

Do Older Workers Who Experience Age Discrimination Leave?: Self-Reported Age Discrimination and Turnover Intention

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Outline of the Presentation

- Introduction
- Conceptual Framework
- Review of Empirical Literature
- Data and Methodology
- Discussion of Results
- Limitations
- Conclusions and Policy Implications

Research Questions

- What is the prevalence of perceived age discrimination faced by older workers?
- Are older workers exiting the labour force because of perceived age discrimination?

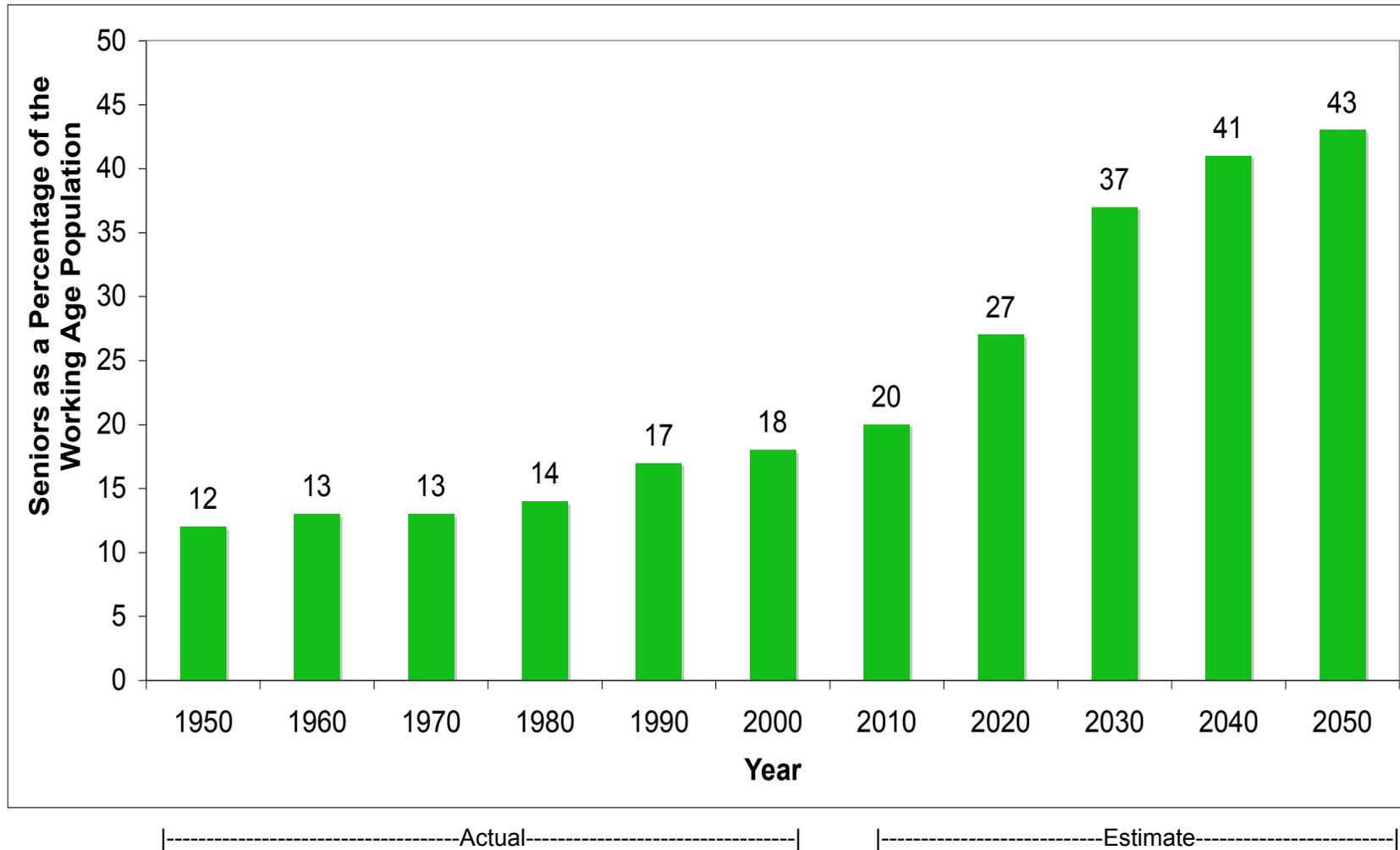
Ageism and Age Discrimination

- Ageism is a socially constructed set of beliefs, attitudes, norms and values about a particular age group.
- Age discrimination is the behaviour or the treatment of one group different from another group based on age.

Example: An employer does not provide an older employee with training because the employer believe that it is more difficult to train older individuals compared to younger workers (Ontario Human Rights Commission, 2007).

Seniors as a Percentage of the Working Age People in Canada

(Number of People 65+ / Number of People 15 to 64) x 100



Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2008 Revision, <http://esa.un.org/unpp>.

Turnover Costs

The average permanent quit rate was about 8% in Canada in 2002 (Zhang, 2007).

Examples of employee turnover costs include direct costs (e.g., separation, recruitment and training costs) and indirect costs (e.g., lost knowledge and related decreased productivity).

The cost of employee turnover has been estimated to be from about 25% to 250% of an employee's annual salary depending on the position (Sasha Corporation, 2009) .

Conceptual Framework

Discrimination Theories

- An employer may prefer to hire a younger rather than an older worker because of taste-based or statistical discrimination (Becker, 1957).

Turnover

- The predictors of turnover are personal characteristics, satisfaction with overall job and job facets, other dimensions of work experience, external environmental factors, behavioural, cognitions and behaviours about the withdrawal process (Griffeth et al, 2000).

Legislative Framework

- The Canadian Charter of Rights and Freedoms prohibits age based discrimination.
- The federal and provincial Human Rights Acts prohibit firms from discriminating against workers based on age in recruiting, hiring, training, dismissal and other workplace practices.

Review of the Empirical Literature

- Litigation under the Age Discrimination in the Employment Act (U.S.A.) is more prevalent among male workers in executive or managerial occupations but female workers are more successful (Schuster & Miller, Industrial and Labor Relations Review, 1984).
 - Anti-age discrimination laws in the United States have a positive impact on the employment of older workers (Neumark & Stock, The Journal of Political Economy, 1999).
 - Age related barriers play a role in reducing job opportunities for older workers (Scott et al, Industrial and Labor Relations Review, 1995, Hutchens 1996, Hutchens, Industrial and Labor Relations Review, 1998).
 - Younger applicants are more likely to receive an interview or a more favourable response than older applicants (Bendick et al, Journal of Aging & Social Policy, 1996; Bendick et al, Journal of Aging & Social Policy, 1999; Lahey, The Journal of Human Resources, 2006).
- Workers who are “disgruntled” are more likely to report age discrimination. There is a positive impact of health problems, mandatory retirement, age schooling, experience and public sector employment (Johnson & Neumark, The Journal of Human Resources, 1997).
 - Workers who report age discrimination are more likely to separate from their current employers than workers who do not (Johnson & Neumark, The Journal of Human Resources, 1997).

Research Hypothesis

A worker is more likely to plan to leave the Public Service, if he/she perceives experiencing age discrimination controlling for age and other factors.

Data

- Public Service Employee Survey, 2002.
- Public use microdata file.
- N = 95,010.

The survey was originally introduced in 1999 in response to a high incidence of low morale and negative perceptions of the workplace of Public Service employees following restructuring, increased workload and technological advances.

Self-Reported Discrimination and Turnover Intention

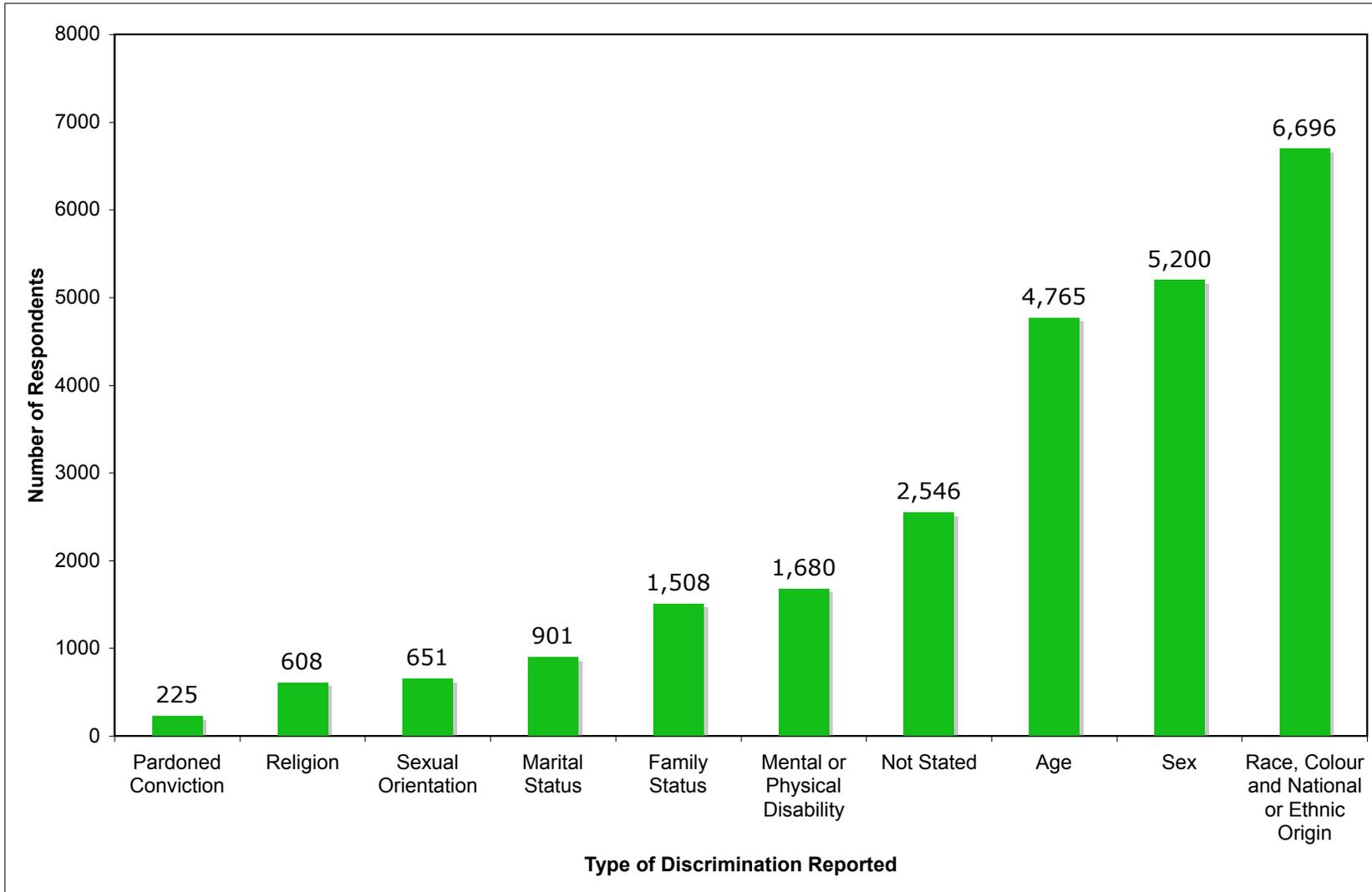
Self-Reported Discrimination

- “In the past two years, have you been the victim of discrimination on the job?”
- “Please indicate the type of discrimination experienced...”

Turnover Intention

- “Are you planning to leave the Public Service within the next five years?”

Self-Reported Discrimination by Type



Model

A logit model is used to examine the effect of individual and job characteristics on turnover intention.

Dependent Variable:

- Turnover intention (T) (Dichotomous variable coded 1 - “Yes” and 0 - “No”)

Independent Variables:

- Self-reported age discrimination (+)
- Age (+)
- Other explanatory variables are good place to work, education, occupation, bargaining unit, female and income.

Descriptive Statistics

Variable Name	All Workers (N=76,646)	Younger Workers (Less than 40 Years Old) (N=25,939)	Middle Age Workers (40 to 49 Years Old) (N=28,132)	Older Workers (50 Years Old and Over) (N=20,575)
	(1)	(2)	(3)	(4)
[No discrimination reports]				
Age discrimination reports	0.025 (0.155)	0.026 (0.160)	0.011 (0.105)	0.041 (0.199)
[Do not intend to leave]				
Intend to Leave	0.278 (0.448)	0.187 (0.390)	0.120 (0.325)	0.608 (0.488)
[41 to 49 Years Old]				
50 Years Old and Over	0.276 (0.447)			
Less than 40 Years Old	0.347 (0.476)			
<i>Notes: All summary statistics are means with standard deviations in parentheses. Reference categories are in square brackets.</i>				

Marginal Effects of Self-Reported Age Discrimination and Turnover Intention

Variable Name	All Workers (N=76,646)	Younger Workers (Less than 40 Years Old) (N=25,939)	Middle Age Workers (40 to 49 Years Old) (N=28,132)	Older Workers (50 Years Old and Over) (N=20,575)
	(1)	(2)	(3)	(4)
Predicted probability of turnover intention	0.235	0.166	0.109	0.613
[No discrimination reports]				
Age discrimination reports	0.081	0.134	0.062	0.042
	(0.014) ^{***}	(0.019) ^{***}	(0.020) ^{***}	(0.018) ^{**}
[41 to 49 Years Old]				
50 Years Old and Over	0.517			
	(0.005) ^{***}			
Less than 40 Years Old	0.105			
	(0.005) ^{***}			
<p><i>Notes: The estimates are reported as marginal effects with standard errors in parentheses. The dependent variable equals 1 if the respondent is planning on leaving the Public Service, 0 if not. Reference categories are in square brackets.</i></p> <p><i>* Statistically significant at the 0.10 level; ** at the 0.05 level; *** at the 0.001 level.</i></p>				

Limitations

1. It is not possible to explore trends in perceived age discrimination in the workplace with this dataset.
2. The sample is limited to public sector workers under the Treasury Board of Canada Secretariat.
3. The estimates may be biased because individuals may not similarly define behaviours associated with age discrimination.
4. Turnover intention rather than actual job separations can only be examined because the survey is not longitudinal and actual labour market outcomes are not available.

Conclusions and Policy Implications

- The third most prevalent form of self-reported discrimination is age discrimination after race and gender discrimination.
- There is a strong positive association between self-reported age discrimination and turnover intention.
- There is variation in turnover intention across bargaining units.
- Examples of possible options policy makers or employers can adopt are fair actuarial adjustment of pensions, flatter compensation schemes, publicity campaigns and dispute resolution practices.

Thank You