



Role of governments and social partners in keeping older workers in the labour market

Executive summary

Introduction

As the average age of the population rises, people aged 55–64 make up an increasing share of workers in Europe. Although the employment rate of workers in this age bracket has increased over the past decade, the growing numbers of older workers and the resulting strain on the sustainability of national welfare and pension systems have accelerated pressure for reforms to encourage longer careers. Governments in many Member States have tried to raise the effective exit age from work by increasing the statutory retirement age and either limiting early retirement or making it less financially viable. However, such measures on their own may not be sufficient to encourage older workers to remain in the labour market. In order to promote longer working lives, a more holistic approach to improving working conditions over the life cycle may be necessary, particularly for people in more physically demanding jobs.

This report examines initiatives at national and sectoral level taken by governments and social partners to keep older workers in the labour market. It is based primarily on the contributions of 28 national correspondents of the European Industrial Relations Observatory (EIRO), as well as on a wider review of the literature and Eurostat data.

Policy background

According to the European Commission's 2012 White Paper 'An agenda for adequate, safe and sustainable pensions', to make pension systems sustainable it is necessary to balance time spent in work with time spent in retirement, and to increase labour market participation in general – but especially by older workers. One way of achieving this goal is to support longer working lives by:

- adapting workplaces to the physical and mental capacity of older workers;

- ensuring continuous education and targeted training for workers;
- adjusting social security systems by providing incentives to work longer.

Key findings

Demographic ageing and the participation of older workers in employment vary widely across European countries.

The role of social partners is crucial, as they have a significant part to play in shaping and improving working conditions. Trade unions and employers' associations generally agree that improving working conditions is essential to keeping older workers in the labour market. However, trade unions tend to put greater emphasis on enhancing the quality of work, while employers tend to highlight issues that affect the employment opportunities of older workers, such as the impact of labour market rigidity resulting from strong employment protection laws.

A number of European countries have developed comprehensive strategies containing policy measures intended to encourage longer working lives and better quality of work. Several programmes have been introduced recently, which reflects the fact that policy practice in this area lacks a long tradition in some parts of Europe (especially in central, eastern and southern European countries). In some countries in western and northern Europe, social partners participate actively in this area through tripartite dialogue or social partner agreements.

Improving employability and skills development is a key policy tool to keep older workers in the labour market. While training for vulnerable groups is widespread, few programmes concentrate on older workers. Workers' participation in training declines as

they get older, and it is more difficult for older workers who become unemployed to find a new job. In most countries, active labour market policies focus on supporting the return of older workers to the labour market, rather than encouraging current workers to stay in the workforce for longer. In general, preventive approaches to stem early work exit appear more common in the EU15 countries than in the Member States that have joined since 2004.

Health and work environment is another aspect of working conditions that both unions and employers agree has a strong influence over a worker's inclination to work longer. National policies and social partner initiatives have focused on promoting 'work ability' – a concept that combines the ability to continue working because of improved health and enhanced employability through ongoing skills development – and introducing company bargaining at the national level. Very few examples of such measures at sectoral level were found.

In many countries, provisions relating to health and safety or strenuous working conditions apply to all workers regardless of age. Nonetheless, preventive measures focusing on the life cycle and work ability are being developed in a number of countries, especially in northern Europe. In general, initiatives designed to improve the health and work environment of older workers are limited, despite the importance of such measures for extending working lives. One reason could be that policies related to strenuous work undertaken by older people are usually linked to providing early retirement or disability benefits, rather than improving the work environment.

Flexible working time is also critical to the work ability of older workers. Some countries have programmes that encourage part-time work beyond retirement age or partial retirement arrangements for older employees. Collective bargaining can play a role in this area through provisions in national and sectoral collective agreements that offer the possibility for local solutions at company level. Most measures that reduce the total number of hours worked by older workers benefit individuals who might not otherwise be able to stay working. In general, working time organisation measures are more widespread in countries within the EU15 that already have a relatively older labour force.

The perceptions of employers and workers of when a worker should retire remain the most important barrier to keeping older workers in the labour market. The European Year of Active Ageing and Solidarity between Generations in 2012 helped to raise awareness of the contribution of older workers, and a change in attitude is evident in some countries. But compared with the scale of the challenge, initiatives by governments and social partners to foster more positive attitudes towards longer careers are still under-developed across the EU.

Policy pointers

- Social partners and social dialogue are key to facilitating the implementation of measures at different levels, especially in companies, and in ensuring the application of provisions in collective agreements in small and medium-sized enterprises.
- Some countries are experiencing financial difficulty in implementing policies to promote greater participation and longer working lives among older workers due to the current economic climate, and others will do so in the future. Lack of know-how and experience is also an issue. Policy action and funding at EU level could help to overcome these barriers, but will need to take account of country differences in demography, economy, employment and working conditions.
- Age-related stereotyping, and the resulting discrimination against older people, remains a major barrier to longer careers in almost all European countries. A cultural change and awareness of the positive values of ageing in relation to work are needed to overcome this.
- Some policy initiatives fail to target specific groups of older workers, sectors or occupations. A more targeted approach would save resources and make a difference in terms of quality of work where this is necessary for longer working.
- Overall strategies taking into account pensions, employment and working conditions are required because the demographic and employment challenges can only be tackled holistically.

Further information

The report *Role of governments and social partners in keeping older workers in the labour market* is available at <http://www.eurofound.europa.eu/eiro/studies/tn1210012s/index.htm>

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