Labour market situation of older workers in new EU member and accession countries

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Outline of presentation

- Demographic trends
- Labour market trends
- Recruitment and termination of employment of older workers
- Labour market policies in new EU countries
- Active labour market programmes for older workers
- Policy recommendations

Who are older workers?

- For purely demographic comparisons – 65+
- No single definition of older persons
  - Age brackets vary across countries reflecting the diversity of demographic and labour market situation, speed of technological and economic changes but also different national policy priorities and cultural perspectives of the country.

Speed of demographic ageing

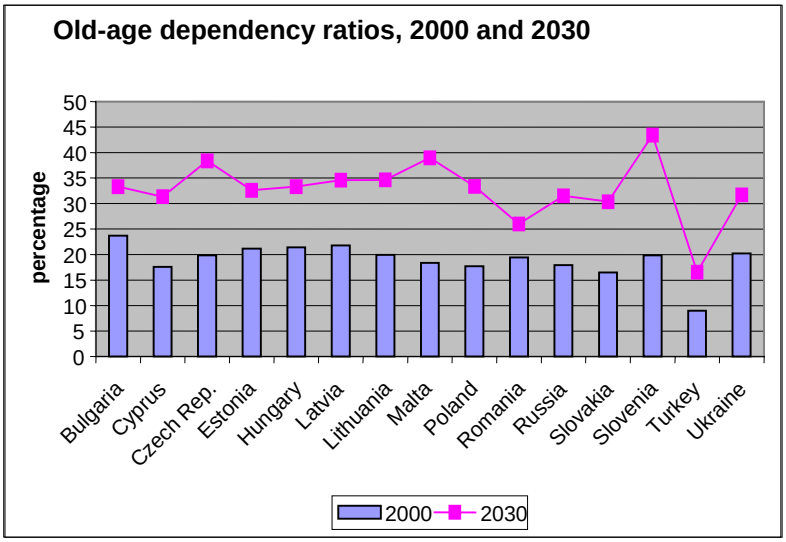
- According to the 2000 UN demographic projections, the shares of the 50+ and 65+ age groups, both sexes, will increase significantly between 2000 and 2030:
  - For males 50+ from 27% to 40%
  - For females 50+ from 34% to 46%
  - For males 65+ from 10% to 18%
  - For females 65+ from 16 to 25 %

The rate of demographic ageing (shares of males and females aged 50+ as percentage of total male and female population), 1980-2030

	Males 50+						Females 50+					
	1980	**1990**	**2000**	**2010**	**2020**	**2030**	**1980**	**1990**	**2000**	**2010**	**2020**	**2030**
Bulgaria	28	30	32	34	37	43	30	33	37	41	44	50
Cyprus	21	22	25	30	33	35	24	25	28	33	36	39
Czech R.	26	24	29	34	38	46	32	31	35	40	44	52
Estonia	22	24	26	30	34	38	33	34	36	40	43	47
Hungary	27	27	28	33	35	42	33	34	36	41	43	49
Latvia	23	25	27	31	35	39	34	35	38	42	45	48
Lithuania	21	23	25	29	35	40	29	32	33	38	43	48
Malta	23	23	28	34	37	40	24	27	33	38	40	43
Poland	21	22	24	31	34	39	27	28	30	37	40	45
Romania	23	26	27	30	33	39	27	30	32	35	38	45
Russia	19	23	23	29	33	37	31	33	33	38	42	47
Slovakia	22	21	23	29	33	40	26	27	29	35	39	46
Slovenia	22	25	28	36	41	47	29	32	34	41	47	53
Turkey	12	13	15	18	22	28	14	15	16	20	24	30
Ukraine	22	26	26	30	33	39	34	36	36	39	43	48

The rate of demographic ageing (shares of males and females aged 65+ as percentage of total male and female population), 1980-2030

	Males 65+						Females 65+					
	1980	**1990**	**2000**	**2010**	**2020**	**2030**	**1980**	**1990**	**2000**	**2010**	**2020**	**2030**
Bulgaria	11	12	14	14	16	18	13	14	18	19	23	26
Cyprus	9	10	10	12	15	18	11	12	13	15	18	21
Czech R.	11	10	11	13	18	21	16	15	17	19	25	28
Estonia	8	7	10	11	13	16	16	15	18	20	23	26
Hungary	11	11	11	12	15	17	16	16	18	20	24	26
Latvia	9	8	10	12	13	17	16	16	19	22	24	27
Lithuania	9	8	10	12	13	18	13	14	17	20	22	26
Malta	9	9	10	13	18	22	11	12	14	17	22	26
Poland	8	8	10	10	14	18	12	12	15	16	21	25
Romania	9	9	11	12	14	15	12	12	15	16	18	20
Russia	6	6	8	9	12	16	14	14	16	16	20	25
Slovakia	9	8	9	9	13	17	12	12	14	15	19	23
Slovenia	9	8	11	13	18	23	14	15	17	20	25	30
Turkey	4	4	5	6	7	10	5	5	6	7	9	12
Ukraine	8	8	10	11	13	16	15	16	17	19	21	25



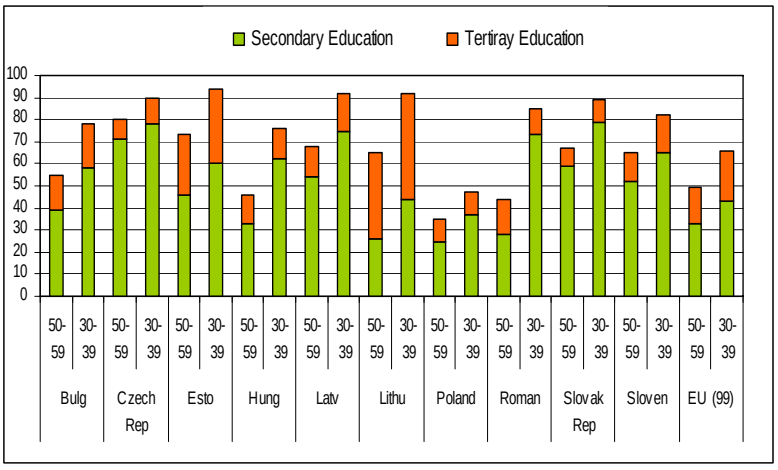
Activity rates of older workers (55-64)

- After a sharp decline in the participation rates of older workers in the 1990s an increase between 2000 and 2004, higher than for total population and higher for women. Reasons: increasing statutory retirement age but also economic reasons.
- Male activity rates almost double those of females but the gap is narrowing
- Large cross-country differences
- Higher average participation rates in EU-15 than in EU-10 and accession countries in particular for women and the gap is widening for both sexes.
- Older workers have on average lower education than younger age groups.
- Participation rates increase with education regardless of age but this tendency is stronger for older workers and for women.

Labour Market Participation Rates for older workers (55-65) in %

Country	2000			2004		
	Total	Men	Women	Total	Men	Women
Bulgaria	24.0	38.4	11.8	36.2	47.2	26.8
Croatia				32.3	44.0	22.3
Czech Republic	38.2	54.5	23.7	45.1	60.2	31.3
Cyprus	51.3	69.6	33.7	52.7	74.4	32.0
Estonia	51.3	63.6	42.0	55.7	60.7	51.9
Hungary	22.9	34.5	13.5	32.0	39.7	25.8
Latvia	39.7	54.0	29.0	52.3	60.4	46.1
Lithuania	45.1	58.1	35.2	52.6	63.7	44.2
Malta	29.6	52.7	8.8	31.7	53.5	11.8
Poland	31.3	40.4	23.6	29.6	39.1	21.4
Romania	50.0	56.9	43.9	37.9	44.9	31.9
Slovakia	24.3	41.0	10.7	31.7	51.9	14.8
Slovenia	24.0	34.6	14.1	29.9	42.5	18.1
Turkey	37.1	53.9	49.0	34.3	20.9	20.1
Average for EU-10 and access. countr.	36.1	50.2	26.1	39.6	50.2	28.5
Average EU-15	40.8	51.6	30.3	45.5	55.8	35.5

Educational attainment of the population by age groups, 1998, per cent



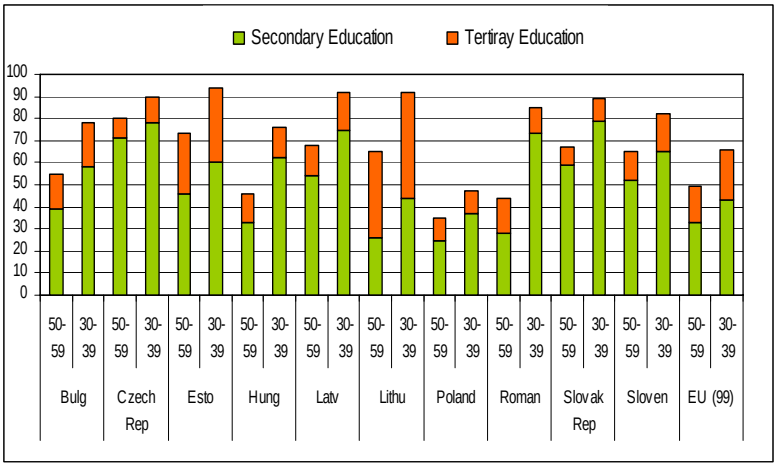
Employment rates of older workers (55-64)

- Employment rates of older workers increasing for both sexes after 2000 but more rapidly for women.
- Gender gap in employment rates larger than in participation rates but also closing after 2000.
- Again the new EU and accession countries lag on average behind EU-15 in employment rates for both sexes but more for women and the gap is widening.
- Large differences in employment rates among countries.

Employment Rates for older workers (55-65) in %

Country	2000			2004		
	Total	Men	Women	Total	Men	Women
Bulgaria	20.8	33.2	10.3	32.5	42.2	24.2
Croatia				30.1	40.9	21.0
Czech Republic	36.3	51.7	22.4	42.7	57.2	29.4
Cyprus	49.4	67.3	32.1	50.1	70.9	30.4
Estonia	46.3	55.9	39.0	52.4	56.4	49.4
Hungary	22.2	33.2	13.3	31.1	38.4	25.0
Latvia	36.0	60.7	26.7	47.9	66.8	41.9
Lithuania	40.4	50.6	32.6	47.1	57.6	39.3
Malta	28.5	50.8	8.4	30.9	52.2	11.4
Poland	28.4	36.7	21.4	26.2	34.1	19.4
Romania	49.5	56.0	43.8	36.9	43.1	31.4
Slovakia	21.3	35.4	9.8	26.8	43.8	12.6
Slovenia	22.7	32.3	13.8	29.0	40.9	17.8
Turkey	36.3	52.4	20.8	33.2	46.9	20.0
Average for EU-10 and acces.countries	33.7	47.4	22.6	36.9	49.4	26.6
Average EU-15	37.8	48.0	28.0	42.5	52.2	33.2

Educational attainment of the population by age groups, 1998, per cent



Unemployment rates by age and sex in new EU member and accession countries and EU-15, 2000, per cent

	15-24			*25-54*			*55-65*		
COUNTRY	**Total**	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**	**Men**	**Women**
Bulgaria	33.3	36.1	29.6	14.6	14.6	14.7	12.2	12.6	10.8
Czech Rep.	17	17.4	16.4	7.8	6	10	5.3	5.3	5.2
Estonia	23.7	24.7	22.4	12.8	13.9	11.5	8.2	11.4	4.8
Hungary	12.3	13.7	10.4	5.9	6.3	5.3	3.1	3.8	1.6
Latvia	21.2	21.1	21.3	14	15	13	9.4	10.5	7.9
Lithuania	27.5	27.6	27.4	15.1	17.5	12.8	9.2	12.4	n.a.
Poland	35.7	34.3	37.2	14.2	12.3	16.3	9.7	9.1	10.6
Romania	17.8	19.3	15.9	6.9	7.1	6.7	1.1	1.7	0.4
Slovakia	36.9	40	33.3	15.9	15.8	16	12.7	14.2	8
Slovenia	16.4	14.2	18.5	5.8	5.7	6	6.1	7.6	2.9
Average EU8+2	**24.2**	**24.8**	**23.2**	**11.3**	**11.4**	**11.2**	**7.7**	**8.9**	**5.2**
Average EU15	**15.4**	**14.1**	**17.0**	**7.3**	**6.0**	**8.9**	**8.2**	**8.0**	**8.4**

Unemployment of older workers

- Unemployment rates for older workers (55-64) lower than for the prime age group (25-54). The reasons are higher protection by legislation in some countries, seniority rules in enterprises but also availability of early retirement schemes and other policies facilitating labour market withdrawals of older persons.
- While EU unemployment rates on average significantly lower than in the new EU member and accession countries, the difference declines with age

Summary of findings

- Labour market participation of older workers some 40% lower than of the prime age groups. The rate for men almost double that of women. The same for employment rates. Participation and employment rates of older workers increasing after 2000.
- Unemployment rates of older persons low compared with prime age group but to a large extent due to early withdrawals for unemployment or health reasons. Many of such persons would like to work further but cannot find a job while others seek additional income due to low pensions. Their employment problems are connected with their lower and often obsolete education in comparison with younger age groups and employers' perception of older workers as inflexible and immobile, unable and unwilling to learn new skills and adapt to new work requirements.
- This calls for a review and improvement of measures aimed to protect and promote employment of older workers.

Recruitment and termination of employment of older workers

- Reaching entitlement to old-age pension is not the legal reason for employment termination on the employers' side in the accession countries
- Despite that, retirement, early retirement and disability retirement frequently used to moderate labour market tensions
- Employment protection legislation
- Discrimination against older workers in recruitment and layoffs
- Legislation prohibiting age discrimination

Expenditure on labour market policies in the new EU member and accession countries, 2002–03

Country	Total expenditure on labour market policies	
	% of GDP	% on active measures
Bulgaria	0.97	0.67
Croatia	0.55	0.06
Czech Rep	0.44	0.17
Estonia	0.30	0.08
Hungary	0.88	0.51
Latvia	0.64	0.14
Lithuania	0.28	0.16
Poland	1.25	0.11
Romania	0.88	0.03
Slovakia	0.96	0.47
Slovenia	1.00	0.44

Active labour market programmes for older workers

- More intensive job placement assistance in the initial period after job loss, later reliance on passive measures
- In general lower participation of older jobseekers in ALMP, although few figures available (e.g. the share of persons above 50 in ALMP 10% in Estonia (while 17% in unemployment), 1% in Poland). However, in some countries more – in Latvia 35.7%, in Lithuania 3-10% in individual ALMP).

ALMP for older workers (cont.)

- Most offered programmes – public works and subsidized employment related to their frequent long-term unemployment while older workers underrepresented in labour market training
- Usually no special programmes for older workers but some countries have recently launched such programmes, e.g. in Slovakia a programme supporting employment of citizens over 50 or a programme for older women as qualified home-care workers for communities; or in Hungary a programme for jobseekers above 50 with tertiary education combining tailor-made training with motivation training, psychological support and job placement assistance.

Policy recommendations

- Employment protection of older workers should be improved and its enforcement in practice strengthened.
- Legislation should prohibit age discrimination.
- In line with the ILO Older Workers Recommendation, 1980 (No. 162), there is a need for ensuring equal access of older workers to vocational guidance and placement services
- Job counselling, intensive job search assistance and promotion of their active attitude towards taking up available jobs and being prepared to new assignments.
- The approach of Latvia requesting preparation of individual action plans for older long-term jobless persons in line with the EU Employment Strategy should be replicated in other countries.

Policy recommendations (cont.)

- Stimulation of employers to hire older persons through job creation measures or wage subsidies.
- Promotion of the gradual reduction of hours of work prior to statutory retirement age combined with subsidies from the NES or with partial pension schemes.
- Promotion of business start-ups or self-employment of older workers to make them benefit from rich experience, personal contacts and accumulated capital.
- From “classic” public works to innovative programmes such as care provision or schemes requiring skilled labour and combined with initial or on-the-job training.

Policy recommendations (cont.)

- Labour market training very important
- Research revealed the diversity of constraints and potentials of older workers. Therefore important a complex approach to employment promotion of older workers addressing these constraints and potentials.