

Will Older Adults Be Able to Keep Working As the Employment Picture Changes?

Employment at Older Ages and the Changing Nature of Work, an issue paper written by Richard W. Johnson, Gordon B.T. Mermin and Matthew Resseger of The Urban Institute for the AARP Public Policy Institute, examines employment trends and the challenges older adults face in the workplace.

The sharp decline in physical job demands over the last 35 years has made it easier for older adults to remain at work. But as physical demands have declined, the workplace has become more stressful and more challenging as workers increasingly need cognitive skills to solve complex problems.

And it doesn't look like the next 35 years will be much different from decades past.

Those are some of the conclusions in this research study, which describes the job demands workers face today, how the job landscape has changed, and the impact the changes will have on the employment prospects for older workers.

The study presents a mixed picture for the over 50 population: some of the trends identified in the study will encourage workers to postpone retirement while others may have just the opposite effect. Retirement becomes more attractive if a worker is financially secure or is unable to find a desired slower-paced job.

Challenges for older adults

Training. The number of jobs that require cognitive skills – reasoning, thinking, problem-solving, innovative solutions – is increasing rapidly. These jobs demand frequent training and retraining. Older workers may not be considered for training because some employers believe that it's more difficult to teach older people new skills or that those workers will require training costs that cannot be recouped. Formal employer-sponsored training tends to decline with age. In one survey, only 51 percent of workers over age 55 received formal training from their employers over a twelve-month period compared with 79 percent of workers age 25 to 34.

Cognitive skills. An increase in jobs that require using cognitive skills complicates the employment outlook for older adults. Psychologists have found that cognitive skills involving on-the-spot reasoning ability, independent of past experience, decline with age. For example, numerical ability and the capacity to master new material peak at age 35 and then erode over time. However, cognitive skills such as verbal ability that rely on years of knowledge don't appear to decline with age. For example, in one study, older hotel reservation clerks were more productive than their younger colleagues, even though they handled fewer calls, because their superior communication skills generated more bookings per call. Older adults may be able to make up for a decline in mental efficiency with their sharper decision-making and communications skills.

Retirement Anxiety. Many older people plan to delay retirement because they are concerned about income security as employers cut back on defined benefit pension plans and retiree health benefits. Since a reversal in these trends is unlikely, anxiety over retirement security is likely to continue to influence workers' decisions about when to retire.

Some older adults will be forced to retire early because of health concerns. Retirement is also influenced by the kind of work available. Older adults wonder if they can find companies that will hire older workers and offer the flexible employment arrangements many of them prefer. Some older adults may delay retirement if their jobs are less physically demanding, but others will not if the work is intense or puts their health in jeopardy.

Job trends identified in the study include

- The share of jobs that require high cognitive ability and strong interpersonal skills has grown from about one-quarter to more than one-third over the past 35 years.
- Workers 50 and older have experienced sharper declines in physically demanding work than younger people but steeper increases in stressful, cognitively demanding work.
- The share of workers in jobs that are high stress or involve difficult interpersonal dealings more than doubled between 1971 and 2006. Jobs that require interaction with “unpleasant people” may make work less appealing and retirement more appealing to older adults.
- More than one-third of workers work in occupations that require high cognitive ability such as complex problem solving and more than two-thirds are in occupations that require some cognitive ability such as information processing.
- The shift away from physically demanding work and toward stressful work has been more prevalent for women than men.
- About 44 percent of jobs today involve some stress – such as conflict situations, competition, and time pressures like meeting strict deadlines.
- Almost 35 percent of workers are employed in occupations requiring high cognitive ability and nearly 70 percent work in jobs that required some cognitive ability. Computer use is very or extremely important in about 43 percent of jobs.

Methodology

The study used detailed occupational characteristics from the Occupational Information Network (O*NET) to examine job demands. O*NET is a comprehensive database of job characteristics produced by the U.S. Department of Labor's Employment and Training Administration. The study also applied Bureau of Labor Statistics (BLS) employment projections to examine future trends.

A copy of the full report can be obtained at <http://www.aarp.org/ppi>, or write for PPI Issue Paper #2007-20, Public Policy Institute, AARP, 601 E St., NW, Washington, DC 20049.