

# Second Career Labour Markets

Assessing Challenges – Advancing Policies





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# Second Career Labour Markets Assessing Challenges – Advancing Policies

Foreword by Hans Martens and Aart De Geus

Demographic ageing in Europe is undoubtedly a well-established phenomenon. Over the last decade, it has become the subject of an increasing number of studies: Not only because this transformation is occurring at an incredibly fast pace – by 2050, the 65+ population is expected to increase from the present 87 million people to 150 million – but also because it implies a range of serious consequences that raise both new challenges and opportunities for Europe.

On the one hand, population ageing remains one of the biggest achievements of the recent decades. Life expectancy has significantly increased over time and is going to continue to do so. According to demographic forecasts, males' life expectancy is projected to grow from 76.7 years in 2010 to 84.6 in 2060, with females' increasing from 82.5 to 89.1. And in addition to demographic ageing being a sign of medical progress and improved living conditions, it also creates new opportunities for our societies and economies, including a huge resource for our labour markets. On the other hand, demographic ageing puts the sustainability of Europe's economic and social model under tremendous pressure, in particular its healthcare and pension systems. Indeed, a smaller percentage of workers will support a greater number of people who are not working and this is partly due to the demographic

structure of our societies. A perfect illustration of this is the labour market adjusted dependency ratio (LMADR) that shows the relation of those not in employment to total population. In 2010, EU countries had a LMADR of 47.7% on average, meaning that slightly less than half of the population (aged above 14) are students, unemployed, retired or inactive. Assuming constant employment rates, the average LMADR in the EU would grow from 47.7% in 2010 up to 56.3% in 2050. In addition to the financial sustainability aspect, ageing population will clearly herald significant changes in the structure of Europe's labour force, not least in terms of skill supply but also with regard to the management of age diversity in the workplace.

But Europe is facing a dilemma: While more and more workers enjoy a longer life in good health and have the physical and mental capacities to work longer, labour shortage as well as the low employment rate for older workers are persistently affecting our labour markets. An indicator of our wasted human capital is the inactivity rate of older workers (age group 55 – 64): in 2012, almost half of them were inactive.

A special Eurobarometer conducted in 2012, the European Year of Active Ageing and Solidarity between Generations, indicated that one third of Europeans wanted to continue working beyond the pension age, with employment remaining an important determinant of well-being even among older workers. But is Europe well-equipped and sufficiently prepared to cope with the challenge of demographic ageing and to pave the way for older workers to remain active members of the labour force?

This was the underlying question of a major research project led by the Bertelsmann Stiftung and the European Policy Centre entitled 'Second Career Labour Markets – Towards more employment opportunities for older workers'. This publication is the culmination of a research project that was as ambitious as it was innovative, and which put the needs and desires of older workers at the forefront. Indeed, a series of interviews have been carried out with older workers coming from different corners of Europe and telling us about their working experience and, in some cases, their second career. These interviews have strongly highlighted that working until – or even beyond – the retirement age can be a success if the right conditions are in place.

In a nutshell, this publication clearly demonstrates the need for action, appealing strongly to policy-makers to turn demographic ageing into an opportunity for Europe's future. Any positive changes in that direction would require a set of ambitious policy solutions as put forward by this publication, and joint efforts from the EU and its Member States in order to increase the participation of older workers in the labour market, enhance their employability and create the right employment models that reflect the heterogeneity of their needs.

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# Executive Summary

Europe's population is ageing and its workforce is continuously shrinking. At the same time people live longer and they are healthier and fitter which allows them to participate in society and the labour market far beyond their 60's. In order to secure growth prospects and innovation within the EU, labour market integration of older workers is imperative and recent years have shown that more and more retirees keep engaged in the labour market. Although all-over conditions seem to be favourable, existing barriers and disincentives still hamper employment prospects of older workers often resulting in premature withdrawal from the labour force.

While the assessment of the situation appears to be quite clear, a considerable number of questions still exist when it comes to encouraging older workers to stay in the labour market, on the one hand, and to adjusting European labour markets in order to facilitate longer decent working lives, on the other:

How should labour market institutions be reshaped in order to provide easier access to employment? How can enterprises and social partners contribute to enhancing employment opportunities for older workers?

And how can workers themselves take more initiative to maintain and improve their employability?

This study addresses these questions by assessing the current challenges faced by older workers and putting forward policy recommendations on four distinct levels comprising government, social partners, enterprises as well as individuals. Building upon the most recent research findings and the expertise of a task force of renowned experts this research does not claim to offer a "one-size-fits-all" strategy for all EU Member States. Complemented by a series of best practice case studies the assessments and proposals found herein are rather to be taken as general principles policy makers across Europe should take into consideration when adapting to the predominant challenges presented to older workers in their respective Member States.

## Key Barriers to Employment

An assessment of the current situation for older workers on the labour market reveals that the identified disincentives and barriers are diverse as well as complex and relate to a number of different policy areas.

Health is the very basic prerequisite to enable longer working lives, as poor health is among the most common factors leading to workers withdrawing from the labour force. For several professions physically demanding tasks are still common, and the observable decline of physical issues has been partly offset by a rise in mental illnesses due to stressful working conditions. The effects of unhealthy working conditions and insufficient safety at work already affect younger cohorts and this feeds into accumulating health risks over their life

circle, ultimately rendering healthy ageing at work difficult for affected groups of workers.

The ability to work at an older age also largely differs as regards to the levels of qualification and skills that workers managed to obtain and further develop throughout their working lives. Being unable to stay employed, to find a new job after having been laid off, or to switch jobs during the life course is often linked to low levels of qualifications, rather than age. Older workers are often at risk of suffering from outdated skills, while at the same time fewer lifelong learning opportunities are offered to them, which results in unduly diminishing their productivity.

Motivation, job satisfaction and also employers' perceptions about older workers have a direct influence on workers' propensity to continue employment. Prejudice and stereotypes about skills and productivity not only hamper motivation and satisfaction with a workers daily task, but also highly affect the availability of job opportunities for older workers. When asked, employers often report having their own staff working beyond the year of 65 as undesirable, ultimately limiting the career opportunities available at higher age.

Age-appropriate workplace settings and the quality of work are key elements when trying to retain an ageing workforce as well as its productivity. While big companies might have the financial resources available to adjust existing job profiles to the needs of an ageing workforce and put forward comprehensive age-management measures, smaller and medium-sized companies are often unable to cope with these extra tasks and expenses, especially in periods of long economic downturn such as the recent crisis.

On the individual level, the prevalence of taking over caring responsibilities for family members among workers increases with age. At the same time the numbers of people in the need of formal and informal care in Europe is rising. These developments contribute to the fact that issues related to the reconciliation of work and care have come to the forefront in recent years when assessing a person's availability to work. If work is incompatible with life balance and family responsibilities, remaining in employment has shown to be difficult for older workers, ultimately leading to withdrawal from the labour force.

Last, but not least, labour market and social security regulations often prove to be a bane rather than a boon for the labour market integration of older workers. Formalised early retirement schemes and pension systems combined with reduced activation efforts by public employment services create as well as excessive seniority in wage profiles of the life course provide negative incentives in several ways. Companies are induced to prematurely lay-off older workers and also to reject hiring them. Older workers themselves may find it overly preferable to early retire.

## Key Policy Recommendations

The creation of better labour market opportunities for older workers strongly depends on a joint effort of all relevant stakeholders, including governments, social partners, enterprises as well as the individual worker. Developing the appropriate policies is not an easy task, given the heterogeneous nature that characterises not only the group of older workers, but also employers as well as the labour markets in the respective EU Member States. Policy recommendations which are presented in more detail in the subsequent study include the following:



#### **Recommendations on Government Level:**

- Policies should continuously be adjusted to the needs of an ageing workforce and companies which employ them. In practice, ensuring that all labour market related systems are compatible with this idea is not limited to abolishing the statutory retirement age, but also to paving the way for smoother transitions into retirement as well as to opening up chances for older workers to remain partly involved in the labour market while already receiving pensions.
- A broad incentive system needs to be established that not only provides financial incentives but also provides impulses to improve the quality of work as well as actively fosters skill and career development until higher age.

#### **Recommendations on Social Partner Level:**

- Social partners can take a leading role bringing together the relevant stakeholders, not only to ensure that initiatives enjoy broad support, but also to oblige all partners to work together on these issues and to compromise over fiercely-debated topics.
- Through leading by example, social partners can develop and promote high quality and healthy working conditions as well as other good practice examples amongst their members, particularly in countries where social dialogue has not yet been fully established.

#### **Recommendations on Employers Level:**

- Public and private employers should adapt their workplace to demographic challenges through implementing life-cycle oriented personnel policies. This means that training opportunities are offered throughout the whole working life, health promotion already starts with the younger cohorts, work organisation is adjusted to the needs of an ageing workforce and career planning does not stop at mid age.
- By developing age awareness and creating a demography-sensitive in-company culture, employers can ensure the promotion of age diversity and the prevention of discrimination against workers based on their age.

#### **Recommendations on Employee Level:**

- Employees themselves have to take over responsibility for their career planning. Prerequisite is taking one's prospective financial resources in retirement into account in order to adjust any career development to the possibility of prolonging their working life.
- Through actively seeking and benefiting from training and lifelong learning opportunities, older workers are able to enhance their employability while staying active and healthy.



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# The Case for Second Career Labour Markets

## Introduction

The European Union declared 2012 as the European Year of Active Ageing and Solidarity between Generations. In doing so, it acknowledged the important challenge of including older workers in European labour markets – today and in the future. The European Year incorporated a number of previous initiatives, for instance within the Lisbon process and the Euro Plus Pact, and aimed to join forces and put the various issues regarding active ageing on centre stage. This was a bold step, especially in times when most discussions on labour market issues focus on high youth unemployment. However, in times of acute crisis it is even more important not to lose track of longer-term developments that will eventually evolve into major challenges for European societies. The following short introduction will argue why it is so important to take active ageing seriously and why Europe would be well advised to promote second career labour markets.

## Demographic Challenges

The main driver making active ageing and solidarity between generations such an important topic is demographic change. These demographics concern not so much a shrinking population, but rather a changing age structure that will exert serious effects on European labour markets.

Figure 1 depicts the projected evolution of the total population's age structure in the EU27 over

the period 2010 to 2050. In 2010, 40 – 44 year-olds represented the largest share (38 million) of the roughly 500 million inhabitants of the EU27. Below that age bracket, the groups are less populated and decrease further the lower the age. For instance, 15 – 19 year-olds comprise no more than 30 million persons. Only pre-school children below five years old constitute a slightly larger group than the succeeding age group. The upper half of the age structure, on the other hand, still displays the usual picture associated with age structures, with

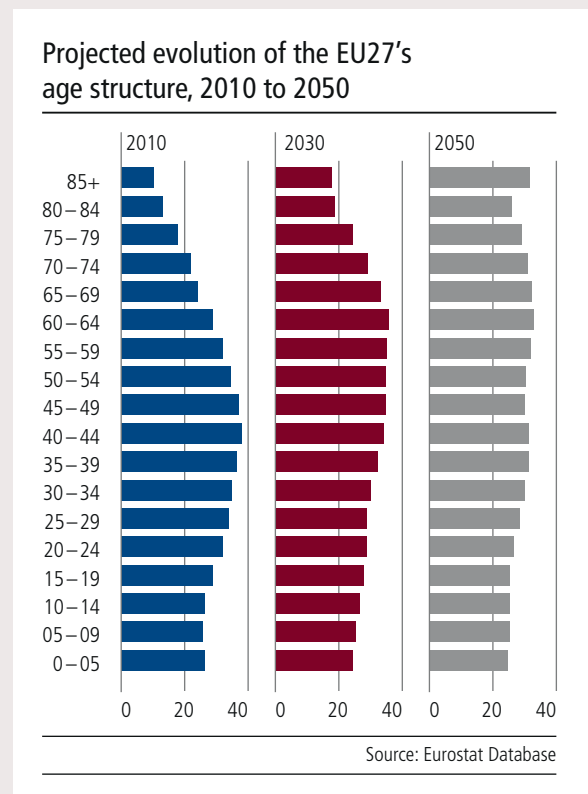


Figure 1

ever-decreasing group sizes as age increases. People aged 60 or above made up a total of 116 million in 2010, while there were 23 million people older than 80.

This specific age structure, with its pronounced spike at 40 – 44 year-olds, has already set the path of evolution for the upcoming decades. Therefore, it comes as no surprise that in 2030, the largest age bracket will be 60 – 64 year-olds. This will continue to feed into 2050. However, with current levels of age-related mortality, the group of 80 – 84 year-olds will be substantially smaller than that of 60 – 64 year-olds twenty years before. Nevertheless, the bracket of the advanced elderly is expected to increase enormously. The 80+ group will expand

to 37 million in 2030, and to 58 million in 2050, whereas the total population of the elderly above 60 will increase to almost 160 million in 2030 and 183 million in 2050. By that time, the age structure will have somewhat flattened out, and simulations looking even further into the future – inevitably with increasing uncertainty – indicate that demographic change might reach its peak around 2060, with a rather stable age structure afterwards.

A changing age structure has various effects on important areas. The evolution of the age structure is not only an important driver of the relationship between contributions and payments to public and private pension systems, but also for public finances and intergenerational redistribution on the

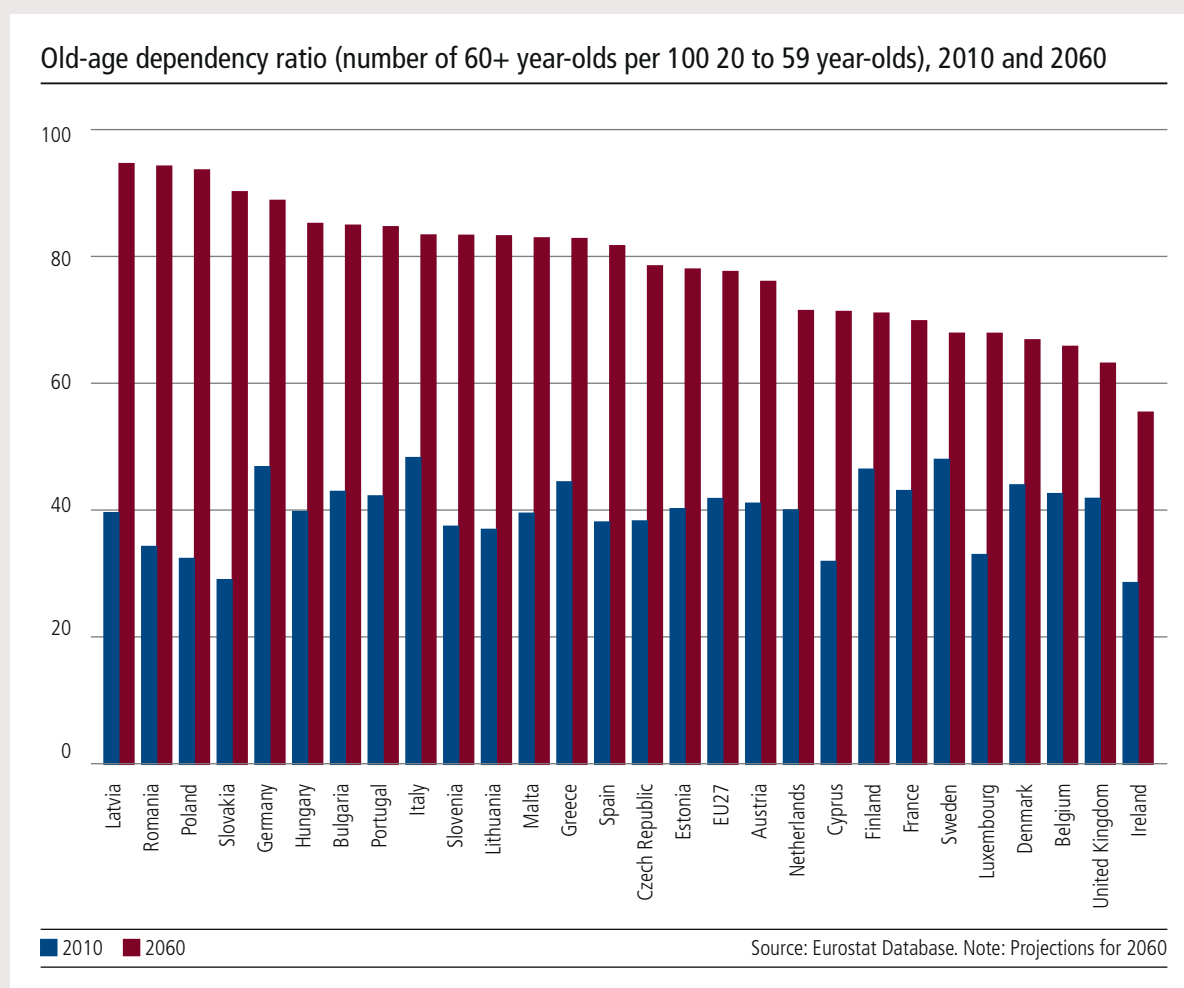


Figure 2

whole. By applying the method of generational accounting, a broad impression can be sketched of which age groups are net contributors to public finance and intergenerational redistribution, and also which groups are at the net receivers' end. The typical outcome of such analyses is that very young people, who are usually in state day care and later go to state school, belong to the beneficiaries. As students complete their schooling, vocational training or university education and enter the labour market, they change sides and become net contributors up until approaching retirement age. Retirees become net receivers of public transfers again. Thus, a changing demographic structure has substantial effects on the sustainability of public

finances, on monetary inflows and outflows within the redistributive system, and on investing in and maintaining age-sensitive infrastructure such as schools or elderly care.

A common simple indicator of age structure is the so-called old-age dependency ratio. This denotes the statistical ratio between the number of elderly people and the number of people of employable age. This figure becomes normatively charged by the discussion in the previous paragraph: it aims to provide evidence of how many older net beneficiaries of public finances and intergenerational redistribution 'depend' on a certain number of people of working age who are regarded as net contributors.

A specific version of this dependency ratio is depicted in Figure 2. It displays the number of persons aged 60 or above as a percentage of the number of persons between 20 and 60 years of age. For example, in Latvia in 2010, there were close to 40 elderly people per every 100 people of working age. This ratio is expected to rise to well above 90 in 2060, yielding an almost one-to-one numerical relation between elderly and working age people. Romania, Poland, Slovakia and Latvia are the countries with the steepest increases in the old-age dependency ratio, starting from a relatively young population today. Comparatively young current populations with dependency ratios between 30 and 40 can also be found in many of the new member states as well as in Spain and Luxembourg. Ireland stands out as the only country with a ratio below 30, rendering it the 'youngest' society, at least by this indicator. By 2060, its dependency ratio will only have risen to 55. On the other hand, the majority of the EU 15 already have comparatively old societies, most notably the Nordic countries, Germany, Italy, Greece, France, Belgium and the United Kingdom. Many of these countries, however, will experience a less-pronounced increase in the dependency ratio over the coming decades.

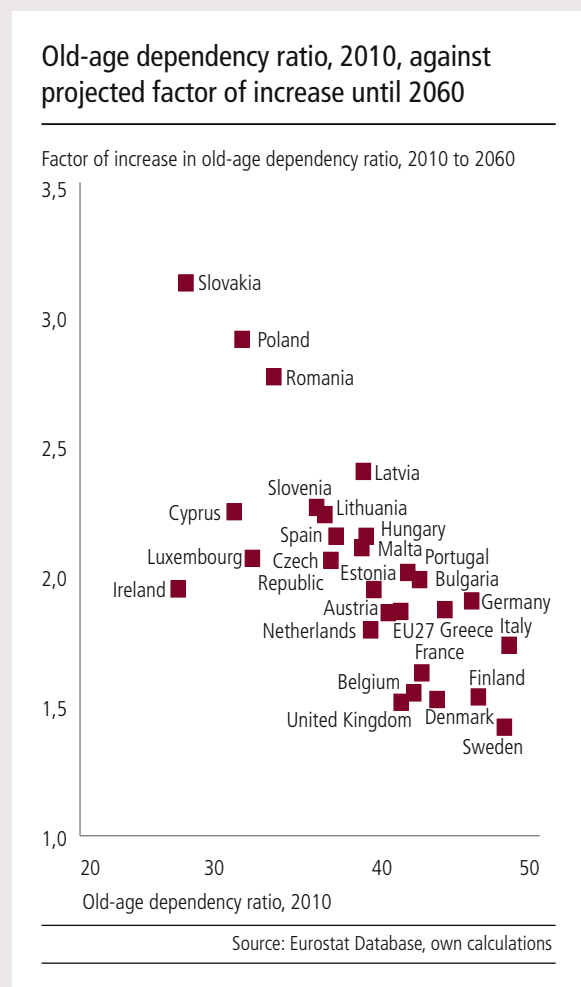


Figure 3

This observation leads to the conjecture that the European countries are at different stages concerning their current state of demographic development, but that they all go into the same direction, albeit at different speeds. This notion is corroborated by Figure 3. It provides a scatter plot of the old-age dependency ratio in 2010 on the horizontal axis and the factor of the expected change of the dependency ratio until 2060 on the vertical axis. It reveals an astonishingly clear-cut negative relationship between these two figures. It means that, on the one hand, there are a number of countries that already have relatively old societies with relatively mild projected increases over the next five decades. Again, the Nordic countries together with France, Belgium and the United Kingdom stand out. On the other hand, the afore-mentioned Slovakia, Poland, Romania and to a lesser extent Latvia constitute a group of countries with young populations that are expected to grow old very rapidly. The bulk of European countries, however, are to be found somewhere in between, with medium dependency ratios today and medium increases in the future. Nevertheless, it has to be noted that even a mediocre increase in this comparison of factor two means a doubling of the old-age dependency ratio, entailing enormous challenges for those member states as well. But the different speeds and stages in which the countries currently find themselves provide an opportunity for mutual learning and transferring good-practice examples from countries that have already started this journey to others that have yet to begin.

## Labour Market Situation

The figures presented give a clear indication of the scale of the demographic challenges facing European countries. Leaving labour markets unchanged will render pension systems, public finances and intergenerational redistribution unsustainable. To prevent that, prolonging the employment of older

workers up until and even beyond today's statutory retirement ages is inevitable. Fortunately, for many countries this process has already started, with increasing labour market participation and improved employment integration of older workers.

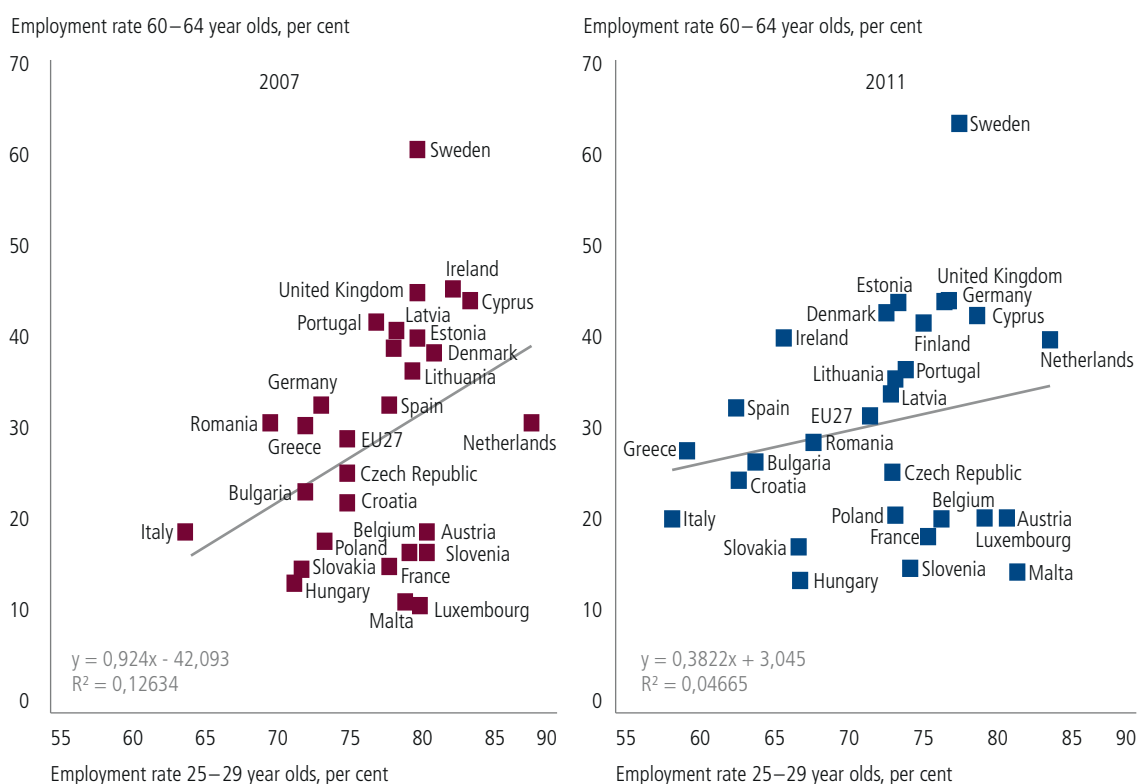
While general discussions on labour market issues most prominently feature the unemployment rate to give an overall impression on the situation, this indicator is somewhat misleading in the context of older workers approaching the pensionable age. Since the onset of the first oil crisis in 1973, most governments have been engaged in reducing labour supply in order to take pressure off the labour market and in doing so to reduce the unemployment rate. Early retirement has been an important instrument. Apart from rather effectively reducing labour supply, early retirement has the additional benefit of telling the convenient story that older workers would free up their jobs for younger workers. This 'lump of labour theory' attracted widespread support, especially among politicians, during the 1980s and 1990s, and only in the course of the last 10 to 15 years was it acknowledged that apart from very special cases, this was a fallacy that could only provide, if anything at all, an unsustainable quick fix to structural problems on the labour market.

Figure 4 gives a sketchy indication of the lump-of-labour fallacy in the European context. There, the employment rates of 60 – 64 year-olds are plotted against the employment rates of 25 – 29 year-olds, the age group where most people have left the educational system, for the years 2007 and 2011. In the year before the economic crisis hit Europe, no negative relationship between these two indicators whatsoever could be observed. Rather, the data tentatively hint at a positive relationship, suggesting that countries displaying a high employment rate in one age bracket also boast good results in the other. It seems that good or bad labour market conditions largely apply to all age groups.

For the year 2011, when the fallout of the crisis had fully hit European labour markets, it must be acknowledged that the positive relationship had deteriorated considerably. However, also for that year, there are no indications of a negative relationship whatsoever. The international comparison shows that, on the macro level, interactions on the labour market are by no means a zero-sum game where one person can only gain what is lost by someone else. Rather, the total amount of employment opportunities develops dynamically depending on the quality of labour market institutions, the macroeconomic environment and the behaviour of labour market actors, resulting in shrinking or expanding job numbers. While from a

macro perspective it seems sensible that policy-makers have curtailed early retirement opportunities, in many European countries such arrangements are still in effect, either via direct programmes or indirect measures such as the inappropriate take-up of long-term sickness or invalidity insurance benefits, prolonged duration of unemployment benefits for higher age groups or relaxed activation requirements for the elderly unemployed. All these attempts to reduce labour supply distort the informational value of the unemployment rate for older workers. Thus, the employment rate, i.e. the employment-population ratio in the respective age group, provides a more thorough picture of the labour market integration of older workers.

### Old-age employment rates against young adults' employment rates, 2007 and 2011



Source: Eurostat Database, own calculations

Figure 4

Figure 5

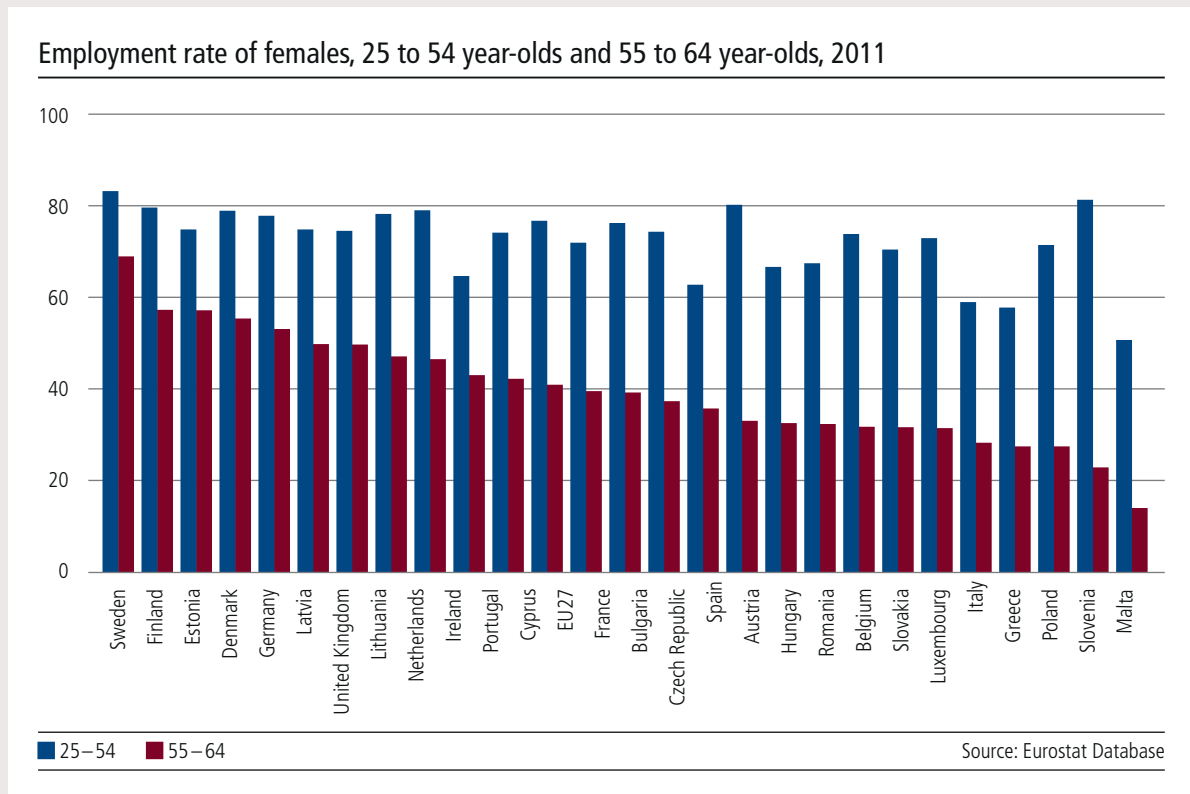
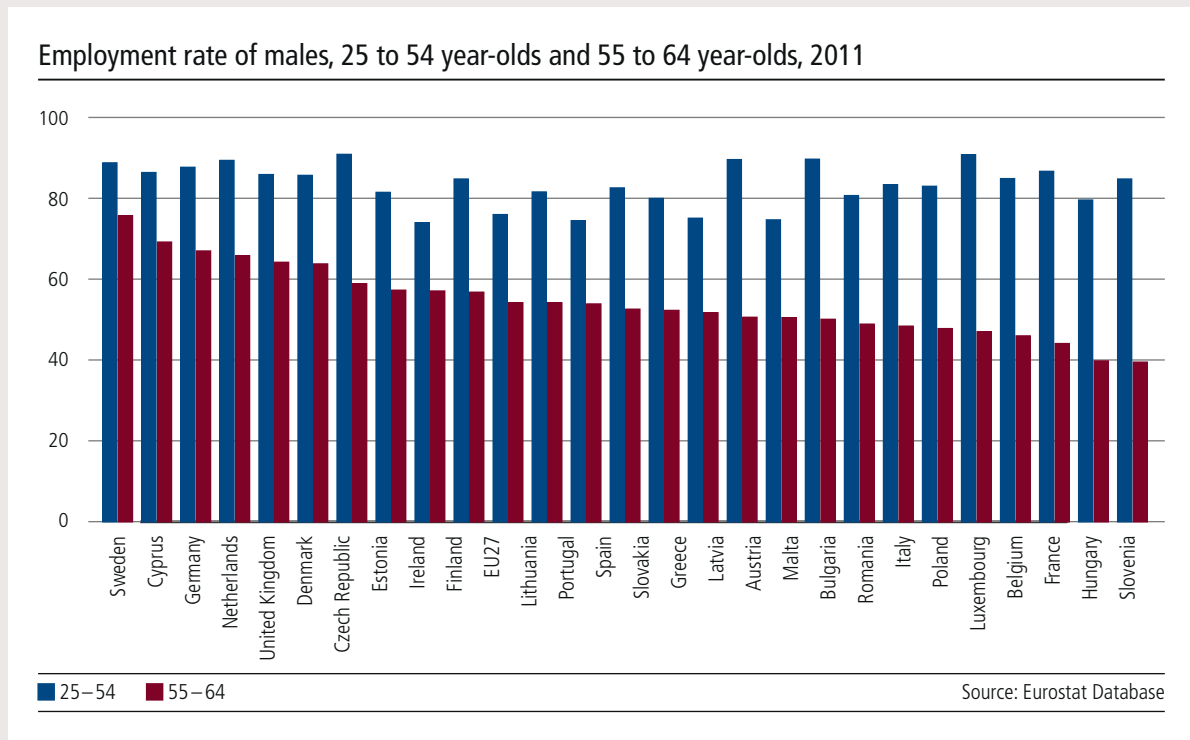


Figure 6



Figure 5 depicts the employment rates of male 55 – 64 year-olds and compares them to those of 25 – 54 year-olds, the so-called ‘prime agers’. First of all, in every country old-age employment is markedly lower than prime-age employment. Sweden has the highest employment rate of the elderly, with 69%, followed by Cyprus, Germany, the Netherlands, the United Kingdom and Denmark, all of which boast values above 60%. At the end of the scale countries like France, Hungary and Slovenia are found to have an employment rate in that age group of less than 45%. Sweden also sports the lowest discrepancy between old-age and prime-age employment, with 13 percentage points, followed by Ireland and Cyprus, both with gaps of less than 20 percentage points. At the other end of the spectrum, countries such as Slovenia, France and Luxembourg display gaps of more than 40 percentage points. Apart from these variations, old-age employment rates themselves vary considerably more between EU member states than the rates for prime-agers. The range between Sweden, with an employment rate of 76% for older workers, and Slovenia, with just below 40%, amounts to 34 percentage points and is roughly double the range for prime-age employment rates between the Czech Republic with 91% and Ireland with 74%.

The same holds true for females (Figure 6), albeit to varying extents. Also for females, old-age employment is much lower than prime-age employment. In terms of old-age employment, Sweden is again in the lead, with 69% of women in that age bracket having a job. Finland, Estonia, Denmark and Germany follow at a marked distance. Malta trails the field with an old-age employment rate as low as 14%. Italy, Greece, Poland and Slovenia display values of no more than 30%. Sweden was the most successful at narrowing the gap between old-age and prime-age employment, and together with Estonia, is the only country where the gap is less than 20 percentage points. In Slovenia, on the

other hand, the discrepancy amounts to 59%. Also, the variation of old-age employment rates is much higher in the higher age bracket than for the prime-agers, i.e. 55 to 33 percentage points.

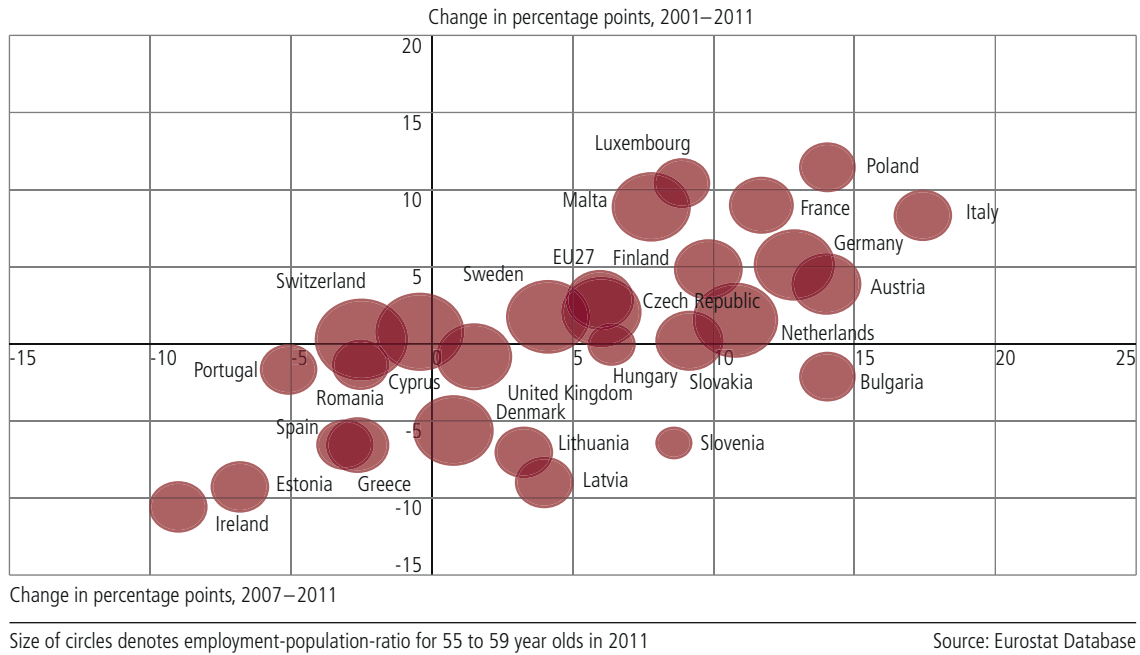
All in all, for men and women alike, European countries are very diverse in terms of old-age employment and its relation to prime-age labour market activity. Many countries still have very low levels of old-age employment and also substantial gaps in labour market opportunities between prime-agers and the elderly.

On a more positive note, many countries have made enormous progress in raising the employment rate of older workers. Figure Seven displays the change of the employment rate of 55 – 59 year-olds over the ten-year-period from 2001 to 2011, and over the crisis years from 2007 to 2011. The size of the circle denotes the employment rate for 2011. A sizeable number of countries, those in the upper right quadrant of the diagram, enjoyed employment growth during both periods. In those countries, employment growth of the elderly continued even in times of crisis. The EU27 as a whole can also be found in this region. A smaller number of countries to be found in the lower left region of the diagram were less fortunate, as they experienced employment reductions in both periods. These countries include Ireland, Estonia, Spain, Greece, Portugal and Romania. Cyprus is the only country that managed to increase employment during the crisis years while suffering from employment losses over the longer period. In the lower-right-hand corner are those countries that have been successful at improving old-age employment over the longer period, but were adversely affected during the crisis.

To sum up, 12 European countries managed to continue the upward trend in old-age employment during the crisis, while an additional seven countries where the crisis left its mark in this respect still have higher employment rates than they did in 2001. So, even in an especially unfavour-

Figure 7

### Size of employment-population-ratio for 55 to 59 year-olds and change in that employment-population-ratio over the periods of 2001–2011 and 2007–2011



able climate, it has been possible for many, very diverse countries to promote active ageing. Each case serves as an example for those countries that are not in the same position just yet.

### Attitudes towards Active Ageing

So far, the story has revolved around demographic challenges that create the necessity for active ageing and around labour market developments that show the possibilities for active ageing. However, a very crucial question remains to be answered: Is there any willingness at all among the people, to engage in active ageing?

In order to shed some light on this issue, the European Union conducted a special survey on active ageing from September to November 2011 in its Eurobarometer series (Special Eurobarometer 378, 2012). It provides an extensive assessment of

the EU population’s perceptions of active ageing. The results reveal that the majority of European citizens are well aware of ageing populations. However, only around 40% are concerned about this development. Many Europeans seem to address the issue of active ageing from a subjective, personal point of view. Around 60% of citizens expect to work into their 60s. Interestingly, the expected retirement age differs according to the current age of respondents. While those aged 55 and over expect to work until 66 years of age, those aged 15 – 24 years only expect to work until the age of 57 on average. Also, the majority of citizens (60%) think people should have the freedom to work past the official retirement age if they want to. This relates to a narrow majority (53%) disagreeing with the concept of a compulsory retirement age that forces people to leave the labour market. And, while not the majority, at least a third of European

citizens have expressed a wish to continue working beyond the pensionable age. About two thirds favour the possibility to combine part-time work and part-time pensions, either in order to achieve a smooth transition into retirement or in order to stay in touch with the labour market well beyond the statutory retirement age.

While these results hardly suggest broad sweeping support for active ageing in the European Union at the moment, they nevertheless show substantial awareness of the topic and also considerable willingness to engage with the various aspects associated with it. Interestingly, citizens in countries that already have institutions supporting active ageing and which also have favourable figures on old-age employment generally endorse active ageing to a larger extent than citizens from countries where this topic has not yet gained the attention it deserves. One conclusion from this could be that positive experiences with active ageing policies corroborate citizens' trust in such measures, leading to increased support and eventually entering a virtuous circle.

In summing up, the evidence clearly shows that whether or not we should work longer and whether or not it should be possible to do so at all are the wrong questions to be asking. Demographic change renders the extension of working lives inevitable. Although the exact amount is open for debate as it strongly depends on country-specific peculiarities and on other measures taken – such as extending weekly working time, increasing the labour market participation of certain groups or boosting productivity – increasing the actual retirement age will always play a prominent role. Apart from demographic necessities, the past decade witnessed an enormous increase in labour market participation and in actual employment among older workers in most European countries. For instance, Germany's often cited 'job miracle' largely hinged on efforts made in this age bracket. Taking all this into account, the far more relevant question to answer is

how to develop and implement measures that enable older workers to actively remain in employment as they approach retirement age and even beyond. This does not just extend to keeping a job or starting a second career, but also to being able to do so in a decent manner with a sound living wage and working conditions that respect the specific requirements of older workers.

Based on the research and interviews carried out by the European Policy Centre and the Bertelsmann Stiftung within the project 'Second Career Labour Markets', the remainder of this report will address what the manifold current obstacles are to successfully staying in the labour market and to starting a second career. After a thorough assessment of the hindrances, approaches will be presented that can help to overcome them. This section will heavily draw on good practice examples from various levels that have already proven to be effective.



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# Current Issues Preventing Better Labour Market Integration for Older Workers

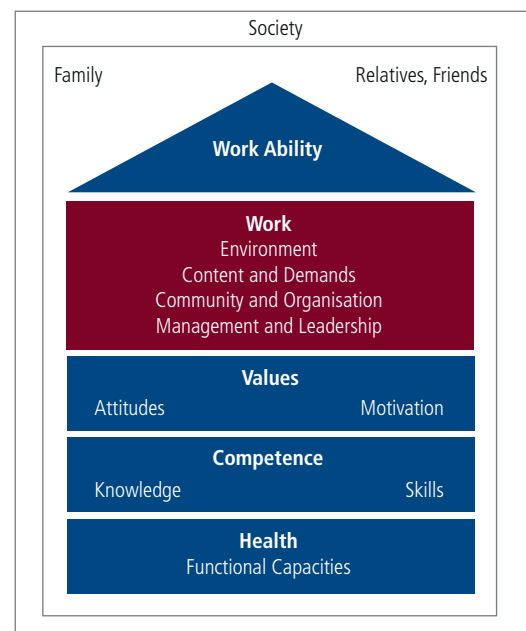
Older people face several disincentives and barriers to employment. In order to explain the considerable diversity in labour market integration for this group, both within and across countries, it must be acknowledged that older workers are by no means a homogeneous group, and neither are their reasons to retire. Key factors driving work and retirement decisions can – on a basic distinction – be divided into push and pull factors. Push factors consist mainly of factors which restrict older workers’ occupational prospects, and therefore literally push them into retirement. These factors can be found either on the employer’s side, for instance in the form of negative perceptions about the productivity and capacity levels of older workers, or on the workers’ side, as a result of the personal resources a worker brings to the table. For example, older workers may experience labour market exclusion due to obsolete skills, frail health or unsatisfying working conditions. Pull factors, on the other hand, consist primarily of financial incentives, embedded both in public pensions and early retirement schemes which encourage older workers into retirement. In addition, several studies confirm the increasing importance of factors associated with the attractiveness of life in retirement and a good work-life balance (OECD, 2006).

A more conclusive picture on retirement decisions is drawn by the concept of the “Work Ability Framework”, developed by the Finnish Institute of Occupational Health (FIOH). The authors argue that in order to achieve good work ability (and thus longer working lives), work and individual resources should be balanced within their societal and contextual framework. They

define five dimensions in the core structure of work ability which can be depicted in the form of a work ability house, with its four floors and the surrounding environment (Figure 8).

The first floor, “Health and Functional Capacity”, can be seen as the foundation of one’s work ability – the sounder the health of a worker, the stronger the work ability throughout a person’s working life. The second floor is made up of the knowledge and skills a worker has managed to obtain throughout his/her working life. This factor will become even more precarious given that, as a

Dimensions of Work Ability: “Work Ability Framework”



Source: Ilmarinen, 2006

Figure 8

result of the globalisation process, national economies and labour markets have been undergoing major long-term structural changes, leading towards higher and medium-level qualification requirements on the job market (CEDEFOP, 2010). The third floor is composed of attitudes and inner values and concerns aspects relating to work ethic, motivation and employee satisfaction. This floor is strongly connected to the “work floor” (fourth), as experiences with bad working conditions or the feeling of being undervalued affect workers’ attitude towards work. The “work floor” is deemed significantly important: it sets the standards for all the other dimensions. If individual resources are in balance with the demands of work, work ability remains strong, even at an older age. If this is not the case or working conditions are insufficient, work ability will deteriorate.

In addition, there are framework factors surrounding the “House of Work Ability”. Society and family can support the work ability of individual workers: a good balance between family and working life is essential for a worker to be able to stay in employment. On the society level, legislative regulations pertaining to the population’s health, labour market and education play an important role in creating the right conditions for longer working lives (Ilmarinen, 2012a).

With reference to these five dimensions, the barriers for older workers to stay in employment will be illustrated in the following chapters, as each of these dimensions, depending on how they are shaped, may have a positive or negative impact on the employment prospects of older workers.

## Health and Functional Capacity

While the general health and well-being of workers plays a crucial role in securing productivity and innovation in the EU, it is clear that the risk of health problems and long-term diseases increase with age. Research has shown that poor health is

among the most common factors leading to workers withdrawing from the labour force, as bad health can cause low productivity, long periods of absence from work, disability and ultimately early retirement (Jagger et al. 2008; Ilmarinen, 2012a). In particular, persons with long-standing health problems or disabilities are much more likely to become inactive and, as a result, often face difficulties entering and/or remaining in the labour market.

When asked, over three quarters (78%) of workers in Europe reported ‘very good’ and ‘good’ health (5th European Working Condition Survey, 2012). Nevertheless, the proportion of respondents who reported poor health (‘fair’, ‘bad’ and ‘very bad’) increased with getting older, hinting at a decline of good health with age. In addition, evidence at the European level shows that, today, approximately 30% of men and women in the age group of 50 – 64 years are in need of adjustments at work due to health problems (Ilmarinen, 2012a). The most reported health problems in the EU are musculoskeletal (e.g. backache, muscular pain in shoulders, neck and limbs etc.), although health issues related to mental well-being are on the rise. Depression is currently one of the most common reasons for work disability, a fact that “[...] supports the growing need for attention to be paid to mental health in the workplace” (Eurofound, 2012a).

When looking at age group differences, a decline in physical work capacity with age is clear: beginning at the age of 30, cardio-respiratory capacity and muscular strength fall by about 1 – 2% per year, which appears to be a problem mainly in occupations of a highly-physical nature. In general, older workers face the same workplace hazards and risk of accidents as other age groups. Nevertheless, due to the loss of strength and physical flexibility, typically the case for older workers, such events often lead to more severe injuries. This, in turn, entails longer spells of absence. The same is the case for sickness-related absence. While spells of

absence do not occur more often than with younger workers, they tend to last longer. Older workers also suffer more often from severe disabling conditions resulting from multiple injuries and/or illnesses accumulated over the life-course (Rogers / Wiatrowsky, 2005). Regarding mental well-being, a similar trend is noticeable as the proportion of older workers (aged 50+ years) reporting mental health risk is 7% higher than that of younger workers (aged less than 35 years).

Many occupational health risks are not gender-related as both men and women can be affected, for instance, by stress at work or by exposure to hazardous working conditions. However, due to inherent sectoral and occupational gender segregation, there are significant differences in the health risks faced by women and men – especially at an older age (Commission on Health, 2008; Sporket, 2007). Some of these risks reflect biological differences, but others are known to be the consequence of different lifestyles and occupational patterns. Women are concentrated in certain areas of employment and more likely to be in low-status jobs with relatively low earnings. Furthermore, women still, typically, have different responsibilities in the household than men, age in different ways and are treated differently during this ageing process. Research has shown that, in particular, the combination of women’s relative lack of autonomy, low socio-economical status and the double burden of work and domestic responsibilities seem to have a negative impact on women’s health patterns (Doylan et al., 2006). Women are also more likely than their male counterparts to suffer from work-related psychological distress and in a number of countries, studies have shown that the same can be said for musculoskeletal problems, indicating that the “light work” which women are often assumed to do is, in reality, often physically demanding (Doylan et al., 2006).

A look at data from the European Commission (Figure 9) supports these findings by showcasing

that the percentage of workers reporting work-related health problems almost doubles between the age groups of 25 – 34 years and 45 – 64 years. Nevertheless, it must be noted that there are significant individual as well as sector and country-specific differences in health status and well-being at any given age. Some occupations more than others demand hard physical labour often accompanied by exhausting and hazardous working conditions (about 30% of the jobs in Europe today involve the handling of heavy objects, poor work postures and repetitive work, mainly in the construction, agriculture and industrial sectors). With regard to mental health, occupations with a high risk of exposure to mental risks are mainly found in the health and education sectors (Eurofound, 2012a). For workers in these occupations, staying healthy and active until older age becomes a demanding task for both the employee and the employer (Eurofound, 2012a).

A second conclusion can be drawn from the data presented. Although older workers are at higher risk of having their work ability affected by frail

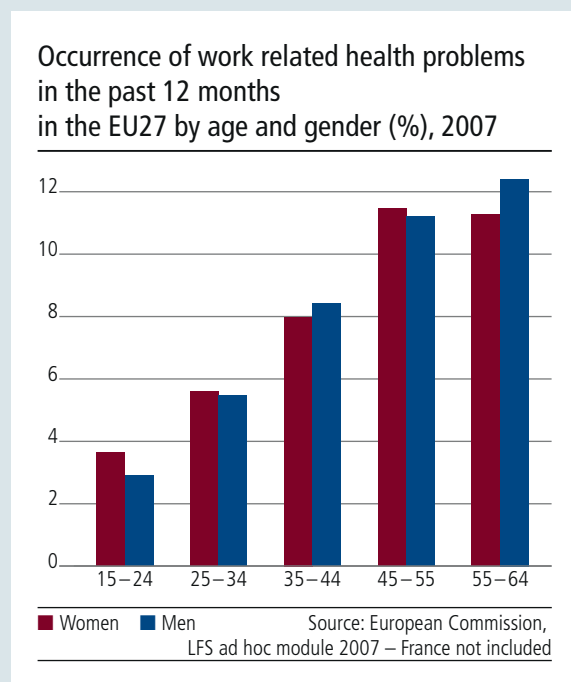


Figure 9

health, the picture is not as black as it is sometimes painted. Due to a general uplift in the population's health and the promotion of a healthy lifestyle, together with improvements in working conditions over previous decades, the majority of older workers in Europe nowadays enjoy more years living in good health, free of limitations due to illness or disabilities. In order to sustain or even accelerate this trend and preserve a worker's capacity to work until older age, more attention should be paid to health and safety in the workplace.

## Knowledge and Skills in a Globalised World of Work

The ability to work at an older age also largely differs as regards the levels of qualifications and skills that workers have managed to obtain and maintain throughout the course of their working lives. Older workers are often perceived as less well-educated than their younger cohorts, possessing outdated skills and being less adaptable to structural and technological changes within the labour market. And indeed, employers often cite these perceptions when asked about what discourages them from employing and recruiting older workers (European Commission, 2007).

Furthermore, due to globalisation and rapid technological innovation, certain industries in which older workers tend to be overrepresented (such as heavy manual industries and manufacturing) become increasingly obsolete (Eurofound, 2012b). As a consequence, firms and companies respond to these challenges by asking for higher-skilled workers and, in turn, for more flexible work organisation (Hofäcker et al., 2010). This requires qualification profiles that are adaptable to changing working demands, otherwise it will, as has been in the past, be difficult not to be "pushed out" of the labour force (Hofäcker et al., 2010). If older workers are to remain employed or even take up second career opportunities – when a job change might

become inevitable with age – one's educational levels and ability to update and adapt his/her skills are crucial.

### Education Level

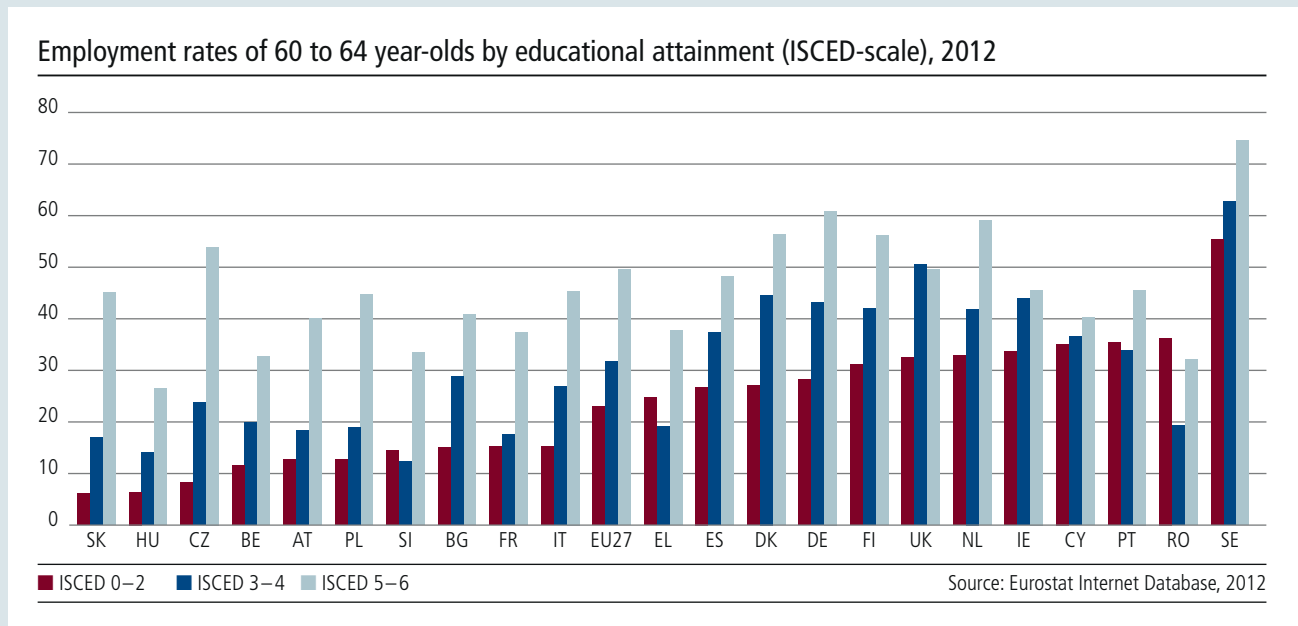
Although the average education level of older workers has been on the rise over past decades, they are, in comparison, still often less well-educated than their respective younger cohorts. The proportion of older workers, for example, who completed tertiary education, is, in contrast to younger cohorts, still rather low. In 2011, only 19.8% of people aged 55 – 64 years in the EU held a tertiary degree, whereas the share of people aged 25 – 34 years amounted to 34.2% (Eurostat Internet Database, 2012). There are nevertheless huge differences among the EU member states regarding the skill composition of their older population (aged 55 – 64) which accounts for a substantial part of the variation in overall (un)-employment rates of older workers across Europe: for instance, in Greece, Italy and Spain the share of low-skilled people among older workers is close to over two thirds, while the general average in EU 25 as a whole lies at 43% (2006) (European Commission, 2006a).

When looking at three different groups of educational attainment (secondary education, upper secondary education and tertiary education), it becomes clear that, today, less-skilled older workers in particular suffer from labour market exclusion. On the other hand, older persons with university degrees and similar educational attainments still have quite substantial employment rates (Figure 10). Whereas the average EU27 employment rate for older workers with only upper secondary education lies at 23%, the number more than doubles (49.6%) for workers with a tertiary education level (ISCED 5 – 6).

In addition, since older workers usually complete their training in the early stages of their working



Figure 10



lives, they are at a particularly high risk of possessing outdated skills (Hofäcker et al., 2010). Many older workers may also have passed through long periods out of work, or with only part-time employment, making them particularly vulnerable to deskilling and dequalification (Eurofound, 2011c). As a result, it is crucial that they continue to update their skills throughout their working life, especially in order to adapt to the changing needs of the labour market. However, evidence suggests that older workers often face a lack of opportunities when trying to update their skills.

### Lifelong Learning

Data for the EU and individual member states show that older workers are significantly less involved in further education and re-training opportunities than their younger counterparts, although one must differentiate between different kinds of learning. Based on a distinction defined by the OECD, there are three forms of learning: formal, non-formal and informal education. Formal education, in general, takes place in an institutionalised learning environ-

ment (schools, universities, etc.) and is granted with a formally recognised degree. Non-formal learning also takes place in a formal setting, such as an educational organisation or within a company, but the qualifications one gains are not formally recognised within the framework of a degree. It typically involves workshops, seminars or courses offered at the workplace. Informal education occurs in a variety of places and, in general, involves learning independent of an organised or instructor-led programme. The learning experience has no set objectives in terms of learning outcomes and it is not intentional. In literature, informal learning is often referred to as learning by experience, or simply as experience (OECD, 2012). Especially such informal knowledge gained through years of experience presents an asset of older workers which their younger counterparts frequently lack.

Across OECD countries only 27% of workers aged between 55 and 64, in comparison to 50% of those aged between 25 and 34, participate in non-formal and/or formal education. The highest participation rate (65%) is found among younger persons with tertiary education, the lowest among the older

cohort with a low level of education (OECD, 2012). For the less-skilled and part-time employees engaged in lifelong learning in particular, opportunities appear to be of comparatively low importance from their personal points of view (Sporket, 2007). It should be noted, however, that there are generally large differences across countries in Europe. For instance, in comparison to Sweden, a much smaller proportion of workers, whether young or old, participate in training in Hungary, Italy and Portugal (OECD, 2011)<sup>1</sup>.

The low participation rates of older workers in further education raises the question on both the demand and supply sides: are older workers less willing to take up training opportunities, or are employers and public employment services less likely to offer training?

One explanation is the often very traditional way of perceiving life courses: there is one period during childhood and early adulthood in which one learns, a period to work and have a family and a final one in which to retire. Educational attainment in this regard is often no longer seen as a part of the two latter periods. A second explanation is related to the labour market itself: in some countries, workers stay in the same job for many years. As a result, they often do not feel the need to update their skills since what they know and are able to do is sufficient for the tasks they are dealing with at work (Population Europe, 2012).

Research has also shown that willingness to participate in further training is highly related to one's previous experiences with training measures. As with health risks, which are accumulated throughout the life course, a low participation rate amongst older workers can be seen as a result of insufficient participation in training opportunities

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<sup>1</sup> In Sweden, 52.2% in the 50 – 64 age group are engaged in further training compared to 59.8% in the 25 – 49 age group. In comparison, in Hungary only 4.6% (50 – 64 years) and 10.7% of the younger cohort are enrolled in some kind of educational training (OECD, 2011).

earlier in life. In Germany, for instance, there is a significant negative relationship between the extent to which workers had participated in educational opportunities during their younger years and the likelihood of them taking part in any kind of training at an older age (German Expert Commission on Financing Lifelong Learning, 2004). 4

### **Portable Competences**

If training, be it non-formal or formal, is offered to older workers at company-level, this often reflects underlying business needs. In most cases, employers introduce lifelong learning policies in order to ensure that their skill needs are met and/or to resolve existing labour market shortages of adequate personnel. Nevertheless, findings based on the German IAB Establishment Panel show that companies with a relatively high average age (50+ years) among their workers offer significantly fewer training opportunities to their employees than enterprises with a younger average age. The willingness of employers to invest in the human capital of their older workers appears to be rather low, based on the argument that older workers have less time left to gain from training and “repay” the companies for their investment – especially when there are younger workers, who are equipped with modern skills, available on the job market expecting relatively lower wages (Sporket, 2007).

A company's willingness to provide in-house training for its employees also greatly depends on its size. While big companies might have the financial resources available, smaller and medium-sized companies are often unable to cope with these extra expenses, especially in periods of long economic downturn.

In addition, when training opportunities are offered, highly skilled employees seem to profit most. They have the best access and receive the most employer-paid training, giving them an even greater advantage over less-skilled workers (Euro-

found, 2012a). The idea behind this strategy is that the same amount of investment yields a higher return for highly skilled employees than for less skilled workers because of complementarities between already existing skills and further training.

However, with regard to enabling older workers to climb the career ladder by switching occupation and/or becoming self-employed at an older age, company-based training opportunities have proven less effective (Eurofound, 2010). Due to the in-house oriented approach, training offered at company-level often does not aim to provide “portable competences” for older workers who are required to start a ‘second career’ at a later age and/or switch occupation. Rather, it focuses on enabling workers to cope better with the duties of their current occupation.

Therefore, when aiming to improve lifelong learning, it is important to think about: firstly, how to reach out to groups of low-skilled workers; secondly, how to overcome the general learning barriers faced by many older workers who are not used to participating in training assessments; and finally, how to foster the development of “portable competences”.

## Values, Attitudes and Motivation

Motivation, job satisfaction and attitudes towards the workplace have a direct influence on workers’ desire to continue employment in older age. According to the continuity theory (Atchley 1989), it can be assumed that individuals who are motivated as well as satisfied with their work structures and performances will stay at work and extend their working lives. Regarding the general motivation towards work, various studies (Rabl 2010; Kooji et al. 2010) in the past confirmed that there is no noteworthy difference between age groups. Basically, this means that older workers are no less motivated than younger workers, although there is evidence that motivation factors differ with age

(Büsch et al., 2010). Such factors can include more objective aspects such as career planning, gender, status/position within a company and financial aspects, as well as more subjective perceptions such as recognition, perceived value of the work and company loyalty (Büsch et al., 2010).

When looking at older workers’ motives to stay in work, the importance of career development or reaching a certain social or economical status (within the company) decreases with age. To the contrary, younger workers state that work motivation is related to skill improvement, higher wage expectations and career opportunities (Büsch, et al., 2010).

However, financial aspects can also be highly significant to workers at an older age. In extreme cases, the reason why older employees keep working is simply that they have to in order to live adequately on their retirement income (Eurofound, 2011c). This need can be rooted in low income and high expenditures: a worker might have passed through long periods of unemployment, low-wage employment or in part-time work (this especially often accounts for women), due to care commitments. As a result, limited contributions to pension schemes leave many older workers with few pension entitlements and at risk of old age poverty. Older workers might also be faced with high financial commitments, often as a result of additional healthcare expenditure or care responsibilities for older or even younger relatives, making an additional income necessary. A recent study carried out by Eurofound on “Income from work after retirement in the EU” shows that around one fifth of people aged 65 years and over are in employment because of their financial needs (Eurofound 2012c).

On the other hand, many older workers stay in employment not because they have to, but because they want to. This group views work as a way of contributing to society, being in contact with others and remaining active with age (Eurofound, 2012c).

This may indicate that subjective factors are likely to have a greater impact on workers' motivation at an older age. In this regard, the perceived recognition and appreciation has particularly proven to be a central motivating factor for older workers (Deller/Maxin 2010). With age, the importance of experiencing the value of one's work through positive social contacts or passing on knowledge to younger co-workers grows. In addition, company loyalty increases with age. While younger employees are more likely to remain with an enterprise due to financial reasons, older workers tend to feel more loyal to the company itself and have a higher work ethic (Büsch et al., 2010).

### **Age Discrimination**

Working longer and retiring later is not only a question of whether older workers wish to remain actively engaged, but it also depends on the employer's willingness to retain and employ older workers (Population Europe, 2011). Unfortunately, in practice, existing age stereotypes regarding the productivity and work ability of older workers often lead to preferential treatment of younger workers by employers (Büsch et al. 2010).

Prejudices and stereotypes on the employers' side highly affect the availability of job opportunities for older workers, making age discrimination a significant barrier when seeking employment for this age group (European Commission, 2007).

Research based on the "Experiences and Expressions of Ageism" module of the European Social Survey (ESS)<sup>2</sup> shows that perceived age discrimination in the workplace and by employers is not only a general problem across Europe, but is more often reported by those aged 55 and over than by younger cohorts (EURAGE, 2011). These findings

are supported by the special Eurobarometer on "Active Ageing" (2012) which indicates that 21% of EU citizens reported that they were personally discriminated against because they were perceived as being too old in the workplace (European Commission, 2012a). In addition, studies carried out at European level amongst older jobseekers found widespread evidence that, particularly in the recruitment process, older workers are often subject to age discrimination by employers, greatly limiting their re-employment opportunities (Ghosheh Jr. et al. 2006). It is interesting in this case that older workers with lower educational levels report lower levels of discrimination than more highly qualified workers. One explanation for this could be a higher sensitivity towards discrimination amongst higher qualified workers (Eurofound, 2008).

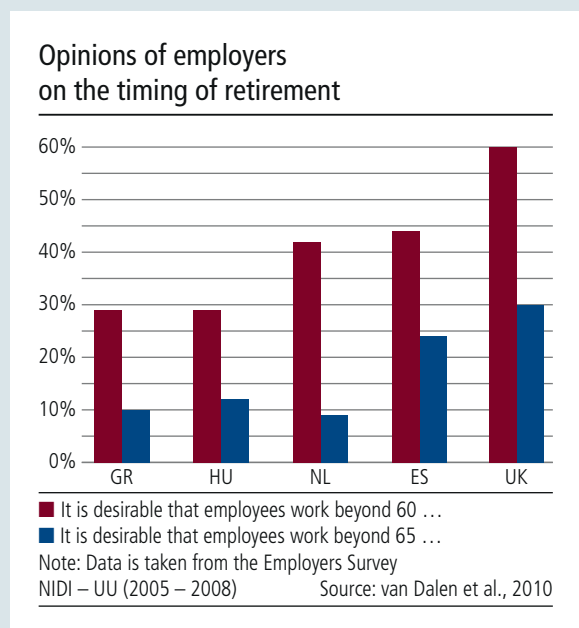
A recent study comparing employers' opinions and expectations regarding postponing retirement within their own organisation provides an insight into a rather contradictory perception some employers seem to have about older workers: across all five countries covered by the study, 60% or more of respondents associated older workers with more skills and experience. At the same time, many employers regarded having their own staff working beyond the year of 65 as undesirable – albeit with strong variations between the countries studied (Figure 11). This led the researchers to the conclusion that employers often still perceive an ageing workforce as a burden rather than as an opportunity (Population Europe, 2011; van Dalen et al., 2010).

Nevertheless, some behavioural changes towards older workers among employers can be noticed too, with an increasing number of employers actively seeking to employ older workers. Reasons for doing so could be based on the notion that, as societies are ageing, retirees make up an increasing proportion of a company's client base. To respond to these developments, a workforce that includes older

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<sup>2</sup> 2008, ESS Round 4, Rotating module.

Figure 11

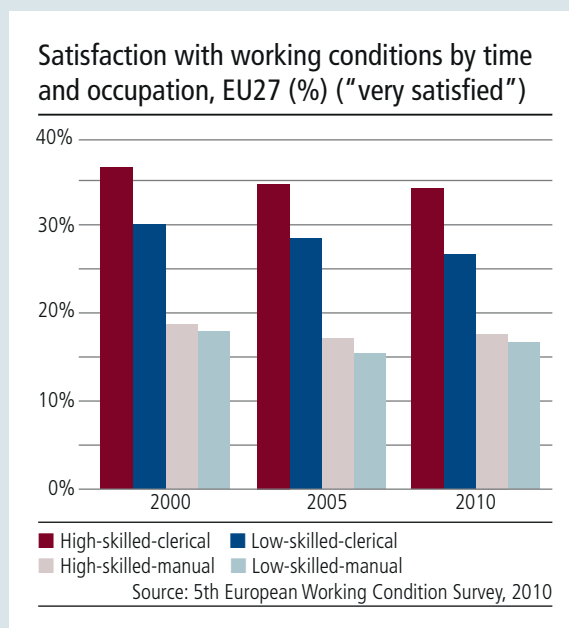


workers might help to better serve and understand the preferences of this customer group. Furthermore, companies appreciate older workers’ openness towards flexible work arrangements and the cost saving achieved through the postponement of recruiting and training new employees (Eurofound, 2012c).

## The Work Dimension

In order to increase employment opportunities for older workers, it is not only important to make this group of workers more attractive to employers, but also to make jobs available and shape working conditions in such a way that they become more attractive for older workers. The number of older workers in jobs of comparatively low quality who are leaving the labour market is up to four times higher than the number of workers in higher quality jobs (European Commission, 2003). The quality of the workplace is therefore a key element when trying to retain older workers in employment, as well as encouraging them to stay on or return to work.

Figure 12



## (Attractiveness of) Working Conditions, Content and Organisation

Assessing the relationship between work ability and the workplace is not an easy task. It is particularly important to pay attention to the specific working conditions, the way work is organised and the specific work contents in order to create an environment that not only enables older workers to remain in employment, but also makes it attractive to do so. The attractiveness of work covers a number of dimensions, such as pay, career and training opportunities, health and safety in the workplace, flexible working hours and work organisation that allows a better balance between family and work (European Commission, 2007). Disincentive issues for older workers to remain in employment include high exposure to physical and psychosocial risks, work-life imbalance, job insecurity, lack of workplace innovation as well as lack of reward, variety and autonomy. On the contrary, being well-paid (reward factor), working under good management within the company and being offered opportunities for further training

and learning are associated with more positive outcomes regarding work ability (Eurofound, 2012a). It can be noted that, in particular, workers in manual occupations are often less satisfied with their working conditions. A plausible explanation lies in the often physically risky and demanding working tasks within the manual labour sector. Nevertheless, there is also a slight decrease in satisfaction with working conditions to be reported amongst the traditionally “white collar” workers. For instance, one can observe a decline by approximately 4% between 2000 and 2010 for the group of low-skilled clerical workers (Figure 12). This indicates the effect that an increasingly demanding work life has on workers in all occupational levels.

Workers’ attitudes are negatively affected not only by exposure to bad working conditions, but also by the way in which work is organised on a daily basis. An issue of particular relevance for older workers is the length and organisation of working hours. Rather than leaving the labour market abruptly, working time reductions and/or flexible working hours could allow older workers to gradually withdraw from employment. Nevertheless, older workers are already overrepresented in part-time working arrangements in Europe and various studies have shown that raising the number of such working models may have inadvertent negative consequences, or even end up marginalising older workers in the workplace (European Commission, 2007). As the OECD (2006) points out, if a reduction in working time is heavily subsidised, there is a high risk that this could reduce rather than increase the effective labour supply of older workers, as workers who otherwise would have stayed in full-time employment reduce their working hours. Measures taken to promote a more phased transition from work into retirement must be carefully evaluated in terms of their expected net impact on the effective labour market supply (European Commission, 2007).

With regard to more flexible working time arrangements, it should be acknowledged that progress has been made over the last few years as the flexibility of work schedules appears to be gradually increasing across Europe. However, around 60% of all employees in the EU27 still have schedules fixed by their employers, with no option for change (Eurofound 2012a). When considering older workers, the situation is only marginally better (53.3% for the age group of 50+). In addition, only one third of employees in the 50+ age group report that their working hours arrangements fit “very well” with family and social commitments outside of work. Against the background of a growing number of people in the need of care in the future, improving the balance between work and family is crucial (Eurofound 2012a).

### **Labour Costs and Productivity Level**

Often discussed is the question of the extent to which older workers might be more costly for employers than their younger counterparts. Followers of this thesis argue that labour costs/wages of older workers rise faster than their productivity (“wage-productivity gap”). In this perspective, older workers are seen as less productive, while at the same time their wages, due to seniority-based wage systems, rise. Employers then might be reluctant to keep older workers employed beyond a certain age or hire older workers at all (OECD, 2006).

### **Seniority Wages and Employment**

When looking at age-earning patterns across Europe, some countries reflect explicit seniority-wage settings, meaning earnings rise in line with job tenure and/or age and make, in theory, the employment of older workers more costly for potential employers.

These wage-setting practices usually consist of collective bargaining agreements and, in Europe,

they can be found in Austria, Belgium, France, the Netherlands and Spain. However, in some countries even non-wage costs may have an effect on the employment opportunities of older workers as, for example, social security contributions rise with age (Denmark, Switzerland) and increase the total labour cost of ageing workers (OECD, 2011). In this regard, the OECD (2006) reports empirical evidence that higher wages and non-wage costs act as barriers to the employment of older workers (particularly male). Employers are more likely to hire and retain older workers in countries where wages rise less steeply with age, reinforcing the view that high wages might put constraints on labour demand for older workers (European Commission, 2007). Furthermore, in some countries employment legislation entitles older workers to a higher standard of protection against dismissal, making hiring older workers less preferable for employers (Eurofound, 2011b).

This raises the question of whether an older workforce necessarily means a less productive one, as implied by the “wage-productivity gap” theory.

### Age and Productivity

The literature clearly indicates that several mental and physical abilities decline after the age of 50, thus affecting a person’s productivity (Skirbekk, 2003). However, it is difficult to assess the extent to which older workers are able to compensate for these losses through adapting and using their professional skills and experience (Börsch-Supan et al., 2008). Empirical evidence on the relationship between age, wage and productivity of older workers is inconclusive and therefore has to be interpreted cautiously.

Studies during recent years maintain that an individual’s crystalline and pragmatic intelligence – also known as experience, knowledge and wisdom – increases over the life course<sup>3</sup>, while fluid and mechanical intelligence – equivalent to cognitive

speed and precision – decline with age (Backes-Gellner et al., 2001). This means, on the one hand, that productivity of older workers is expected to be lower in tasks that require continuous and rapid adaption to changing circumstances. On the other hand, older workers are particularly productive in tasks where experience is an important factor, implicating that when employed in the right position in relation to their individual skills, older workers can be even more productive than their younger counterparts (European Commission, 2007).

Important in this regard is also the variety of tasks, as research has shown that monotony at the work place is the most important productivity killer. Age as such does not make workers unproductive, rather it is bad working conditions combined with prolonged periods of time during which a worker is carrying out the same tasks over and over again. Besides the individual perspective, other empirical studies (Auer and Fortuny, 2000) that look at the labour force as a whole conclude that an ageing work force in combination with longer working lives and a good work environment does not necessarily imply lower productivity (European Commission, 2007).

Taking this into account, it can be concluded that although a decline in certain capacities is irreversible with age, the process is very gradual and subject to wide variations depending on the person concerned. Moreover, it can be reduced by preventive health policies and offset by experience and “age-appropriate” changes within the work environment. In addition, future older workers will hopefully benefit from higher levels of training, reducing the risk of becoming less productive with age (European Commission, 2006a).

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<sup>3</sup> On average crystalline and pragmatic intelligence increases continuously until the age of 50 and remains stable until about the age of 70 to 75. Only after this age does it start to decline (Baltes et al., 2004; Backes-Gellner et al., 2001)

## Family and Close Community

Family and the immediate community can also work as push or pull factors for older workers and their employment prospects. Decisions to exit the labour market are complex and the result of a number of factors. Together with financial aspects linked to retirement schemes and social benefits for example, issues related to family and care (both for younger and older family members) have come to the forefront of one's decision-making, and will continue to do so in the future. If work is incompatible with care and family responsibilities, remaining in employment might become difficult or even impossible, ultimately leading to forced withdrawal from the labour force. This has been acknowledged by policy makers across Europe and highlighted again in the Europe2020 Strategy, which identified the importance of balancing work and private life as a key element of increased labour market participation for all age groups (European Commission, 2010a)

### Insufficient Work-Life Balance

Due to demographic change, the number of people in the EU25 aged 65 and over is expected to grow by 70% and the number of people aged over 85 by 170% until 2050 (European Commission, 2006). Given these developments, a growing number of people will be in need of informal as well as formal care in the future while, at the same time, the number of potential carers in Europe is decreasing. However, the sustainability of European long-term care systems requires, to a great extent, the contribution of informal carers. Around 80% of the time spent caring today is provided by informal carers, with women providing approximately two thirds of care (mainly as daughters or daughters-in-law and wives/partners) and men catching up with this trend in later years, primarily caring for their spouses. In terms of the age profile of the caring

working population, data indicates that the prevalence of caring among the workforce increases with age. Already today, more than one third of people providing care to older dependent persons or people with disabilities are in the age group of 50 – 64 years, making this group the largest in number giving informal care.

The majority of carers in Europe today are, in fact, in employment. Eurostat data from the 2005 LSF (Labour Force Survey) ad hoc module shows that in the EU, an average of 59.2%<sup>4</sup> of carers of working age are in employment, ranging from 72.7% in Sweden to 37.8% in Malta (Eurofound, 2010)<sup>5</sup>. Nonetheless, a significant portion of carers are excluded from the labour market. Due to the double burden of shouldering care responsibilities while working, the rate of carers in employment is considerably lower than that of non-carers, highlighting the existing negative link between caring and the likelihood of being in employment (Eurofound, 2010)<sup>6</sup>. In addition, carers are often exposed to negative assumptions about their productivity and ability to cope with both caring and holding down a career.

While balancing work and care is, in general, a problem for all age groups, it is particularly women and/or carers close to retirement age who often choose or are forced to reduce their working hours, or even to retire involuntarily. As care responsibilities often occur ad hoc due to sudden illness and/or accidents, difficulties in the work-life balance might

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4 People regularly taking care of ill, disabled or elderly relatives/friends aged 15 years or more in need of care.

5 Although it has to be noted that in some European countries there may be considerably higher unemployment rates for certain sub-groups of carers.

6 It is still uncertain, however, how and to which extent exactly care-giving is linked to lower labour market participation rates. In some cases, taking on caring responsibilities might lead to withdrawal or downsizing the previous work engagement, while in other cases a person may have already been outside the work force when the caring responsibility arose and therefore was more likely to accept the tasks (Eurofound, 2010b).



become too severe and, as a result, carers leave the paid labour market for periods of time or earlier than desired. Although full-time caring can be very rewarding, and many carers would not consider handing over their duties of caring for their relatives to anybody else, it often comes with negative consequences especially for those who take a break from work. Some carers might find themselves with less spending power, deteriorating skills and later on faced with great difficulties to re-enter the labour force (Eurofound, 2011 a).

The question of “to work or not to work,” or a person’s ability to partially keep engaged in work while caring, depends highly on the formal infrastructure that supports older workers when balancing work and care responsibilities. The impact that a well-developed and institutionalised care system can have, for example, on older women’s employment rate, is shown by the following graph (Figure 13). Providing sufficient support mechanisms and institutionalised formal care (such as, for example, in the Nordic countries) can entail

a significantly higher employment rate amongst older women.

All of this leads to the key policy question of whether the system of informal care in its present form is likely to hold in the future if the goals of the so-called “Europe 2020 Agenda” (increasing employment rates among women and older workers) are to be met (Hoffmann/Rodrigues, 2010). Bearing this in mind, balancing work and care responsibilities will be a great challenge for Europe in the future.

## The Legal Framework

There are also welfare policy and legal aspects which influence a worker’s abilities and attitudes towards working in older age. Such factors can be found at different levels and are a significant source of rigidity.

### Retirement Schemes and Policies

The most common path for people aged 55 – 64 when exiting the labour market into economical inactivity is retirement. The sharp decline in the activity rates of older workers between the ages of 55 – 59 (60.9%/2010) and 60 – 64 (30.5%/2010) indicates that many workers in the EU27 leave employment as soon as they reach the age at which they are entitled to draw their pensions (Eurofound, 2011b). Interesting in this regard is that, when asking European citizens if they wish to keep working once they reach entitlement age, over one third of respondents say that they would like to continue working. In addition, the option of combining partial pensions and part-time employment appeals to two thirds of Europeans and is favoured over full retirement by 69% in the EU15 and by 52% in the new member states (European Commission, 2012a).

Therefore, it is quite puzzling why so many older workers exit the labour market as soon as they

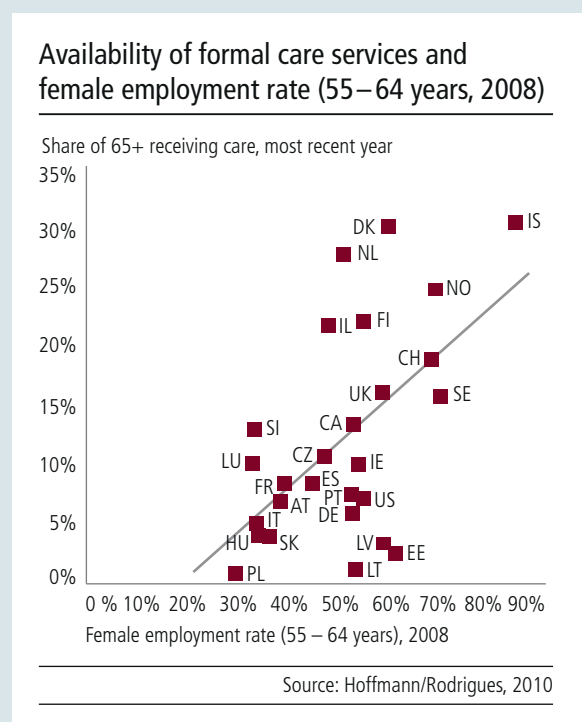


Figure 13

become eligible for retirement entitlements, whereas a considerable number of workers can imagine staying in employment longer in some way or another.

As choosing to remain in work depends significantly on individual financial circumstances, research in the past has repeatedly concluded that the design of pension systems and other welfare policies often works as a pull factor, making employment at an older age unattractive. Three factors have been identified as being of decisive importance in this regard: firstly, the age at which retirement benefits become available in the respective countries; secondly, the generosity of pension entitlements and whether it ensures an adequate replacement for the income earned while working (replacement rate); and thirdly, the degree of flexibility allowed in combining income from work and retirement (European Commission, 2007).

### Pension-eligibility Age and Retirement Practice

In terms of retirement practices, there are substantial variations across European member states regarding at which age people are eligible for standard and early pension benefits and whether they must accept reductions in case of leaving early. In most countries, the official age at which men can obtain their pensions is 65, but in some member states – for example, Czech Republic, Hungary, France and Slovenia – this standard age of entitlement is considerably lower. Differences appear to be even more widespread with regard to the statutory retirement age for women, contrary to the fact that member states are working to bring female statutory ages in line with those of men (European Commission, 2007). It should be noted, thus, that in most countries these numbers have

Average effective age of labour market exit and normal pensionable age in the EU15

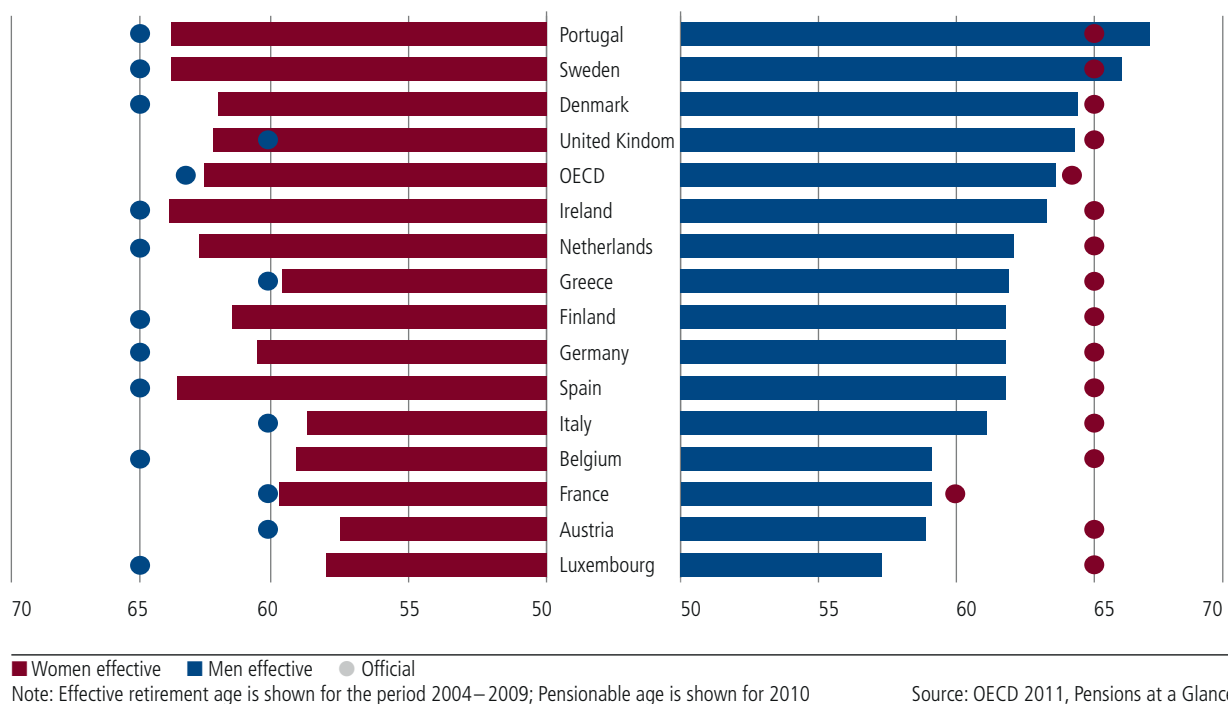


Figure 14

remained fixed over the last few decades, neglecting increased life expectancy and additional years spent in good health.

On top of that, although the availability of early retirement schemes in Europe is decreasing and minimum ages of eligibility are rising, a considerably large number of workers still leave their jobs early, sometimes with very little or no reductions in their pension rights (Figure 14). As a result, the average actual retirement age in Europe has been brought down substantially in the last few decades. In 1970, the average retirement age of women and men in France was close to 68 years; in other countries, such as Ireland, Portugal or Switzerland, most workers remained in employment until 73 years of age. However, in the mid-90s, most people in France left the labour market before the age of 60, reflecting a trend similar to that of other European countries (Karsch, 2011). Although there has been a noticeable trend towards later retirement in recent years, if individuals continue to retire at the same age as today, the result will be a decline in future pension levels (OECD, 2011).

### Level of Pension Entitlements

The main purpose of public old-age pension systems is to ensure an adequate income after a worker's career has ended. In addition to public pensions, private pension schemes have become an important part of the efforts to strengthen the sustainability of pension levels over the last decade. Already today – and potentially even more in the future – such prefunded and privately-managed schemes contribute considerably to pensioners' incomes and thus influence retirement behaviour. However, in order to keep pension systems sustainable and inter-generationally fair, a balance must be struck between providing pensioners with adequate incomes and maintaining working incentives that

make longer working lives attractive for older workers<sup>7</sup> (OECD, 2006).

When looking at working incentives that encourage older workers to stay in employment, the change in pension entitlements when working an extra year becomes an issue of utmost importance. In other words, if older workers do not feel that working longer is (also financially) beneficial to them, their willingness to stay in employment will remain comparatively low. Although most European countries allow for a delay of public pensions, for a few member states, such as Ireland, Luxembourg and the Netherlands, this does not apply (Eurofound, 2012c).

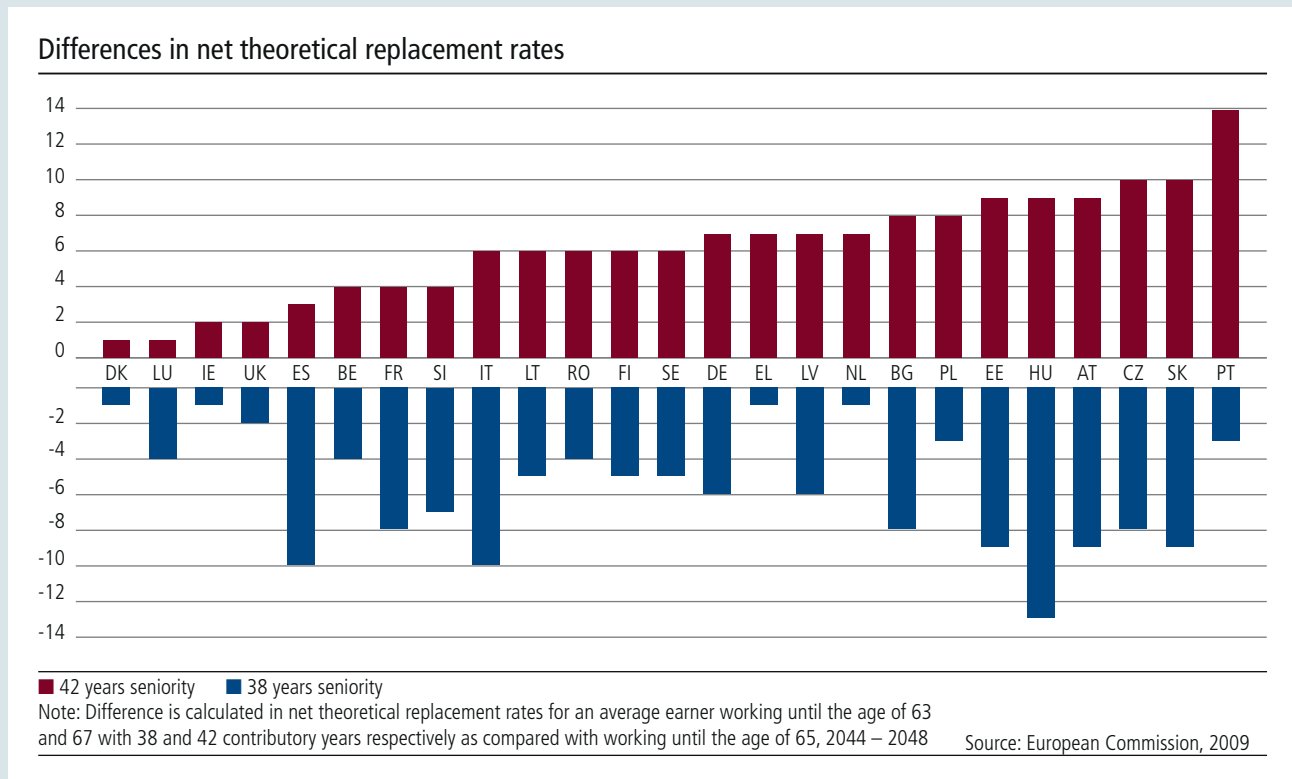
Theoretical calculations show that, in most member states, delaying retirement for about two years (taking a statutory retirement age of 65 as reference) results in higher entitlements – although in some countries the effect is still rather low. For instance, in Luxembourg and Denmark, employees are entitled for relatively high pension levels at comparatively early stages in their working lives. Staying in employment until 67 years of age therefore has a relatively small impact on the level of one's pension. Using a simple indicator – the replacement rate, which measures the relationship between the annual benefits compared to earnings just before retirement – a longer career in those countries would result in a higher replacement rate of just 1%. However, in countries such as Sweden or Portugal, employees can top up their retirement income considerably (6% in Sweden and up to 12% in Portugal) when prolonging retirement by only two years (Figure 15)<sup>8</sup>.

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7 While generous benefits imply higher taxes to be paid by the current working population, on the other side, lower replacement rates raise the risk for old age poverty amongst pensioners (OECD, 2006).

8 The effect different pension schemes have on a retiree's income can be studied by comparing the (theoretical) income replacement level of an average earning worker until the ages of 63 and 67 (38 versus 42 contributory years) as compared with working until the age of 65.

Figure 15



### Combining Earnings from Work and Retirement Income

The possibility given within a country’s retirement system to combine earnings from work with retirement income plays a role in retirement decisions. In several member states the statutory retirement age is considered a kind of threshold in terms of contractual arrangements, pension entitlements as well as tax policies, ultimately discouraging older workers to remain partly involved in the labour market while receiving pensions.

For example, policies that allow for an automatic discontinuation of a permanent contract once a worker has reached the statutory retirement age often present difficulties for employers as well as employees to continue the working relationship. Nevertheless, it must be noted that progress has been made in this regard as several countries, such

as France and the UK, have made it illegal to dismiss workers on the basis that they have reached retirement age. Other countries, such as Germany and the Netherlands, have also recently had court judgements challenging these practices (Eurofound, 2012c).

Furthermore, public pensions are, in some systems, means-tested, meaning that additional income will be partly or fully retained from pension benefits. Member states with such regulations include Austria, Belgium and, for some means, Germany and the Czech Republic (only for entitlements deriving from early retirement) (Eurofound, 2012c). Taxation policies also matter. While the acquired additional income (on top of the pension) is in some countries heavily taxed which acts in such cases as a disincentive, taxation policies can also work as stimuli. For instance, payroll taxes for all employees over 65 were abolished in Sweden in order to make this group more attractive to employ-

ers. Barriers and disincentives for older workers can also stem from the lack of health benefits when working in retirement. If expenses for healthcare are no longer at least partly subsidised by the employer, these additional costs might become a burden for older workers (Eurofound, 2012c).

All in all, it is clear that each of these factors – pension entitlement age, pension generosity and possibilities to combine income from work and pension – influences older workers' labour supply. A successful strategy, which pays attention to all aspects of retirement practices and schemes, must therefore be put forward in order to both systematically dismantle barriers set within these practices and ensure adequate pension levels once a worker decides to fully retire.

### **Social Perceptions of Older Workers**

Negative perceptions of older people – as mentioned briefly within the context of the workplace – can also have negative effects on employment opportunities for older workers. Existing social stereotypes and role expectations may shape public opinion on behaviours and characteristics of people belonging to certain socio-demographic sub-groups. For example, the substantial cross-country differences with regard to older workers' activity rates, particularly among older women, might not only result from the barriers described, but also reflect underlying cultural attitudes societies have towards older women's participation in the workforce. Even though such traditionally-defined cultural roles are in decline and have been undergoing major transitions in the last few decades, their impact on public opinion remains strong. This can be expressed in different forms, ranging from blatant discrimination to legal and policy barriers, as well as negative images of certain societal groups and/or their behaviour.

Older people are often stereotypically viewed as an economic threat, presenting a burden to social

security systems while at the same time contributing little to the economy. Furthermore, they are often perceived as taking away employment opportunities. This idea results in policies driving older workers out of the labour force in order to “free up” jobs for younger aspirants. Even though, on a macro level, there is no evidence of a trade-off between employment among the young and the elderly (c.f. chapter 1 for a more detailed discussion), it is crucial to change the public discourse in this regard. When looking at findings from a Flash Eurobarometer conducted in 2009, the majority of respondents (56%) agreed that when older people work until higher age, fewer jobs will be available for younger workers. Respondents from Greece, Cyprus, Portugal and Slovenia were most likely to agree with this perception (between 70% and 78% somewhat or strongly agreed), while, on the other side of the scale, Denmark (shortly followed by British and Dutch interviewees) stood out, with only 26% of the Danes agreeing and 42% strongly disagreeing with this proposition (European Commission, 2009b). There are, however, also large country variations in the strength of opinion about the productivity of older workers. Roughly half of Greek and Romanian respondents agree somewhat or strongly that companies which mostly employ younger workers perform better than those mainly employing other (older) age groups. Furthermore, interviewees from these countries were more likely to express strong agreement than EU citizens on average (both 27% compared to an EU average of 8%).

Existing prejudices and assumptions about role expectations, displacement of younger workers as well as economic potential and productivity present a huge challenge not only to older workers trying to stay in employment, but also to policy makers when trying to obtain public and legislative support for better labour market integration of older workers (European Commission, 2007).



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# What Needs to Be Done? – Putting Forward Policy Recommendations

The barriers and disincentives faced by older workers when trying to stay in the labour market – or, in case of being unemployed, trying to get back into employment – are highly complex and diverse. When putting forward concrete policy recommendations, we address specific stakeholders at four different levels, namely governments, social partners, employers, and the individual older workers themselves. A concerted effort by all stakeholders is needed in order to prepare European labour markets for future demographic challenges and create more and better labour market opportunities for older workers. The policy recommendations are headed by a series of general observations which should be taken into account by political actors when putting the recommended policies into action.

## General Observations

### **Heterogeneity: A Multi-faceted Issue**

Older workers are by no means a homogeneous group. Rather, they comprise a group of people with individual skills, strengths, experience, interests, needs and problems. Some occupational groups experience more difficulties in staying in the labour market at an older age than others, for instance due to gender, obsolete skill sets or jobs which are very physically demanding. But the issue of heterogeneity goes further and also holds true for other stakeholders, such as employers. Small and medium-sized enterprises (SMEs) have greater difficulties in retaining their older workers than larger companies as they tend to have fewer resources to

put forward comprehensive age-management measures (Eurofound, 2012a).

Finally, labour market institutions at national level often vary in their state of development among the different member states. Therefore, some of them have not yet adjusted to the needs of an ageing workforce, as demographic change will take some time before it affects their respective labour markets. The recent financial crisis also highlighted why some countries seem to be better prepared to cope with the effects of an ageing labour force than others, and policy priorities differ from one member state to another. Countries such as Spain and Greece appear to be faced with more urgent problems, making the issue of older workers a lesser priority on their political agenda. All of this calls for different and tailor-made measures, and political actors should take into account such varying circumstances when designing policies (Eurofound, 2012a)

### **Comprehensive Solutions for a Life-course Approach**

Although few qualifications and deteriorating skills are among the main obstacles faced by older workers, offering more training opportunities for the low-skilled will not be enough to keep them in working life and raise their overall employability. Nor will it be enough to reintegrate those who have already fallen into unemployment, as skills and competences are not the only problems. When looking for solutions, a comprehensive approach is needed which also considers aspects of work organisation, health protection and promotion,

workplace design as well as measures for tackling ageism. In addition, lifecycle-oriented personnel policies are necessary, since working opportunities and employability at a later age highly depend on the groundwork laid out in the earlier stages of working life. Such an approach, through a “good comprehensive package”, would strategically adapt to the needs of employees in different phases of their working lives, and would cover the whole work lifecycle, from career choice to retirement.

### **Positive Outcomes for Other Employment Groups**

In the wake of the crisis, many European economies experienced a dramatic recession accompanied by high levels of youth unemployment.

To make things worse, financial resources have become extremely scarce, forcing policy makers to address challenges on the labour market without financial manoeuvring space. Policy makers might be tempted to neglect the issue of older workers in favour of tackling the problems of younger people, which is the paramount challenge across many member states right now. Nevertheless, the objective must be to improve employment opportunities for all age groups instead of favouring one group to the detriment of another.

Furthermore, it must be acknowledged that, when investing in measures that promote longer working lives, other employment groups can profit too. Such measures could include flexible working hours for younger parents or workers with care responsibilities as well as a workplace which is better-equipped to keep workers healthy or keep workers with disabilities involved in the labour force. Companies can also benefit from integrating age management measures into their Human Resources policies. Indeed, it can help them to raise the workforce’s overall skill level, to better prepare for skill shortages which might occur in the future and to better serve the needs and wishes of their

customers, as this group, alongside the labour force, is ageing as well.

## **At Government Level**

National, regional and local governments are key players in creating appropriate frameworks for prolonging working lives in Europe in an acceptable manner. Firstly, by guaranteeing substantial pension incomes, governments can ensure that older workers are not forced to work simply due to insufficient retirement incomes, and secondly, governments need to seriously consider the needs of millions of older workers, who work because they want to, in order to provide them with an appropriate framework. Institutional settings and working conditions need to be improved in order to achieve this goal, while a broad incentive system must be established, and age discrimination and existing stereotypes abolished. To this end, governments may finance or subsidise such initiatives and encourage employers to initiate good and healthy working conditions. They can also help to dismantle age barriers, regulate labour markets to facilitate longer working lives and act as an enforcer for age management measures (Eurofound, 2006).

Legal frameworks are the groundwork for successfully prolonging working life. If governments want older workers to stay in the labour force longer, the political agenda has to ensure that all labour market-related systems are compatible with this idea. With the perspective to make it attractive and worthwhile, policies should consequently be adjusted to the needs of an ageing workforce and companies which aim to employ them. In several member states, the statutory retirement age is still considered as a threshold in terms of contractual arrangements, and although some older workers wish to continue working straight after retirement, they sometimes have to take a break due to administrative reasons. Such



## Good Practice Example

### Developing a Conclusive Framework for Active Ageing at Work – The Finnish National Programme on Ageing Workers (FINPAW), Finland

The five-year programme, FINPAW was first launched in 1998 with the slogan “Experience is a National asset,” and was aimed at expanding employment opportunities for older persons across Finland. The reason behind the programme was the remarkable change that took place in Finland’s age structure over the past decade. As early as in the nineties the demographic change was already noticeable in Finland, resulting in a population that aged faster than most other OECD countries. With a shrinking number of people aged between 24 and 49 – those most desired as employees – and an alarming increase in early retirements, the social security systems in Finland came under serious financial pressure. In addition the Finnish Government had to deal with a fast changing Finnish economy. While in the past industry was primarily based on the production and processing of raw materials, in the nineties the economy became more technology oriented, thus posing huge challenges both to companies and their employees.

The main aim of FINPAW was to develop a definitive framework geared towards improving the “work ability” of workers aged 45+ and keeping them in active working life for longer. The programme, which had a 4.2 million budget over a five year period, was

designed and implemented as a concerted effort between the Ministry of Social Affairs and Health who held the main responsibility, the Ministry of Education and the Ministry of Labour. Thus the programme’s advisory board included also representatives of trade unions, employers’ organisations as well as other political and social stakeholders. This close co-operation between all the stakeholders was particularly heralded as one of the main ingredients of the Finnish programme’s success.

Forty individual projects were carried out under the programme, each having a different emphasis while not only targeting older workers, but also managers, trainers and staff at labour market organisations. FINPAW also included regulatory assessments of changes to the Finnish pension system, in order to extend working lives by two to three years and bring employment rates of older workers in line with those of younger age cohorts.

Over the course of the programme (1998 – 2002), the labour force participation for Finland’s older workers increased dramatically – documented by the shrinking number of older inactive people in the labour force.

#### Activity rate (55 to 64 years) by year (in%)

	1998	2002	2006	2010
Men	44.8	53.0	58.9	60.1
Women	38.9	51.2	58.2	60.3

Source: Eurostat Database

Since the programme ended in 2002 activity rates for older workers have not dropped, showing the long-term success of FINPAW and the different successor programs launched by various ministries. Particularly noteworthy programs include NOSTE (focusing on skill-building for older workers), VETO (developing company practices for extending working lives) as well as TYLES (aimed at the improvement of working environment and conditions). Against the background of last year’s “2012 European Year of Active Ageing and Solidarity amongst the Generations” Finland introduced its own National Action Plan under the European Year slogan: “Always at the optimal Age!”

## Good Practice Example

### Wise Owls – Supporting Older Job Seekers, United Kingdom

'Wise Owls' is a London-based project dedicated to older working-age people (aged 50+). Since it was established in 1999 to tackle the precarious situation of older workers on the job market, the non-profit organisation has been growing rapidly. Initially, its task was to help older people from a small part of London to seek re-employment. Today Wise Owls projects cover a broader range of topics.

In the recently completed 'Redundancy to Re-employment' programme, assistance was given to redundant workers to new jobs by assessing their skills, abilities and interests, as well as active training. Chris Walsh, Director of Wise Owls, highlights the benefits of hiring older workers:

"Maintaining an age diverse workforce is not only a legal requirement but makes business sense. Where older workers are hired or retained – particularly where their knowledge and experience can be used and passed on to younger staff, businesses gain in profitability and productivity."

Wise Owls also offers assistance to employers seeking to retain or employ older workers. As partner in the 'Pan-European Older Person's Learning & Employment network' (PEOPLE), the agency helps to draw together organisations from five countries in order to promote and develop best practices in the fields to education and training, employment, research and campaigning on behalf of older working-age people.

For its projects, Wise Owls receives financial support both from UK-based contributors, such as the Trust for London, as well as from the European Social Fund (ESF) and the EU's Lifelong Learning Programme. Until today, through its initiatives Wise Owls has helped thousands of people to re-enter the labour market and continues to work on matching its 9000+ registered clients with more than 6.000 employers.

counterproductive legal frameworks should be immediately removed (Eurofound, 2012c).

Long-term unemployment is a greater problem for older workers than for their younger counterparts. Not only do older workers often find it difficult to find new jobs, but there is also relatively low pressure for them to seek work. For example, the requirement to be a jobseeker in order to be eligible for benefits is weak in several EU member states, such as Belgium and France, although it is likely to become stricter, due to the economic crisis. In addition, older workers are generally more reluctant and less prepared to start working in a new occupational sector than the one in which they have previously accumulated professional experience (Eurofound, 2012c). Nevertheless, it will become increasingly important to prepare older workers for greater job mobility later in their careers. Therefore, providing employment assistance and career guidance for older workers needs to become a priority for public and/or private employment agencies in the future, and should be promoted by governments. The establishment of broad adult education initiatives and career support systems – aimed at older workers – prevents deskilling and enables career mobility and entrepreneurship at an older age.

Existing early retirement practices are also in need of revision. In addition, in order to facilitate smoother transitions into retirement, governments should seek to abolish the barriers that discourage older workers to remain partly involved in the labour market while already receiving pensions (Eurofound, 2012c).

Setting financial incentives is another option for governments in order to foster longer working lives. Such incentives are not only beneficial to workers (as they are able to increase their future income through, for instance, taxation policies or the acquisition of additional pension entitlements), but their outcome is also positive for societies and can lead to a double benefit: postponement of retire-

## Good Practice Example

### Tackling Ageism – Public Campaigns across Europe, Ireland/Germany

Stereotypes hamper older workers' opportunities on the labour market, as the value of their skills and knowledge is often clouded by negative assumptions about their ability to contribute to society. Labelled as being "unproductive" or "too costly" for companies to retain and hire, older workers often face disadvantages – not only as job seekers – but also within their own company.

In view of the disincentives presented by stereotyping, several public awareness initiatives have been launched by governments and other stakeholders, to prevent age discrimination.

#### **"Say No to Ageism Week" – Ireland**

The Say No to Ageism Week (SNTA) is an initiative developed by the Equality Authority and the Health Service Executive of Ireland. With the support of the Office for Older People, the public transportation sector and a number of older people's organisations, it has been run annually since 2004. The campaign aims to raise awareness and understanding on how ageism excludes older

people – not only from the working force – but also from other areas of society.

The week has two main work packages: a public information strand consisting of a poster and advertising campaign, and the development of initiatives targeted towards a designated sector which combats ageism and promotes age-friendly services. The theme for the latter strand is preselected with the involvement of all stakeholders and has in the past been dealing with a variety of topics including: public transportation, the hospitality sector or projects aimed at the insurance industry. The "Say No To Ageism" Week is co-funded by partner organisations such as the Health Service Executive and the European Union Programme for Employment and Social Solidarity – PROGRESS Programme (2007 – 2013).

#### **"Ich bin gut" Campaign – Germany**

Despite the recent crisis, one has to acknowledge a notable uplift in employment figures in Germany, this did not reach all groups of job seekers. Entrance or re-entrance in the labour

market remains problematic, often due to prejudices about workers' capacity.

In 2011 the German Federal Employment Agency launched the "Ich bin gut" ("I am capable") campaign to raise awareness about the number of unemployed qualified workers in Germany and their untapped potential. The campaign aims to tackle stereotyping, at management and recruitment level, as this has been shown to be a big obstacle to employment, in particular for older workers. Under the "Ich bin gut" slogan, success stories and examples of good practice are gathered and promoted via print and online media.

ment means less spending on public pensions, as well as additional contributions by the elderly workforce. A discussion has been raised around the question of whether setting strong financial incentives for employers might lead to other vulnerable groups (younger, less-skilled and women) being driven out of the labour market. While acknowledging these concerns, making the employment of older workers attractive for employers is a prerequisite for the availability of adequate jobs.

It must be noted, however, that the majority of older workers who are still involved in the labour market today do so because they wish to, and not for financial reasons. Financial incentives will be rather unattractive for them, highlighting the importance of incentives that derive from the quality of the workplace. Governments should therefore actively set and enforce principles for good quality and healthy working conditions – starting with younger workers – to make workers want to stay in employment.

Better links between national, regional and local labour market policies are also crucial. Any measures implemented must take into account regional characteristics such as demographics or the structure of labour demand. Pooling resources on a local/regional level can also be a way to overcome some of the barriers presented earlier in this report: for example, establishing care networks on a regional level does help to close support gaps and ensures that taking over care responsibilities for family members does not become a disadvantage for employees.

Governments can also play a role in fighting existing age stereotypes and preventing age discrimination against older workers. In particular, some unemployed older workers face age discrimination when applying for new positions, leading them to permanently exit the labour market earlier than necessary. Other situations are less drastic, for example, when older workers feel their efforts

are not appreciated or wanted anymore. Although the impact of public information campaigns (as has already been done in several countries) is hard to assess, acknowledging the existence of such stereotypes and openly speaking up against them might help to eradicate them in the future (European Commission, 2007).

## At Social Partner Level

In countries with elaborate industrial relations, the social partners – trade unions and employers' associations – can and should take a leading role in bringing together the different stakeholders to design comprehensive strategies for active ageing at work. Research shows that where social partners have been involved in the course of implementing age management measures, such initiatives have proven to enjoy broad support amongst the company staff and are more likely to be successful and long-lasting.

One of the main tasks that employer representatives and trade unions need to work jointly on is to raise age awareness, not only at company level but also amongst individuals and governments. Driven by demographic trends and accelerated by globalisation and the recent crisis, national economies, labour markets and working lives have undergone major transitions (Hofäcker et al., 2010). In order to develop age awareness, it is important to understand the current situation of the demographic structure and the skill profile of the labour force active in each professional sector. A regular assessment of skill requirements, training opportunities and working conditions is crucial for future consultations. Social partners can assist in such reviews and help companies to identify priority areas where steps need to be taken in order to avoid future skill shortages and improve working conditions.

Initiatives aimed at improving health and safety at work as well as balancing work and family

## Good Practice Example

### The Proactive Strategy of the German Chemical Industry – Collective Agreement on “Working Life and Demography”, Germany

In 2008 the social partners in the German chemical industry (BAVG and IG BCE) entered uncharted territory in terms of collective bargaining, when signing an agreement on “Working Life and Demography”. The agreement aims at countering the effects of Germany’s ageing working force. Both social partners stressed that HR management has always been and will be increasingly become a key element for companies, in order to remain competitive and innovative. Today the agreement affects around 550,000 employers and has since its implementation become a standard procedure in most of the 1900 companies in the sector.

The main pillars are a demographic analysis and the introduction of “demography funds” at company level. The analysis seeks to identify the existing age and skill profile of a company, in relation to how this might change over the next few years. With this proactive strategy future skill shortage can be foreseen and companies are enabled to react to these developments with adequate strategies. Starting in 2010 employers in the chemical sector agreed to invest 300 per year per employee in these “demography funds”. Management

and work councils then negotiate on the use of funds in order to develop tailor-made measures regarding age and health, staff training at all ages and the development of instruments that allow for a flexible transition between employment, training and retirement.

The funds can be used to finance one or more of the following instruments:

- old-age pensions;
- working time accounts;
- occupational disability insurance;
- partial retirement schemes;
- partial retirement pensions.

In September 2010, BAVG and IG BCE presented the interim results concerning the implementation of the “Working Life and Demography” agreement. More than half the companies used their funds to supplement old-age pensions, while another 20% was spent on working time accounts. The smallest amount was spent on partial retirement pensions. The review also indicated that the assessment of the actual situation within companies was indeed a much needed first step, but two years following its implementation many companies still needed assistance to put in place the required measurements and instruments. In 2011 the IG BVC,

in strong cooperation with other social partners, launched the “Dem TV Project” to accompany and support this progress within companies in the sector. The project financed by the Ministry for Finance and Social Affairs (BMAS) offers assistance to stakeholders, responsible at company level, ranging from small-scale interventions – such as awareness building amongst managers or work councils on the subject – to consulting on the implementation of full-scale assessments. In addition “DemTV” aims to connect companies in order to provide a platform for exchanging experience and good practices.

responsibilities can also be supported by social partners. Besides the implementation of employers' and employees' rights and obligations, social partners can promote additional voluntary commitments to safety at work and promote a healthy lifestyle amongst their members. Furthermore, it is likely that an ageing and caring workforce will make adjustments in working demands, job profiles and care support systems which will be mandatory in the future. Such transitions need to take place smoothly and all stakeholders must be involved in the process. In order to avoid an unnecessary "reinvention of the wheel" at this point, the social partners can promote good practice examples across Europe and transfer knowledge about successful practices amongst their members (Eurofound, 2012c). Nevertheless, acknowledgement and voluntary promotion might not be sufficient to tackle the future demographic challenge. Binding commitments, for instance in the form of "demography aware" collective agreements, have to be brought forward. Obliging all parties to jointly work on these issues will help to ensure the development of age awareness at all levels.

It must be borne in mind, however, that such required actions are always framed by preconditions set by the respective labour market to which they are related. Among EU member states, trade unions and employers' associations vary according to the degree to which they are embedded with the institutions, as well as in their range of assignments, density and assertiveness. All these aspects influence the role that social partners can play in shaping active ageing policies.

## At Employer Level

Employers, both public and private, are crucial actors when adapting the workplace to demographic challenges. Nevertheless, employers also need support if they are to achieve their potential during

the transition process. This applies in particular, but not exclusively, to SMEs.

Social stereotypes affect all age groups and influence one's motivation to prolong his/her working life. As motivation plays an important role – particularly for people who decide to keep working after they have reached the statutory retirement age – employers need to be aware of this. Older workers might have the feeling that employers are not especially fond of them, or they may perceive their work as not being valued. By acknowledging work achievements and establishing a work environment where older workers are well-respected by their younger colleagues, employers can retain their ageing workforce. Mixed age groups as well as mentoring programmes can help to foster such solidarity amongst different-age cohorts and often come with a surplus of valuable knowledge transfer. Nevertheless, age awareness should be consequently integrated into all company policies – especially at the management and recruitment level – to effectively prevent age-related discrimination, at an early stage and at all levels (Eurofound, 2012c).

Employers can also assist by adapting their human resource management to an ageing workforce and implementing "life cycle oriented" personnel policies. This means that learning opportunities are offered throughout working life, health promotion starts with younger workers and career development does not stop at middle age. In addition, there are times when a worker might have to step back in order to take care of younger and/or older family members. Providing the tools to balance work and family duties therefore has to become a priority for employers (European Commission, 2007).

A well-known and commonly-used statement is that by investing in every worker's skill profiles, companies prepare themselves for possible future skill shortages and are able to retain their workforce to an older age. Nevertheless, in practice it is

## Good Practice Example

### Health-oriented efforts in ŠKODA AUTO's Seniority Programme, Czech Republic

Like many other companies across Europe, ŠKODA AUTO (Czech Republic) faces the immense challenges of an ageing and shrinking workforce. To be better prepared for these developments and to ensure that it will have a sufficient number of skilled workers in the future, the company implemented its own 'Seniority' programme, based on a current agreement with the social partners. Employees automatically become members of the programme, which was negotiated in 2012, after having spent thirty years at the company or surpassed the age of 50. Measurements are conclusive and focus on:

- retaining active employees in active employment;
- sustaining high employee performance;
- sustaining and supporting employee health;
- maintaining key company competencies;
- keeping up with industry developments;
- promoting social awareness in the company;
- finding solutions for employees with reduced health;

The aim of the programme is to enable older workers to have a longer working life and to counteract frail health conditions, which are the primary source of reduction in performance and productivity. Therefore a main aspect of the programme is focused on the prevention of health problems:

"Older employees often have special requirements in terms of ergonomic workplaces or health matters", Skoda's HR Director Bohdan Wojnar acknowledged when the company was awarded the second place in the European Commission's "Workplaces for People of All Ages" competition in 2012.

To cater for these special needs, ergonomic specialists monitor Skoda's production processes and are involved in the design of individual workplaces. Health and fitness programmes as well as medical screening for serious illnesses are organized by the company, whose activity is met with great interest by its employees: the current "Health Benefits Programme" has attracted more than 2000 participants.

Not only does the Seniority programme contribute to a healthier workforce, it also helps to create a positive image of the company both internally (less staff turnover) and externally, as numerous awards such as the one mentioned above demonstrate.

implemented much less frequently than it ought to be. Employers should actively work on developing an effective training strategy in relation to future skill demands. By anticipating future skill shortages in time, companies will have more options to address them adequately and remain competitive in the process. By encouraging and supporting workers in participating in lifelong learning opportunities, or offering skills update or conversion training, employers can ensure retention of their skilled workers. Indeed, the young workers of today are the skill base of tomorrow.

Flexible working hours have proven to be important for older workers, as well as the possibility to reduce working hours. However, not all job profiles currently allow for a reduction in working time according to one's preference. Although "job-sharing" models, which consist of two or more people sharing one full-time job, have become more and more popular in recent years, employers often fear increasing costs or extra time spent on management and supervision. Nonetheless, if such arrangements are properly implemented and integrated, they can contribute to staff retention and employers might even gain from pooling experience and/or reducing absenteeism. In order to succeed in such job profile transitions, employers need to receive external support, as such adjustments might overburden the company's management infrastructure.

As well as measures aimed at motivation, improved work environment and skill retention, employers should promote continuous career development throughout the working life, including at the pre-retirement phase. The continuation of employment is often based on individual agreements between workers and employers, without participation in an integrated scheme. The dearth of information on employment possibilities may hinder older workers' efforts to prolong their working lives, because they are not informed of the opportunities. In addition, employers may not be

aware that a worker would be willing to continue employment. They might assume that every worker wishes to retire when eligible for pension entitlements. Strengthening information channels that systematically ask workers if they are interested in prolonging their careers, while offering information about future employment opportunities at an early stage, could create opportunities for both sides (Eurofound 2012c).

## At Employee Level

Employees themselves have to take responsibility and develop ideas on how to remain active. A prerequisite is the assessment of one's own prospective financial resources at an older age, as this is crucial for planning the transition into retirement. It is important, however, to point out that financial assets are not the only reasons to keep working (Büsch, et al., 2010). For many older workers, social or intrinsic motives play an even more important role. Staying in employment keeps them fit and healthy, close to society and co-workers, and enriches one's perceived purpose of life in general. Nevertheless, knowledge of one's finances will help to actively plan career paths until an older age.

Aiming for a permanent career development – which might also include a career change – should not stop at the age of 40. Rather, it should focus on the entire lifespan and specifically take into account the likelihood of prolonging the work life beyond the average actual, or even the statutory, retirement age. To succeed in this, workers should keep themselves informed about their rights and obligations and actively seek an open dialogue with their employers instead of assuming an absence of adequate opportunities.

If continued employment might not be feasible with the former employer, older workers could take up the opportunity of self-employment and start their own business. Such an option might not be



## Good Practice Example

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### Abengoa – Reviewing and Investing in Peoples Skill Sets, Spain

Abengoa is a Spanish multinational company operating primarily in the environmental and energy sector with a presence in over 70 countries. In Spain, Abengoa employs approximately 10,000 workers, the majority of whom are in the 31–50 age bracket (2008) with only 2.5% aged 60 years and over. To raise this latter number – and in order to retain a skilled workforce for the future – Abengoa implemented two approaches to age management. Firstly, the company's overall HR strategy promotes the employability and internal mobility of all workers (regardless of their age) through investing in staff training and career development. Secondly the company offers specific measurements aimed at older workers, including partial retirement policies.

The main focus of the implemented HR strategy lies on ensuring that the skills and knowledge of employees, including those of older workers, remain relevant to the company's needs. In line with an annual performance review, the objectives for each job position are measured in line with a workers' existing skill set. Workers are able to choose from a variety of learning opportunities aiming both at the development of more specific as well as more generic / transportable skills:

- Corporate training, focusing on transmitting the strategy, values, and working practices, management systems to employees and managers;
- General training, focusing on the professional improvement of employees, through knowledge of new working tools and techniques;
- Training in occupational risk prevention;
- Language training, a key component in Abengoa's development as a multi-national company;
- Professional practices, promoting knowledge development and new competencies

These are offered through different approaches including online classes and e-learning but also attendance based. In order to respond to those training needs, Abengoa has made agreements with several universities in the respective countries of presence and has, by its own admission, invested in more than one million hours of training (worldwide) in 2010, with an average number of 46.2 training hours per person.

suitable for all workers and should by no means undermine the possibilities for standard employment. For some workers, however, starting their own business can lead to employment opportunities for them and for others, if they receive adequate support.

Older workers can also benefit from training and lifelong learning opportunities in order to enhance their employability. This should not simply involve waiting for training programmes to be offered to them, but should also include being proactive and helping to initiate new programmes, or reviewing existing ones. Some training opportunities might not be suitable for older workers, as their way of learning differs from younger workers and “school-like” organised training might not appeal to older workers (OECD, 2012).

Speaking up in order to improve preventive health measures at the workplace is another way to support active ageing at work. Small changes in work routines or daily tasks can impact on a worker’s health, and changing them might be relatively easy for employers once pointed out to them.

## How Can the EU Support Meaningful Initiatives?

The EU can play a key role and has already done so in the past, in putting the ‘active ageing’ topic on the political agenda of all stakeholders responsible for better inclusion of older workers in the labour market. By supporting as well as introducing binding legislation, the EU can incentivise stakeholders to assume responsibility, and raise awareness and knowledge about the issue of active ageing at work.

Starting with the Lisbon Strategy, which enshrines in Article 3 the principle that active ageing is the basis for solidarity between generations, policy makers at EU level have slowly recognised the importance of a healthy and active work force.

### Good Practice Example

## Federal Employment Agency – Keeping Older Workers engaged beyond Retirement, Germany

Mr. Kautz started working for the Federal Employment Agency (Bundesagentur für Arbeit, BA) aged 14, and has worked in various positions over the course of a career spanning 49 years. Following his retirement last year, he is now engaged as a coach for BA workshops throughout Germany. His attitude towards work is very positive, something he links to his employer’s appreciation of his past and present efforts: “[...] the appreciation of [older workers] plays an important role. [...] it runs like a red thread through the entire system. I think it’s crucial and influences strongly how companies treat their employees”.

Mr. Kautz was already in retirement when his employer offered him to keep on working, both to his delight and surprise:

“Maybe it’s not yet common knowledge that this opportunity [to work beyond retirement] exists. I keep meeting people who exclaim: ‘Is that really offered? That’s great!’ I’m sure that there are many workers like me around the country [...] who simply don’t know about it. I think it would be good if [companies] establish such employment models on a wider basis. [...]”

With more time on his hands and under less stressful conditions, Mr. Kautz was also able to improve the quality of his seminars. “I think I am getting better at the seminars – there is no doubt.” Due to other commitments in the past he could not spend as much time preparing for the seminars – something that is no longer the case now that he is in retirement.

**“There’s so much potential.”**

**Christian Kautz, 63 years old**

# “Europe is at a turning point in demographic terms, so active ageing is crucially important!”

László Andor, EU Commissioner for Employment, Social Affairs and Inclusion, speaking at the launch of the joint project on “Creating Second Career Labour Markets for Older Workers” of the Bertelsmann Stiftung and the European Policy Centre (EPC), 20 May 2012, Brussels

In order to enable societies to cope with demographic trends and ensure future prosperity and social cohesion, this effort must be further strengthened. The Europe 2020 Strategy built on this approach and reiterated the need to ensure that ageing Europeans remain active as employees, self-employed, carers, volunteers and citizens. Although the EU has only limited capabilities, and as many key policy areas of active ageing remain a primary responsibility of member states, several instruments contributed in the past to a comprehensive active ageing agenda. Further to the “2012 European Year of Active Ageing and Solidarity between the Generations”, all stakeholders have been asked to take action in this field and to set ambitious goals in order to tackle the challenges provided by demographic trends.

Therefore, there is a series of instruments at EU level that aim to foster active ageing. These instruments include :

- European legislation that supports active ageing at work and outside work;
- funding programmes and initiatives in the member states through EU Structural and Cohesion Funds;
- support and coordination of research in the field of ageing and longevity; and
- support to national policy makers and coordination of strategies and mutual learning.

Member states have already incorporated EU legislation that contributes to an inclusive active

ageing strategy into their national law. Although such laws can only be adopted on issues where the Treaties give the EU the power to take action, they still cover broad policy areas. Legislation against discrimination (Council Directive 2000/78/EC) on grounds of religion, disability, sexual orientation and age require member states to prohibit unequal treatment in all areas of employment, such as recruitment, access to training measures, promotion and working conditions. Other key legal provisions include those dealing with the promotion of Gender Equality (Article 23 of the EU Charter of Fundamental Rights) or the Commission’s efforts towards prevention and protection of occupational risk at the workplace. In the context of a multiannual strategy on Health and Safety (2007 – 2012), several campaigns and awareness-raising initiatives have been launched. Active ageing also requires that older workers are able to take on jobs and enjoy their social protection wherever they want. Although there is still room for improvement regarding the transferability of some pension entitlements, important steps have been taken in this regard.

With a multibillion euro budget (EUR 75 billion between 2007 and 2013), the European Social Fund (ESF) aims to promote more and better jobs, particularly, but not only, in less prosperous European countries. Funds are granted in the case of initiatives which help workers to train or retrain their skills, combat age discrimination or provide

support to companies adapting to the challenges of an ageing workforce. For the next programming period (2014 – 2020), the promotion of active and healthy ageing is one of the investment priorities proposed. At regional level, the European Regional Development Fund (ERDF) provides funding (EUR 201 billion between 2007 and 2013) for the development of infrastructure in social and health services – corresponding to some challenges older workers face in the labour market, such as the double burden of care and work. Other funding programmes which might be mentioned in this regard comprise the Cohesion Fund, which supports mainly infrastructural development and the convergence between countries, and the European Agricultural Fund for Rural Development (EAFRD), which aims to improve competitiveness in rural areas.

The main instrument for funding research and innovation in the field of active ageing derives from the seventh framework programme for research and technological development (FP7), although funding can also be mobilised from various other resources which are not mentioned in this report. FP7 has a budget of EUR 50.5 billion (2007 – 2013) and provides funds for transnational research across various strands and covers different disciplines. In order to respond to the challenges of demographic change, evidence-based knowledge is essential and provides important guidance to stakeholders promoting the inclusion of older workers in the labour market.

Besides the abovementioned funds and programmes, there are various other EU initiatives to support national governments, regions and other relevant stakeholders in order to better understand the impact of an ageing population and the inherent potential. An example of this is the European Employment Strategy. Through this framework, EU member states are required to share knowledge and experience in order to learn from one another and initiate ideas in employment policies.



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# Narrowing It Down:

Based on the research and interviews carried out within this project, the EPC and the Bertelsmann Stiftung have come up with strong policy recommendations for each stakeholder who plays a role in the inclusion of older workers in the labour market. Only a joint effort from all of these stakeholders will enable Europe to maximise the contribution of older workers and turn demographic ageing into an opportunity.

## General Observations

Developing policy solutions to facilitate the employment of older workers is not an easy task, given the heterogeneous nature that characterises, as highlighted under point 4.1, older workers, employers and labour market institutions across Europe. Therefore, this exercise first requires taking a series of general observations into account, such as:

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need to acknowledge the requirements and challenges faced by different occupational groups. This diversity must be factored in for any policy action taken;

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need to look at the most vulnerable segments of society, in particular women, the less-skilled and older workers with a migrant background;

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need to adopt comprehensive solutions within a life course approach to acknowledge that different life phases require different support systems, and to equip older workers better against the risk of unemployment

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some countries perform much better than others, and there is therefore a strong need to learn from the successful reforms implemented in some member states;

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the objective is to increase employment, not to favour employment of one category of workers to the detriment of others;

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bear in mind that measures favourable to older employees will also be profitable to other categories of workers. Beneficiaries of such measures include young parents, workers with care responsibilities for elderly parents, people with volunteering engagements or disabled workers;

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# Recommendations at Government Level

National, regional and local governments are key players in creating appropriate frameworks for active ageing at work. For example, structural reforms are needed to improve the functioning of pension, health and labour market systems according to the specificities of EU member states. Such actions can include:

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restriction of early retirement policies and postponement or even abolition of the statutory retirement age;

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allowing a transition phase between work and retirement with incentive-compatible part-time work / pensions for both the public and the private sector;

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revising pension systems where benefits are based on final salaries;

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establishment and institutionalisation of adult education programmes to enable career mobility and create incentives for lifelong learning;

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promotion and enforcement of occupational health and safety principles, starting at the early stages of working life in order to establish a healthy lifestyle and to thus foster the health-related employability of workers throughout their working lives;

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creation of financial incentives (direct subsidies or tax deductions), both on the employer's and employee's side that make retention in the labour market profitable (demand side);

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promotion of policies that ensure good working conditions, work-life balance and the compatibility of work and care responsibilities;

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taking action through public education and information campaigns to counteract negative perceptions of older workers at the level of public opinion, amongst employers and even older workers themselves;

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adjusting existing labour market policies and institutions in EU member states where the specific needs of older workers are not yet on the agenda;

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involving actors at local and regional level in order to tackle insufficient support infrastructures and deal with the comparatively low spatial mobility of older workers;

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giving guidance and support to older workers who are thinking about entering into self-employment in order to lower entry barriers and to prevent precarious work or failure of entrepreneurship at an early stage;

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supporting stronger collaboration between private and public employment agencies and encouraging programmes assisting both the re-entry and the retention of older workers in the workforce; and

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adapting European laws that support active ageing at work and outside work, and actively ensuring their enforcement.

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# Recommendations at Social Partner Level

Social Partners can take a leading role in bringing together the different stakeholders in order to form one comprehensive strategy and to achieve compromise on fiercely-debated topics. Actions that can be taken by social partners include:

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assistance with the assessment of age and skill profiles, thus helping companies to identify priority areas where steps need to be taken in order to avoid future skill shortages and ensuring an overall improvement in working conditions;

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promoting age awareness and information about best practice examples in their respective industries and branches, particularly in countries where social dialogue has not yet been fully established;

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developing collective agreements that contribute to demographic challenges and ensure age neutrality;

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need to agree on a more flexible working contract that allows flexible working conditions and facilitates fluidity in the labour market;

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working on the adjustment of existing job profiles and support infrastructures to better respond to the needs of an ageing workforce;

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promoting the use of safe and healthy working conditions and (flexible) employment policies that reconcile the demands from employers and employees in a balanced way; and

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developing awareness of the special needs of employers with care responsibilities.

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# Recommendations at Employer Level

Employers, both public and private, are crucial actors when adapting the workplace to demographic challenges. Nevertheless, employers also need support to reach their full potential in the transition process. Employers' actions can include:

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developing age awareness within the company – especially at the level of recruitment and HR managers – to ensure that workers are not discriminated against on the basis of age;

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creating a demography-sensitive in-company culture, acknowledging the potential of older workers and actively promoting age diversity within the company;

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adjusting work organisation – not only in terms of time arrangements but also with regard to solutions such as job-sharing or teleworking – to the needs of an ageing workforce; this process needs to be externally supported, in particular by business organisations, chambers of commerce, unions and other actors, in order to develop tailor-made age management strategies especially, but not only for, small and medium-sized enterprises;

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motivating and rewarding older workers to stay actively involved by implementing “life course oriented” personnel policies for good and healthy working conditions in order to prevent physical and mental exhaustion;

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promoting career development throughout the entire working life – especially in later stages, including the development of new working models that enable work after retirement;

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establishing stronger communication channels between employers and employees to facilitate dialogue about employment opportunities for older workers, especially, but not only, in areas with skill shortages and forthcoming needs on the labour market;

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looking actively for possibilities to retain and improve older workers' skills, for example through mutual training between people with different competencies, knowledge and ages;

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abolition of seniority wages and non-wage costs that are solely connected to age as this increases total labour costs of older workers and hampers their employment prospects; and

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adoption of European laws that support good and healthy working conditions, and actively ensuring their enforcement.

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# Recommendations at Employee Level

Employees themselves have to take responsibility and develop ideas on how to remain active in their working lives while being better equipped against the risks of unemployment and poverty. Therefore, employees should be active in:

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assessing acquired pension entitlements, for better career planning and more transparency about income level at an older age;

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taking advantage of lifelong learning opportunities to improve the development of “mobile competencies”, i.e. competencies that are not directly related to the current job and which thus enable late entrepreneurship;

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making use of incentives designed to prolong working lives;

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developing a healthy lifestyle within and outside the workplace; and

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acknowledging the responsibility to actively plan one’s own career in relation to the prospect of a prolonged working life.

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More Interviews with older workers from across Europe can be viewed at:

[http://www.bertelsmann-stiftung.de/cps/rde/xchg/SID-6973773E-F779A8F2/bst\\_engl/hs.xsl/media\\_114986.htm](http://www.bertelsmann-stiftung.de/cps/rde/xchg/SID-6973773E-F779A8F2/bst_engl/hs.xsl/media_114986.htm)



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