

Working longer, living better – Europe's coming of age



Reassessing the role of older people

Over the last 50 years there has been enormous economic and social progress in Europe and – although there are large regional and social differences – Europeans are living longer than ever before: on average eight to nine years more than in 1960. This coincides with other demographic developments: fewer children are being born, which will mean fewer people paying into state pension and healthcare systems, and a smaller pool of potential carers.

There is no standard, global definition of an 'older worker'. In the context of EU policy, the term refers to a worker aged between 55 and 64 years.

The increased lifespan is great news – particularly if accompanied by more years in good health – but also poses many questions for individuals, their families and for social systems. How long do I need to work? When can I afford to retire? Does my employer value my skills? Do governments recognise my contribution in providing care and volunteering?

Policymakers are beginning to reflect on the role of older people in society as both providers and consumers. If current levels of productivity and pensions are to be maintained, more people will have to work for longer. Business is increasingly taking a different approach towards older people, whether as potential customers with considerable spending power or

as a valuable resource in the workplace in terms of skills and knowledge. Eurofound has been addressing these aspects in its research, in an effort to provide individuals, companies and policymakers with relevant information, examples of good practice and strategies for change in the workplace and the community.

The number of older workers (aged 55-64) in the EU will increase by 24 million between 2005 and 2030.

Eurostat, Labour Force Survey, 2005

Valuing skills and experience

Older people are active in employment, in the family and in the community. However, retirement from paid work at the age of 65, and usually earlier, has become the norm. Investment in training and further education for anyone over the age of 55 was often regarded as a waste of resources. Early retirement was frequently used as a tool for restructuring, particularly in sectors that were struggling to remain profitable in the face of international competition, but also in the public sector. However, in recent years, some Member States have moved to raise the retirement age (for example, Germany to 67 years) or sought to encourage workers to stay in their jobs longer.

This promotion of employment opportunities for an ageing workforce requires rethinking at company, national and EU level. In particular, it means introducing policies that maintain and promote the health of all employees, develop and update the skills of older workers through training, and provide suitable working conditions, including measures to reconcile work with family and care responsibilities – of growing importance in an increasingly female older workforce. Companies also need to pay more attention to work demands and the prevention of burnout which can lead to problems with keeping or reintegrating workers.

Birth rates in the EU have been falling for the last 30 years. The average birth rate in 2004 stood at 1.5 in the EU25, falling to 1.2 in some of the new Member States. An average of 2.1 is necessary to replace the existing population.

Taking a life-course perspective

Ideally, company policies should reflect a broader life-course perspective. By adapting career paths to the needs of workers at various stages in their lives, companies can maintain workers' motivation and health. This applies especially to facilitating transitions between working and non-working periods: for time taken off for further education, child- or eldercare responsibilities or for providing a gradual transition towards retirement. Focusing on the realities of people's life course should help to increase the employment rates, in particular of women, who tend to take more breaks in their working life and who would benefit from better transitional arrangements.



Reaping the benefits of the silver economy

Businesses and public authorities face increasing demands to provide services and facilities that meet the diverse leisure, social, housing and health needs of an ageing population. With the completion of their home payments and children's education, a growing number of older people have more disposable income, and, just as importantly, the time and inclination to spend this money. The reality is, however, that often businesses are inadequately prepared for this clientele. People at all ages are looking for varied and tailored services and products that fit their specific circumstances. The challenge for businesses is therefore to recognise this niche market and provide for it. Specific products aimed at this market can range from customised product designs (from mobile phones to cars) to specialist financial services (for example, new forms of mortgages with shorter durations, specialist additional health care insurance), health or care services and travel deals.

By 2050, a total of 51 million EU citizens are forecast to be aged over 80, more than twice as many as in 2005.

Eurostat, Labour Force Survey, 2005

Caring for the older generation

As the number and needs of dependent older people increase, the care sector has had to develop in parallel. Traditional family structures, where several generations lived together and the extended family lived nearby, have become less common. While most care is still provided by spouses and adult children, the role of formal paid care workers has become more important. The goal set by the European Council at its meeting in Lisbon in March 2000 to increase women's employment rates to above 60% will create new challenges for work-life balance, as women tend to shoulder most responsibility in caring for family members.

Higher employment rates among women and older workers need to be supported by lifelong access to suitable training and by measures in the form of childcare and elderly care to make it possible for people to work.

The social situation in the European Union 2005-2006

How to reconcile working with caring responsibilities is a key issue for the older worker. Policymakers are looking for sustainable strategies to deal with this, for example by providing tax breaks for those employing carers. The increasing demand for workers in the care sector also raises concerns about the labour supply, as well as about the qualifications of carers and their working conditions. In this context, migrants often make up a large part of the workforce, so the care sector is also an important testing ground for policies directed towards the integration of migrants and the transferability of qualifications.

Keeping workers at work for longer

In order to address the economic and demographic challenge of an ageing population, the Stockholm European Council of 2001 set the objective that 50% of the EU population in the 55-64 age-group should be in employment by 2010, while the 2002 Barcelona European Council concluded that 'a progressive increase of about five years in the effective average age at which people stop working in the European Union should be sought by 2010'. Many Member States are reviewing their tax and benefits systems in order to find ways to encourage workers to remain in the labour market for longer. This includes such measures as making early retirement less financially attractive, making it more difficult to remain on unemployment/invalidity/early pension benefits until retirement, promoting flexible phased retirement solutions, and combining pensions with part-time work. The policy emphasis is on lifelong learning and improving workers' skills throughout their working lives. The EU's active ageing strategy proposes tax benefits for companies in recruiting older workers and adapting the labour market to the needs of older workers. And increasingly, businesses are coming up with policies and practices to tackle issues regarding health, work organisation, training and work-life balance for their older workforce.

Further information

This fact sheet forms part of the Eurofound resource pack on *Working Longer, Living Better – Europe's coming of age*. The pack explores the impact of an ageing society and workforce, providing insights into developments at EU, national and company level.

For a copy of the pack or for further information on this area of activity, please send an email to: active-ageing@eurofound.europa.eu

To view the resource pack online and all other Foundation materials on this topic, please visit: www.eurofound.europa.eu/resourcepacks/activeageing.htm

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