

# CROW

## Centre for Research into the Older Workforce

### Job Transitions

Understanding patterns of job change is important to employers, policymakers and researchers, who all need to know how the economy and labour market are developing.

When an individual joins a new employer, changes role or working hours, this changes the capacity of the organisation as well as the life of that individual.

Acquiring more skilled people increases a firm's human capital, while losing skilled or knowledgeable individuals to other employers or retirement diminishes it. For the individual, job transitions can be positive (increasing earnings, job satisfaction or status) or negative (being forced into less attractive work, or out of work altogether).

However, relatively little is known about the frequency, nature and effects of job change on firms and individuals. To help rectify this, the Centre for Research into the Older Workforce carried out a national survey of 5200 people in Spring 2003. This briefing presents some of the findings of this and other research into job change.

### Key Messages

**Most people change jobs at some stage:** Two-thirds of workers have made at least one job change in the last five years.

**Career is the main reason why people change jobs:** Up to the age of 60, career related reasons for change are cited far more often than work-life balance, stress, money, leisure, health or redundancy.

**Positive experience of work affects willingness to work in later life:** Those who reported positive reasons for their last job change are more likely to consider working after retirement.

**Qualifications, class and income all strongly influence job change:** Those with formal qualifications, in managerial and professional work, and on high incomes tend to change jobs more frequently than others; and are more likely to experience positive outcomes, like promotion.

**People changing jobs receive little support:** Even amongst those who report moving to jobs with increased responsibilities or requiring increased skills, four in ten reported receiving no training, guidance or support from colleagues or managers.

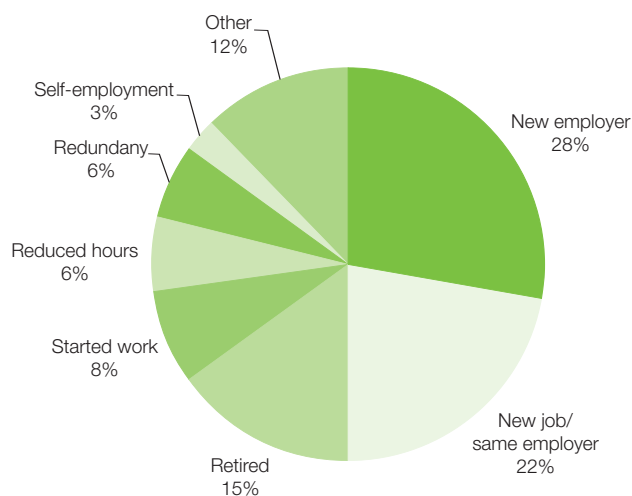
**Age affects patterns of job transition:** Older people are less likely to change jobs, and when they do change, they are less likely than younger colleagues to change for positive or career related reasons. Older people who stay with their employer, however, report high levels of satisfaction with work.

### What kind of changes do people make?

Half of all respondents in the CROW survey were workers (either in employment, self employed or actively seeking work). Seventy percent of them were in full-time employment; 26% were working part-time; and 4% were unemployed and seeking work.

Two thirds of workers had made at least one job change in the last five years. Figure 1 shows that half of these changes involved a new job, either moving to a new employer or moving to a new job with the same employer. One in six job changers had retired from their main jobs, but had continued work in another form. Two thirds of these workers are in part-time jobs.

Fig 1: Most frequent types of change

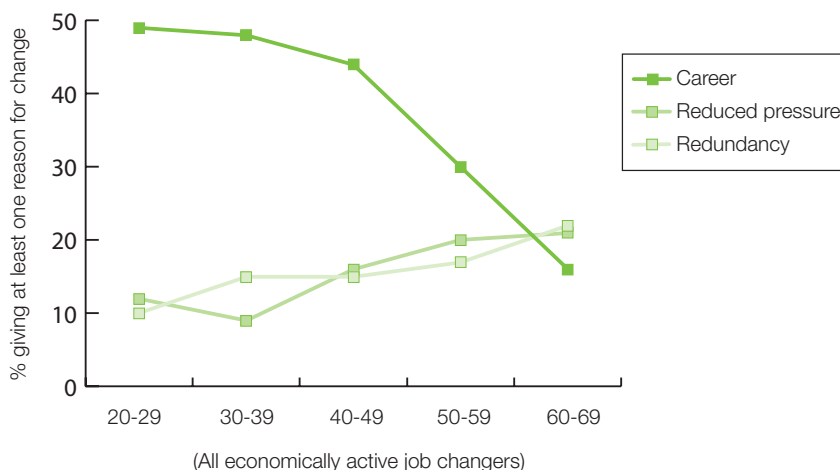


### Why do people change?

One striking outcome of the CROW Omnibus survey, and of the postal survey which followed up some of the original respondents, is the commitment to work, both among those who change jobs and those who do not. Most people talk positively about work, and the older they are, the more this is true. Reasons for job change up to the age of 60 are overwhelmingly dominated by career issues. People clearly see change as an opportunity for more challenge, promotion, and money (although the latter declines progressively with age). Despite much public debate in recent years about work-life balance, it is only after the age of 60 that significant proportions of workers report reduced pressure as a motive for job change, and personal circumstances, workplace issues, and leisure aspirations are rarely cited at any age.

Surprisingly, given the very wide regional variation in the state of the economy and labour market, there appears to be little regional difference in patterns of job transition. The only evident difference in the CROW survey was that those who are made redundant in the South, where the economy is most buoyant, return to work faster than those in the North.

Fig 2: Reasons for job change by age



Although career motivation and money were the most important causes of job change for all people, this was more marked among men than women. Women were more likely to change jobs for more flexible working hours.

### Who changes job?

The most influential factors affecting patterns of job change were qualification, social class and income. These three factors are all closely interrelated.

Those with higher qualifications and on higher incomes tended to change jobs more frequently, and were more likely to describe these changes in positive terms.

Three quarters of graduates changed jobs in the last 5 years compared to half of those with no formal qualifications, while one quarter of graduates described their last job change as a promotion; against 8% of respondents with no formal qualifications.

Conversely, those without formal qualifications were more than twice as likely to experience redundancy (24% of those without qualifications, against 10% of those with degrees).

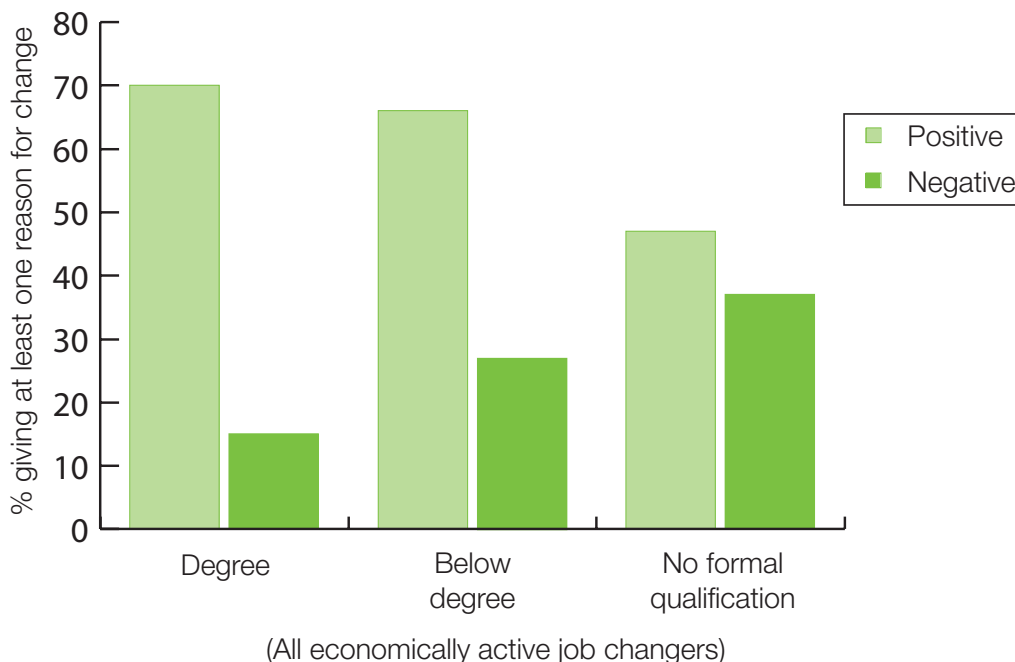
Social class is also important. Managers and professionals are more likely to report positive job changes than routine and

semi-routine workers, and men in blue collar jobs are particularly likely to report their last job change as redundancy (34% of routine and semi-routine workers). Further, after the age of 50, one in five older male blue-collar workers has left the

labour market for sickness or disability reasons. These findings are consistent with previous longitudinal studies which charted the displacement of high paid/low skilled workers with labour market restructuring since the 1980's.<sup>11</sup> However,

this trend seems to have bottomed out<sup>12</sup>, and Government is looking for ways to help workers who have left on grounds of sickness or disability back into the labour market.<sup>13</sup>

**Fig 3: Positive and negative reasons for change by qualifications**



### What support do people receive?

The same pattern of division is evident in relation to training. Graduates were more likely to have received employer sponsored training associated with a job change, but were also more likely to seek out support themselves, by paying for a course, using the internet or undertaking informal learning. Where workers without qualifications received any support, it was most likely to be from workmates.

The support received from employers, colleagues and other sources can affect how workers perceive job change. Munro and Rainbird<sup>8</sup> found that employees who receive training in basic skills such as IT literacy have more confidence in their work and are more likely to initiate job change to enhance their career development.

One might expect support during a job change to be important, but in fact two

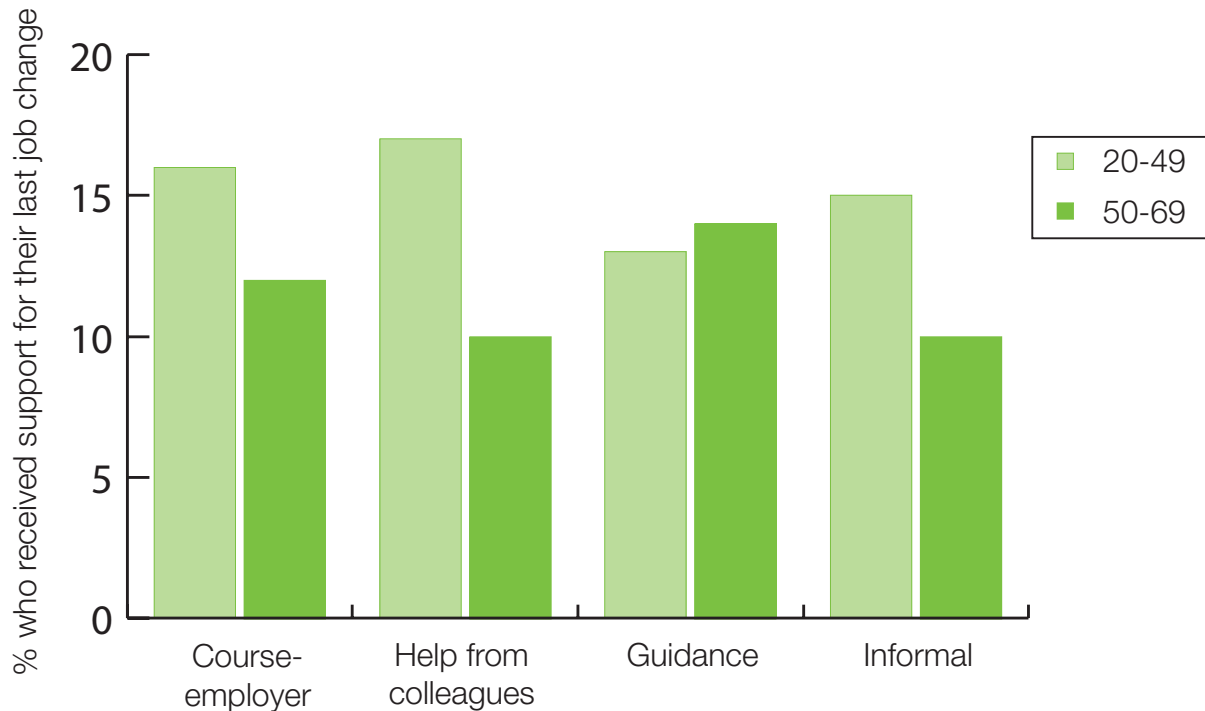
thirds of workers who changed jobs reported receiving no training, advice, or guidance from any source (including employers, colleagues, and government agencies). This is in itself a worrying figure, but even more serious is the fact that no support is reported by four in ten of those whose last job change called for more skills or increased responsibilities.

Older workers are less likely to receive support during a job change than younger ones, for a variety of reasons. Perceptions, among employers and employees, about the value in investing in older workers' training is often clouded by subjective assessments about workers' abilities. Employers appear reluctant to train those who are perceived to be approaching retirement, because it is assumed that the employees will leave work before the employer can recoup the costs through increased productivity, despite the

evidence that investment in training is generally repaid with greater loyalty. Some research suggests that employers are less likely to offer training because older workers are perceived to be unable to adapt to change or acquire new skills.<sup>9</sup> In reality, since older workers are less likely to change employers, and more would consider working longer than actually do so, investment in training for older workers may actually offer a better return.

However, low participation in training cannot all be attributed to employer attitudes or age discrimination. Labour Force Survey data reveals that, while there is a large gap in participation in training between older and younger workers, the gap is smaller in relation to offers of training<sup>10</sup>, suggesting that older workers are less likely to take up training which is offered, holding themselves back from development opportunities.

Fig 4: Support for change by age



(All economically active job changers)

### Do patterns change as people get older?

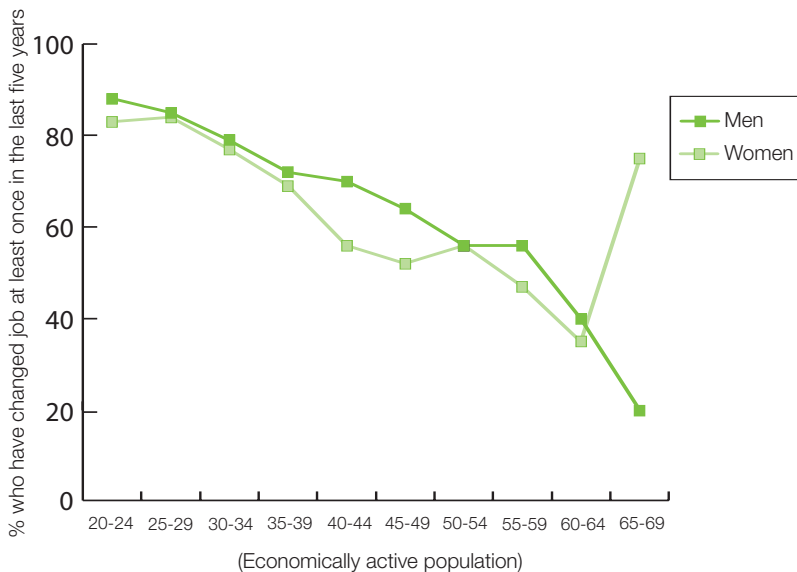
People become progressively less likely to change their jobs as they age, but as figure 5 shows, the decline in frequency of change is gradual, and there is no set age at which workers in general stop changing jobs. A positive interpretation of this would suggest that they have found jobs which suit their personal circumstances and make good use of their talents, and therefore do not want to change, a view supported by surveys of employers<sup>12</sup> which find that older workers are perceived by employers as more loyal and committed to the organisation than younger colleagues. This view is also supported by CROW's follow up survey of 400 older workers in Summer 2004, which found very positive attitudes to work among older people. A more negative interpretation of the evidence, on the other hand, would suggest that as workers grow older, the opportunities for positive change decline, they become less ambitious, or less confident about

change. For those in defined benefit pension schemes the risks of leaving an employer late in life can be substantial<sup>6</sup>, both in freezing of benefits, and in the difficulty of finding an employer offering such a scheme to new entrants. Furthermore, leaving work in the hope of finding a new job after the age of 50 is a very risky choice, since the likelihood of re-entering the labour market after a gap declines very rapidly after that point.<sup>67</sup>

After State Pension Age, however, men (but not women) who stay in work are more likely to change jobs, usually retiring from their main jobs and moving into more flexible or occasional work. This pattern is partly driven by current tax rules under which an employee cannot simultaneously draw an income and pension from the same employer. For those with skills and experience to sell (precisely the people employers might want to retain) the financial benefits of

changing employer can be very substantial. Government plans to change tax rules to allow people to remove this blockage and allow individuals to draw a pension and continue to work for the same employer. When this comes into effect, it will be much easier for individuals to retire gradually or more flexibly.

The reduction of opportunity with age is likely to be a significant factor in reducing job mobility. Research for the Department of Work and Pensions shows clear evidence of age discrimination<sup>3</sup>, but it is also inevitable in most organisations that as workers progress up the hierarchy the number of posts and conventional promotion opportunities declines. For those who experience "plateauing" careers in this way, employers may need to devise different kinds of development opportunities if they are to keep workers engaged and feeling fulfilled in work.<sup>4</sup>

**Fig 5: Proportion of job changers by age**

### How can employers retain experienced workers?

Retention of experienced employees is becoming an increasingly important issue for employers. On one hand they have become more aware of the risks to their business of losing the knowledge which such staff hold, and of the costs of replacing staff who leave early. On the other hand, as the numbers of young people entering the labour market declines, employers are beginning to experience simple shortages of people to fill jobs. Understanding how to make people want to stay is therefore important for most firms.

It is not surprising that people who have positive experiences at work are more likely to consider staying. It has already been noted that workers who like their employers, and those who feel they are being treated fairly in the workplace are more likely to consider staying than those who feel they are being discriminated against<sup>14</sup>. Other factors which correlate with longer working life include the sense that one's work contributes to society or to some other form of "mission", or that the work provides social status and personal identity. Conversely, if older workers are treated poorly, and work provides little sense of personal dignity or status, they are not inclined to stay.<sup>15 16</sup>

Willingness to work longer is also related to the most recent experience of job change. Those who describe their last change in positive terms are more likely to be willing to consider work after retirement. They are also most likely to enjoy work, to be highly qualified, working in managerial and professional jobs. They are also more likely to have intrinsic motivations for work, like a sense that work is achieving a social purpose.

Conversely, those workers who describe their last change in negative terms, or as beyond their control (like compulsory redundancy or being dismissed) are least willing to consider working in retirement. Very few of those whose last change was leaving work through redundancy, ill-health or dismissal would consider returning to work after retirement.

Those who change jobs in search of more flexible working show an interesting pattern. These workers are less likely to be willing to consider paid work after retirement, but are more likely to consider voluntary work. It may be that the flexibility offered by voluntary work allows such workers to balance home and work life while maintaining the social networks and other satisfactions associated with work.

## Conclusions

Most people change jobs in some way within a five year period, but the frequency of change declines as they age, and overall the effect of job change over the life span is to increase the divide between those with qualifications and those without.

The commonest motivation for change up to the age of 60 is career development, or more money. After 60, other factors, including reducing stress, become more common, but nevertheless there are plenty of people in their 60s and 70s who remain highly motivated by career development.

One striking finding is how few people receive any training or other support when they change jobs, despite the fact that the commonest outcomes of job change are increased skills and responsibility. One might expect that at the point of job change people will be more motivated to learn, and perhaps employers are missing an opportunity to raise the skill level of their workforce by focusing training on job changers.

The declining mobility of workers as they age suggests that employers who wish to retain skilled people need to attend particularly to strategies for stimulating employees whose careers have plateaued, and to rewarding the loyalty of older workers with updating training and career development. It is a mistake to assume that older workers do not want, and will not respond to, such opportunities.

# Continuing Research

CROW has now carried out a follow up survey of 400 people aged 50-69, drawn from the original sample. This investigates motivations and attitudes to work in much more detail, and will be reported in early 2005. The research should provide useful information to employers hoping to assist employees in staying in work longer, and will be disseminated to both academics and practitioners over the second half of 2004.

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# About CROW

The Centre for Research into the Older Workforce exists to study ways of enabling older people to make a more active contribution to the economy. The Centre is a partnership between the University of Surrey, the National Institute for Adult Continuing Education and the Pre-Retirement Association, with core funding from the South East England Development Agency.

*Its research focuses on three main areas:*

### **Motivation**

What motivates older people to stay in work, leave or return to the labour market?

### **Work Design**

How can work be better designed to suit the diverse needs of older workers?

### **Intermediaries**

How can information, advice and recruitment agencies, education and training providers and others help older people to stay in and return to rewarding work?

This is the second in a series of briefing papers published by CROW, summarising key points from research into the older workforce.