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Older Adults in the Labor Market: The Employers' Perspective

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Abstract

Background

With the aging of the population, the post-retirement age has been extended, and yet, the rate of labor force participation among older adults remains low. Even when older adults seek employment, employers do not always welcome them. The Senior Citizens Division at the Ministry of the Negev, Galilee, and National Resilience seeks to reduce the high rate of attrition of older adults from the labor market and help those interested to reintegrate into the labor force. Therefore, the ministry asked the Myers-JDC-Brookdale Institute to examine employers' attitudes towards the employment of older adults and map the barriers and challenges involved from the employers' perspective.

Objectives

The study's objective was to examine the employment of older adults (aged 60+) from the employers' perspective. Its secondary objectives were to:

1. Analyze the scope of employment of older employees in various sectors of the economy and changes in patterns of their employment over the years and specify the sectors in which there is a greater tendency to employ older adults, and those sectors in which there is a smaller tendency to employ older adults.
2. Describe the attitudes and perceptions of managers in various sectors of the Israeli economy regarding the following aspects: (1) the advantages and disadvantages of employing older adults; (2) the degree to which older adults are suitable for jobs in the modern labor market; and (3) the support required from policymakers to facilitate the employment of older adults.

Method

The study was conducted in 2022-2023 and combined quantitative and qualitative methods. It relied on three sources of information: (1) Administrative data obtained from the Central Bureau of Statistics on employment trends of older adults by economic sector from 2008 to 2018; (2) 31 in-depth interviews with employers, experts and professionals; and (3) An online survey of 243 employers.

Findings

The administrative data indicate an increase in the rate of post-retirement age employees in all sectors of the economy; currently, they represent 7% of all employees in Israel. The survey and interviews suggest that an employee is perceived as “old” even before retirement age, but that age perceptions vary by sector and by the organization’s experience in employing older adults. It was found that employers tend to generalize regarding trait and character differences between older and younger employees. For example, older adults are perceived to be more stable and loyal as employees, but as having trouble learning new things or working with advanced software.

One of the major challenges mentioned in employing older adults was the difficulty of managing them. This difficulty is due to cultural perceptions that make it difficult for younger individuals to supervise their elders and demand things from them, and from the limited ability of junior managers to exercise their authority when their subordinates are more knowledgeable and experienced than they are.

The study identified factors that facilitate the employment of older adults, including specific knowledge and skills the employer is interested in, advantages such as stability or superior judgment, as well as a shortage of employees. Conversely, the retirement age policy and tenure mechanism were identified as barriers to employment and as factors promoting negative views of older adults as potential employees.

Recommendations

The findings point to opportunities for promoting the employment of older adults, some of which could be realized in the short term, as well as to barriers that may be reduced over time. The study proposes a model for promoting the employment of older adults which combines activities on three levels of intervention: the organization, the economy, and universal policy.

- **Activities for addressing organization-level barriers** due to stereotypical views of employers and inexperience in the placement of, and work with, older employees: (1) Developing unique expertise in older adult placement; (2) Promoting the dissemination of information and training in organizations and providing direct supervisors with tools for managing older employees; and (3) Developing an organizational mechanism for making decisions regarding employees nearing retirement age: such a mechanism could help turn this milestone from a default into a decision juncture, and help the organization prepare to retain older employees by changing their roles, adapting the work environment, or reducing their scope of work.

- **Taking advantage of economy-level opportunities:** We propose developing a *mechanism for identifying opportunities for employing older adults*, designed to locate intersections between the needs of organizations and economic sectors on the one hand, and the needs and skills of older adults on the other.
- **Reviewing universal policy affecting older adult employment:** We propose reexamining the income test policy for the receipt of old age allowances, redefining the term “retirement age” to suggest that this is a stage where continued employment should be considered, rather than accepting retirement as a default, and examining the need for a mandatory retirement age.