

The Women's Business Council

Staying On Evidence Paper:

Women in the workplace in mid to late career

Summary

The 'Getting On' evidence paper considered key stages in working life with a particular focus on flexible working and maternity. In this paper we focus on women in their mid to late working life (age 40 plus). This is a varied group in terms of labour market experience and progression.

Much has changed in the past few decades and as a result, there are substantial differences in the labour market outcomes, levels of education and social attitudes between younger and older women. Therefore, the next generation who move into their mid-late career will be different to the current generation.

There are some issues that are specific to the current cohort of older women, particularly those aged 50 or over. In this group, average levels of formal qualifications are low, women earn 28% less than men¹, and occupational segmentation is particularly stark. For example, two-thirds of female employees aged over 50 work in just three sectors: education, health and retail². There is therefore **a mismatch between the sectors older women are working in and where jobs growth will be** over the next 5-10 years. We discuss the implications of this below.

We also discuss more generally the potential benefits from helping more women to **return to work** following spells out of work. Whilst unemployment is relatively low for older women, those who do fall out of work often spend long periods out of work and have lower rates of re-employment than younger people.

However, some challenges faced by women in their mid-late careers will be the same for all cohorts. In this paper we discuss **caring responsibilities** for elderly or disabled family, an issue which is more likely to affect those over 40 and more likely to affect women than men.

The growing importance of older workers in the labour market

We have an ageing population and older workers are a **growing group** (and therefore a growing resource for economic growth); 45% of adults today are aged 50+ and this is predicted to rise to 50% by 2022³. The share of workers aged 50 and over has increased from 21% in 1992 to 29% in 2012⁴.

The **average age of retirement has been increasing for women and men** and in 2010 was 62.3 for women and is 64.6 for men⁵, and this is likely to continue⁶. Expectations are shifting

for those in work: nearly twice as many women (66%) as men (34%) expect to retire past state pension age⁷.

Increased economic activity can help drive economic growth. Extending working lives **increases the supply of labour**, raising the potential levels of GDP and consumption. In addition, extending working lives is likely to lead to an improvement in the position of the public finances (through, for example, increased income tax receipts and reduced pensioner benefits) , and improve pensioner incomes⁸.

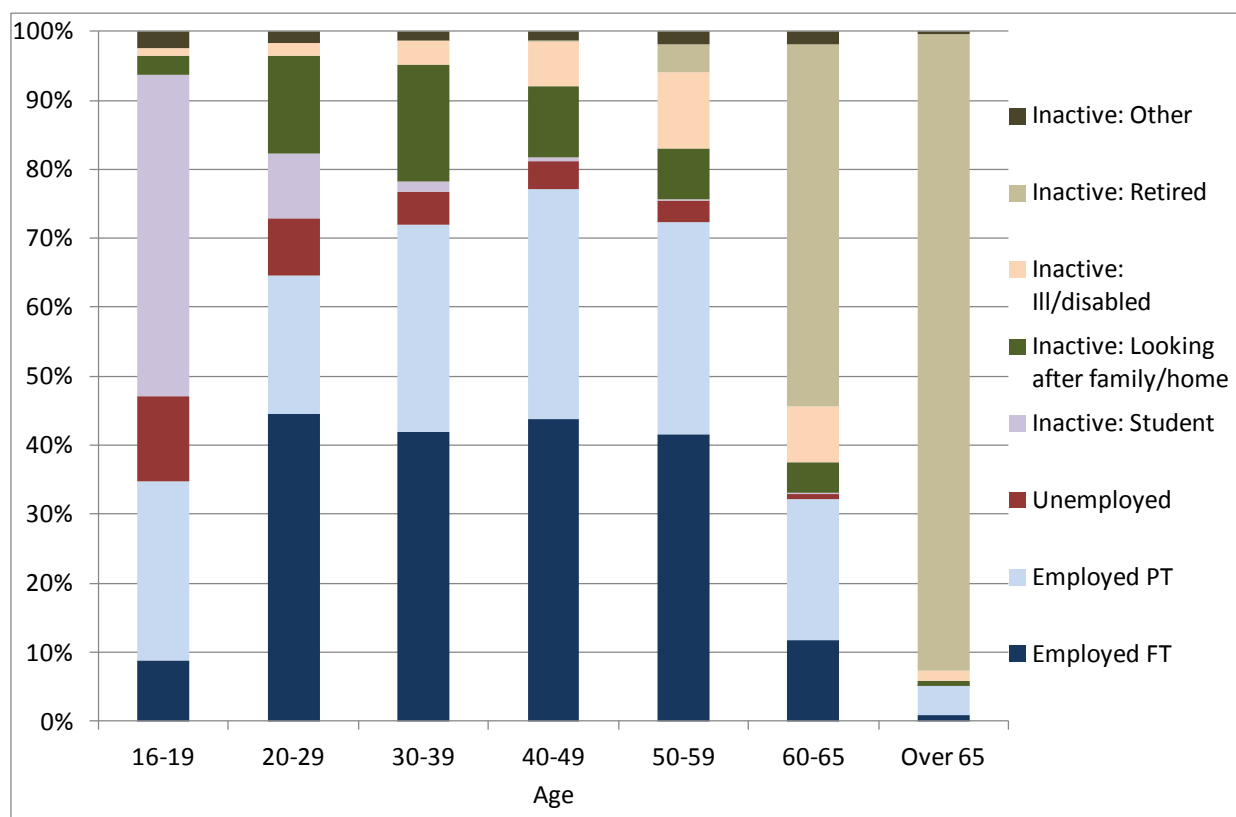
There are also personal benefits in standards of living during retirement. **Women are saving less for their pensions** than men and increased economic participation would also be beneficial for pensioner incomes. A recent report found that women have almost £30,000 less in average retirement savings than men and over a quarter of women are now not saving anything for retirement⁹.

Increasing employment for older people does not need to come at the expense of younger people's prospects – the labour market is not a 'zero-sum game' and an increase in the number of workers can increase growth and therefore employment, rather than replace other workers. Work by the OECD has shown that there is **no trade off between younger and older workers** – in fact, the relationship is positive and significant: countries with high economic participation of older people tend to also have high employment rates for younger people¹⁰. However, this is still a concern for the public: in a survey in 2009, 52% of people in the UK agreed with the statement that "as older people work until a later age, fewer jobs will be available for younger people"¹¹.

Figure 1 below shows the labour market status of women by age group. Employment rates peak for women in their 40's, with a reduction (compared to those in their 30's) in the proportion of women staying at home to look after family. Employment rates fall slightly for those in their 50's, as the proportion of women who are not working due to illness or disability rises, along with a small number retiring early.

Annex 1 provides more figures for 'untapped potential' by age group, considering those who are in work but want to work longer hours, and those who are out of work and want a job. For men, 'untapped potential' is greatest amongst young men and decreases with age. For women, although unemployment is higher for young women, we see greater numbers who would like to work but are not actively looking for a job. There is also a peak of underemployed women in their 40's, which may be linked to parents looking to work longer hours as their children are get older.

Composition of the workforce by age group – women¹²:



Source: Annual Population Survey April 2011 – April 2012

A skills mismatch?

One particular challenge facing the current cohort of older women is a **mismatch between the jobs and skills that older women have and the sectors and occupations that are growing**, particularly for those aged over 50. Demand for skills are constantly changing in response to globalisation, changes in technology, work organisation and consumption patterns. Older workers are especially at risk from seeing their skills become obsolete.

Older women also have **lower average levels of formal qualifications** than any other group¹³ and are less likely than younger workers to engage in training¹⁴. Research by the OECD suggest that this is more of a demand problem (older workers are less willing to take up training opportunities) than a supply problem (employers not wanting to offer training)¹⁵. Economic theory suggests that older workers may be less willing to invest in their skills because the time to reap the benefits is shorter than for younger workers. In surveys, the most common reason given for not engaging in training is that people are too busy at work¹⁶. As discussed in the Pipeline to Senior Management evidence paper, women are also **much less likely than men to have progressed into senior positions**.

Older women are particularly **concentrated in certain sectors** – for example, two-thirds of female employees aged 50-59 work in just three sectors; education, health and retail. They are also more likely to be working in the public sector; about 40% of all public sector workers are women aged 40 or over and public sector employment is expected to continue falling in coming years¹⁷.

The UK Commission on Employment and Skills (UKCES) have published projections of which sectors and occupations will grow up to 2020. More details of the **growth sectors and occupations can be found in Annex 2**, but from this we can see that there seems to be a mismatch between the jobs that older women are doing and where economic growth is coming from:

- A large number of women work in public administration (178,000 women over 50), and this sector is projected to shrink by 2020.
- Older women are particularly concentrated in education and health – employment in these sectors is expected to remain broadly constant.
- The largest growth in occupations will be in professional jobs. Whilst there are many older women in professional jobs, they are mostly health and education professionals (where there is little projected growth).

However, some female dominated industries and occupations will grow, however, these tend to be lower-paid jobs:

- Employment in retail, which employs 335,000 women over 50, is projected to grow by 164,000 between 2010 and 2020.
- Employment in caring and personal service occupations (which employs 510,000 women over 50) is projected to grow by 313,000 between 2010 and 2020.

One opportunity for moving jobs or re-skilling could be apprenticeships. In recent years, **apprenticeships have extended to those in older age groups** – before 2007 barely any older people started apprenticeships, but in 2011/12 over 45,000 people aged 45 or over started an apprenticeship. Women aged over 25 are more likely than men to start an apprenticeship than men: 115,000 women over 25 started and apprenticeship in 2011/12, compared to 67,000 men¹⁸.

Getting back into work

Unemployment is relatively low for older women at 5.7% for 35-49 year olds and 3.6% for 50-64 year olds, compared to 7.8% for everyone of working age¹⁹. However, those who do lose their jobs tend to **find it harder to get back into the labour market** – 45% of unemployed women aged 50 or older have been unemployed for a year or longer. Also, only

26% of over 50's made redundant are back in work within 3 months, compared to 36% for those aged 35-49²⁰.

Older men are far more likely to move into self-employment (12% of those leaving full-time permanent employment) than women (just 2%)²¹. Our evidence paper on Women and Enterprise summarises the evidence on entrepreneurship.

There is evidence of some **age discrimination** in the labour market. One study applied for over 1,200 jobs with equivalent CVs with older and younger dates of birth and found that a 51 year old candidate got positive responses less than half as often as a 25 year old²².

Women aged over 50 become more and more likely to stay out of work, and more likely to stop looking for work, the longer they have been out of employment. This may reflect the fact that skills and knowledge devalue and motivation falls when spending long spells out of work²³. Unemployment can have 'scarring effects' on individuals; time spent unemployed has a negative impact on future prospects, and these scarring effects are greater for older workers²⁴. This suggests that **policy may be most effective by intervening as soon as an individual leaves employment**²⁵. As most jobseekers tend to find work quite quickly, existing back-to-work support is focussed on those who have been out of work for some time.

Box 1: Caring responsibilities

One in five women aged 45-59 is a **carer for an elderly or disabled family member**. Women are more likely than men to be full-time carers. A quarter of working carers report that they feel they receive inadequate support to enable them to combine work and care and only half think their employer is "carer-friendly"²⁶. Also, one survey suggests that 9% of carers drop out of work and a further 7% reduce their hours to care²⁷.

A quarter of carers who do not work say that they would like more paid work but think there are inadequate services or flexible working or do not want to lose entitlement to benefits²⁸. The benefit to the economy of providing greater support to carers to stay in work has been estimated to be as great as **£750 million to £1.5 billion**²⁹.

Research suggests that a flexible approach to supporting employees with family responsibilities gained both increased productivity and enhanced employee commitment, and that these benefits arose especially in businesses which have made flexibility integral to their culture³⁰.

Conclusion

In this paper, we have provided some background on the position of women in mid-late working life and focussed on three particular issues.

Firstly, many in the current cohort of older women are not well placed to benefit from economic growth due to the sectors that they are working in. In order to prevent substantial loss from these workers experience and skills, more work could be done to ensure employees have the opportunities, and take the opportunities, to re-train or re-skill.

Secondly, many people have caring responsibilities for elderly or disabled family members, and this is an issue that particularly affects women over 40. There is evidence to suggest that many carers would like to stay in work or get back into work, but employers must do more to provide the flexibility and support to ensure carers can balance their responsibilities. Employers may then reap the benefits of better retention and a more committed workforce.

Finally, the evidence suggests that the longer women spend out of work, the more likely they are to stop looking for work and stay out of work. This suggests that interventions should focus on those who are leaving work immediately.

Annex 1: Untapped potential

The two tables below provide some figures for the numbers of women and men who want to work more, therefore giving an indication of the potential additional labour supply in different age groups. We split these into three groups:

Underemployed = those in work who would like to work longer hours. The percentages given are percent of those in employment who are underemployed.

Unemployed = those out of work, actively seeking work and ready to start work. The percentages given are percent of all women or men who are unemployed.

Potential workers = those out of work who are either not actively seeking work or not immediately available but report that they would like a job. The percentages given are percent of those economically inactive who want to work.

Generally, there are larger numbers of unemployed and potential workers amongst younger age groups. Underemployment (those who are in work but would like to work longer hours) is particularly high for women aged 40-49, as is the proportion of those who are economically inactive but want to work.

“Untapped Potential” – women

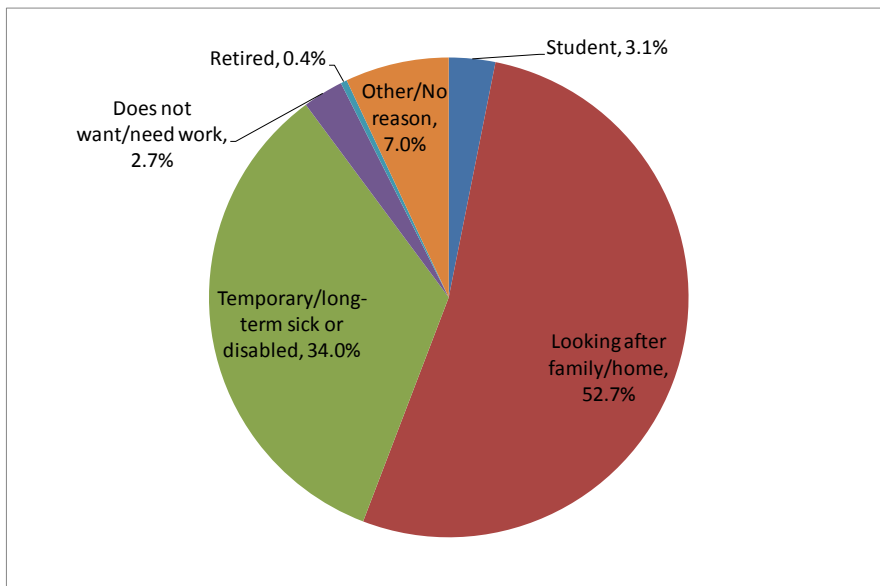
Age group	Underemployed	Unemployed	Potential workers
16-19	100,000 (20.1%)	180,000 (12.3%)	170,000 (22.3%)
20-29	290,000 (10.5%)	350,000 (8.3%)	290,000 (25.2%)
30-39	260,000 (9.1%)	200,000 (4.9%)	260,000 (28.3%)
40-49	400,000 (11.2%)	180,000 (4.0%)	260,000 (29.2%)
50-59	240,000 (8.8%)	120,000 (3.0%)	210,000 (20.8%)
60-65	30,000 (4.9%)	20,000 (0.9%)	100,000 (6.8%)
Over 65	10,000 (5.1%)	- (0.1%)	50,000 (1.1%)
Total	1,340,000 (10.0%)	1,060,000 (4.1%)	1,360,000 (12.1%)

“Untapped Potential” – men

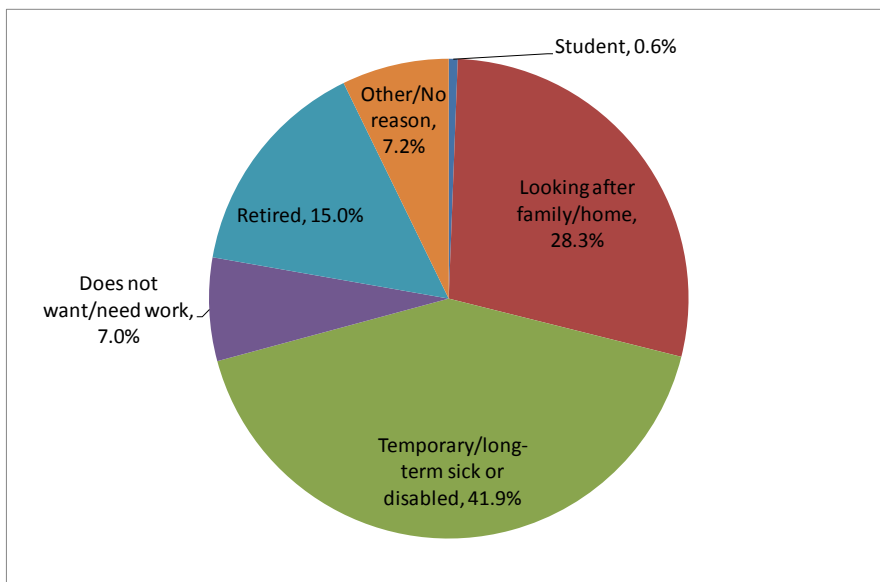
Age group	Underemployed	Unemployed	Potential workers
16-19	90,000 (17.8%)	260,000 (12.3%)	200,000 (25.0%)
20-29	360,000 (11.0%)	510,000 (8.3%)	170,000 (25.4%)
30-39	260,000 (7.3%)	240,000 (4.9%)	100,000 (39.0%)
40-49	270,000 (6.8%)	220,000 (4.0%)	140,000 (37.7%)
50-59	180,000 (6.2%)	180,000 (3.0%)	200,000 (32.9%)
60-65	60,000 (5.4%)	70,000 (0.9%)	150,000 (15.4%)
Over 65	20,000 (3.9%)	10,000 (0.1%)	70,000 (1.8%)
Total	1,220,000 (7.9%)	1,480,000 (4.1%)	1,040,000 (13.9%)

The pie charts below provide a breakdown of older women who are economically inactive – that is, not working and either not seeking work or not available for work. When moving from their 40’s into their 50’s there is a large reduction in the proportion of women looking after family (reflecting children growing up) and an increase in women who are not working due to illness or disability.

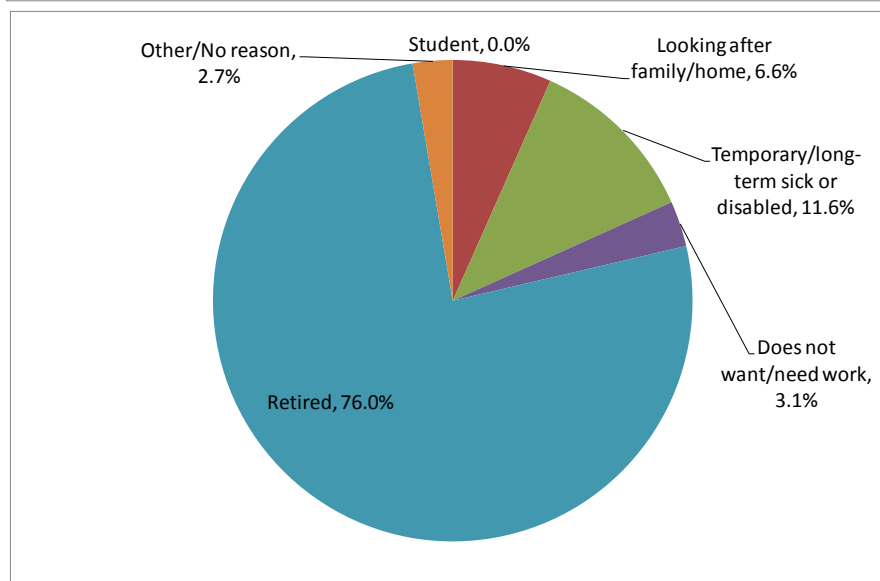
Reasons for economic inactivity – older women



Women, economically inactive, aged 40-49, total = 890,000



Women, economically inactive, aged 50-59, total = 1,000,000



Women, economically inactive, aged 60-65, total = 1,530,000

Annex 2: Projected growth sectors and occupations

The UK Commission on Employment and Skills (UKCES) have projected the structure of the labour market in 2020. The tables below show the projected growth in jobs by sector and by occupational grouping.

Projected jobs growth by industry³¹

Industry	Level of employment in 2010	Projected change 2010 - 2020
Professional Services	2,280,000	+389,000
Support Services	2,353,000	+318,000
Construction	2,092,000	+237,000
Arts & Entertainment	856,000	+198,000
Retail & Wholesale	4,661,000	+164,000
Accommodation & Food	1,892,000	+156,000
Real Estate	436,000	+107,000
Transport & Storage	1,424,000	+95,000
Finance & Insurance	1,092,000	+67,000
Health & Social Work	3,948,000	+52,000
Education	2,703,000	-39,000
Public Admin & Defence	1,544,000	-116,000
Manufacturing	2,517,000	-170,000

Projected jobs growth by occupational group³²

Occupation	Level of employment in 2010	Projected change 2010 - 2020
Professional occupations	4,181,000	+869,000
Associate professional and technical occupations	3,050,000	+551,000
Managers, directors & senior officials	2,284,000	+544,000
Caring, leisure and other services	1,446,000	+313,000
Elementary occupations	3,504,000	+101,000
Sales & customer service	2,309,000	+2,000
Process, plant and machine operatives	2,819,000	-213,000
Skilled trades occupations	4,736,000	-230,000
Administrative & secretarial	4,427,000	-387,000

References

- ¹ Annual Survey of Hours and Earnings 2012, Office for National Statistics
- ² Annual Survey of Hours and Earnings 2012, Office for National Statistics
- ³ ONS Population Projections, England (adult is defined as age 20 or over)
- ⁴ The proportion of those in employment who are aged 50-64 has increased from 21% in 1992 to 29% in 2012. Labour Market Statistics, November 2012, Office for National Statistics
- ⁵ Office for National Statistics, Pension Trends
- ⁶ UKCES (2012) 'UKCES Working Futures 2010-2020' UK Commission for Employment and Skills
- ⁷ LV= (2011) 'Working Late Index 2011'. The default retirement age has now been removed, so that employers cannot force employees to retire. The state pension age (SPA) is also increasing and has been equalised between men and women for all women born after 1953, and been increased from 65 to 66. Parliament is considering plans to increase this further. However, there is substantial confusion around SPAs – 62% of women think their SPA is earlier than it actually is.
- ⁸ Barrell, Kirby & Orazgani (2011) "The macroeconomic impact from extending working lives" Department for Work and Pensions Working Paper No. 95
- ⁹ Scottish Widows (2012) 'Women and Pensions Report: Mind the expectations gap'
- ¹⁰ OECD (2011) 'Pensions at a Glance' Organisation for Economic Co-Operation and Development
- ¹¹ EU Commission (2009) 'Intergenerational Solidarity Analytical Report' Flash Eurobarometer 269 – The Gallup Organisation
- ¹² Annual Population Survey April 2011 – April 2012
- ¹³ Annual Population Survey April 2011 – April 2012
- ¹⁴ OECD (2003) 'Employment Employment Outlook' Organisation for Economic Co-operation and Development
- ¹⁵ OECD (2003) 'Employment Employment Outlook' Organisation for Economic Co-operation and Development
- ¹⁶ OECD (2003) 'OECD Employment Outlook' Organisation for Economic Co-operation and Development
- ¹⁷ Office for Budget Responsibility (2012) 'Economic and Fiscal Outlook: March 2012'
- ¹⁸ National Apprenticeship Service
- ¹⁹ Labour Market Statistics, December 2012, Office for National Statistics
- ²⁰ Labour Market Statistics, November 2012, Office for National Statistics
- ²¹ Lissenburgh & Smeaton (2003) 'Employment Transitions of Older Workers: The role of flexible employment in maintaining labour market participation and promoting job quality' Policy Studies Institute

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- ²² Tinsley (2012) 'Too Much to Lose: Understanding and Supporting Britain's Older Workers' Policy Exchange
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- ²⁴ Tinsley (2012) 'Too Much to Lose: Understanding and Supporting Britain's Older Workers' Policy Exchange
- ²⁵ Cappellari, Dorsett & Haile (2005) 'Labour Market Transitions Among the Over 50s' Department for Work and Pensions Research Report 296
- ²⁶ Yeandle, Bennett, Buckner, Shipton & Suokas (2006) 'Who Cares Wins: The social and business benefits of supporting working carers' Report by the Centre for Social Inclusions for Carers UK
- ²⁷ Ipsos Mori 2009: <http://www.ipsos-mori.com/researchpublications/researcharchive/2526/One-million-give-up-work-to-care.aspx>
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- ²⁹ Glasby, Ham, Littlechild & McKay (2010) 'The Case for Social Care Reform: the wider economic and social benefits' Health Services Management Centre
- ³⁰ Yeandle, Bennett, Buckner, Shipton & Suokas (2006) 'Who Cares Wins: the social and business benefits of supporting working carers' Report by the Centre for Social Inclusions for Carers UK
- ³¹ UKCES (2012) 'UKCES Working Futures 2010-2020' UK Commission for Employment and Skills
- ³² UKCES (2012) 'UKCES Working Futures 2010-2020' UK Commission for Employment and Skills