

Living longer, working better – Older workers in the recession



Keeping older employees in the workforce for longer has been at the heart of national and European policies since the late 1990s. The impetus to maintain older workers in employment is a result of the acceptance that Europeans are living longer and that this, along with other demographic changes such as low birth rates, is placing social systems under pressure.

In many Member States, specific policies to support or maintain older workers in employment have been implemented, for example: raising retirement ages and reforming or managing early retirement plans; direct incentives to remain in work for longer by providing lifelong learning opportunities and flexible work modes; and allowing workers to switch to less strenuous work if necessary. Some Member States have provided financial incentives to employers to keep older workers in employment or to assist their re-entry into the workforce. They have also provided financial incentives to employees to stay in employment longer and have introduced partial retirement schemes and options for flexible working for older workers.

These policies have had an impact. Employment rates for older workers aged 55 to 64 have increased considerably over the last ten years, from 38% to 47% (Eurostat, 2000–2010).

Impact of the recession

Recessions tend to hit younger workers especially hard, and this recession has been no exception. Limited experience and opportunity to acquire workplace skills mean that their labour market attachment is often more tenuous than that of older workers (they are more likely to be in non-permanent work), and this can leave them more vulnerable to job loss than their older counterparts; so too can formal and informal applications of 'last-in, first-out'-type redundancy policies. However, at the same time, younger workers are also more optimistic about finding a job than their older counterparts. And maybe rightly so. Older workers who become unemployed are more likely to slip into inactivity than younger workers, especially women and the low-skilled and might not ever reenter the labour market.

The recession has made the European workforce older. Perhaps one of the most striking features of this recession is the stability of employment of older workers. Indeed, the recession has seen a significant increase in employment among those aged between 50 and 64 years. Younger workers have been the most exposed to the effects of the crisis, their numbers declining at all wage levels.

Policies to keep older workers in work have led to a significant increase of their employment rates.



More jobs for older workers

Eurofound research reveals that employment of older workers in the EU has increased in all types of jobs, but particularly at the top. Professional and associate professional jobs have accounted for over half of the total net gains of 1.8 million jobs, compared to net losses of over 4 million jobs in the under-30 age category and of 2.7 million jobs in the core age category (30 to 49). But there were also gains in lower-paid jobs for older workers – for example, 240,000 new jobs in elementary occupations, which saw notable job losses for the young and core age groups (a combined loss of 950,000 jobs). These workers are more likely, though, to be excluded from adult learning.

Older workers benefitted most from employment creation in the health, education and social work.

Job creation by sectors

In the health sector, all net employment growth was enjoyed by older workers, while growth in education and residential care activities was more equally shared between older and core-age workers. The sectors in which employment growth was greater for core-age than for older workers tended to be in private services (management consultancy, civil engineering, other professional, scientific and technical activities at the higher end, and food and beverages and buildings services at the lower end). Those in which older workers benefited most from employment growth tended to be in public services (health, education and social work activities).

The less severe the scale of the recession in national labour markets, the more likely that employment growth in top-paid jobs was shared across the age groups. This was the case in Austria, Belgium, Germany, the Netherlands and Poland, although only in the latter did employment growth for younger and core-age workers outstrip that of older workers. On the other hand, employment destruction in Member States that experienced deeper adjustments – such as the Baltic States, Bulgaria and the Czech Republic – did not spare older workers. Contrary to the overall EU pattern, the Czech Republic saw a large decline in employment among older workers, especially in higher-paid jobs in mainly public administration and education; virtually all employment growth took place among core-age workers in low-paid and medium-high-paid jobs.

In summary, the recession impacted especially unfavourably on the employment levels of younger workers in the EU, while employment of older workers increased across the board but with a skew towards higher-paid jobs. The consequence of this, of course, is that the age profile of the EU workforce grew older, while that of the growing ranks of the unemployed grew younger.

Further information

This fact sheet forms part of the Eurofound resource pack on *Living longer, working better – Active ageing in Europe*. 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 Eurofound materials on this topic, please visit: www.eurofound.europa.eu/resourcepacks/activeageing.htm

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