Institut Européen d'Administration Publique – Centre Européen de Formation dans les Affaires Sociales et de Santé Publique (IEAP-CEFASS)

European Institute of Public Administration – European Training Centre for Social Affairs and Public Health Care (EIPA-CEFASS)

# How to increase the Employment Participation of Older Workers:

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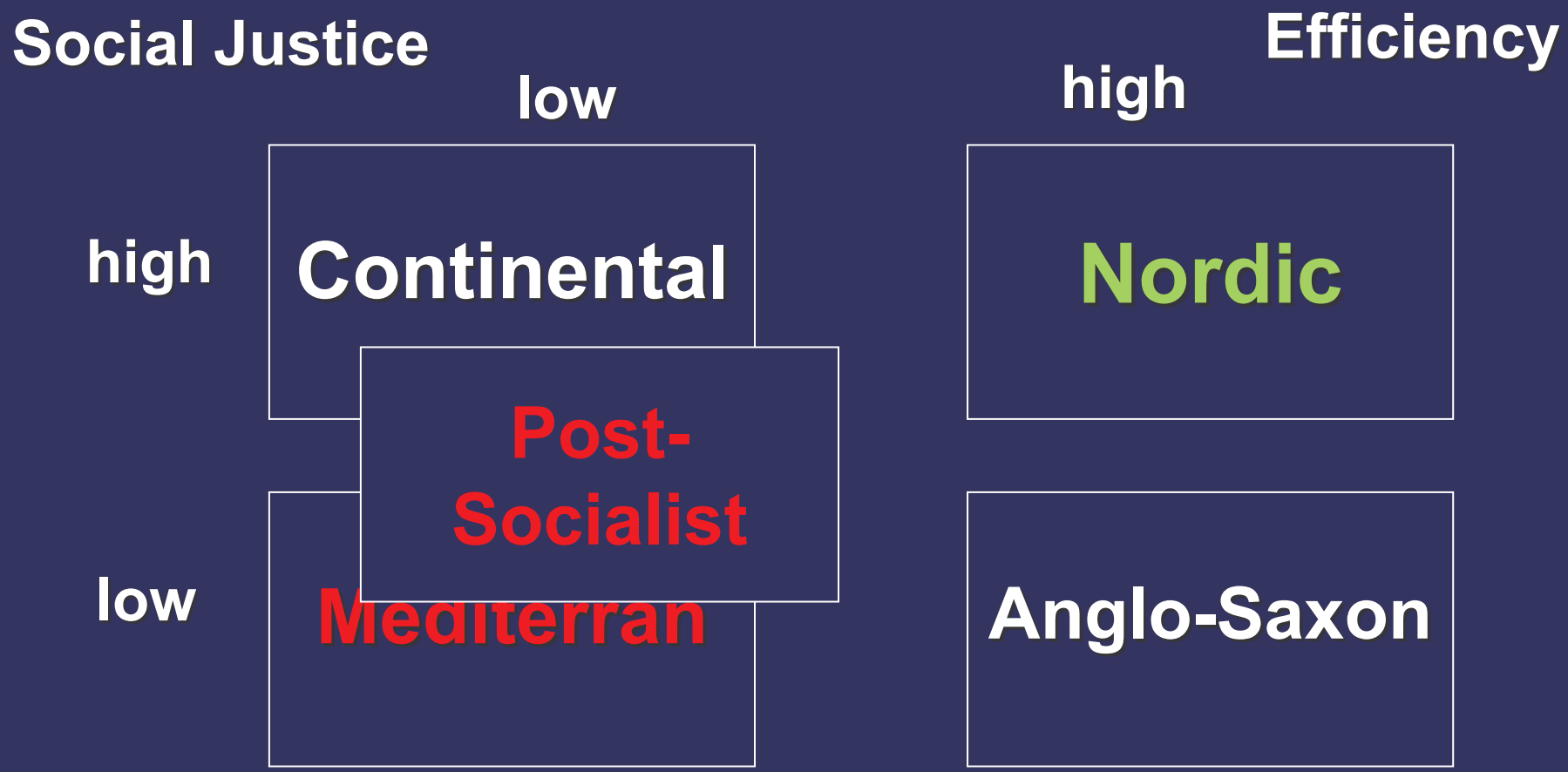
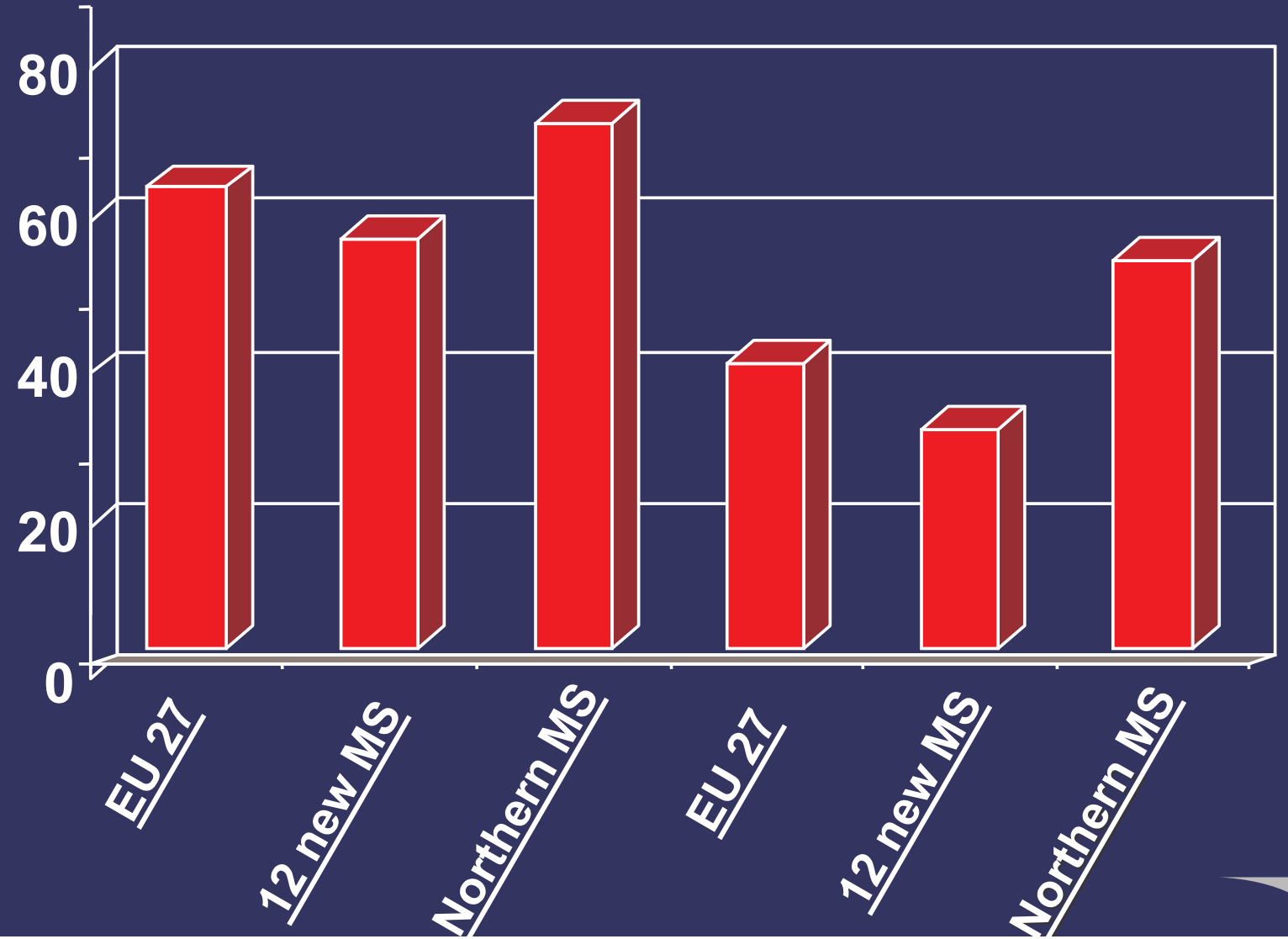
# The 4 European Social Models

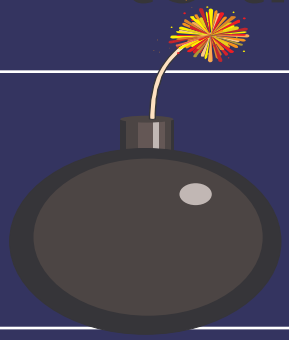



Source: Bruegel, Think Tank, Brussels, Policybrief, Nov. 05; extended by R. Hessel, EIPA-CEFASS

# Employment rate total / older workers (55-64)



# Ratio of population aged 65 and over to the labour force in 2020 (%)

| | |
|---|---|
|  High risk countries | IT 56% FR 50%<br>BE 47% SE 48% |
| Medium risk countries | NL 38% UK 39% |
| Lower risk countries | TR 27% IRE 28% |

Source: OECD Factbook 2005

# Active labour market policies

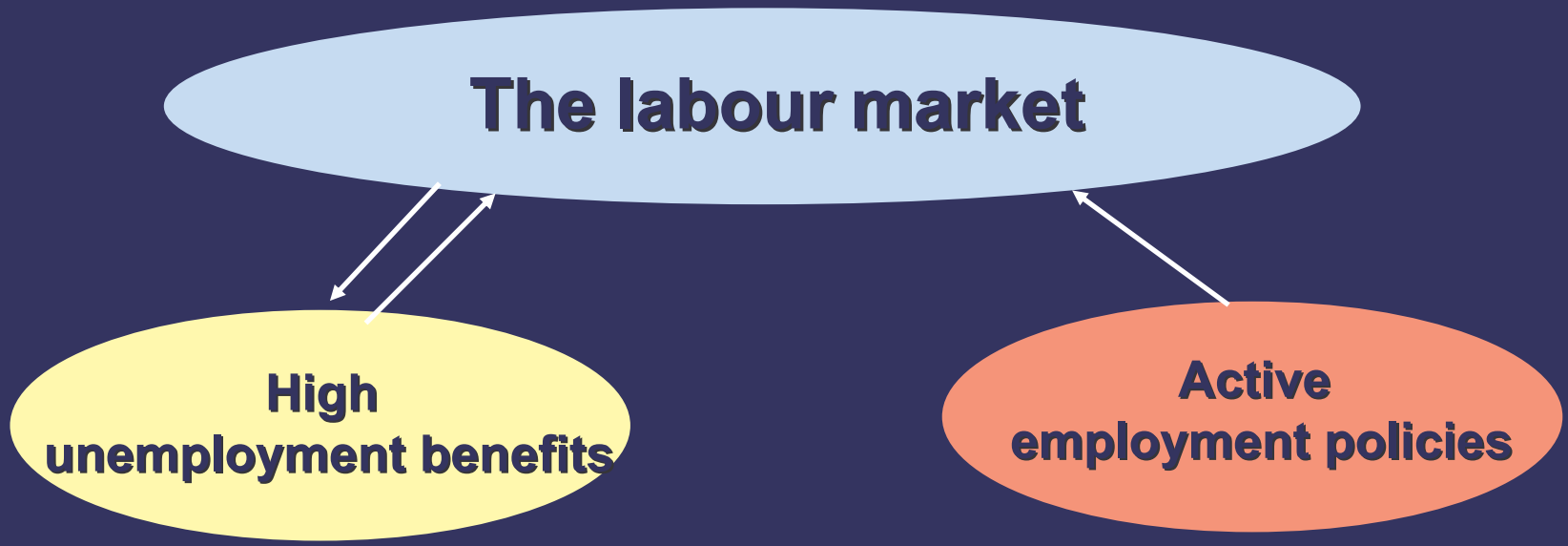
## Restrictive measures

- Reducing early retirement access
- Reducing disability/unemployment benefits

## Incentives

- Adjusting work conditions at the end of career
- Flexible retirement
- State subsidies for the employer

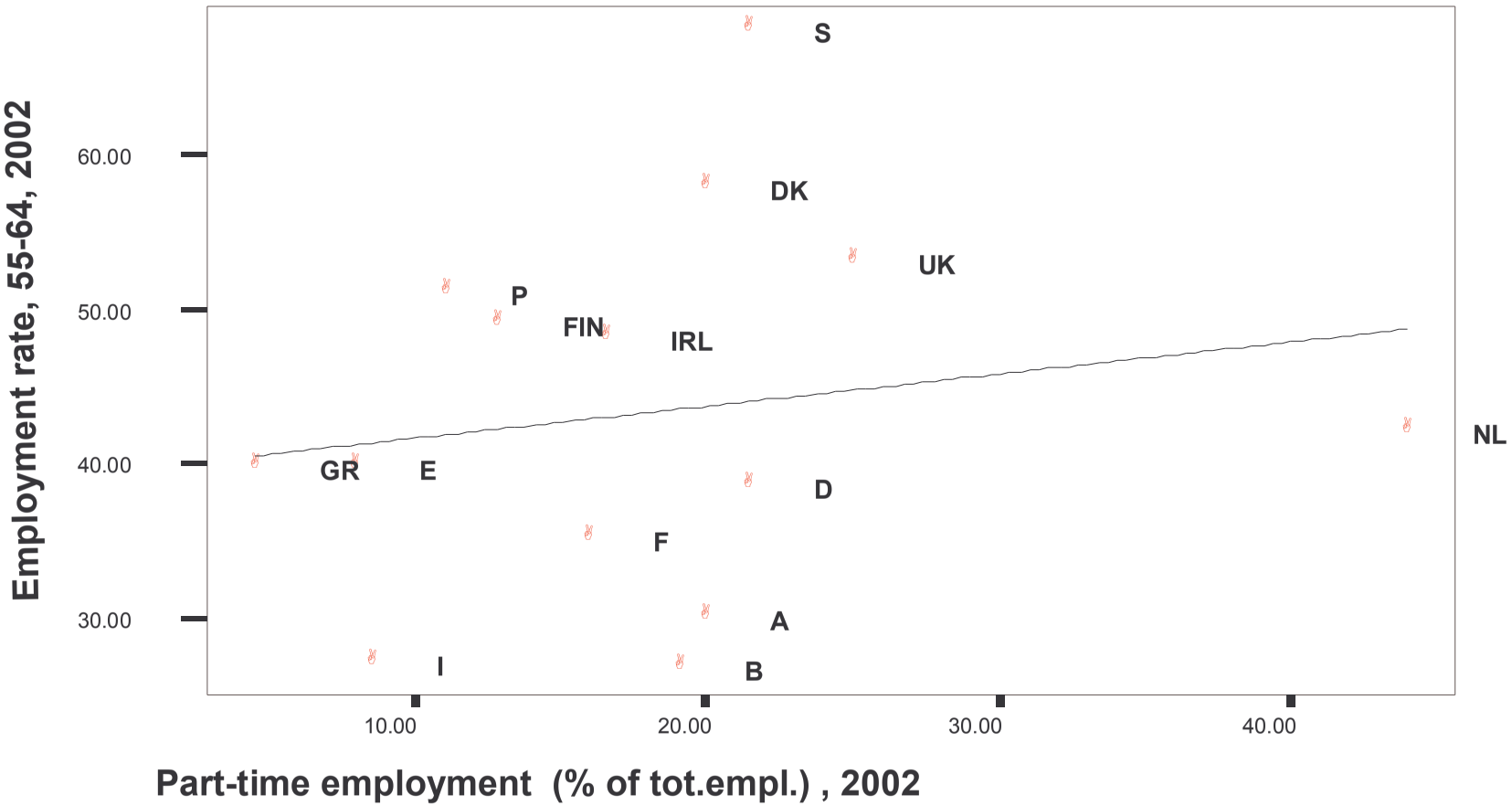
# Example Denmark: the 'Flexicurity Model'




- Security of income
- Strict rules on availability
- Security of occupation

Source: Birger Stein Christensen, Public Employment Service, Danish Ministry of Employment

# Part-time emplyoment and older workers' employment rate



# Age Stereotypes

## Younger Workers

- not likely to stay
- unreliable

### But also…

- enthusiastic
- new ideas
- willing to learn
- cheaper

## Older Workers

- difficulty with change
- little return on investment
- out of date / technophobic
- poor health

### But also…

- stable
- experienced

# Example United Kingdom

- A voluntary Code of Practice (1999)
- Awareness-raised campaigns: "Winning the Generation Game", "Age Positive", "Age 50 +"
- Long consultation process on age legislation
- Age laws (2006)

# Example UK: Business benefits

- Access to a wider talent pool
- Cost cutting: Lower recruitment / training costs, increase return on investment, retain corporate knowledge, improved productivity
- Get closer to customers
- Build a reputation as a good employer

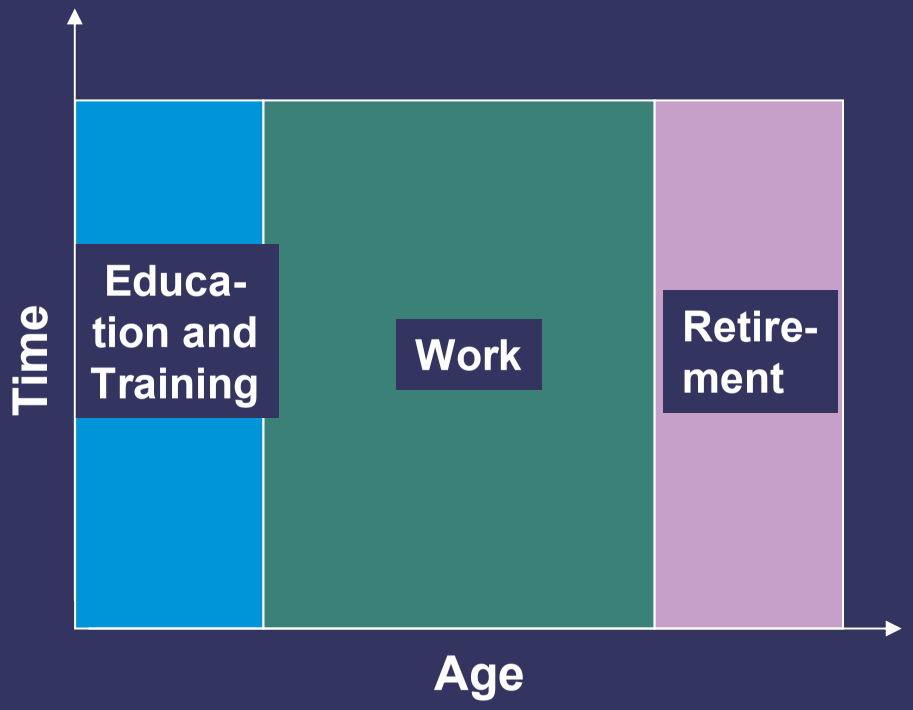
Source: Employers Forum of Age (FSE), London

# Further country examples

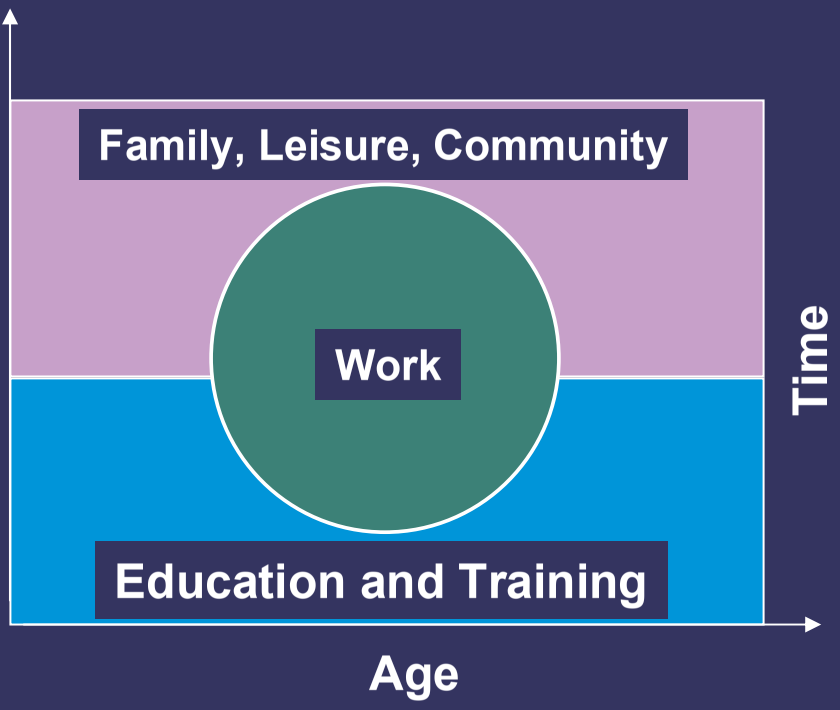
- AT: phased, flexible retirement (2003)
- BE: companies must fund job replacement when laying off workers over 55
- ES: combining pension and salary possible (2002)
- FIN: campaign "Experience is a treasury"; one-stop-job for re-integration of unemployed
- NL: job agencies specialised for unemployed over 55 (back-to-work schemes)

# Activities over Life-Cycles

## Vertical distribution




## Horizontal distribution

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# Conclusions

- Increasing the effective retirement age is crucial; however, increasing the overall employment rate is an even more effective policy measure
- Active labour market policies - the ‚activation turn' in social policies - cannot create new jobs, but can facilitate job creation by stimulating the supply of labour
- Gradual retirement schemes is a key factors for a good work-life balance

# Conclusions (2)

- Reforms increasing official exit age over 65: BE, ES, FIN, DE, DK, IRE, SW, UK
- Introduction of performance-related salaries: DE, IT, LAT, PL, ES
- Part-time employment could be beneficial to older people: longer working lives are associated with better health
- Reforms can only be successful when they are implemented by a holistic, integrated policy approach

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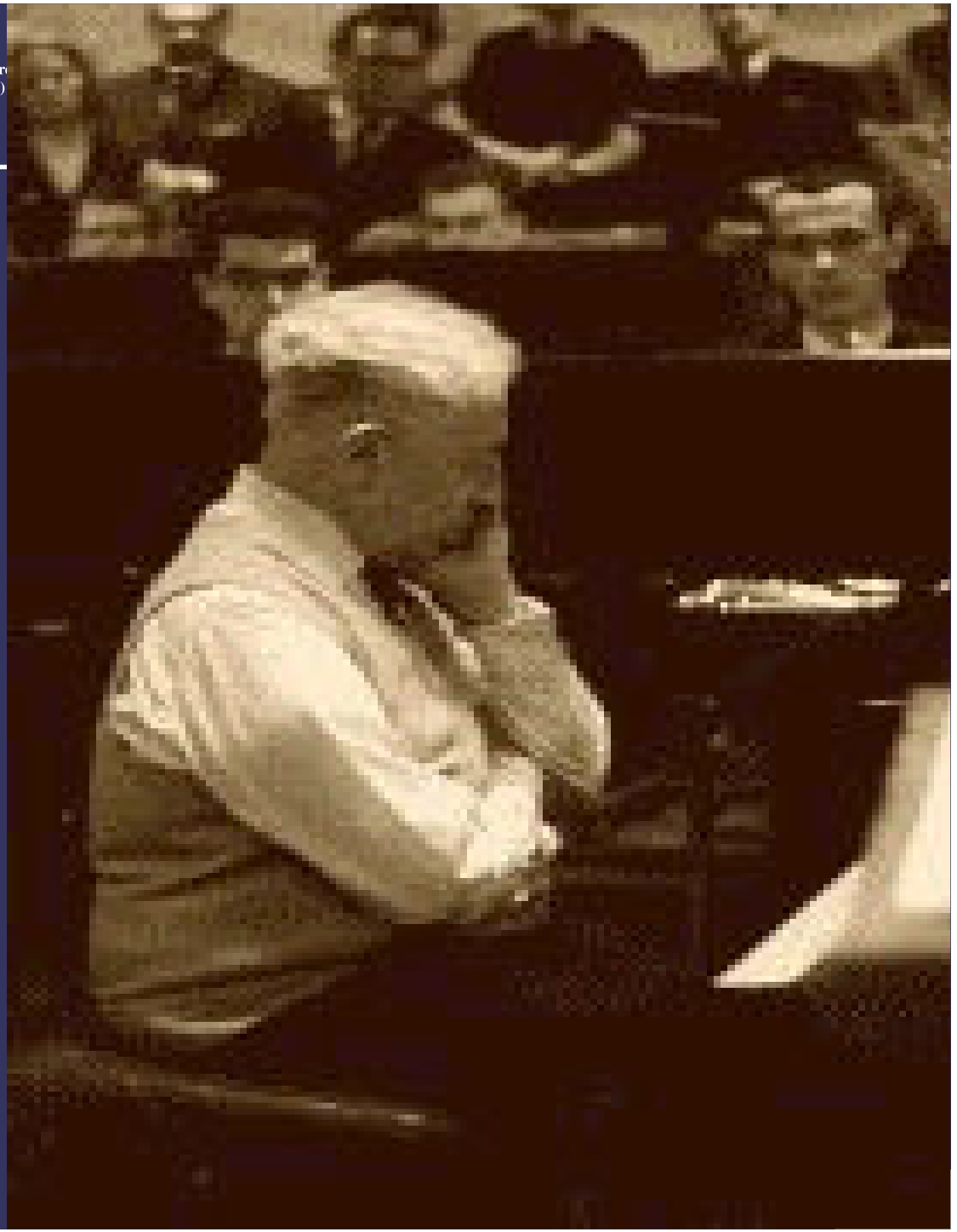
# Active Ageing á l'Arthur Rubinstein:

- Concentration
- Selection
- Compensation



# Who is dreaming… the European dream..?! Our Values

## Solidarity

Profit orien-tation versus "social return"

## Environmental Sustainability

Long-term thinking versus short-term capitalism

## Intercultural Tolerance

Diversity & multi-lateralism versus inward-looking