

**The Global Ageing Survey (GLAS) -  
Attitudes to ageing and later life**

**George W Leeson & Sarah Harper**

**Oxford Institute of Ageing, University of Oxford**

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## **Introduction**

In the first wave of the Global Ageing Survey funded by HSBC in 2004, approximately 11,000 persons aged 18 years and over in 10 countries and territories across four continents were surveyed on a variety of issues relating to ageing and later life.

That first wave revealed that people's attitudes to ageing and later life were predominantly positive across the globe. In addition, people's expectations in respect of withdrawal from the labour market proved to be more flexible and forward-looking than labour market infrastructures often allow.

The interplay between individuals, families, workplaces and government is complex, and the first wave of the survey showed that this is no less so in later life.

In 2005-6, the survey has been repeated. This second wave has surveyed more than 20,000 persons aged 18 years and over in 20 countries and territories across five continents, and the total population of the countries and territories covered comprises almost 62 per cent of the world's population. Again the focus has been on attitudes to ageing and later life, both in the family and in the workplace, but also in relation to government in respect of financing and supporting older people.

In addition, the second wave of the survey has surveyed a total of 6018 private sector employers in these same countries and territories. The aim of this part of the survey has been primarily to elucidate the attitudes of employers to older workers.

All in all, these comprehensive data provide us with a unique opportunity to investigate global trends in attitudes and expectations to ageing and later life, and to compare these attitudes and expectations across countries and cultures.

But why is a global survey on attitudes and expectations to ageing and later life important? Perhaps the single most significant reason is that demographic ageing is now truly a global reality.

As populations age, so do workforces. In the developed world, governments responded to high levels of youth unemployment in the 1970s by introducing early retirement schemes. The idea was to create jobs for younger people by bringing forward exit from the workplace of older workers. Certainly in terms of encouraging us to leave the workplace earlier than normal retirement age, these moves were a success.

Thirty years down the lines, those same governments and workplaces are struggling to encourage us to delay our departure from the workplace. The circle is complete.

But how do these societal and workplace needs compare with the expectations and aspirations of the people? And are employers in tune with these expectations and aspirations? The Global Ageing Survey enables us to gain some insight into how peoples and businesses worldwide are meeting one of the 21<sup>st</sup> century's greatest challenges.

## 1. What should governments do? What will they do?

There is real concern that ageing populations in the developed world will increase public expenditure through, among other things, a dramatic increase in real spending on pensions. This fiscal pressure originates from the current public provision of social insurance. Many have promised generous public pensions from 60 or 65 years, which are increasingly unsustainable given the ever-increasing healthy life expectancies in these countries. Pension systems designed for a decade are now expected to support individuals for up to 40 years.

In the developing world, however, many countries have yet to respond to the rapid ageing of their populations over the next quarter century. The challenge here will be to combine state, community and family-based initiatives.

This raises questions about appropriate provision on the one hand and people's attitudes and expectations on the other.

Do individuals expect universal state provision in old age? Would they contribute more to financial security in later life? Do they want retirement to last for 30 or more years? Do they trust governments to ensure financial security in later life?

The Global Ageing Survey provides some answers.

Nearly half of those surveyed (43%) believe individuals should bear most of the financial costs of retirement. Just under one third (30%) believe this should be the government's responsibility. However, there is significant national diversity. Two thirds of Americans feel the responsibility is theirs compared with only 10 per cent of Turks, whereas only 16 per cent of Americans feel the government should bear this cost compared with almost three quarters of Turks. In Sweden – perhaps the most well-developed, comprehensive welfare state in the survey – only 29 % feel it is the individual's responsibility compared with 57 % who feel it is the government's responsibility. Only 2 % of Swedes feel it should be a family responsibility.

Regions are clearly divided. In the developed world, with its long history of government preparation for population ageing, 44% feel that governments should take responsibility but only 29% expect they will. Contrastingly, few in developing countries, where there has been far less time for government preparation, believe governments either should or will (18 and 15 per cent respectively).

Evidently there is a large *confidence gap* in developed regions. Those governments whose people feel they should bear the cost are the ones least expected to live up to that expectation, nowhere more so than in the welfare state of Sweden, which has the largest *confidence gap*.

However, in most countries, more people state that the government should bear the cost than believe they will. The notable exception is Saudi Arabia where 11 per cent say the government should compared with 17 per cent that say they will.

This confidence gap in the ability or inclination of governments to provide financial security in old age is reflected elsewhere in the survey. What should governments do first and foremost to support and finance their ageing populations?

People almost universally reject the usual mechanisms of government, such as raising taxes, reducing state pensions or increasing retirement age. It is apparent that many believe it will ultimately be up to individuals to look after their own old age, and their message is *Help Me to Save*. When given the choice of higher taxes, lower pensions or working longer, 37% of all respondents chose *compulsory saving* as the preferred choice. This was the highest choice in almost every country.

Globally, only 7% of respondents state that government should reduce pensions to finance and support the ageing population. 13% feel that taxes should be increased and 24 % state that the retirement age should be increased. The largest proportion (37%) state that enforced, additional, private saving should be government's first initiative. Almost a fifth are not sure which of these initiatives government should pursue as a priority.

Key here is the emphasis on compulsion. Governments have shied away from this. Individuals are mature in their realisation of the challenges ahead. They wish to be in control, but need some structures to help them to help themselves. It places the onus both on individuals to save and ensure financial security in old age, and on private rather than tax-financed savings.

This would also strengthen the *confidence gap* hypothesis. What citizens are saying to governments globally is: we need and are willing to finance our old age, we do not feel confident that governments can do this, nor do we trust that increased taxes would be earmarked for the provision of security in old age.

However, there are marked cross-national differences, which reflect perhaps levels of confidence in the state. In China, Sweden and the United Kingdom, the proportion of both male and female respondents stating governments should raise taxes to meet the fiscal challenge of ageing populations is higher than the global average – ranging from 20 % of females in the United Kingdom to 35 % of females in Sweden. However, those supporting taxation in Brazil, Egypt, Saudi Arabia and Singapore are below the global level – ranging from 1 % of males in Egypt to 7 % of males in Singapore.

Only in China, Japan, Poland, Russia, Singapore and Sweden does enforced additional private savings not receive the largest support. In Poland and Russia, the largest response is that they are not sure, while in Singapore and Japan increasing retirement age is favoured most. China and Sweden support raising taxes. At 65 % of males and 75 % of females, Germany exhibits the highest level of support for enforced additional private savings, while Japan with 10 % of both males and females exhibits the lowest.

Having noted these cross-national differences, the strong individual national statement overrides gender differences. Indeed, the only noteworthy gender differences are found in Germany and Mexico where larger proportions of females than males support private savings. The strength of feeling also means there are few age specific

effects, the only tendency being that with increasing age (up to approximately 60 years) more favour raising retirement age than enforced additional private savings.

## **2. The richness of later life is more than money**

For decades, gerontologists, policy makers and lifestyle analysts in the developed world in particular have attempted to tackle the malaise of *old age*. A variety of dynamics were at work. People were living longer and remaining active and healthy for longer. Old age was no longer a short period of deserved rest and relaxation after a strenuous working life, a time to be spent reminiscing and doting over grandchildren. Old age was no longer rocking chairs and frailty, a time to be looked after and cared for.

Across the developed world in the latter half of the 20<sup>th</sup> century, people were delaying life transitions. They were marrying later, having children later, entering the workforce later...and dying later. Compared with the traditional image, people were delaying old age too. And death had been put on hold. Gerontologists introduced the third and fourth ages in an attempt to address and accommodate this sea change in the life course.

Only one life transition had been brought forward – retirement from the workplace.

That was an infrastructural response to a snapshot problem, but it became part of the developed world's lifestyle. Unfortunately, retirement in these societies was synonymous with old age, and in the subsequent decades we as societies and individuals have been seeking to reconcile past imagery of old age with contemporary lifestyles.

Retirement had transitioned from being a rest to a reward to a right. And with it came a right to live actively rather than passively.

The developed world had the social and cultural structures and most importantly the economic affluence that enabled societies to allow healthy active men and women to retire early and enjoy an extended period of leisure. At the beginning of the 21<sup>st</sup> century in those same societies, retiring to enjoy an extended period of leisure is no longer sufficient. Individuals want to take control of their lives be active with a capital A both within and beyond the workplace.

In the developing world, societies did not have the social and cultural structures and most certainly not the economic affluence that could enable a period of leisure after retirement. For many, retirement was unheard of. So shall we see these societies moving into active contributory retirement without first experiencing the phase of leisure? Shall we witness a *leapfrog* theory of retirement?

The Global Ageing Survey provides a wealth of evidence to support this *leapfrog* theory of retirement, and to support an almost universal move to positive perceptions of retirement. The Middle East/Africa region seems to be an exception.

Firstly, people reveal a predominantly positive association with retirement. Globally, between 60 and 70 per cent associate positive concepts such as freedom, happiness

and satisfaction with retirement, while less than 30 per cent associate retirement with negative concepts such as boredom, loneliness and fear.

However, there are some striking national differences. In particular, Russia scores consistently low on the positive association with only 6 per cent associating retirement with happiness and 19 per cent associating it with freedom. In only two countries do less than 50 per cent of respondents associate retirement with freedom, namely Egypt (37 per cent) and Russia, and in only four countries do less than 50 per cent associate retirement with happiness – Egypt (21 per cent) and Russia again along with Japan (29 per cent) and China (46 per cent).

There is an interesting age dimension as far as these associations are concerned.

In respect of the positive associations, proportions increase with increase age in the pre-retirement age range of 18-59 years, and proportions in the developed world are higher than those in the developing world, with the difference between developed and developing worlds tending to increase with increasing age. In all cases, the associations are strikingly positive (between 64 and 80 per cent).

In terms of negative associations – boredom, loneliness and fear – similar patterns are found, albeit the differences are more moderate and the proportions in the developed world are generally lower than those in the developing world. In this instance, the associations are everywhere modestly negative (between 17 and 42 per cent).

Indeed, there is a clear correlation between positive and negative associations in almost every country. In other words, countries with a high level of positive association have low levels of negative association and vice versa. Notable exceptions are Egypt, Japan and Russia. In these three countries, the levels are approximately the same at 45 per cent. Russia, however, is strikingly different - both positive and negative levels are low (less than 20 per cent).

There does appear to be some evidence then of a regional correlation and this in itself can be argued to reflect the stage of development in thinking in respect of retirement as a positive, contributory life stage. The pattern certainly fits nicely into this hypothesis. Regionally, the US/Canada has the largest proportion associating retirement with positive feelings (84 per cent) followed by Europe (68 per cent), Latin America (65 per cent), Asia (60 per cent) and the Middle East/Africa (48 per cent). Conversely, only 22 per cent in the US/Canada associate retirement with negative feelings while this is true of 47 per cent from the Middle East/Africa. In as much as Latin America and Asia are comparable to Europe in all respects and to the US/Canada in respect of negative associations, there does also seem to be support for the *leapfrog* theory of retirement.

So if retirement is freedom, happiness and satisfaction, what does retirement involve apart from withdrawing from or cutting back on active labour force participation? And what is that brings about a positive retirement when the time comes for oneself? The answers to these questions reveal a global perception of family, friends and fitness as being extremely important to achieve a happy old age. The universality of this is challenged only by religion and by financial security in a handful of countries

Globally, for over 60 per cent of respondents, remaining fit and part of a loving familial and social network is deemed as extremely important to achieve a happy old age. However, there is considerable country variation. Between 35 (Mexico) and 85 per cent (Singapore) regard remaining part of a loving familial and social network as extremely important for a happy old age, while between 15 (China) and 86 per cent (Hong Kong) regard remaining fit as extremely important.

Only in Egypt (94 per cent), Indonesia (95 per cent) and Saudi Arabia (92 per cent) are these important features of old age pushed into second place by having a strong religious faith, which elsewhere is deemed as extremely important by less than 53 per cent (Brazil) – and by less than 10 per cent in China, France, Japan, Russia and Sweden.

Having work (you enjoy) is not regarded as extremely important. Globally only 25 per cent feel having work is extremely important to achieve a happy old age – lowest in Hong Kong at 15 per cent and highest in Sweden at 36 per cent.

Financial security cannot bring happiness in old age – at least not everywhere for everyone and particularly so in Egypt (13 per cent), Indonesia (11 per cent) and Saudi Arabia (16 per cent), where a strong faith is important for almost everyone. This proportion, however, increases to over 30 per cent in other countries, reaching 71 per cent in Hong Kong, and in doing so challenges the power of family, friends and fitness in Hong Kong, Mexico, Poland and Russia.

Whatever we may think retirement has in store for us, we do not believe it will be a continuation of our pre-retirement life, and we most certainly do not believe it is the beginning of the end. A perception and expectation of retirement as an active, contributory life stage has well and truly arrived.

Depending on our individual life course, our perception of retirement and what it offers may seem different in terms of the words we associate with it. Freedom, happiness and satisfaction can mean different things to different people, but essentially they bear witness to positivism. Likewise, believing retirement presents an opportunity for a whole new chapter in life encompasses a host of (positive) developments. Individually, that opportunity may involve withdrawing from the active labour force to pursue leisure activities, to begin a career of voluntary work, to spend more time with family friends, to make those adventurous trips. Certainly, a number of national studies in the developed world indicate this to be the case.

The Global Ageing Survey reveals this trend globally, but it also throws light on the different stages of development of retirement different regions/countries find themselves in at the turn of the 21<sup>st</sup> century.

In a number of countries, retirement as an opportunity for a whole new chapter in life is chosen by the largest proportion of respondents, namely in Canada, China, France, Germany, Japan, Sweden, the United Kingdom and the United States, with proportions ranging from 64 in the United States to 37 in China. All of these countries with the exception of China would be regarded as *more developed countries*, where societies are moving away from retirement as an extended period of leisure to

retirement as an active, contributory stage of life – and where citizens have the health and affluence to do just that.

On the other hand, elsewhere, retirement is a chance to escape the trials of the workplace and enjoy a deserved rest and relaxation. This is true in Brazil, Egypt, Hong Kong, India, Malaysia, Mexico, Poland, Russia, Saudi Arabia, Singapore and Turkey, with proportions ranging from 57 in Indonesia and Poland to 30 in Russia. Notably, these are countries, which until now have had neither the social and cultural structures nor the economic affluence that enabled societies to allow healthy active men and women to retire and enjoy an extended period of leisure. This is destined to change.

Interestingly, there is no systematic (pre-retirement) age effect in these patterns in the individual countries. In other words, this is not a phenomenon peculiar to a particular generation such as the baby-boomers of the developed world. This is indeed a global perception and aspiration regardless of age.

A whole new chapter in life. A time for rest and relaxation. These two concepts of retirement sound very different, but what would people actually like to spend their time on in retirement? Is there indeed the retirement-developmental effect indicated above? Let us consider the countries with the largest proportions saying respectively that they see retirement as an opportunity for a whole new chapter of life (the United States and Sweden) and as a time for rest and relaxation (Indonesia and Poland), thereby representing different stages of retirement development.

Differences between the four countries are modest with regard to the proportions in the pre-retirement age range (18-59 years) stating family/friends, taking up a new hobby, enjoying spending one's savings, and doing voluntary, unpaid work. The most significant differences are with regard to travelling, getting involved with new kinds of work, continuing one's education, and slowing down. There does appear to be an interesting pattern in the differences.

On the one hand, Poland and Sweden are similar with regard to family/friends (88 and 86 per cent respectively), travelling (82 and 89 per cent), getting involved in new kinds of work (26 and 31 per cent), taking up a new hobby (70 and 75 per cent), enjoying spending one's savings (74 and 80 per cent), doing voluntary, unpaid work (55 and 54 per cent), and even slowing down (79 and 66 per cent).

On the other hand, the United States and Indonesia are similar with regard to family/friends (67 and 68 per cent respectively), getting involved in new kinds of work (43 and 51 per cent), taking up a new hobby (60 and 58 per cent), and slowing down (43 and 45 per cent).

The United States is closer to Poland and Sweden with regard to travelling (74 per cent compared with 34 per cent in Indonesia) and doing voluntary, unpaid work (55 per cent compared with 42 per cent in Indonesia), while Indonesia is closer to Poland and Sweden with regard to enjoying spending one's savings (71 per cent compared with 60 per cent in the United States).

The proportions stating continuing one's education decrease from 32-33 per cent in Poland and the United States to 17 per cent in Sweden and 6 per cent in Indonesia.

For three of these countries, Poland, Sweden and Indonesia, we are able to analyse these two perceptions and aspirations simultaneously. So, is the way people would like (aspire) to spend time in retirement dependent on their perception of retirement as an opportunity for a whole new chapter in life or as a time for rest and relaxation?

Some perception dependency is to be found in the data. In each country, the proportions who aspire to get involved with new kinds of work are significantly larger among those who perceive retirement as a whole new chapter of life. This is true to a lesser extent in respect of aspiring to take up a new hobby in retirement and in respect of continuing one's education.

On the other hand, in each country, the proportions who aspire to slowing down in retirement are significantly larger among those who perceive retirement as a time for rest and relaxation

So where is the whole new chapter of life in retirement? Is it all just an interpretation of words? Otherwise, it seems only to be evident in relation to getting involved with new kinds of work and continuing one's education.

Perhaps then, the *leapfrog* theory survives.

### **3. The *leapfrog* theory of retirement**

In the preceding section, we have considered the richness of later life by way of people's perceptions of late after retirement across the world, and this has been linked into a theory of retirement, which reflects the stage of retirement development in different parts of the world. The *leapfrog* theory of retirement was introduced. The role of employers is extremely important in relation to these issues.

Although it does appear that there is a difference in perceptions of retirement between on the one hand an opportunity for a whole new way of life and on the other hand a time for rest and relaxation, it would seem that the whole new way of life reflects an attitude to new kinds of work.

So do people aspire in the more developed world to an active retirement which ALSO includes paid work in some different form from that they have had for most of their working life? When should retirement begin? What would delay their retirement? And how do their aspirations compare with the practices of employers?

There does seem to be a universal sea-change in people's perceptions and aspirations with regard to life after retirement. There is no evidence that this is a generational wave moving through nations, a wave which will die out with that generation and things will then return to normal. It is vitally important then that the infrastructures leading up to retirement and supporting us in life after retirement are geared to this sea-change and not struggling to catch up.

Globally, approximately 40 per cent of those not yet retired aspire to getting involved with new kinds of work in retirement. Global variance is between 13 per cent in Japan and 64 per cent in Brazil. But what is people's perception of retirement age? As our perceptions and aspirations in respect of retirement converge across nations, are infrastructural mechanisms keeping up?

Let us begin by considering age of retirement. At the global level, the perceived age of retirement is 61.1 years for males and 57 years for females. The male perception is lower than the female perception. Interestingly, the perceived age of retirement increases with increasing age. Again there is significant cross-national variation, from approximately 53 years in Saudi Arabia to 65 years in Japan for males, and from 48 years in Turkey to 64 years in the United States for females. Perceptions in North America are higher than elsewhere in the world, and in Egypt and Saudi Arabia they are significantly lower than elsewhere, while Europe, Asia and Latin America are reasonably similar with the exception of the perceived age of retirement for males in Asia, which is closer to the North American figure.

In all of the countries surveyed, people's perceived retirement age and employers' practised retirement age (taken as the typical age of retirement in the workplaces surveyed) differ. In the United States, Egypt, Japan, India, Malaysia, China and Brazil, the perceived age for both males and females is higher than the practised age by between 0.5 years (female retirement age in Brazil) and 6.2 years (male retirement age in India). However, in Canada, Sweden, France, the UK, Poland, Russia, Turkey, Saudi Arabia and Mexico, the perceived age for both males and females is lower than the practised age by between -3.5 years (female retirement age in France) and -0.1 years (male retirement age in Canada). Thus, to the extent that we can determine a geographic or developmental pattern as far as the differences between perceptions and practices are concerned, it would appear that the perceived age is higher than the practised age primarily in the developing world, while it is lower in the developed world. In only two countries (Egypt and Brazil) is the practised age of retirement lower than employers' perceived age of older workers, and in Japan the two ages are equal. In every other country, the practised retirement age is higher than the perceived age of older workers by between 0.2 years (in India) and 11 years (in Germany).

For the 10 countries surveyed in the first wave of the Global Ageing Survey, we are able to compare the practised age of retirement and the perceived age of older workers with perceived old age. In six of these countries (the United States, Canada, France, the United Kingdom, Japan and India) the age at which a person is considered to be old (perceived old age) is higher than both the practised age of retirement and the perceived age of older workers. However, in three countries (Hong Kong, China and Mexico), perceived old age is lower than the practised age of retirement but higher than the perceived age of older workers, and in Brazil it is lower than the perceived age of older workers but higher than perceived old age.

In these same 10 countries, we can compare people's perception of retirement age with their perception of old age. In the more developed countries (Canada, France, Japan, the United Kingdom and the United States), the perception of old age is higher than the perception of retirement age, while in the developing countries it is less (or equal).

In other words, there seems to be evidence that developed economies are in that retirement development stage, where perceptions and aspirations in respect of retirement and old age coincide. Developing economies meanwhile have leapfrogged into seeing retirement as a positive life-stage but still have a contradiction between perceptions and aspirations.

How do these perceptions of retirement age relate to one's feelings about other factors that could determine retirement, such as ability or desire to work? The survey reveals more or less universal support for individual desire and ability rather than age being the determinant for retirement.

Of all the people surveyed, 35 per cent feel that people should retire *when they feel the time is right*, while a further 25 per cent feel retirement should be *when they are no longer able to work at what they did*. Only 22 per cent support *age* as the determinant. This corresponds extremely well with the feelings expressed by employers in as much as only 25 per cent feel that their organization should be able to enforce a fixed retirement age, while 72 per cent feel the employees should be able to go on working to any age if they are capable of doing the job well. The proportion stating that individual desire should be the determinant of retirement increases with increasing age in the pre-retirement age range from 18-59 years from 31 per cent of the 18-19 year olds to 38 per cent of the 50-59 year olds, so once again we are witnessing an across-the-age-range phenomenon rather than an exceptional generational wave.

The only national exemptions to this are Russia and Turkey, where the largest proportion support an age determinant; and Egypt, Saudi Arabia, India and Indonesia, which support ability as the determinant of retirement.

This would seem to indicate that the developed world has moved significantly away from age as a determinant of retirement and towards individual choice. This is perhaps not surprising in Europe and North America with in-place and pending legislation on age discrimination in employment and also in view of the move towards a perception of retirement as a whole new chapter in life, which therefore should not be governed by arbitrary determinants such as age. Not to forget the sanctity in these regions of individual choice. Elsewhere, perhaps the support for age and ability determinants reflect the feeling for a need to have a cut off in an environment, where retirement may not be as natural a transition as people in the more developed world are so used to.

In those countries where individual choice is preferred as the determinant of retirement, there is either no age effect or a trend for support to increase with increasing age in the pre-retirement age range. So there is no evidence of a generational wave. The whole move to a new concept of retirement and withdrawal is rooted in societies across generations.

All the evidence thus far is that people across the globe perceive retirement positively and aspire to making the most out of that life-stage, be it with new kinds of work, voluntary work, new hobbies, and rest and relaxation. Perceptions about retirement indicate that the more developed world emphasises individual choice, while the developing world emphasises to a greater extent ability and age as determinants of

retirement. Whatever, despite some differences, employers and people in general feel that retirement should be taken at a relatively early age, leaving a significant number of years to (actively) enjoy this life-stage.

As retirement has developed from a rest to a reward to a right, despite much policy debate about flexibility, retirement remains for most people a sudden withdrawal from the traditional workplace. Indeed, some national surveys indicate that there is not the popular support for flexibility that policy makers would have us believe. But that may well be changing as this groundswell of change relating to retirement and perceptions of life after retirement manifests itself.

Most certainly, the Global Ageing Survey indicates that flexibility in later life in respect of the work-life balance is the dominant order of the day in all but four of the 20 countries and territories surveyed. The proportion of 18-59 year olds stating that they would like to go back and forth between periods of work and periods of leisure ranges from 28 per cent in the United Kingdom and Malaysia to 76 per cent in Indonesia. Part-time work in later life is the dominant choice in the United Kingdom (40 per cent), India (32 per cent) and Malaysia (36 per cent), while in Hong Kong never working for pay again dominates (44 per cent). Only in Turkey (28 per cent), India (18 per cent) and Mexico (16 per cent) is there any measure of support for working full time in later life. Yet again, age does not affect these aspirations.

The extremes seem to be Indonesia, where moving back and forth between work and leisure dominates; Hong Kong, where a complete break dominates; and Turkey, where 28 per cent of those aged 18-59 years would like to continue working full time in later life.

However, these are ideals. The reality may well be quite another.

Working beyond the traditional retirement age may be a question of choice for some. For others it may be a question of necessity.

At the global level, necessity (that is, needing the money) would be the most important reason for working beyond the traditional retirement age for only 25 per cent of those surveyed. Although this is a relatively low proportion, it is the single factor with the highest level of support. Continuing to work to remain physically active (22 per cent) or to have something meaningful/valuable to do (21 per cent) may also be important reasons, but financial (in)security is chosen by a larger proportion of people.

However, the proportion indicating financial (in)security is rather higher than the global level in France (38 per cent), Russia (51 per cent), Turkey (44 per cent) and India (52 per cent) – does this indicate an increased fear of poverty in old age? And it is rather lower than the global level in Sweden (14 per cent), China (13 per cent), Saudi Arabia (11 per cent) and Egypt (6 per cent) – does this indicate less fear of poverty in old age because of state or family support?

Continuing to work in order to have something meaningful/valuable to do is stated as the most important reason by a much larger proportion than the global figure of 22 cent in four countries: China (33 per cent), Malaysia (34 per cent), Egypt (39 per cent)

and Saudi Arabia (45 per cent), which would seem to indicate some level of correlation between not feeling money is the most important reason for continuing and feeling that having something meaningful/valuable to do is important.

Russia and Japan (both 10 per cent) have much lower proportions than the global figure (21 per cent) stating that keeping physically active would be the most important reason for continuing to work. And Sweden (26 per cent) and Poland (33 per cent) have much higher levels than the global figure (13 per cent) indicating that connecting with others would be most important, while only 5 per cent in the United Kingdom feel this. However, a large proportion in the United Kingdom (25 per cent) compared with the global level (13 per cent) feel that mental stimulation would be most important.

#### **4. The Employer-Employee Disparity**

In the second wave of the Global Ageing Survey, a total of 6018 employers in the private sector have been surveyed in the same 20 countries and territories. In Russia, Brazil, Mexico, Egypt, Saudi Arabia, China, India and Indonesia, sampling and interviewing have only been carried out in urban areas. Senior Human Resource or Personnel staff has been interviewed.

The aim has been to investigate the attitudes and practices of employers in relation to an ageing workforce. Thus, the two components of the Future of Retirement Global Survey – people on the one hand and employers on the other hand – allow us to analyse the differences in attitudes and perceptions between the two groups and also to analyse the balance between perception and practice on the part of the employers.

As people's perceptions and aspirations in respect of retirement converge across nations, are workplace infrastructural mechanisms working with or against this development?

Is there in private workplaces across the world still a rigid retirement structure?

According to the responses of employers surveyed, 63 per cent of the organizations represented do not have a mandatory retirement age. However, the larger the organization is, the lower the proportion stating that they do not have a mandatory retirement age – while 75 per cent of small companies (between 10 and 100 employees) have no mandatory retirement age, this is true for 51 per cent of large companies (more than 500 employees). The cross-national variance is considerable. Not surprisingly in view of existing legislation on age discrimination in employment, proportions stating that they have no mandatory retirement age are highest in the United States at 96-98 per cent depending on company size. Japan has the lowest proportion at 18-32 per cent. What is perhaps surprising is the high proportion of private employers in Brazil (77-93 per cent), Mexico (87-93 per cent) and Turkey (88-94 per cent) stating that they have no mandatory retirement age compared with relatively low proportions in Sweden (only 47 per cent of large companies), Germany (29-46 per cent) and the United Kingdom (only 28 per cent of large companies), where age discrimination legislation is due in place in October 2006.

In small companies, Japan, India and Germany have proportions below 50 per cent with no mandatory retirement age. In medium-sized companies, this is true in Germany, Sweden, the United Kingdom, Japan, India and Indonesia. And in large companies, it is the case in Sweden, Germany, the United Kingdom, Egypt, Japan, Singapore, India, Hong Kong, Indonesia and China. In other words, predominantly Asia, but surprisingly Europe too.

Across the globe, the probability of there being a mandatory retirement age practised in companies is larger in larger companies, the exception being India (medium-sized companies).

These results would imply that retirement from the private sector is linked to something other than an employer-practised retirement age OR that retirement in many countries is not an option for large numbers of people OR that practice does not match perception on the part of employers.

There would seem to be an employer-employee disparity on the presence of mandatory retirement ages in the majority of surveyed countries/territories. The difference between the proportion of employers and the proportion of employees aged 18-59 years stating that their organization/employer respectively does not have a mandatory retirement age is less than 10 percentage points in only six countries, namely Canada, Germany, the United Kingdom, India, Singapore and Japan. In the United States, which has had the Age Discrimination in Employment Act since 1967, only 78 per cent of employees aged 18-59 states that their employer has no mandatory retirement age compared with 97 per cent of employers. The largest employer-employee disparity is found in Russia and Turkey, both at 41 percentage points. Some of the disparity may be attributable to the fact that only private employers have been surveyed.

Is there also an employer-employee disparity in respect of attitude to the use of a mandatory retirement age? This does seem to be the case, albeit modest in most cases. Not surprisingly again in the United States, the proportions of employers and employees who feel that an enforced retirement age is acceptable are low, 3 and 6 per cent respectively. The general trend is that the proportions endorsing enforcement of retirement age by employers are lowest in North and Latin America and increasing in Europe and further in Asia, but with the exception of Indonesia, proportions of both employers and employees who support an enforced retirement age are less than 45 per cent. However, in Indonesia, almost 50 per cent of employees and more than 60 per cent of employers support an enforced retirement age. The employer-employee disparity varies between +10 and -10 percentage points across the surveyed countries and territories. Amongst employees, age effects on attitudes to an enforced retirement age are modest.

Generally speaking, therefore, across the globe, there is a dismissal by the majority of employees of the use of a fixed age to enforce withdrawal from the workplace, irrespective of the age of respondents. The large proportion of people and employers feel that employees should be able to continue to work to any age, if they are capable of doing the job well.

Yet again, we witness a global movement away from the rigid infrastructures that have shaped retirement through the 20<sup>th</sup> century, at least attitudinally. However, the experience of large proportions of employees outside the United States in particular is that their employers do indeed practise a fixed retirement age.

As we see elsewhere in the reports, almost half of those surveyed believe individuals should bear most of the financial costs of retirement, while just under one third believe this should be the government's responsibility. However, there is significant national diversity. There is a large *confidence gap* in developed regions. Those governments whose people feel they should bear the cost are the ones least expected to live up to that expectation, nowhere more so than in the welfare state of Sweden. Indeed, in most countries, more people state that the government should bear the cost than believe they will. Few people feel that employers should bear the costs of an individual's retirement.

But do employers share the views of their employees? Do they exhibit this same *confidence gap*?

The feelings of employers in respect of the responsibility versus capability/inclination of government to bear most of the financial cost of an individual's retirement is striking in as much as the proportion of employers who feel that governments **should** bear this responsibility is higher than the proportion of people who feel this, exceptions being Germany, Canada, and the United States. Furthermore, the proportions of employers who feel that governments **will** bear this responsibility is also higher than the proportions of people who feel this, exceptions being Russia and France. There are, however, still signs of a *confidence gap* which resembles that of the people. So in the developing world, there is only a modest gap, while in Europe it is more substantial. Employers in the United States reveal a unique negative gap with 38 per cent believing government will bear the costs compared with only 11 per cent who believe government should. Is this a sign of corporate disappointment in the social responsibility of government in the United States?

Globally, only approximately 5 per cent of people believed that employers should/will bear most of the financial costs of supporting people in retirement. Employers, however, give themselves a more central role in the provision of financial security in retirement. At the global level, 17 per cent believe they should bear this responsibility and 19 per cent believe they will ultimately do so. There is quite dramatic variance across the countries/territories surveyed. While 59 per cent of Indonesian employers believe they should bear most of this responsibility, only 5 per cent do so in Japan. And while 47 per cent of those same employers in Indonesia believe they will ultimately do so, only 9 per cent do so in Japan.

The greatest *confidence gap* is presumably one of disappointment – for employers in France. Although a large proportion of French employers believe they should bear most of this responsibility (34 per cent), an even larger proportion (70 per cent) believes they will ultimately do so. This degree of self-belief among French employers in respect of their responsibility for financial security in old age far exceeds the belief of French people in employer responsibility. Only 16 per cent believes employers should bear most of this responsibility and 14 per cent believe they will ultimately do so.

Only in Turkey and to some extent Poland do employees share the belief in employers that employers have themselves in respect of bearing most of the responsibility for supporting individuals financially in retirement. Elsewhere, there is a lower proportion of employees who believe employers should/will bear this responsibility. The most marked disparities are in France and Indonesia, but also in Mexico, Saudi Arabia, Hong Kong, the United Kingdom and Sweden to some extent. The largest gaps are generally in respect of proportions believing employers will ultimately bear this responsibility.

People almost universally reject raising taxes, reducing state pensions or increasing retirement age as means to tackle the fiscal challenge of ageing populations. When given the choice of higher taxes, lower pensions or working longer, more than a third of all respondents chose *compulsory saving* as the preferred choice. This was the highest choice in almost every country.

A similar picture is found among employers. However almost everywhere, larger proportions of employers favour enforced private savings, the exceptions being Malaysia and Russia. In Malaysia, the most favoured government initiative is to increase retirement age (45 per cent) while in Russia 37 per cent of Russian employers are not sure which initiative government should choose.

## **5. Protecting Corporate DNA**

While almost two thirds of males aged 65 years and over were still in the labour force in the United Kingdom at the beginning of the 20<sup>th</sup> century, by the end of that century, the figure had plummeted to less than 10 per cent. Indeed, according to OECD figures, at the turn of the 21<sup>st</sup> century, in only two OECD countries, namely Israel and Mexico, was the labour force participation rate of males aged 65-69 years more than 50 per cent. In 60 per cent of OECD countries, participation for this group is less than 20 per cent.

The story across the developed world is the same. Evidence across the OECD suggests that economic, industrial and organisational changes in both the private and public sectors of the labour market have driven down the labour force participation of older people. Globalisation and increasing competition has exacerbated this on-going process.

Research in the United Kingdom reveals that older workers had been targeted for early retirement or redundancy in almost 90 per cent of downsizing organisations. Across Europe and North America, research indicates that older workers are targets in times of recession, unlikely recruits, and once unemployed unlikely to find work again.

There is consistent evidence revealing a lack of practices designed to include older workers. There is a lack of training, a lack of flexibility. The Global Ageing Survey reveals clearly that an ageing workforce would like the idea of flexibility in later life, be it part-time work or transitions into and out of the workplace as one's life situation and circumstances change.

OECD findings suggest that firms are reluctant to train older workers because it is more efficient to concentrate on younger workers as economic returns are likely to be larger given the longer payback time.

But where does this leave evidence that older workers are a more stable and loyal workforce?

In fact, training an older worker will bring returns to the employer, while training a younger worker will benefit one's competitors.

Those organisations, which are unable to offer the flexibility and challenge in work that the ageing workforce clearly prefers, risk losing their DNA. And those organisations that can meet the challenge will gladly graft that DNA into their own team.

In much of the developed world, there is a feeling that old is not gold in the workplace, where older workers perhaps *are* perceived as unstable, unproductive, too expensive, unreliable, slow learners? According to the global results of the Survey, not exactly.

At the global level, older workers (defined as aged 50 years and over) are perceived by relatively large proportions of private employers to be less technologically oriented (51 per cent) and slower learners (48 per cent) than younger workers, but even when considering these two characteristics, the evidence against older workers is not overwhelming. The positive angle is that 48 per cent of employers feel that older workers are at least as technologically oriented and 44 per cent find them at least as quick to learn as younger workers. In terms of flexibility, only slightly more than a third of employers feel that older workers are less flexible than younger workers, and even fewer (25 per cent) feel that older workers are less productive and less motivated. Less than 10 per cent perceive older workers as less reliable and less loyal.

Indeed, the only other demonstratively potentially negative characteristic of older workers is that 42 per cent of employers feel they are more expensive than younger workers. But is that not the price of protecting the corporate DNA?

There is no global or regional systematic size of workplace effect on these perceptions.

However, at the country/territory level, the perception of older workers in relation to younger workers is extremely diverse. What we see first of all is that employers in Saudi Arabia as the only country consistently regard older workers as less attractive than younger workers on all characteristics – the only positive sign is that 58 per cent of Saudi employers regard them as less expensive than younger workers, and this in itself is exceptional among the surveyed countries/territories as elsewhere between only 2 per cent (Germany) and 35 per cent (Turkey) regard older workers as less expensive.

So are older workers less productive?

In Indonesia, Turkey and Saudi Arabia, apparently so – at least 50 per cent of employers feel they are. In North America and Europe (excluding Poland and Russia), not at all – at most 12 per cent feel they are. In the Eastern European countries, the South American countries and the remaining Asian countries, hardly – at most a third of employers feel they are.

Are older workers less reliable?

In Saudi Arabia, apparently so – 54 per cent of employers feel they are. Elsewhere with the exception of Indonesia (24 per cent), not at all. Indeed, in Europe and North and South America, at most 2 per cent of employers feel they are. In Asia, the figure is at most 13 per cent.

Are older workers less flexible?

In China, apparently so – 60 per cent of employers feel they are. Elsewhere between 25 and 50 per cent feel they are. Employers in the United Kingdom, however, do not share this sentiment – only 7 per cent do.

Are older workers less loyal?

Definitely not. Apart from in Saudi Arabia, that is, where 56 per cent of employers feel they are. Elsewhere at most 15 per cent (Turkey) feel this.

So are they less motivated?

In Saudi Arabia (55 per cent) and Turkey (59 per cent), apparently so. In Asia, between 15 per cent (India) and 39 per cent (Malaysia) feel they are. In Europe and North America, less than 20 per cent feel this.

So in which areas are older workers falling behind younger workers?

Technology and learning seems to be the answer almost universally. Interestingly in Japan and China, only a fifth of employers feel that older workers are less technologically oriented, which compares with between approximately a third and two thirds elsewhere, and as high as 82 per cent in Turkey. There is a perception among the majority of employers in almost all of the surveyed countries/territories that older workers are slower learners – only in North America and the United Kingdom is this quite clearly not the case.

Are we able to condense this wealth of age competition data to find regional patterns? If we disregard the expense of workers, then we can assess employers' positivism or negativism towards older workers compared with younger workers by looking at the number of characteristics with less than 10 per cent of employers (positivism) and the number with more than 50 per cent (negativism). In doing this, a pattern does indeed emerge.

The United Kingdom and the United States come out as positivists (a score of 4 out of 7 with less than 10 per cent), while Turkey and Saudi Arabia are negativists (a score of 4 out of 7). In addition, the United Kingdom is non-negativist with zero

characteristics more than 50 per cent, while Turkey and Saudi Arabia are non-positivist with zero characteristics less than 10 per cent.

Apart from the few exceptions then, employers do not to any great extent regard older workers as less attractive to their workplaces than younger workers. It is interesting to note in this context that in the two predominantly negative countries, Turkey and Saudi Arabia, people's perceived best age of retirement is significantly lower than elsewhere, and furthermore the practised age of retirement in the surveyed workplaces in these countries is amongst the lowest. Could these low retirement ages, both perceived and practised, be connected with the perceptions of employers when comparing older and younger workers? And could all of this be related to the content of work in these countries?

There does not seem to be an overwhelming negative attitude towards older workers compared with younger workers. But are employers making the most of their corporate DNA and are they doing enough to ensure its continued survival?

Employees themselves seem to aspire to flexibility in the workplace in later life, including both part-time work but also transitions into and out of the workplace to accommodate their capabilities and aspirations for retirement, including new kinds of work, fitness, family and friends, and voluntary work. Are employers attempting to accommodate these aspirations?

Just as we have discussed the difference between the developed and developing world in relation to perceptions of retirement, it seems likely that the same framework of support for opportunities in the workplace in later life would be applicable. In other words, the economies with the social and cultural ballast and economic affluence to accommodate opportunities in the workplace in later life are more likely to offer them than economies with neither the ballast nor the affluence.

The data from the Survey appear to support this conjecture, and they also seem to follow the results relating to perceptions of older workers compared with younger workers. However, there is still the question of whether the efforts being made are sufficient to protect the survival of corporate DNA, even in these attitudinally-advanced countries.

Globally, only 37 per cent of surveyed employers state that they offer older workers the opportunity to pursue new kinds of work, but the country/territory specific figures reveal that the leading positivist countries, the United Kingdom and the United States, have the highest proportion of employers stating that they do indeed offer older workers the opportunity to pursue new kinds of work, namely approximately 70 per cent. These are followed by the industrialised economies of Europe, Canada, Hong Kong, Japan and Singapore with approximately 50 per cent. Only 10 per cent of employers in Russia and China offer this opportunity to older workers.

Along the same lines, only 30 per cent of employers globally offer older workers the opportunity to work fewer hours, which would open up the opportunity for them to maintain workplace engagement while pursuing that whole new chapter of life. Once again, the United Kingdom leads the field with 71 per cent of employers stating that they do offer this opportunity. Elsewhere, only the United States (49), Sweden (50),

Germany (58) and Canada (53) are near to accommodating this opportunity. In the remaining countries, proportions fall off to less than a third, and with China having only 7 per cent of its (urban) employers offering fewer working hours to older workers. There are undoubtedly a number of reasons for the low proportions, linked to the structure of work for older employees, who traditionally work in the older industries (Asia and South America and Eastern Europe), and to the attraction for part-time work as well as support for part-time work from trade unions (Germany and Sweden on the one hand, and France on the other hand).

Approximately 50 per cent of employers feel that older workers are less technologically oriented and slower learners, and therefore it is perhaps not surprising that this same proportion of employers offer older workers the opportunity to learn new skills. In the developed economies of Sweden, the United States, Canada and the United Kingdom, more than 80 per cent of employers state that they offer older workers the opportunity to learn new skills. In most of the remaining countries, between a third and two thirds offer this, while again in China and Russia the proportions are lowest at approximately 15 per cent.

Of course, the presence of older workers in the workplace is not sufficient alone to protect the corporate DNA. Perhaps employers are aware of this – 65 per cent state at least that they offer older workers the ability to guide and teach younger workers. In fact, proportions everywhere seem to increase on this score. Even so, the same pattern is observed with the attitudinally developed economies of the United States, Canada, the United Kingdom and Sweden having approximately 80 per cent of employers stating that they offer this to older workers. Russia brings up the rear with only 26 per cent, while approximately two thirds of employers in almost all of the remaining countries/territories state that older workers are offered the ability to guide and teach younger workers.

Is it surprising to observe that 11 per cent of employers state that they offer nothing to older workers? It is hardly surprising that in those same economies in the United States, the United Kingdom, Sweden and Canada almost no employers admit to offering nothing to older workers. At the other extreme, 37 per cent in China and 27 per cent in Russia admit to this.

At the global level, a larger proportion of employers state that they *should* be offering older workers these opportunities compared with the proportion stating they *are* offering them. Interestingly, the most significant differences relate to providing opportunities to work fewer hours, pursue new kinds of work and the opportunity to undertake less physically demanding work. There is a modest decline in the proportion stating that workplace should do nothing for older workers.

If we consider the *are-should* relationship on these various opportunities in each country/territory, 12 evidence substantially increased or unchanged proportions on each opportunity (decreasing or unchanged in respect of doing nothing), and they are from North and South America, Europe. Only China and Egypt from outside Europe and the Americas join this group, but the increases (from very low levels in the case of China) must be said to be very modest. In Asia, Turkey and Saudi Arabia, there is thus a combination of increases and decreases across the *are-should* curve with no systematic pattern cross-nationally apart from the fact that the proportion stating that

workplaces should provide an opportunity for older workers to continue earning an income is lower than the proportion stating they do this – the exception is Hong Kong, where there is a modest increase.

One notable exception is India. With regard to every opportunity, the proportions stating *should* are significantly lower than the proportions stating *are*.

In the 1970s and 1980s, the developed world in particular saw the introduction and dramatic take-up of early retirement schemes. These were introduced to encourage older workers to leave the workplace before normal retirement age in order to make way for young employed persons.

Has that inherent philosophy survived the last 20-30 years? Globally, it would seem not in as much as only 40 per cent of employers surveyed state that management feels more strongly that older workers leaving makes room for younger workers, while 49 per cent state that management feels more strongly that older workers leaving means the loss of valuable knowledge and skills that are important to the organisation – the haemorrhaging of the corporate DNA.

Cross-nationally there appears to be a strong link between demography and these perceptions of either making room for younger workers or losing valuable knowledge and skills. In the young demographics of Asia and South America as well as Egypt and Saudi Arabia, where there is a constant pressure from large young cohorts to get into the workplace, the strong feeling among employers is that older workers leaving makes room for younger workers. This feeling is particularly strong in Indonesia, where 87 per cent of employers feel more strongly that older workers leaving makes room for younger workers. India and Malaysia are divided on this issue, while the developed economies of Japan, Hong Kong and Singapore have a more DNA-focused perception.

In North America and Europe, along with the developed economies of Asia, the feeling is one of loss of valuable knowledge and skills. For example, only 6 per cent of private employers in the United Kingdom feel more strongly that older workers leaving makes room for younger workers. Surprisingly, private employers in Sweden are also divided on this issue and with 17 per cent stating they are unsure which they feel more strongly.

So why is the corporate DNA not being protected and secured? Earlier in this section, we did observe that everywhere except Saudi Arabia employers find older workers more expensive than younger workers, but when asked why they are not doing more to attract/retain older workers, employers do not overwhelmingly name the fact that they are too expensive. Only in Egypt do more than 50 per cent of employers say that this is one of the reasons why they do not do more to retain/attract older workers.

In North America, Europe, the developed economies in Asia (Japan, Hong Kong and Singapore) along with China, most employers state that they don't need to attract/retain older workers or that it is not an urgent/pressing issue. Is that because they feel they have an age-balanced workforce? Or is it because they do not see the ageing workforce combined with early retirement of older workers as an immediate issue? We have seen that in precisely these countries, employers feel that on (almost)

every opportunity to offer older workers, they should be doing more. So how does that harmonise with them not having to do more to attract/retain older workers?

In other countries, employers feel the work is too physically demanding for older workers and therefore they do not do more to attract/retain them – this is true in Saudi Arabia (oil industry), Malaysia, Brazil and Mexico.

Only small proportions feel that governments and/or unions get in the way of any efforts they may wish to make to attract/retain older workers.

However, in most countries, there is a cocktail of reasons for not doing more, ranging from no need, no urgency, the expense, and the physically demanding work.

The response from employers would indicate in addition that a minority are active in recruiting and trying to retain older workers, and yet in their own words, only a minority of them encourage full early retirement.

The largest proportion of employers trying to recruit older workers (and remember we are referring to workers aged 50 years and over!) is found in the United Kingdom at 44 per cent. In Canada, Brazil, Japan, Hong Kong and the United States this is the case for approximately a third of employers, while it is so for as few as 5-7 per cent in Russia, Indonesia and China.

Significantly larger proportions try to retain older workers with hard-to-replace skills, but there is no indication of the generality of this. Only in India, Malaysia and Russia is the proportion of employers doing this less than 50 per cent, and even here no less than a third.

Almost all private employers surveyed in the United States claim that they try to retain older workers with hard-to-replace skills!

In China, Egypt, India, Indonesia, Japan, Malaysia, Poland and Russia, less than half of the surveyed employers say they encourage older workers to continue working, while almost 80 per cent do so in the United States, Canada, Brazil, Hong Kong and Singapore.

Apparently, employers do not encourage their older workers to take early full retirement. Nowhere does more than a third do this!

Older workers with hard-to-replace skills are prized by employers, who will try to retain them. But beyond 50 years of age, workers should not expect to be prized when seeking jobs. There are pockets of evidence that employers in some countries encourage older workers to continue working, while few will encourage them to take early full retirement.

So if employers are not forcing them out, are they leaving of their own free will? It is still the case in the developing economies that much available work for older people is physically demanding – hence this is one of the reasons why employers in those economies do not do more to attract/retain older workers – and this will inevitably lead to health problems, which will force workers to retire regardless of their desires

and aspirations to continue in work perhaps. Outside the developed attitudinally-advanced economies, relatively small proportions are offering older workers the kind of flexibility that will allow them to live out this life-stage as they would wish or need, and even where this is being practised, large proportions of employers are still not doing so.

For too many older workers the choices are limited, in both the developed and developing economies. And given this limited choice, they will leave the workplace.

And they take with them the corporate DNA. To the competition, perhaps.