



A One-size-fits-all Solution for Increasing the Employment Level of Older People?

Key messages:

- › In the coming decades, most European states will face new policy challenges as the age composition of the population changes and the baby boomers reach retirement age.
- › Prolonging working lives is one of the potential policy responses to these challenges. However, there is no one-size-fits-all solution. Policy measures aimed at addressing these issues should, for example, take into account the competences and capacities of SMEs, the conditions in less-developed regions, and the needs of vulnerable groups within the labour force. Furthermore, comparative best practice and policy evaluations are needed to ensure that the implementation of such measures is effective and sustainable.
- › The workforce participation of older people can be substantially increased through the provision of gradual retirement schemes, flexible working conditions, incentives for employees as well as employers, and mentoring and career guidance services over the entire life course.

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› High-level policy expert meeting

In upcoming decades, population ageing in the Baltic Sea States is inevitable due to long-term population trends such as low birth rates and increasing life expectancy, as well as migration. As a consequence, the labour force will substantially shrink and become significantly older. Population ageing, therefore, will not only exert pressure on the sustainable funding of pension and healthcare systems, but also represents a challenge to economic prosperity, social cohesion and social sustainability between generations as a whole.

On 20 June 2018, the Secretariat of the Council of the Baltic Sea States (CBSS) and Population Europe organised a High-Level Policy Expert Meeting in Stockholm on 'Increasing the Labour Force Participation of Older People in the Baltic Sea States: Challenges and Chances'. The aim was to discuss with policy experts from research, policy and civil society what the main challenges and most promising policy measures are in regard to increasing the employment level of older people in the Baltic Sea Region. Recent research findings in the field were presented by Agnieszka Chłoń-Domińczak and Tommy Bengtsson.

In the following, the affiliation is given for those participants who are quoted. The complete list of participants can be found online (www.population-europe.eu/policy-brief/increasing-employment-level-of-older-people).

› Understanding the increase in effective retirement age

The effective retirement age (i.e., the average age at which the population declares retirement compared to the official retirement age) has been increasing all over Europe for the last 20 years with only a few exceptions. In order to understand how working lives can be further prolonged in the future, the crucial goal is to understand why the effective retirement age is on the rise. One aspect which plays a role is changes in policies increasing the retirement age: If it is more difficult to retire early and the pension system rewards later retirement, there is a strong incentive to work longer. However, studies that explore the effect of policies on increasing the retirement age are not conclusive. Another aspect is changes in human capital. Due to better education, people are working into older ages because they started their working life later, particularly women. It has been found that factors such as improved working environments and better health have an impact on the retirement age for only some population groups.

Results from analyses using Swedish register data (from 1981 to 2011) by Bengtsson (Lund University) show that,

on the population level, men and women work longer today, regardless of education or health: All educational groups in Sweden show roughly the same increase in retirement age – although on different levels. On the level of health differences, a comparison of the retirement age of Swedish people with no hospital stay, with one hospital stay and those with two or more hospital stays during their lives, reveals that the retirement age increased at a similar amount for all three groups. For the individual, health might be an important factor that is opposed to a longer working life. On the average population level, however, people with impaired health also seem to be able to work longer today than before.

› Job satisfaction and employability of older people

An important aspect of maintaining employability and promoting longer working lives of people in the age group 50 and over, which is often disregarded in the discussion, is work conditions and job quality. For instance, the 'Push/Pull Model' offers a number of aspects that may influence retirement decisions. Factors which may 'keep' individuals in the labour market consist of opportunities to develop new skills, an adequate salary, recognition and support at work. In contrast, factors that push and pull towards retirement include constant time pressure, little freedom to decide how to do work, poor prospects for job promotion, low job security, health concerns and a wish to retire early.

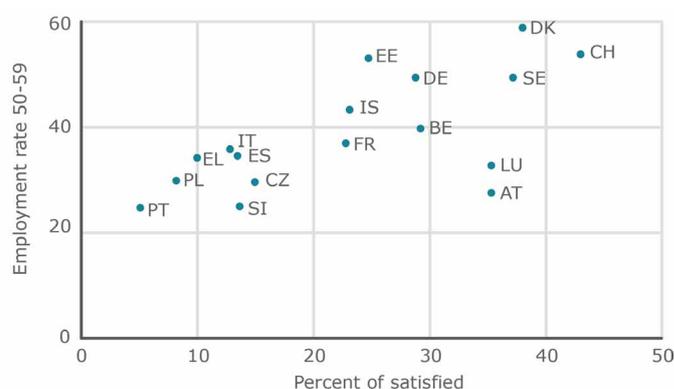


Figure 1: Job satisfaction and employment rate of older workers
Source: Chłoń-Domińczak, Holzer-Żelazewska and Maliszewska (2017), calculations based on SHARE wave 6 rel6-0-0 DOI10.6103/SHARE.w6.600.

Analysing these factors using the Survey of Health, Ageing and Retirement in Europe (SHARE) shows that job quality and job satisfaction matter when we want to understand the employment level of older people. In European countries where the share of satisfied workers is higher, the employment rate of people aged 50 to 59 tends to be higher as well.

Hence, policies to prolong working lives should also com-

prise measures that improve the quality of jobs, including reduction of the impact of the factors supporting the desire to leave the labour market and improve those factors which support the wish to remain in employment.

› How to increase the level of employment of older people?

There was a general agreement among the experts that reducing the possibilities and the incentives to retire early is one of the main factors to increase the employment level of the older population. 'You should not pay people to leave the labour market if you want them to stay', Simonsen (Confederation of Danish Employers) pointed out. 'When people have the possibility to claim a pension, they do it', Rausch (Max Planck Institute for Social Law and Social Policy) added. Increases in the official retirement age may have a crucial effect on the labour market participation of older people as well.

Several experts emphasised that it is of utmost importance to take a life course perspective when discussing prolonging working lives because 'the young workers of today are the older workers of tomorrow' (Schoyen, Norwegian Social Research (NOVA)). This implies a particular focus on lifelong learning, health prevention and reconciliation policies, including the reconciliation of work and care. The promotion of workplaces for all ages, as well as mentoring and career guidance services, should be provided by public employment services, and be available throughout the entire life course. The life course perspective is also essential in terms of gender equality, since gender inequalities accumulate over the life cycle (Seidel, AGE Platform Europe).

The flexibility of working conditions was identified as another factor that has an impact on how long people are able or want to work. Many older people would like to work longer if they could reduce their working hours or be able to work more from home (Lööv, Swedish National Pensioners' Organisation (PRO)). In addition, working conditions and work places should be better adapted to the needs of older workers and the issue of age discrimination has to be addressed.

The concept of flexicurity of the labour market in Denmark (a combination of flexibility, security and active labour market policy) was mentioned by Simonsen: 'Instead of job security, the system provides employment security, which gives older people the opportunity to work longer, because it makes it easier for them to change jobs'.

Close coordination and cooperation among all actors involved, e.g. government, employers' organisations, unions, pension funds and insurance organisations, were emphasised

as one of the most important factors regarding the success of policies and initiatives to increase the employment level of older people (Thönnnes, former MP/Standing Committee of the Baltic Sea Parliamentary Conference).

› Policy challenges

As mentioned above, lifelong learning is considered crucial for the employability of older people. From the perspective of employers, however, as Simonsen pointed out, it might be challenging to convince unskilled employees and employees older than 50 to participate in adult education. He also argued that there should be more focus on people that already have reached or exceeded the official retirement age. Besides, a much stronger focus on work-life balance, as well as on the reconciliation of work and care over the whole working life is needed: 'We begin to see progress in this regard on the policy level' (Anderson, Eurofound).

Also, self-employment and entrepreneurship should receive more attention, supported by involvement in the lifelong learning process, given their potential impact on increasing and prolonging the labour market participation of older people. The adaptation of the pension systems to the needs of self-employed people is also a crucial issue because of the increasing importance of digitalisation, as well as industry 4.0, in the working life of the population (Akhtutina, Secretariat of the Council of the Baltic Sea States).

It has been stressed that policies and recommendations need to pay more attention to the small and medium-sized enterprises (SME) which do not necessarily have the competences and capacities for age-specific management. Besides, differences between rural and central areas should be taken more into account during the process of development and implementation of initiatives and policies aiming to increase the employment level of older people (Thönnnes).

Several experts pointed out that perceptions and expectations also play an important role. Seidel stated that a more positive image of ageing and a better awareness of forms of age discrimination should be promoted. Simonsen framed it as, 'Age is not a disease!', further arguing that policies towards seniors could be stigmatising. He suggested to pay more attention to individualised rights. Rödin (Swedish Work Environment Authority/NDPHS) emphasised that the knowledge about the capacities of older workers has to be increased, especially among employers, who often underestimate the importance of work life experience as a skill.

The importance of how working longer than the official retirement age is perceived and communicated towards society was mentioned by Hemingway (Secretariat of the CBSS). He assumed that there are also negative connota-

tions to overcome since 'If you work past the age of 65, people may think you do not have a social life or hobbies.'

It was broadly recognised that 'we cannot learn from the past of population ageing, we are facing an entirely new situation. The reason is that while population ageing in the past was due to the decline in fertility, today it is due to declining mortality among the elderly. This is why the total dependency ratio has started to increase and will continue to do so for several decades ahead' (Bengtsson). The experts agreed generally that the main question of today with respect to increasing the employment level of older people is how to put principles and initiatives effectively into practice: 'The messages are clear, what we lack is effective implementation on the ground' (Anderson), or in other words 'We have a lot of knowledge about challenges and policy recommendations, but have a big deficit in terms of implementation' (Thönnnes).

Furthermore, the experts called for more evaluations of policy measures and initiatives to understand causal relations: 'There is too little policy evaluation. We need to understand what matters and why' (Bengtsson). Anderson pointed out that the understanding of causal effects is crucial. He argued that the increase in employment rates of older people in Europe during the last decades was not only a result of the changes in statutory retirement age, but largely attributable to the continuation of increased female labour market participation at younger ages.

Overall, the Baltic Sea Region can be seen as a natural experiment when we want to learn more about the effectiveness of policies: 'There are very different situations in the different Baltic Sea States which provide the chance of developing a better understanding of how policies, community services, individual decisions and circumstances affect retirement decisions' (Anderson). Comparisons among the countries of the Baltic Sea Region and the exchange of best practices can help to identify fields with the biggest potential for policy interventions and provide opportunities for mutual learning.

› Policy recommendations

- Comprehensive knowledge about potentials and challenges of increasing the employment level of older people and a range of related policy recommendations is available. However, we need a better implementation of principles and initiatives on the local level.
- Intensive evaluation and mutual learning are promising measures, which at the same time require recognition of the complex facets of regional diversity.
- Policy measures assumed to be effective in terms of increasing the labour force participation of older people in-

clude, e.g., the abolishment of early retirement schemes, increasing the official retirement age, administrative and regulatory support for SMEs (small and mid-sized enterprises) in both the urban and in the rural areas, lifelong learning (updated and adjusted to the demand of the labour market and new skills requirements), flexibilisation and adaptation of working conditions, reconciliation policies and health prevention.

- The creation of an inclusive and attractive labour market for older workers calls for the cross-sectoral interaction between policymakers, employers and societies.
- More attention has to be paid to the creation of effective incentives for older employees to remain in the labour market, including the support of lifelong learning and vocational training, particularly with regard to information and communications technology (ICT), as well as the change in the mind-set about the length of working life and the value of work for self-determined life at older ages.
- Adaptation of job conditions and workplaces to the needs of older persons, active measures to promote good health, preventive medicine and rehabilitation play an effective role in prolonging working lives.
- It is essential that policies include a life course perspective, taking into account that critical events in early life and accumulation of negative impacts over the life course will influence health and work capacity at older ages.

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