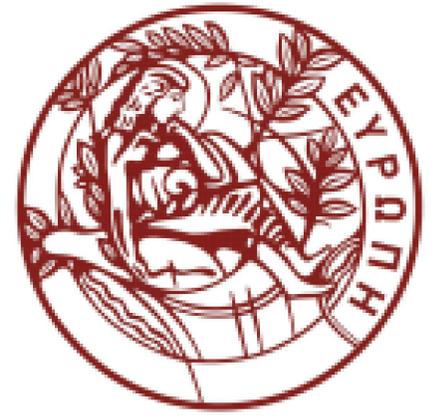


# Mirror, mirror on the wall: am I young or am I old?



Daphne Nicolitsas

Department of Economics, University of Crete

nikolitsa@uoc.gr — +30-28310-77433

## Abstract

The views of society at large regarding age thresholds are likely to influence the extent to which age limits will be revised. Our attempt to document the views of society, using the European Social Survey (ESS) data, suggests that both within and between country differences are significant. The task (only started) is to understand the determining factors of both within and between country variations. While institutional variables (official retirement age), demographic features (old age dependency ratio) and labor market outcomes (employment rates) appear associated with the degree to which suitably qualified individuals are accepted at the workplace significant within and cross-country differences remain.

## Introduction

The labor supply of individuals over 64 appears to be increasing. This reflects institutional changes (e.g. abolition of early retirement schemes) but also the increased desire of individuals to continue participating in the labor market as they feel they have to offer at the workplace and because they are having difficulty making ends meet on their pension alone. The next question is whether there is labor demand for individuals over 64. This paper looks at attitudes towards older individuals, as these will to a large extent shape labor demand in the medium term especially as it emerges that there is no clear-cut support for an *ex ante* negative association between age and productivity (Garibaldi *et al.*, 2010; van Ours and Stoeldraijer, 2010).

## Objectives

Under the assumptions that societal attitudes towards older individuals might shape labor demand and that the financial needs of older individuals influence labor supply, the objectives of this work are the following:

- To document and explain attitudes towards older age individuals.
- To document and explain differences in the financial needs of older individuals.

The analysis uses data for around 20 European Union countries from the European Social Survey (ESS). A noticeable feature of the data are the stark differences both across and within countries in both dimensions (societal attitudes and labor supply).

## Data

The European Social Survey (ESS) is an academically-driven cross-national survey conducted across a number of European countries every two years since 2001. While the core part of the survey remains the same, a special module is added in each round. Rounds 3 and 4 of the ESS, conducted in 2006/7 and 2008/9 respectively, include modules recording attitudes to retirement age (too young, too old, too old to be working more than 20 hours per week etc), perceptions of age-related standing in society and evidence on individuals' ageism experience. Furthermore, a question on experience of age discrimination is asked in every round starting from Round 3.

ESS data suggest that in the last few years discrimination against old age appears either stable or decreasing. While ESS data on the incidence of age discrimination is available over time, more detailed data on the attitudes of the population against older individuals and on the need of older aged individuals to work is only available at a *specific* point in time.

## Labor supply

Individuals in Bulgaria, Hungary, Poland are very worried about being able to make ends meet at old age (Figure 1). Some differences across age groups, within countries, in the extent to which individuals are worried exist; in most countries it is individuals in their 40s that seem most concerned.

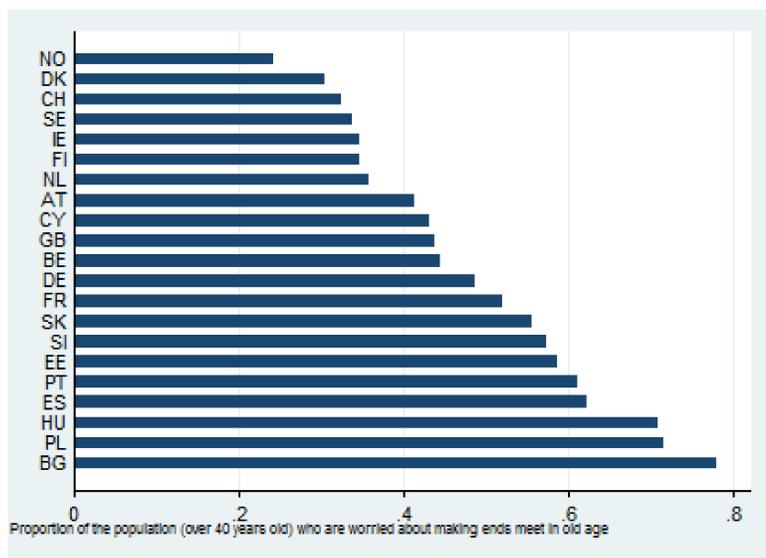


Figure 1: Proportion of >40 concerned about making ends meet when old

## Attitudes towards older individuals

When investigating the overall attitudes of society towards older individuals large differences emerge both between and within countries. Age seems to be directly correlated with a more positive attitude towards older individuals. Women are also more positively disposed towards older individuals. Cross-country differences are difficult to explain; they do not appear to be correlated with life expectancy or the effective retirement age although we find some positive association with the old-age dependency ratio.

## Results

When individuals are asked, however, whether they would accept a suitably qualified boss of 70 cross-country differences appear less pronounced. Furthermore, differences in employment rates, in the old-age dependency ratio and in the official retirement age go some way towards explaining cross-country differences. Results from regressions of the categorical variable denoting degree of acceptance of an older boss, amongst those who are currently working, suggests that women would more willingly accept a suitably qualified boss of 70. Between country differences appear to be associated with differences in employment rates (+), old-age dependency ratio (+) and official retirement age (+).

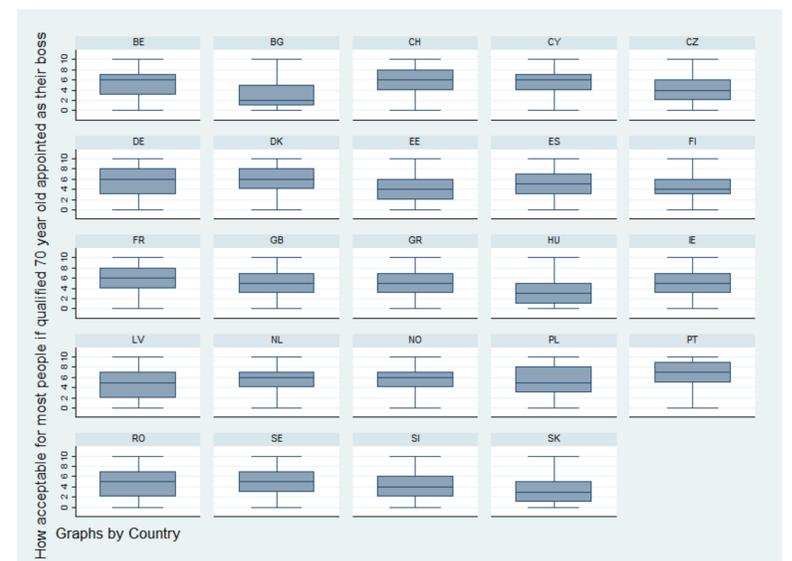


Figure 2: Attitude (low negative, high positive) of working individuals towards a suitably qualified 70-year old boss

## Conclusions

Ind.vbs.	Model 1	Model 2
Gender (Men=1)	-0.346 (0.035)	-0.346 (0.035)
Employment rate	3.608 (0.804)	—
Old-age dep. ratio	3.751 (0.790)	—
Official retirement age	—	0.712
Country dummies included	—	

Table 1: Associations between acceptance of an older-age boss, demographic, personal and individual characteristics and country features

- In 2006 around 44% of individuals expressed concern about not being able to meet needs at old age. The percentage is lowest in Scandinavian countries (between 22% and 28%) and highest (between 60 and 67%) in formerly planned economies of central and Eastern Europe (Hungary, Bulgaria, Poland). There appears to be an inverse association between the extent to which individuals are worried and the overall (and older age) employment rate.
- The age at which society believes individuals cease to be young differs widely between countries. This varies from below 30 in Portugal to around 46 in Greece. But even within countries differences are large.
- The age at which society believes individuals start to be regarded as old differs widely between countries. This is on average 58 and varies from 51.3 in Slovakia to around 63.9 in Belgium. But even within countries differences are large.
- Gender but not age-related differences in attitudes towards age are significant.
- Countries in which employment rates are above average, with later official retirement age and higher old-age dependency ratios are more positively disposed towards older individuals at the workplace.

## Forthcoming Research

The explanation of within-country differences in attitudes towards older individuals in terms of health status of individuals, education level, type of job held (self-employed, employee etc) and stance towards job sharing in society. Investigation of the impact of pension system design on cross-country differences in old age thresholds.

## References

- [1] Garibaldi, P., J. Oliveira Martins and J. van Ours (2010) (eds.) *Ageing, Health, and Productivity: The Economics of Increased Life Expectancy*, Oxford: Oxford University Press.
- [2] van Ours, J.C., and L. Stoeldraijer (2010), *Age, wage and productivity*, IZA Discussion Paper Series, No. 4765.

## Acknowledgements

Financial support from the University of Crete is gratefully acknowledged.