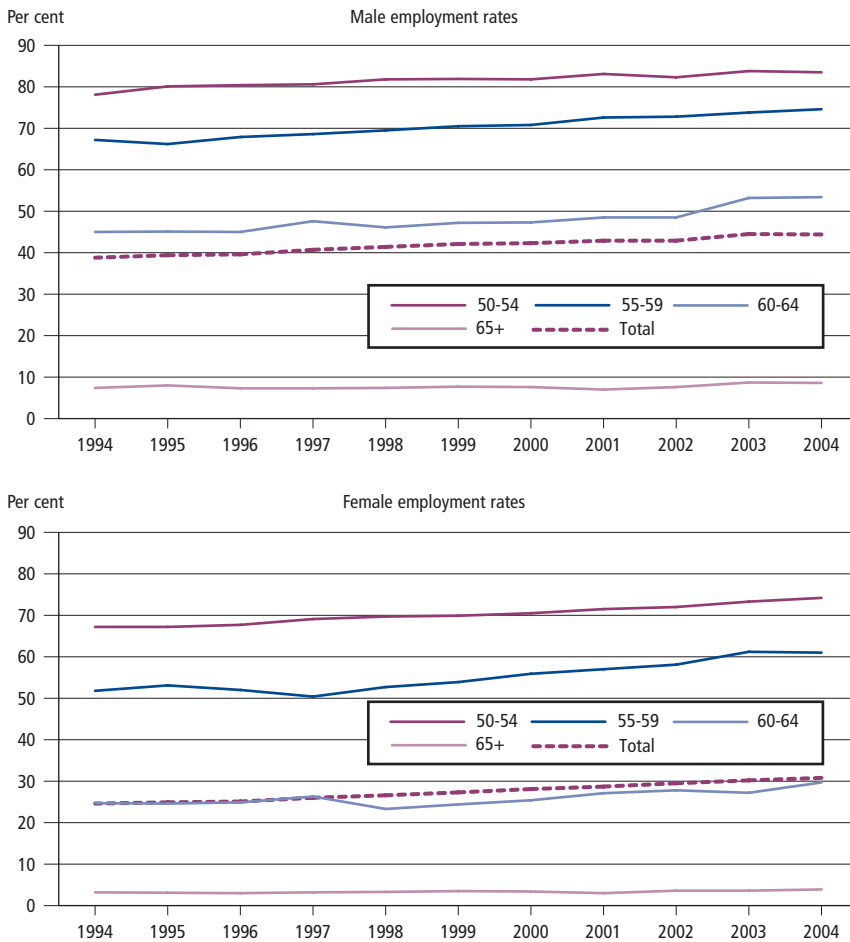
be able to claim a higher amount or take a one-off lump sum. The government have also announced that by 2020 the state pension age for women will be increased to 65, the age it currently is for men. This change will be introduced gradually over the ten-year period from 2010, in order to increase the number of women in employment.

Unfortunately it was not possible to analyse the relationship between older people's pension provisions and whether they were employed in this article as there is no information on pension provision in the LFS.

Despite rising employment among people aged over 50, a large proportion of older people still experience barriers to employment. These are reported to include discrimination on the basis of age and barriers such as transport difficulties. A growing proportion of older people are seeking assistance to work but are harder to place as they face acute or multiple barriers (National Audit Office, 2004).

**Figure 2**

**Employment rates by age and sex; United Kingdom; spring 1992 to spring 2004, not seasonally adjusted**



Source: Labour Force Survey

**Employment**

The labour market participation of men and women aged 50 and over has changed substantially over the past 25 years. The employment rate of older people declined markedly between the late 1970s and mid-1990s. A variety of explanations have been adduced for this decline. These arguments include that older workers lacked the requisite skills; that they faced employer discrimination; that a restructuring and tightening of the labour market reduced the employment opportunities available

to them; and that they were induced into economic inactivity through generous pension schemes and disability benefits (Disney and Hawkes, 2003). However, in more recent years this downward trend has halted somewhat (see Figure 1). Between spring 1994 and 2004 the employment rate of people aged 50 and over increased from 31 per cent to 37.1 per cent. The substantial proportion of that increase occurred among those aged 50 to state pension age (60 for women, 65 for men). Between spring 1994 and 2004 the employment rate among those

aged 50 to state pension age increased by 7.5 percentage points to 69.9 per cent. This compares with an increase of 1 percentage point among those aged 65 and over, to 5.9 per cent in 2004.

The increase in employment was shared equally among men and women (see Figure 2). The proportion of men aged 50 and over in employment rose from 38.8 per cent to 44.4 per cent over the ten years to 2004, while the employment rate among older women rose from 24.6 per cent to 30.8 per cent. Men and women have similar patterns of economic activity with both beginning to leave the labour market from their mid-fifties. However, the steep decline in employment happens in people's late fifties to early sixties, with women tending to stop work earlier than men, probably reflecting the difference in state pension age. In 2004, the employment rate for men declined from 83.5 per cent among men aged 50 to 54, to 74.6 per cent among men aged 55 to 59, and then down further to 53.4 per cent among men aged 60 to 64. Among women the employment rate fell from 74.2 per cent for women aged between 50 to 54, to 61 per cent among women aged 55 to 59 and then down to 27.8 per cent among the 60 to 64 year olds.

**Working patterns and characteristics of older workers**

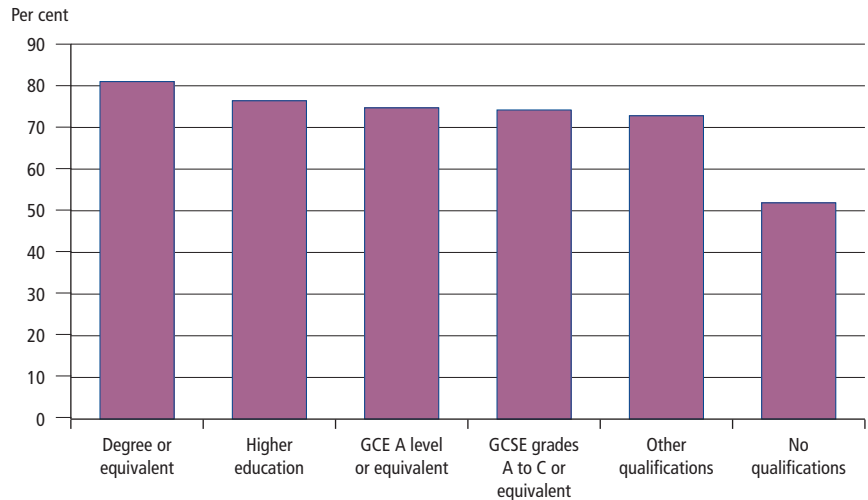
People with formal qualifications were more likely to stay in work than the unqualified. The LFS asks respondents of working age their educational qualifications. Women aged over 59 and men aged over 64 are only asked about their qualifications if they are in

► employment, thus this analysis has been restricted to those of working age. As **Figure 3** shows, 81 per cent of people aged 50 to 64 with a degree were in employment, compared with 74 per cent of people with the equivalent of GCSE's and 52 per cent of people with no qualifications. This trend was similar among both men and women.

In addition, older people in the higher socio-economic groups were more likely to be employed (see **Table 1**)<sup>1</sup>. Nearly three-quarters (73 per cent) of people aged over 50 in the higher managerial and professional group were employed, compared with 59 per cent of people in the routine occupation group. Older people in the small employers and own account workers group were also more likely to be working (73 per cent), and they were the most likely to remain in employment after the age of 65. Small employers and own account workers includes self-employed people and those working in small establishments, who are not as restricted by employment practices. In the small employers and own account workers group 37 per cent of people aged over 65 were working, while only 29

**Figure 3**

**Employment rates of older people<sup>a</sup> by highest educational qualification; United Kingdom; spring 2004**



Source: Labour Force Survey

a Men aged 50 to 64 and women aged 50 to 59.

per cent of those in the higher managerial and professional group and 23 per cent in routine occupations continued to work after age 65.

The issues surrounding the labour market participation of older workers are extremely complex and therefore quantitative figures from the LFS need to be combined with qualitative work in order to gain a

fuller picture. Qualitative research suggests that older people do not necessarily want to give up paid work altogether, but instead they want more flexibility to enable them to enjoy a greater balance between work and other commitments such as caring and leisure (Barnes et al., 2002, Lissenburgh and Smeaton, 2003). This may be reflected in older peoples work choices. People aged

**Table 1**

**Employment rates by socio-economic group; United Kingdom; spring 2004**

	Per cent						
	Higher managerial and professional	Lower managerial and professional	Intermediate occupations	Small employers and own account workers	Lower supervisory and technical	Semi-routine occupations	Routine occupations
50-54	93.6	92.0	88.3	92.5	86.5	82.1	79.3
55-59	80.8	80.0	78.4	88.8	78.0	77.0	76.6
60-64	59.9	52.5	50.6	72.5	49.3	52.1	56.8
65+	29.3	22.6	20.9	37.1	10.5	20.7	22.9
<b>Total</b>	<b>72.6</b>	<b>70.2</b>	<b>66.6</b>	<b>73.0</b>	<b>60.2</b>	<b>60.8</b>	<b>58.6</b>

Source: Labour Force Survey

Table 2

**Employment status by age and sex; United Kingdom; spring 2004**

		Per cent		
		Employee	Self-employed	Other
<b>All</b>	50-54	84.5	15.1	0.4
	55-59	81.3	18.0	0.7
	60-64	76.4	22.7	0.9
	65+	59.2	37.4	3.4
	<b>Total</b>	<b>80.1</b>	<b>19.0</b>	<b>0.8</b>
<b>Men</b>	50-54	78.9	20.7	0.4
	55-59	74.7	24.5	0.8
	60-64	71.3	28.3	0.4
	65+	51.0	46.0	3.0
	<b>Total</b>	<b>73.6</b>	<b>25.6</b>	<b>0.7</b>
<b>Women</b>	50-54	90.6	8.9	0.4
	55-59	89.2	10.2	0.7
	60-64	85.3	12.9	1.8
	65+	72.9	23.1	4.0
	<b>Total</b>	<b>88.2</b>	<b>10.8</b>	<b>0.9</b>

Source: Labour Force Survey

Table 3

**Proportions of people who work full-time and part-time by age and sex; United Kingdom; spring 2004**

		Per cent	
		Full-time workers	Part-time workers
<b>All</b>	50-54	77.0	23.0
	55-59	70.2	29.8
	60-64	59.6	40.4
	65+	26.1	73.9
	<b>Total</b>	<b>67.8</b>	<b>32.2</b>
<b>Men</b>	50-54	94.3	5.7
	55-59	88.2	11.8
	60-64	76.9	23.1
	65+	33.4	66.6
	<b>Total</b>	<b>83.8</b>	<b>16.2</b>
<b>Women</b>	50-54	58.0	42.0
	55-59	48.8	51.2
	60-64	29.9	70.1
	65+	13.8	86.2
	<b>Total</b>	<b>47.9</b>	<b>52.1</b>

Source: Labour Force Survey

over 50 are more likely to be self-employed than those in younger age groups (see Table 2). In spring 2004 19 per cent of people aged 50 and over were self-employed, compared with 14 per cent of people aged 35 to 49. Older men were particularly likely to be self-employed, 26 per cent of men aged 50 and over were self-employed, while only 11 per cent of women were. Part-time work was also common among older people, although more so among women than men (see Table 3). In spring 2004, 5.7 per cent of men aged 50 to 54 worked part-time. Among women aged 50 to 54, only slightly less worked part-time (42 per cent) than full-time (58 per cent). However, for both men and women in work after state pension age, part-time work was more prevalent than full-time work (67 per cent for men and 86 per cent for women). People aged 60 and over were particularly likely to be employed on a temporary basis and were more likely to work in small firms with less than 50 employees, perhaps because these present more opportunities to be able to work close to home (Centre for Research into the Older Workforce, 2004).

Many of the factors associated with leaving full-time employment also make it more likely that people will leave work altogether, rather than obtain flexible employment. Lissenburgh and Smeaton (2003) showed that the older people were when they left full-time employment the less likely they were to make the transition to retirement through flexible employment. Also people who left work with long-term health problems were less likely to take on flexible employment to bridge the transition to retirement. The ability to negotiate flexible working arrangements appears to depend on

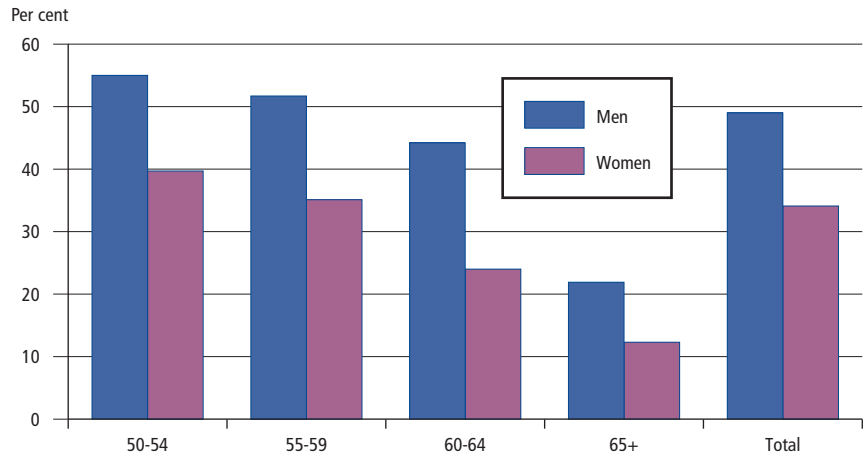
► certain labour market advantages, such as the skills and social networks people had gained from previous employment (Barnes et al., 2002).

These flexible types of employment are often referred to as bridge jobs as they can bridge the gap between a full-time career position and permanent retirement and thus prevent premature exit from the labour market. In some cases bridge employment represents a positive choice, giving older workers the opportunity to undertake new and challenging work on their own terms; in other situations it is merely a downgrading of people's previous working conditions. A study by Lissenburgh and Smeaton (2003) argued that the quality of the bridge job depends on the type of employment. They found that self-employment offered job satisfaction and quality similar to that enjoyed by full-time employees, while part-time employment offered the poorest quality among flexible types of employment, as it was less stable and there were fewer training opportunities. However, access to these higher quality bridge jobs appeared to be limited to certain groups. Older men with higher educational qualifications and those who had previously been employed in professional occupations seemed more likely to undertake the better paid, self-employed type of work. In contrast, women more commonly took up part-time work, often at lower rates of pay.

A small proportion of all those aged over 50 in employment (4.5 per cent) said they would like to work more hours, either in their current job or in a new job. **Figure 4** shows that nearly half of older people in employment said they would like to work fewer hours (42 per cent). People aged 50 to 54 were the most

**Figure 4**

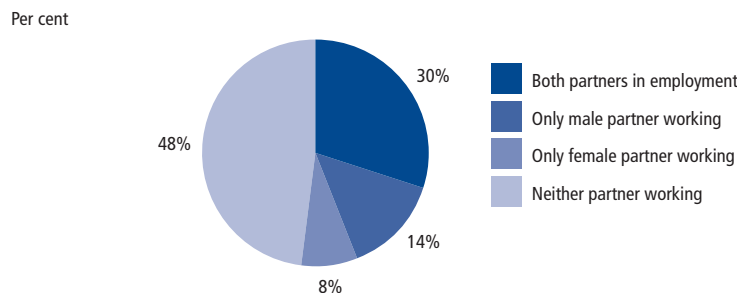
**Proportions of older people<sup>a</sup> in employment who would prefer to work less hours by age and sex; United Kingdom; spring 2004**



Source: Labour Force Survey  
a People aged 50 and over.

**Figure 5**

**Labour market status of older couples;<sup>a</sup> United Kingdom; spring 2004**



Source: Labour Force Survey  
a Couples where both partners are aged 50 and over.

likely to say they wanted to work fewer hours (48 per cent), compared with the rest of those aged 50 and over. In fact the proportion of people who said they would like to work fewer hours falls away gradually as people get older. However, when asked in a separate question if they would like to work shorter hours for less pay, people aged 50 to 54 were the least likely to say that they would.

Research on the relationship between partnership status and economic activity has demonstrated that married or cohabiting people are likely to reflect their partners' economic status. Thus working people are more likely to have a working partner and inactive people are more likely to have an inactive partner. This is evident in **Figure 5**, which displays the labour market status for couples where both

Table 4

**Employment rates by age and whether people are part of a married/cohabitating couple; United Kingdom**

		Per cent
		Employment rate
<b>Part of a couple</b>	50-54	81.7
	55-59	70.4
	60-64	43.7
	65+	8.0
	<b>Total</b>	<b>44.1</b>
<b>Not part of a couple</b>	50-54	68.5
	55-59	58.0
	60-64	32.3
	65+	3.4
	<b>Total</b>	<b>21.6</b>
<b>All</b>	50-54	78.9
	55-59	67.7
	60-64	41.0
	65+	5.9
	<b>Total</b>	<b>36.8</b>

Source: LFS Household Dataset

► partners are aged 50 or over. Three in ten (29 per cent) of couples over 50 were working couples, where both partners were in employment, and 48 per cent of couples were workless, where both partners were either unemployed or inactive. Where only one partner worked, this was more likely to be the man. Over two-fifths (22 per cent) of couples had only one partner in employment, in 13 per cent of these the man worked and in 8 per cent of these the woman worked.

Older people who were married or cohabiting were also more likely to be in employment than people with no partner (never married, separated, divorced and widowed people). The employment rate among people aged 50 to 54 who were married or cohabiting was 82 per cent, compared with 69 per cent among 50 to 54 year olds with no

partner (see **Table 4**). This trend was evident for all the age groups, for example the employment rate was higher among people aged 65 and over who were married or cohabiting (8 per cent) than for people aged 65 and over with no partner (3 per cent).

As people are living longer many people aged 50 and over are taking on caring responsibilities for elderly relatives, friends or neighbours. In addition, as more parents are now working, older people are increasingly caring for grandchildren. This generation of older people may thus be combining care giving with paid work. The 2001 Census showed that people in their fifties were more likely than any other age group to be providing informal care, with more than one in five doing so. Women were more likely than men to be carers in all age

groups up until the age of 64. However, after the age of 65 there was a reversal, and men were more likely to be carers than women. A study by the Joseph Rowntree Foundation (Mooney et al., 2002) found hours of work were related to both the likelihood of being a carer and the amount of care given. People aged over 50 in full-time employment were less likely to provide care than part-time workers. Where full-time workers were caring, they were more likely to be providing less than 5 hours of care per week than those working part-time.

### Economic inactivity

As mentioned earlier, older people tend to fall into either the employed or inactive groups in labour market terms. Unemployment rates are low among people aged over 50. In spring 2004 2.9 per cent of economically active people aged over 50 were unemployed, well below the national average of 4.8 per cent. This is because the majority of those people aged 50 and over who are not working are not seeking work, or are unavailable to start work, and are thus classified as economically inactive. The number of economically inactive people aged 50 and over increased by approximately 413,000 between spring 1994 and spring 2004. This was largely driven by an increase in the number of inactive men. However, if this is considered in the context of the proportionately larger increase in the total population aged 50 and over, the proportion who were inactive fell by 4.3 percentage points over the decade to 61.7 per cent in spring 2004 (see **Figure 6**). The overall male inactivity rate decreased by 2.7 percentage points over the same period, to stand at 54 per cent. However, there was an increase of 1 percentage point in the inactivity rate ►

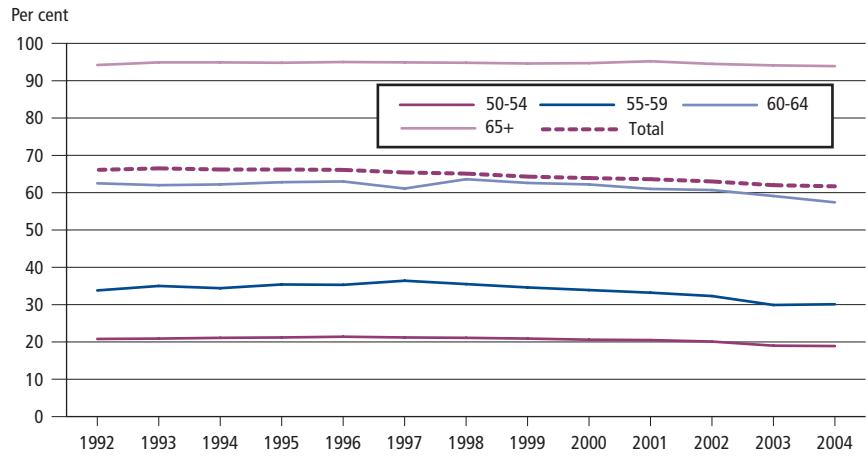
► of men aged between 50 and 54. Among women there was an overall decrease in inactivity of 5.6 percentage points to 68.5 per cent. Despite the decline in the rate of inactivity among older people, they still constituted the largest inactive group compared with the younger age groups. Previous research has generally overlooked those people close to the state pension age because of their limited potential to enter into economic activity. However, with demographic trends putting downward pressure on the growth in the labour force and an ageing population, they may become an important source of labour in the future.

Predictably, economic inactivity increases substantially with age, from 18.9 per cent of people aged 50 to 54, to 93.9 per cent of people aged over 65 in spring 2004. Women were more likely to be inactive at an earlier age than men, probably a result of the differences in state pension age and the fact that women are more likely to take on caring responsibilities for elderly relatives and grandchildren.

Considering those aged 50 to state pension age, the inactive group can be broken down by main reasons for inactivity, which include long-term sick/disabled, looking after the family/home, students and retired people. **Table 5** shows a breakdown of the reasons for inactivity by age and sex. Among men, the largest inactive group in all three age categories was the long-term sick or disabled. However, among men aged 60 to 64 about equal proportions were in the retired group (42 per cent) and the long-term sick/disabled group (46 per cent). The main reason for inactivity among women in both age groups was also long-term sickness and disability. The main differences ►

**Figure 6**

**Inactivity rates of older people<sup>a</sup> by age; United Kingdom; spring 1992 to 2004, not seasonally adjusted**



Source: Labour Force Survey

a People aged 50 and over.

**Table 5**

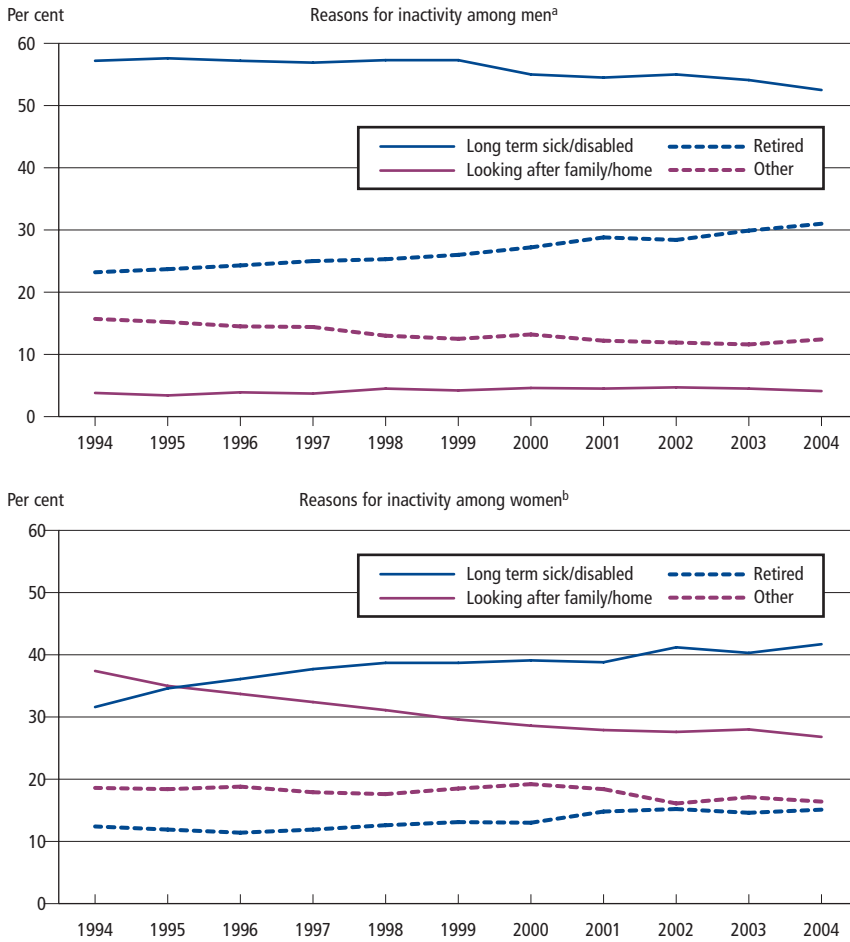
**Main reasons for inactivity by age and sex; United Kingdom; spring 2004**

	Per cent			
	50-54	55-59	60-64	Total
<b>All</b>				
Long-term sick/disabled	52.7	45.2	45.6	47.4
Looking after family/home	23.7	16.3	2.6	14.8
Retired	7.4	22.9	42.0	23.5
Other	16.3	15.6	9.7	14.3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Men</b>				
Long-term sick/disabled	68.0	53.9	45.6	52.5
Looking after family/home	8.1	4.2	2.6	4.1
Retired	9.6	26.7	42.0	31.0
Other	14.3	15.2	9.7	12.4
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Women</b>				
Long-term sick/disabled	44.2	40.1	..	41.7
Looking after family/home	32.3	23.4	..	26.8
Retired	6.2	20.6	..	15.1
Other	17.3	15.9	..	16.4
<b>Total</b>	<b>100</b>	<b>100</b>	<b>..</b>	<b>100</b>

Source: Labour Force Survey

**Figure 7**

**Main reasons for inactivity among older people; United Kingdom; spring 1994 to 2004, not seasonally adjusted**



Source: Labour Force Survey

a Men aged 50 to 64.  
b Women aged 50 to 59.

▶ between the sexes tend to be related to family responsibilities. Nearly a third (32 per cent) of women aged between 50 and 54 reported family/home as their reason for inactivity compared with 8.1 per cent of men of the same age. The changes in these groups can also be looked at over time (see **Figure 7**). Since 1994 there has actually been a decrease in the proportion of long-term sick or disabled men aged 50 to 64, from 57 per cent to 53 per cent. This has been accompanied by a rise of 7.8 percentage points in the

proportion of retirees, to 31 per cent. Among women, those who were looking after the family/home made up the biggest inactive group in 1994 at 37 per cent. Since 1996 this has been overtaken by those classified as long-term sick or disabled, who made up 42 per cent of all women aged between 50 and state pension age in 2004.

One of the aims of this article is to assess whether there is a growing divide between people who have chosen not to work and those who have moved into inactivity

involuntarily. One way to do this is to look at people's previous occupation and their reason for leaving their last job. The LFS collects information on the occupation of people who are not currently working but who have worked in the past eight years, so it is possible to look at the distribution of the previous occupations of inactive people. The most common occupations among those aged 50 and over who were inactive in 2004 were elementary occupations (17 per cent) and administrative and secretarial occupations (14 per cent). Inactive people were least likely to have been previously employed in sales and customer service (6.7 per cent), personal service occupations (7.3 per cent) and associate professional and technical occupations (8.7 per cent).

By combining people's previous occupation with their reason for leaving their last job it is possible to see whether individuals from certain occupations are more likely to be voluntarily inactive than others. **Table 6** shows that there is a gradient, with people in the professional and managerial jobs more likely than those in lower-skilled groups to have taken early retirement. Around a quarter of people in professional occupations (27 per cent) and in managerial and senior official roles (24 per cent) who have moved into inactivity in the past three years have done so through early retirement, compared with only 6 per cent of people in elementary occupations and 7 per cent in sales and customer service occupations. Men in professional and senior roles were particularly likely to take early retirement compared with women in professional or senior occupations. In comparison, those in the lower-skilled jobs were more likely to be

Table 6

**Proportions of economically inactive older people<sup>a</sup> by reason for leaving last job and previous occupation<sup>b</sup>; United Kingdom; spring 2002, 2003 and 2004<sup>c</sup>**

Per cent

	Made redundant, voluntary redundancy	Temporary job ended	Gave up work for health reasons	Took early retirement	Retired	Gave up work for family/personal reasons
<b>All</b>						
Managers and senior officials	9.8	0.8	14.5	24.3	39.5	4.0
Professional occupations	6.0	4.1	14.9	26.6	40.2	3.8
Associate professional and technical	7.7	2.7	17.1	20.8	42.1	4.4
Administrative and secretarial	10.4	2.3	14.0	12.9	45.3	7.5
Skilled trades occupations	11.6	1.7	29.1	11.2	40.0	3.4
Personal service occupations	4.6	1.9	29.3	8.1	38.8	8.9
Sales and customer service occupations	8.5	2.3	22.3	7.0	39.5	10.3
Process, plant and machine operatives	15.5	1.1	30.4	10.0	34.5	4.3
Elementary occupations	8.3	2.2	27.5	5.6	41.3	7.9
<b>Total</b>	<b>9.4</b>	<b>2.1</b>	<b>22.2</b>	<b>13.8</b>	<b>40.4</b>	<b>5.9</b>
<b>Men</b>						
Managers and senior officials	10.8	1.1	13.3	29.3	37.7	2.1
Professional occupations	7.9	4.1	13.6	30.1	39.7	1.6
Associate professional and technical	9.8	2.9	15.5	25.2	39.7	1.9
Administrative and secretarial	11.3	4.7	16.9	23.9	36.6	2.2
Skilled trades occupations	11.9	1.8	29.5	12.2	39.4	2.7
Personal service occupations	5.3	2.9	30.2	12.6	35.8	4.2
Sales and customer service occupations	8.9	3.6	24.9	10.4	41.1	3.5
Process, plant and machine operatives	14.7	1.3	31.5	11.2	33.8	3.7
Elementary occupations	10.1	2.5	30.6	9.1	38.1	3.6
<b>Total</b>	<b>11.0</b>	<b>2.3</b>	<b>23.3</b>	<b>18.4</b>	<b>37.9</b>	<b>2.7</b>
<b>Women</b>						
Managers and senior officials	7.6	0.1	16.9	13.5	43.3	8.3
Professional occupations	3.0	4.0	17.0	21.2	40.8	7.1
Associate professional and technical	5.0	2.4	19.0	15.5	45.1	7.5
Administrative and secretarial	10.2	1.8	13.4	10.7	47.1	8.6
Skilled trades occupations	9.5	1.3	26.6	5.1	43.7	7.9
Personal service occupations	4.4	1.6	29.2	7.1	39.4	10.0
Sales and customer service occupations	8.4	2.1	21.7	6.2	39.1	11.7
Process, plant and machine operatives	18.0	0.6	26.8	6.5	36.8	6.0
Elementary occupations	7.1	2.0	25.4	3.3	43.3	10.6
<b>Total</b>	<b>7.9</b>	<b>1.9</b>	<b>21.0</b>	<b>9.2</b>	<b>42.9</b>	<b>9.1</b>

Source: Labour Force Survey

<sup>a</sup> People aged 50 and over.

<sup>b</sup> For people who worked within the past eight years.

<sup>c</sup> Combined data.

► inactive because of health reasons than those in professional and managerial occupations. Much higher proportions of older people who worked as process, plant and machine operatives (30 per cent) and in skilled trade occupations (29 per cent) were

inactive for health reasons than those in managerial and senior occupations (15 per cent) and professional occupations (15 per cent).

One interesting point is that between 2002 and 2004 16 per cent of process, plant and machine

operatives were inactive because of redundancy, compared with only 4.6 per cent of personal service occupations. This highlights the structural changes that have occurred in the labour market in terms of the reduction in

► manufacturing and the weakening of the low skilled labour market. Research by the Social Exclusion Unit (2004) showed that many workers who lost their jobs because of the closure of their employer remained unemployed and then became inactive even when different job opportunities arose because they did not have the relevant skills or had lost their confidence/self esteem and did not wish to retrain.

Both the qualitative and quantitative research points to the possibility of two groups of inactive older people, those who have retired voluntarily and those who have moved into inactivity possibly because of long-term sickness or disability. Those who have chosen to take early retirement are more likely to have been previously employed in the professional and managerial occupations and may well have occupational pension schemes enabling them to have an income before state pension age (Hirsch, 2003). These people may also take on some type of work to bridge the transition between their main career and full retirement and this work is more likely to be self-employed, better paid and provide job satisfaction. The

second group are more likely to have moved into early retirement through ill health or redundancy and may be reliant on state benefits as a means of financial support during their retirement. Evidence from the LFS suggests that there is a significant polarisation between these two groups.

### Conclusion

This analysis has shown that there are a number of distinct groups among older people (aged 50 and over) – this article considers three of the most notable. The first group is the employed. The employment rate for older workers has increased over the past ten years after years of decline. Older workers have quite different characteristics to people of the same age who are not engaged in the labour market. They are more likely to have higher educational qualifications, be in a higher socio-economic group and be part of a couple. Older people also want more flexibility in their employment, in order to balance work with caring commitments and leisure interests. However, despite rising employment among older people, participation

still drops significantly after the mid-fifties and the over-fifties remain underrepresented in the labour market. The other two groups are made up of inactive older people: those who are inactive voluntarily and those who are inactive involuntarily. Those people who are inactive voluntarily are more likely to be professional and therefore may well have an occupational pension scheme, while those who are inactive involuntarily are more likely to have moved into inactivity because of long-term sickness or disability. It is unclear whether inactivity rates will continue to decline, or increase, in the future. What is certain is that changes in the state pension age for women and changes in pension provision are likely to affect this.

### Further information

**For further information, contact:**

Elizabeth Whiting,  
Room B3/04,  
Office for National Statistics,  
1 Drummond Gate,  
London SW1V 2QQ,

**E-mail:**

[elizabeth.whiting@ons.gov.uk](mailto:elizabeth.whiting@ons.gov.uk),

**Tel:** 020 7533 5785.

### Note

1 Excludes those who have never worked and those unemployed for over eight years.

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