

Employers' attitudes and actions toward extending working lives in eight European countries

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ABSTRACT (max. 300 words)

This paper addresses employers attitudes and actions towards extending working lives in eight European countries. We analyze surveys administered in 2009 to employers in Denmark, France, Germany, Italy, Netherlands, Poland, Sweden and the UK. The paper addresses three main questions: 1) What do employers see as possible consequences of an ageing workforce for their own organisation? 2) What attitudes and actions toward extending working lives are reflected in employers' norms on retirement age and organisational policies? and 3) According to employers, what can governments do to extend working lives?

The results show that many employers acknowledge the increase in know-how which firms will enjoy when their personnel ages. However, the increase in know-how apparently does not translate into higher productivity, as most employers do not associate an ageing staff with a higher productivity level. Moreover, in all countries potential increases in productivity do not outpace expected increases in labour costs. In general, most employers use flexible working hours as a measure to retain older workers. Employers perceive incentives to combine work and retirement as an effective measure for governments to extend working lives.

We conclude that employers are divided in their attitudes and actions to extend working lives. In general, attitudes and actions toward older workers and retirement seem to indicate a preference for 'gradual' retirement. On average, employers think that at age 67 a person is too old to work more than 20 hours a week, which is well above the average retirement and even above the statutory retirement age in all countries included. It seems that as far as employers are concerned, there is room to raise retirement ages, although this may be rather on a part-time than on a fulltime basis.

KEYWORDS *Older workers, ageing, extending working lives, retirement, employers, retention, organisational policies, governmental policies*

EXTENDED ABSTRACT (2-4 pages)

Introduction

The ageing of society and the workforce is one of the dominant developments in modern European societies. Although in the short run the current economic crisis enlarges labour pools, in the long run a decrease is expected in the effective labour supply in many European regions. Moreover, the ageing of society will cause rising welfare state expenditures. Therefore, according to governments and scientific experts, nations and labour markets are in need of higher participation rates of older workers and working lives need to be extended.

Macro-economic targets for increasing participation and extending the working life of older people are unlikely to be met without employers acting in accordance with these public targets. It has been stated that any significant change in retirement behaviour will come primarily from policy modifications initiated and undertaken by employers. In this article we look at employers attitudes and actions toward extending working lives; attitudes and actions that will vary from country to country. We analyse results from comparative surveys carried out among employers in Denmark, France, Germany, Italy, the Netherlands, Poland, Sweden and the UK. These countries cover various types of welfare states, have different histories, and have taken diverse initiatives to increase labour force participation of older workers and extend working lives. Nowadays, in most countries employment rates start dropping considerably between 55-59 years of age and drop sharply after the age of 60 (see table 1). Furthermore, the mean and media age of retirement is often well below the statutory age of retirement. Or, in other words, in most countries early retirement is rather the rule than the exception, and extension of working lives is justly high on policy makers' agendas. A country such as Sweden is an exception, performing relatively well in retaining older workers for the labour market.

Table 1 Employment rate, life expectancy and retirement age

	<i>Denmark</i>	<i>France</i>	<i>Germany</i>	<i>Italy</i>	<i>Netherlands</i>	<i>Poland</i>	<i>Sweden</i>	<i>UK</i>	<i>EU (25/27)</i>
Employment rate (2008)									
50-54 years	85.7	80.5	79.4	71.0	81.9	66.7	85.2	79.9	75.5
55-59 years	79.4	56.3	68.9	47.6	69.8	40.2	80.6	70.2	59.0
60-64 years	35.3	16.3	35.1	20.0	35.1	18.9	60.1	45.7	30.1
Parttime employment 50-64 years (2008)	21.5	18.2	27.0	11.0	47.4	12.1	25.7	27.7	19.3
Life expectancy at age 65 (2006)									
Males	16.2	18.2	17.2	17.9	16.8	14.5	17.7	17.4	16.8
Females	19.2	22.7	20.5	21.8	20.3	18.8	20.9	20.1	20.4
Mean age of retirement (2005)									
Males	61.2	58.5	61.4	60.7	61.6	62.0	64.3	63.4	61.4
Females	60.7	59.1	61.1	58.8	61.4	57.4	63.0	61.9	60.4
Median age of retirement (2005)									
Males	62.2	58.8	61.6	58.4	60.5	57.0	63.9	63.8	60.7
Females	60.1	58.3	59.9	57.2	59.3	55.2	63.3	60.3	59.4

Source: Eurostat

This article examines attitudes and actions toward extending working lives in eight European countries. We will address three main questions:

1. What do employers see as possible consequences of an ageing workforce for their own organisations?
2. What attitudes and actions toward extending working lives are reflected in employers' norms on retirement age and organisational policies?
3. According to employers, what can governments do to extend working lives?

Methods

We used data from comparative surveys carried out among employers in Denmark, France, Germany, Italy, the Netherlands, Poland, Sweden and the UK. Data collection took place from March to November 2009. The total number of completed questionnaires amounts to 6,286, of which 609 are from Denmark, 500 from France, 892 from Germany, 770 from Italy, 1078 from the Netherlands, 1037 from Poland, 525 from Sweden and 875 from the UK. Participating research institutes of the ASPA-project carried out the data collection. 'ASPA' is an acronym for 'Activating Senior Potential in Ageing Europe', a research project funded as part of the EU Seventh Framework programme under the Socio-economic Sciences and Humanities theme.

In all countries we drew a stratified sample on the characteristics sector and size. This has been corrected for by either taking "sector" and "size" into account in the analyses or by attaching weights according to the population of establishments from national statistics bureaus.

Results

We asked employers to what extent they expect the ageing of the population to cause labour market problems within the next ten years. In almost all countries 70 to 85 percent of the employers anticipate problems due to a shrinking workforce. This is not true for Italy, where only 10 percent of the employers expect labour market problems. The main conclusion based on these figures is that in most countries in our study there seems to be an awareness that demographic developments will affect the future labour force.

Whereas there may be a sense of urgency among employers regarding demographic challenges in the labour market, expectations regarding their own organization may be quite different. Table 2 shows the answers to the question of how employers view the consequences of their own workforce's ageing. Employers in the countries differ with respect to the consequences they think most likely to occur in an ageing workforce. In Italy and the Netherlands employers see an increase in labour costs as the dominant consequence. In Denmark, France and Sweden, employers see an increase in the knowledge base as the dominant consequence of an ageing workforce. In Poland and Germany a high increase in sick leave is expected.

Table 2 Expected consequences^a of an ageing personnel structure for own organization

Consequences	Denmark	France	Germany	Italy	Netherlands	Poland	Sweden
Labour costs	33	52	57	50	75	16	45
Conflicts in the organisation	4	10	16	22	12	7	10
Knowledge base	47	53	40	38	45	26	47
Labour productivity	10	8	7	14	8	10	8
Profitability/finance. sustainability	10	14	8	16	10	10	12
Enthusiasm for new technologies	4	8	4	22	9	18	7
Resistance to organisational changes	28	23	45	37	38	24	40
Image of the organisation	11	13	10	16	12	10	13
Sick leave	13	37	63	40	42	37	34
Training/schooling costs	6	8	17	20	17	12	12

Note: ^a Based on the question: "If the average age of your personnel increases by 5 years, what will be the effect on..." – Percentage (strong) increase

Source: ASPA employer survey (2009)

Many employers acknowledge the increase in know-how which firms will enjoy when their personnel ages. However, the increase in know-how apparently does not translate into higher productivity as most employers do not associate an ageing personnel structure with a higher productivity level. Moreover, in all countries potential increases in productivity do not outpace expected increases in labour costs.

Employers attitudes toward an ageing workforce and the extension of working lives will be partly based on prevailing norms on the retirement age, that may differ from country to country (see table 3). On average, employers think that at age 67 a person is too old to work more than 20 hours a week. At age 58 a worker is considered to be too young to retire. These norms are lowest in Poland, Italy and France, and highest in Denmark.

Table 3 Norms on the retirement age

<i>Norms</i>	<i>Sweden</i>	<i>Poland</i>	<i>Netherlands</i>	<i>Italy</i>	<i>Germany</i>	<i>France</i>	<i>Denmark</i>
Too young to retire	59,4	54,4	58,8	54,9	58,9	56,3	61,6
Too old to work 20+ hours	68,5	63,9	66,3	65,1	67,4	64,4	69,9

Source: ASPA employer survey (2009)

Employers can take different measures to retain or accommodate older personnel. In general, employers most frequently implemented flexible working hours as a measure aimed at retaining older workers (see table 4). Reduction in task and salary, or demotion, is least applied by employers.

Table 4 Implemented organisational measures aimed at retaining older workers (%)

	<i>Denmark</i>	<i>France</i>	<i>Germany</i>	<i>Italy</i>	<i>Netherlands</i>	<i>Poland</i>	<i>Sweden</i>
Flexible working hours	NA	27	59	12	32	29	42
Ergonomic measures	28	30	37	5	28	38	32
Continuous career development	27	37	49	9	26	22	23
Promoting internal job mobility	20	40	23	13	16	27	30
Training plans for older workers	7	47	32	2	8	37	6
Early retirement schemes	6	20	30	6	32	34	11
Reduction of working time before retirement	34	8	39	2	21	4	21
Part-time retirement	9	9	21	3	28	26	16
Decreasing the workload for older workers	24	9	11	6	24	11	11
Possibilities of extra leave	26	7	15	2	31	3	8
An age limit for irregular work/shift work	6	6	6	2	11	8	6
Reduction in task and salary	10	2	6	1	3	4	2

Finally, we address the question on what governments can do to extend working lives (see table 6). Many employers perceive incentives to combine work and retirement as an effective measure for governments to take to increase labour force participation of older workers and extend working lives. In Denmark, the Netherlands and Poland wage subsidies for older workers are considered to be the second effective measure.

Table 6 Governmental measures to retain older workers (%)

<i>Measures</i>	<i>Denmark</i>	<i>France</i>	<i>Germany</i>	<i>Italy</i>	<i>Netherlands</i>	<i>Poland</i>	<i>Sweden</i>
Incentives workers to combine work-retirement	92	55	79	63	78	69	68
Promoting best practices in personnel policy	63	52	82	87	41	57	65
Promoting life long learning	62	73	83	83	35	51	59
Wage subsidies for older workers	64	45	58	37	71	67	59
Lowering early retirement benefits	62	38	38	58	39	35	28
Laws preventing age discrimination	36	34	19	61	32	48	28
Media campaigns combating negative stereotypes	36	28	29	62	27	28	29

Conclusion and Discussion

Many workers in Europe still retire well before the statutory retirement age and participation rates among especially 60 to 64 year olds are low. Employers are divided in their attitudes and actions to extend working lives. There is a lot of variation in the perceived consequences of an ageing workforce, prevailing norms on the retirement age and measures taken in organisations aimed at extending working lives. In general, attitudes and actions toward older workers and retirement seem to indicate a preference for ‘gradual’ retirement. On average, employers think that at age 67 a person is too old to work more than 20 hours a week, which is well above the average retirement and even above the statutory retirement in all countries. Furthermore, organisations apply measures such as flexible working hours and reduction of working time before retirement to retain older workers. Also, employers value the governmental measure for giving incentives to combine work and retirement highly. It seems that as far as employers are concerned, there is room to raise retirement ages, although this may rather be in a part-time form than retaining older workers on a fulltime basis.