

Title	Living Longer – Working Better
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Brief Introduction	<p>1 INTRODUCTION</p> <p>Of all the future challenges facing labour markets in Europe, none is more certain than the demographic imbalances resulting from the lower birth cohorts after the post war “baby boom” and the continual increase in life expectancy. Indeed this has already led to a significant shift in the age structure in practically all European countries.</p> <p>Longer life is obviously a good thing and a slower population growth is not a problem <i>per se</i>. The problem is that during the demographic transition, before lower birth cohorts even out the age structure somewhat, there are significantly fewer people of (current) working age relative to those not working and, due to prolonged life expectancy, particularly with respect to older people. The problem is clear: at current levels of labour force participation (and working time), net immigration and labour productivity, the ageing of our societies leads to lower GDP per capita. Moreover, at current levels of pension entitlement and income, it seriously threatens the financial solidity of the social security system. The distributional impacts are also likely to be significant, not only between the young and the old but also within age groups. Some will be able to adjust their life time labour force participation and some get secure pensions, others will not.</p> <p>However, while the age structure prognosis is likely to be quite reliable (especially as regard older ages), the assumptions cited above are much less certain, particularly as regards future labour force participation. By definition the input of labour into the economy is the employment rate of each age group, the length of their working life and how many hours they work per year. The potential for increasing the overall employment rate and the length of working life is enormous in Europe. The re-employment of the millions of people currently unemployed highlights the fact that the ageing challenge is not a matter of immutable demographics, but rather how we manage our economy in general and the labour market in particular. Moreover, the employment rates of older workers in Europe vary very significantly and thus highlights that the length of working life is not primarily due to the absolute biological limitations of ageing, but to the organisation of working life not only at the workplace but also in the institutional setting of the labour market and the prevailing attitudes in our societies.</p> <p>This paper cannot address the wider issue of an overall improvement in employment rates for the entire population. It must be underlined, however, that a return to full employment is so obviously essential for a satisfactory resolution of the demographic challenge. Not least the scarring effects of unemployment for young people in particular may have long lasting impact on Europe’s capacity to meet the demographic challenge, see for example various recent and forthcoming Eurofound publications of the NEETs project.</p> <p>Instead this paper focuses more specifically on ageing. This will be done primarily by focusing on older workers on both sides of the traditional pension age of 65. However, ageing is obviously not a state (of being old) but a process throughout working life. Just as it is individuals who prepare physically, financially and socially who make the best transitions to old age, it is workplaces that have age management for the entire workforce and societies that have a life course perspective on ageing that will best meet the demographic challenge. The basic message of a major OECD study on the topic is well encapsulated in the report’s title of “Live Longer, Work Longer” (OECD 2006). This must surely be a crucial aspect of policy to address the ageing issue. However, it is vital to realise that the capacity to work longer is determined by working conditions throughout working life. The perspective of the European Foundation for the Improvement of Living and Working Conditions is thus “Living longer - Working Better”.</p>

This paper starts with an exploration of some aspects of current working life that are considered conducive to a long working life. It is based on data from the European Working Conditions Survey. It is followed with some evidence on the expectations of the current labour force to remain in their current job even towards the end of their working life and how the variation in these expectations is related to various aspects of their current job.

The following section focuses on workers that are approaching the typical pension age. The massive variation of the employment rate of workers 55 to 64 indicates that there is much room for an increase of employment for this age group in many Member States. While much is related to social security systems and attitudes, this section examines company practices intended to facilitate the employment of carers, and age management at restructuring.

A striking feature of the recent recession has been the resilience of the employment rate of older workers. This is particularly the case for the over 65 year olds. Section 4 highlights this trend and, drawing upon the findings on the nature of work that they perform, examines some company initiatives to facilitate their employment.