



## **Combating age discrimination and promoting a multigenerational and inclusive workforce in business**

Ageism is the practice of prejudging or discriminating against people or groups because of their age. For example, "young people" are alternately perceived as irresponsible and impulsive, or flexible and enthusiastic, while "seniors" are often seen as not very dynamic and not inclined to change. Age discrimination is the most common form of discrimination in the French workplace, far ahead of gender, race, and disability. Employers often have negative attitudes towards older workers or young people with no work experience, while women face multiple discrimination because of their gender and age. Only the 30-50 age group is relatively unaffected by this phenomenon. This form of discrimination, which is specific to France, is difficult for those concerned, threatens the balance of our social protection and pension system, and prevents businesses to reap the full benefits of a more inclusive labor market. Concrete actions must be put in place to fight against this phenomenon and promote age diversity in companies.

**A/ Age discrimination is the most widespread form of discrimination in the labor market in OECD countries, but particularly in France.**

- In France, age is the most common reason for discrimination in the workplace, far ahead of gender, race and disability.
  - A candidate between the ages of 48 and 50 is three times less likely than the reference candidate to get a job interview. From the age of 45, the chances of being rejected increase considerably. As a cause of discrimination, age weighs more heavily on the chances of recruitment than any other factor, including non-French origin, disability or gender.
  - Nearly one in two (46%) 18-24 years old and 42% of the 25-34 years old say they have been discriminated against in the workplace, compared to an average of 30% for older workers. And this rate is even higher among women of the same age, exceeding 50%. Unsurprisingly, this difference is explained by the presumption of "risk" that maternity constitutes for the exercise of a professional activity.
- It seems that in France, age discrimination practices, although illegal and prohibited by the Labor Code or the European framework directive on equal treatment in employment, are relatively better tolerated and less sanctioned than in our European neighbors. Only 10% of the cases referred to the Human Rights Defender concern age discrimination, which shows that negative representations linked to age are largely internalized by the workers themselves.
- In fact, France suffers from a particularly low activity rate among young people and seniors:
  - The average age of departure from the labor market in France is 60 years for a life expectancy of 79 years for men and 85 years for women, the largest gap among OECD countries
  - The labor force participation rate is 15 percentage points lower than in Germany in the 15-24 and 55-64 age groups: with an employment rate equivalent to Germany's, France would have 560,000 more people in the labor force
  - Youth unemployment is very high in France (20% compared to 7% in Germany) and long-term and very long-term unemployment affects the vast majority of older workers over 55 who have difficulty finding permanent work in line with their qualifications.
- Multiple factors contribute to explain this French specificity in terms of age discrimination:

- A specialization according to the ages of life is encouraged by public policies segmented by age for 30 years on the basis of a life cycle in 3 phases (education, employment, retirement) which is now obsolete
- Little use of training after age 40 and limited internal mobility
- Linear and monolithic career paths within large organizations
- A compensation model based on seniority and continuous salary increases, which works against the attractiveness of older employees
- A low valuation of accumulated experience.
- A tacit acceptance of age discrimination despite its penalization (art. 1132-1 of the French labor code), particularly in the recruitment process of large companies, a phenomenon that is even more pronounced in certain sectors of activity (e.g.: tech, startups, etc.)

**B/ This form of discrimination is difficult to live with for those concerned, threatens the balance of our social protection and pension system, and prevents businesses to reap the full benefits of a more inclusive labor market**

- **At the individual level:** by creating long-term unemployed or young people excluded from the labor market and without training (NEETs), age discrimination has negative effects on the health and well-being of individuals and could even reduce life expectancy by 7,5 years and would generate an additional cost of more than \$60 billion per year for the American health system according to the WHO, by causing great concern among the younger generations and by making it very difficult for seniors over 55 to find a new job, who spend an average of 633 days unemployed, which is deleterious.
- **At the societal level:** by excluding a growing part of the active population from the labor market, in a context of an aging population, age discrimination limits growth prospects and unbalances our pension system. It is estimated that living standards across the OECD would be significantly improved by a more inclusive workforce. Longer working lives could increase GDP per capita by an average of 19% in 2050 in OECD countries if employment rates catch up with those of top performers like Iceland and New Zealand.
- **At the company level:** given the gaps observed between discriminated categories on the labor market, it is in a company's interest to recruit individuals from discriminated categories to positions of responsibility. Let's take the example of a company that recruits its managers from the 10% of the best-paid employees in France today. Individuals belonging to the reference group currently have, on average, less potential within this pool of well-paid employees than individuals from discriminated groups, since discrimination leads precisely to an under-representation of the latter among the best-paid, and therefore to an "over-selection" of the talents of the reference group. France Stratégie estimates that a company practicing discrimination in hiring would have a 7% lower productivity than a company practicing non-discriminatory recruitment.

**C/ Concrete actions must be implemented by the State and companies to fight against age discrimination and promote diversity in companies.**

- The complexity and denial of the phenomenon must be addressed now, as it takes time to change deeply rooted stereotypes and discriminatory practices. This calls for the design and implementation of comprehensive and immediate policy actions, which are a prerequisite in the context of an aging population and the reform of our pension system.
- Some European countries have taken the measure of the problem and have implemented much more active support policies, based on a different, more inclusive strategy:
  - **Finland:** comprehensive strategy to support the employment of older people (support for the unemployed, improvement of working conditions, identification of the needs of older workers, employment subsidies for those over 54),
  - **Germany:** adaptation of working conditions to age, individualized support for unemployed people over 50 (Perspectives 50+), good practices in the recruitment of older workers,
  - **Denmark:** flexibility of working hours for older workers as a means of hiring them at the end of their careers,

- **Switzerland:** differential compensation system to adjust downwards the salary expectations of older workers (reserve salary).
- French initiatives in this area are not promoted enough (e.g., Senior CDD) or have been abandoned (e.g., the 1997-2008 Delalande contribution taxing the dismissal of employees over 50), even though the employment of older workers is a crucial issue in a context of increasing life expectancy and the raising of the retirement age. As far as young people are concerned, the debate focuses on solidarity measures such as given access to the RSA from the age of 18, as if there were no other possible horizon than assistance.
- At the same time, targeted actions must be put in place to combat negative representations related to age and latent forms of age discrimination to accompany this strategy. Several types of actions can be envisaged:
  - Carrying out communication and awareness-raising campaigns aimed at combating erroneous stereotypes, as has been the case for other forms of discrimination,
  - Drawing inspiration from the activity indicators used to combat gender inequality in companies, to extend them to age discrimination,
  - Forming intergenerational teams in companies, which helps to combat prejudice through cohabitation and the exchange of experience,
  - Develop mentoring to promote access to employment for young people,
  - Develop lifelong learning to facilitate retraining and transitions, taking into account the needs in terms of skills,
  - Review current recruitment practices to make them non-discriminatory and enforcing compliance with current laws,
  - Develop collective actions to sanction the behavior of companies or recruiters who do not respect the regulations,
  - Set up individualized support for unemployed people over 50.
- It should be noted, however, that while many employers agree on the negative consequences of ageism, very few companies have put in place concrete measures to promote a multi-generational workforce and to fight against age discrimination.

## The results of the survey conducted among 113 INSEAD alumni last April confirm the trends described above and show that ageism does not spare the most educated populations

### As witnesses of their business environment:

- **74% of the respondents consider that ageism is a problem in the professional world**
- **77% say their company (or business environment for solos) has either not enough or not at all implemented concrete measures to avoid age discrimination**
- Though 59% of the respondents consider that their company or business sphere values seniors with no age limit, 39% believe it does not or not enough. Similarly, 65% of the respondents consider that their company value younger people with little work experience, but 31% not enough
- 82% believe there is an age limit to hire in their company or business sphere and **the average age limit is 50 years, far under retirement age**. For nearly one-quarter of our respondents (23%) it is even **under 45 years**.
- Similarly, 76% believe there is a minimal age to hire in their company/business sphere and the average age minima is 22 years.

### And when it comes to themselves: interestingly, age is simultaneously an asset AND a weakness:

- Rather **an asset in daily interactions and when needing to convince**, as age is linked with seniority – though **53% of INSEADers aged from 50 to 65 years still consider that with equal skills they would have more influence if they were 10 years younger**
- And **definitely a weakness in job search or contract situations** in which 63% of our respondents from 50 to 65 years express their age has become a weakness.

This tension reflects the contradiction within business: seniors in the place are valued and influential, but companies are reluctant to welcome more as newcomers.

### Selected verbatim from respondents

- Large corporation/sector bias:
  - *"I faced agism 10 years ago in a large international corporation, but not any more in my current job in a very small family-run business."*
  - *"I work in crypto and climate, so most of the entrepreneurs are young people"*
  - *"I work in the digital sector, where being 'digital native' is certainly an asset"*
- Multiple discrimination factors
  - *"Âge + sex = double discrimination"*
  - *"Strikes women more harshly"*
- Ageism as a disease
  - *"A disease worth fighting"*
  - *"In France, discrimination based on age is not perceived as an issue. It is bad for business and bad for society. What to do with people above 50 who are experiencing long and destructive periods of unemployment?"*
- France as an ageism champion
  - *"I find the level of ageism in France scandalous, and a very big waste of talent. The retirement age of 60 doesn't help, as it has made ageism worse".*
  - *"It is very specific to the French labor market"*
- Ageism and recruitment
  - *"Job market is clearly much more difficult for people >50, and exponentially harder after this"*
- Concrete measures needed
  - *"I think that we should review the way we approach the career end (last 10 years before retirement) within companies. We should propose alternative schemes to the standard model where we expect responsibilities and salary to continuously grow (otherwise you failed). I think we should approach the carrier path as a "gauss curve" where at the end of your career you can choose to decrease your salary and responsibilities to adapt your current priorities and maintain your employability."*