THE LINK BETWEEN COMPREHENSIVE EMPLOYMENT, HEALTH CARE, PENSION, SOCIAL POLICIES AND ACTIVE AGEING POTENTIAL IN RUSSIA AND EU COUNTRIES

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OUTLINE

- Research questions
- Methodology & Data
  - Quantitative analysis: countries’ classification
    - By social policy indicators
    - By AAI-2014 domains
  - Qualitative analysis: case studies of social policy towards the elderly
- Conclusion
RESEARCH QUESTIONS

To what extent AAI scores are related to the labour market, pension, health care and other social policies towards the elderly in the EU and Russia?
METHODOLOGY & DATA

Quantitative analysis

1. The classification of 29 countries (EU-28 + Russia) by 10 indicators of social policy
   Data: World Bank, Eurostat, OECD databases
   Methods: factor analysis, cluster analysis

2. The classification of these countries by the values of AAI-2014 domains
   Data:
   AAI-2014
   (https://statswiki.unece.org/display/AAI/Active+Ageing+Index+Home)
   AAI-2014 for Russia: Varlamova et al. (2017)
   Methods: cluster analysis

3. Intersection of both classifications

Qualitative analysis

1. Case studies of social policy over the period of 2007-2012 in EU-28 and Russia
   Data: World Bank, OECD, EU reports, national databases, scientific publications, internet sources
QUANTITATIVE ANALYSIS: COUNTRIES’ CLASSIFICATION
Based on factor analysis, 3 generalized factors were obtained.

- Population structure
- Social protection benefits
- Pensions

- Labour market policy expenditure
  - Age wage gap (the difference between earnings of middle-age and old-age workers)
  - The strictness of temporary employment

- Long-term care beds in institutions and hospitals
  - Long-term care workers

The factors explain more than 77% of total dispersion.
Using cluster and discriminant analysis, EU countries and Russia were classified into 4 clusters:

**Austria, France, Italy, Greece, Portugal**
- Rather old population
- High social protection and pension expenditure
- Not generous LTC provision
- A strict regulation of temporary employment

**Belgium, Ireland, Luxembourg, the Netherlands, Spain, Croatia**
- Not very old population
- The most generous LTC provision
- The highest expenditure on labour market policy

**Central and Eastern European countries, Bulgaria, Cyprus, Malta, Russia**
- Not very old population
- The lowest expenditure on social protection, pension, labour market policy
- Older workers earn less than younger ones

**Denmark, Finland, Sweden, Germany, the UK**
- Rather old population
- Closed to the sample average social protection and pension benefits
- The least strict regulation of temporary employment
The classification of EU countries and Russia by the domains of AAI-2014

- **Cluster 1**: Central and South European countries and Ireland
- **Cluster 2**: Eastern European countries, Bulgaria, Greece, Russia
- **Cluster 3**: Germany, Portugal, Baltic countries, Cyprus
- **Cluster 4**: Denmark, Finland, Sweden, the Netherlands, the UK
The intersection of two classifications

The average level of social protection and labour market expenditure and LTC provision seems to be effective in terms of the concept of AA.

Not very generous LTC provision that may lead to a rather high proportion of the elderly who care for older seniors.

Social expenditure is quite enough to provide health care and financial security for the older generation.

High labour market policy expenditure and strict regulation do not provide high employment of the older population.

Financial security (Belgium, Spain, Croatia).

High employment rate, family social activity (especially in Cyprus), physical activity (Estonia and Lithuania).

Health status, inappropriate financial security.

Public expenditure on social policy seems inadequate to the growth of AA potential.

Low social activity outside the family, availability of health and dental care (Russia and Romania), health status, financial security in older age (Bulgaria), lifelong learning.
QUALITATIVE ANALYSIS:
CASE STUDIES
LABOUR MARKET REFORMS IN PORTUGAL


Goals: to increase efficiency of labour market, to intensify competition, to stimulate employment (Memorandum of Understanding, 2011)

In 2010-2011, more than half of total unemployed was unemployed for more than a year.

The employment legislation have protected permanent job contracts. The employed on short-term contracts are vulnerable on the labour market.

The unemployment insurance system was the most generous in the EU that provided the disincentives to seek for a job.

A slight growth of employment rate and the decline of unemployment rate between 2013 and 2015 BUT: the unemployment rate remains high for the youth. The growth of employment rate is mainly due to the extension of temporary contracts (OECD, 2011)

The decline of the employment domain of AAI from 36,6% in 2010 to 32,6% in 2014.

<table>
<thead>
<tr>
<th>Area</th>
<th>Sub-area</th>
<th>Before</th>
<th>After</th>
<th>Goal</th>
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<tbody>
<tr>
<td>Unemployment Insurance</td>
<td>Unemployment Benefits</td>
<td>Capped at:</td>
<td>Capped at:</td>
<td>• Reduce risk of long term unemployment</td>
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<td></td>
<td></td>
<td>• 38 months</td>
<td>• 26 months</td>
<td>• Encourage earlier return to labour market</td>
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<td>• 3xIAS</td>
<td>• 2.5xIAS with 10% reduction after 6 months</td>
<td>• Reduce contribution period that gives access unemployment insurance</td>
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<td>• Min. contribution period 15 months</td>
<td>Min. contribution period 12 months</td>
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<td>Sevanance Payment</td>
<td>30 days per year</td>
<td>Now: 20 days per year</td>
<td>Improve efficiency and eliminate labour market duality</td>
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<td>36 days for fixed-term contracts</td>
<td>Nov: 8-12 days</td>
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<td>Cap: 12 months</td>
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<td>Unsuitability and Extinction of Work Position</td>
<td>Unsuitability only possible with introduction of new</td>
<td>Elimination of the new technology requirement</td>
<td>Implement flexibility on labour markets through effective mechanisms of internal flexibility within companies</td>
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<td></td>
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<td>technology</td>
<td>Elimination of the predefined seniority order</td>
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<td>Extinction follow pre-defined seniority order</td>
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<td></td>
<td>Overtime</td>
<td>Maximum additional pay for overtime 100%</td>
<td>Maximum additional pay for overtime limited to 50%</td>
<td>Reduce overtime costs, increase flexibility in production cycle (peak periods)</td>
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<td>Compensatory time equal to 25% overtime</td>
<td>Elimination of compensatory time off</td>
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<td>Bank of Hours</td>
<td>Bank of hours negotiated through collective bargaining,</td>
<td>Introduction of individual bank of hours, capped at 150</td>
<td>Improve production capacity adjustment to peak periods without increasing personnel costs</td>
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<td>capped at 200 hours</td>
<td>hours, Collective bank of hours</td>
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<td>Holidays and Vacations</td>
<td>Vacations: up to 25 days</td>
<td>Vacations: up to 22 days</td>
<td>Improve productivity</td>
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<td>Holidays: 13 days</td>
<td>Holidays: 9 days</td>
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<td>Collective Agreements</td>
<td>Bargaining made through trade unions</td>
<td>Trade unions can delegate on working councils in</td>
<td>Reinforce firm-level bargaining and promote efficiency</td>
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<td>Work councils can negotiate in corporations with more</td>
<td>corporations above 150 employees</td>
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<td>than 500 employees</td>
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**Latvia** mainstreamed ageing in the forms of:

I. **national strategies**:
   a) Latvian National Development Plan 2007-2013;
   b) Latvian Strategic Development Plan 2010 – 2013;

II. **stimulations of local initiatives**:
   a) 54 projects in European Year for Active Ageing and Solidarity between Generations (2012).

   **Examples**:
   i. competition between municipalities in providing care and support for the elderly
   ii. made museum and theatre affordable
   iii. performed “Connect Latvia” and “European E-skills Week” to popularize learning e-skills

   **Result**:
   growth in the fourth domain (from 26 to 21 rank in 2012-2014).

**Italy**:

- second highest share of elderly population among EU-28
- no national strategy for ageing mainstreaming
- **regional level** in constructing a society for all ages:
  a) Emilia-Romagna, Liguria, Province of Trento (prior to 2012)
  b) Friuli-Venezia Giulia, Liguria, Umbria and Emilia Romagna (after 2012)

   **Results**:
   Comparing the 4th domain of AAI at the regional level in 2007 and 2012 (Quattrociocchi, 2015), these areas demonstrate higher values.

National strategy in Italy faces difficulties because of complex administrative decentralization and inequalities across regions.
Croatia’s healthcare issue:
The elderly in rural areas had few opportunities for the long-term care because of:
• weak networks;
• lack of appropriate services (Chakraborty, 2010).

Government’s solution:
ii. reforms in the primary health care IT system (2011)
iii. medical training programs (2011).

Result:
coverage gap between the elderly in need and those who receive the care services

Croats’ solution:
developed informal long term care mainly among the 50-64 cohort

Spain initiatives:
• website “En Clave Rural” (2009) with good ageing practices;
• seniors holiday programs at a reduced price in coastal areas, cultural tours, nature tourism;
• social hydrotherapy scheme;
• thermal baths;
• healthcare system provides free or low-cost healthcare to pensioners;
• Integral Plan for Physical Activity and Sports.

Beneficiary:
i. social tourism - for pensioners over 60 or Public Pensions System’s receives over 65;
ii. baths - recipients of Social Security System or invalidity pensions.

Participants can be accompanied by their spouses without meeting requirements.

The Strategy of action for senior citizens in the Russian Federation until 2025:
- The main areas of the Strategy correspond with the concept of AA
- Target group: 60+
- The public discussion about using AAI is still in progress

The main areas of public social policy are pensions and social services

Based on the AAI estimates, the strengths of active ageing in Russia are full coverage of public pensions and medical care, high educational level.

The main constraints are low life expectancy (especially men’s), poor health, poor access to health care and its low quality.