



Mobilising the Potential of  
Active Ageing in Europe

## CONCEPTUAL FRAMEWORK

WORK PACKAGE 3 | TASK 1

GERD NAEGELE AND JÜRGEN BAUKNECHT

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## 1. Overall objectives of MOPACT wp3 research

MOPACT wp3 research aims at answering the following two overarching questions:

- (1) How to foster both postponing retirement age as well as extending working lives and raising the employment rate of older workers (pre - and post-retirement age, including unemployed older workers), aided by lifelong learning. Both can be seen as key answers to the demographic and societal challenges of an ageing workforce.
- (2) How to identify and assess *socially innovative*, effective, sustainable and transferable private and public-sector strategies that enable and encourage older workers in both staying longer in employment and intensifying lifelong (vocational) learning.

In doing this MOPACT wp3 research aims at

- promoting *active ageing* in employment through socially innovative approaches (prime aim) with the following sub-aims respectively sub-dimensions:
  - focusing on paid work (including self-employment / entrepreneurship and considering also undeclared and informal work)
  - promoting of healthy ageing (in employment)
  - retaining and promoting workability and employability (including productivity) of an ageing workforce including approaches of different actor groups
  - promoting quality of life and quality of work of an ageing workforce/older workers
  - focussing not only on the qualified (very often male) workers but also considering disadvantaged groups (e.g. less qualified, women with care obligations, older migrant workers, the sick/disabled)
  - focusing on the corporate level - with particular interests in SMEs (This is the more important, because many of the countries involved in MOPACT wp3 are characterised by a high share of small and medium sized companies).
  - promoting corporate “age management” and corporate “good practice”
  - explicitly taking up a life-cycle orientation
  - taking notice of inter-generational solidarity
  - promoting a policy mix and integrated policy-strategies (“integrated approaches”)
  - promoting co-operation of different groups of key actors inside and outside of employment
  - reducing/avoiding social inequalities and considering diversities
  - ensuring stakeholder- and user-participation

## **2. What is a conceptual framework and why is it needed for MOPACT wp3 research?**

### **2.1. Aims of the conceptual framework in MOPACT wp3, task 1 and partner contributions**

Task 1 of MOPACT wp3 research is to develop a conceptual framework. A conceptual framework is needed for structuring MOPACT wp3-research and thus to contribute to meeting the above mentioned overarching research objectives. In a more detailed way the conceptual framework is needed for both developing *standards* for *identifying* and *assessing* “good practice” in innovative, effective, sustainable and transferable strategies in age-related employment and (vocational) lifelong learning as well as identifying respective push- and pull-factors of influence.

The conceptual framework can be seen as both a point of departure for the research questions to be taken up in task 2 and task 3 as well as a background foil for the overall wp3 research. Furthermore, we understand this conceptual framework as a “developing paper” which will be reviewed and reworked during the whole research process.

To develop a conceptual framework belongs to the obligations in task 1 of TUD as work-package leader – in doing this supported by partner through national reports – mainly based on guidelines which were agreed upon earlier. Therefore, the conceptual framework at this stage also mirrors (explicitly and implicitly) selected contents of the national reports, which are referred to where it seems helpful to support the messages of the conceptual framework. In all, its structure follows the presentation on wp3 given by TUD during the first general MOPACT meeting in London.

The following national reports have been written by partners in task 1:

Belgium (CEPS): Nicolas Contreras, Elisa Martellucci, Anna-Elisabeth Thum

Czech Republic (CASE): Lucie Vidovičová

Denmark (CEPS): Mikkel Barslund

Estonia (Praxis): Reelika Leetmaa, Kirsti Nurmela, Liina Osila

Finland (CEPS): Anna-Elisabeth Thum, Marten v. Werder

Germany (TUD): Gerd Naegele, Jürgen Bauknecht

Italy (INRCA): Andrea Principi, Marco Socci

Netherlands (EC): Katrin Gasior, Eszter Zolyomi

Poland (CASE): Izabela Styczyńska

Spain (NIESR): Ana Rincon-Aznar

UK (NIESR): Andreas Cebulla, David Wilkinson

### **2.2 What is a conceptual framework?**

A conceptual framework “explains, either graphically or in narrative form, the main things to be studied – the key factors, concepts, or variables – and the presumed relationship among them” (Miles/Huberman 1994: 18, cited in Maxwell 2005: 33). In a wider sense, it “includes the actual ideas and beliefs that you hold about the phenomena studied” (Maxwell 2005: 33). Basically, a conceptual framework “is primarily a conception or model of what is out there that you plan to study, and of

what is going on with these things and why...it helps you to justify your research..." (Maxwell 2005: 33).

Some researchers (e.g. Pahl-Wostl 2009: 355) base their conceptual framework on "assumptions derived from theoretical and empirical evidence". Empirical evidence is also included here. Theory and empirical evidence is derived from both scientific literature and country reports provided by MOPACT WP3 partners. The latter are also partly based on literature, and on interviews with experts and affected groups, since "in any active area of inquiry the current knowledge base is not in the library – it is in the invisible college of informal associations among research workers" (Locke et al. 1993 cited in Maxwell 2005: 34). A conceptual framework is "*constructed*, not found" (Maxwell 2005: 35, emphasis in original), i.e. previously not existing. This also, to some degree, prevents the recycling of existing knowledge, which should be avoided (Naegele 2013: 1).

### 3. Overview on the conceptual framework of MOPACT wp3

#### 3.1 The main dimensions and their relations

We conceptualise the framework as an interplay of 5 different dimensions. The aim is to identify systematically positive and/or negative effects (promoters and/or barriers) with respect to the overarching MOPACT wp3 objectives which are placed at the centre of the concept. The five dimensions are:

- External factors of influence and/or framework conditions
- Key actors/stakeholder groups that are involved
- Key actors'/stakeholders' respective fields of action
- Design of respective concepts, activities and approaches
- Key prerequisites to meet the overarching objectives

These dimensions do not only mirror the complexity of the employment and retirement reality of older workers. Furthermore, they are highly correlated and transversal to each other. This means that statements/issues included/discussed within a particular dimension, may have a strong link also with others. Thus, cross-citations or "shared topics" between dimensions are not rare. It might also be appropriate to start the description the other way round: first our objectives (inner circle) and then, step by step, asking which determinants are of relevance in the next circle (no 4) and so on.

The conceptual framework can be graphically represented as follows (Figure 1, next page):

The outer circle (1) encompasses relevant **external factors of influence** on employment and lifelong learning prospects of (not only) older workers, e.g. macro-economic factors, overall employment prospects, threats to fiscal sustainability, the overall demographic situation, structural changes in paid work etc. These factors partially result from the aggregation of single actors' acts and decisions, but every single actor alone cannot affect them to noteworthy degrees. Some of the mentioned macro factors result from the aggregation of micro decisions (e.g. the labour market situation or domestic demand), while other macro factors are system variables as macrostructures and collective actions (e.g., pension policies, tax levels etc.; Kittel 2009: 280ff.)

Circle (2) encompasses **relevant actors/stakeholders** that are involved in realising the overall objectives (extending working lives and lifelong learning activities). Their respective behaviour and actions again are very often influenced/affected by external factors (where what is really external and what is a result of aggregated decisions by actors depends on the respective factor and the actor) which are located in the outer circle, such as labour demand, pension and retirement policies, domestic demand etc. Likewise, external budget constraints like the financial crisis limit national policymakers' spending leeway.

The third circle encompasses different **fields of actions** coming from the different groups of actors mentioned in circle no (2). These actions can be in different policy areas (pensions, family, care, health, labour market, taxes) and other fields such as the promotion of lifelong learning, support for disadvantaged groups, health promotion and other fields plausibly and empirically related to the goals in circle (6). For MOPACT wp3 research, relevant policies are those which (both directly and indirectly) affect (positively as well as negatively) the chances for extending working lives and lifelong learning activities.

There is empirical evidence that actions and approaches being located in circle no. (3) very often cannot be assigned to only one group of actors – in reality different groups of actors might (ideally jointly and not completely separate from each other) promote one measure. For example, this might be true for measures in the field of health promotion, lifelong learning or in other typical measures in the field of health promotion, lifelong learning or in other typical policy measures -mix fields of action (like collective agreements).

**Figure 1: Dimension and relations affecting extending working lives and lifelong learning**



Circle (4) encompasses key characteristics which represent both MOPACT Wp3 objectives as well as suggestions how **approaches and measures** mentioned in circle (3) should be designed in order to meet key prerequisites (mentioned in circle (5)) for the overarching objectives extending working lives and life-long-learning activities. Research in this context in the first place should aim to identify “good practice” and particularly “social innovations”. If new configurations of actors and/or new joint approaches are identified, they might represent “good practice” and/or social innovations (e.g. between social partners, the state and NGOs etc.). In this context questions like the following might arise and should be examined through research: are there good practice examples for new types of actors-co-operation, are the life-course perspective and the person-environment perspective strategically taken up, is the intergenerational perspective taken into account, are users and stakeholders participating, are technological innovations “part of the game” etc., is this “good practice”? For example, employers and trade unions mentioned in circle (2) might work together in different fields of action (mentioned in circle 3) in a socially innovative way, in doing this taking up a life-course perspective (both mentioned circle 4) and thus support healthy ageing (mentioned circle 5).

The fifth circle encompasses **key prerequisites** for reaching the overall objectives of extending working lives and lifelong learning activities. Due to the foci of MOPACT wp3 research, both the employers’ (corporate) responsibility and key attitudes on the part of employees are in the foreground. Consequently, dimensions like good workability, good employability, healthy ageing, good quality of work and quality of life are located here. These prerequisites are immediately touched by the actions and approaches mentioned in circle no (3) by regarding relevant factors mentioned in circle (4). At the same time these objectives might serve as key measuring sticks for actions and measures mentioned in circle no (3) and (4), e.g. MOPACT wp3 research has to examine whether actions and approaches in circle no (3) and no (4) are suitable for reaching the objectives or not. In this context MOPACT wp3 research also needs to look for possible conflicts or unintended negative (side) effects of certain measures/approaches and/or of their combinations (e.g. generational conflicts (see chapter 6.6.), negative images of older workers, negative stereotypes etc.). Self-evidently measures and approaches in circle no. (3), with regard to factors in (4) and possible positive (negative) results in circle no. (5), have to be seen in their respective interrelationship. Nevertheless, for analytical reasons we decide to separate circle (3-5) in our framework.

The inner circle no. (6) finally encompasses the **overarching objectives** of MOPACT wp3 research activities: extending working lives and lifelong learning activities.

#### **4. Overarching MOPACT research objectives**

The overall starting points for both the general MOPACT research as well as wp3 research are the following two overarching objectives/dimensions

- (1) Active ageing
- (2) Social innovation

##### **4.1 Active ageing in employment**

The starting point for analysis of active ageing in employment is the well-known (broad) WHO-conceptualisation

*“the process of optimizing opportunities for the health, participation and security in order to enhance quality of life as people age”  
(WHO, 2002:12)*

It has been interpreted by Alan Walker (2012) as follows:

*“A comprehensive strategy to maximise participation and well-being as people age should operate simultaneously at the individual (lifestyle), organisational (management) and societal (policy) levels at all stages of the life course”.*

Country reports show that no generally accepted definition can be found. This reflects national differences, as already shown during the European year of active ageing 2012.

- *The term is of different relevance in different countries: According to our country reports for example, in Poland the discussion of active ageing started relatively late. In the Netherlands, active ageing is mostly understood as labour market participation as it was in Germany at the beginning.*
- *The same is the case in Denmark although here there is a move towards a broader definition of active ageing and third career activities.*
- *In Italy, policy initiatives for active ageing are strongly focused on pension reforms aimed at extending working lives. In Estonia, until 2013 “there were no comprehensive policies and strategies in place emphasizing the importance of active ageing”.*

Table 1 gives an overview on areas of implementation and respective key elements of active ageing.

**Table 1: Active ageing (source: UN 2012: 16)**

Main areas	Areas of implementation	Key elements
Labour market participation	Retirement regulation	*Using statutory retirement age instead of mandatory retirement *Finding gradual and flexible retirement solutions
Labour market participation	Labour market instruments	*Promoting education and training throughout the life course *Encouraging an age-friendly working environment *Improving images of older employees *Introducing anti-discrimination policies
Social integration	Instruments that support democratic participation	*Volunteering
	Instruments that support intergenerational networks	*Familialism by default: Strengthen community activities and lifelong learning *Support familialism *Coping with defamilialisation: Create incentives for the exchange of monetary and non-monetary support from non-family members
Health	Health promotion and disease prevention	*Anti smoking/alcohol consumption, healthy diet, physical activity, reducing stress (transport, work etc.)
	Community long-term care services	*Network of out-patient health services, social services, day or night care centres for frail older people that otherwise live with family

Analysing this overview we firstly concede that active ageing is definitely more than labour market integration. However for the purpose of MOPACT wp3 research we choose a narrower interpretation and look at active *ageing in employment*. In doing this we explicitly extend the perspective to include also informal and undeclared work. In our conceptualisation active ageing in employment encompasses the following in relation to the later phases of a person`s working life cycle:

- paid work in formal labour markets before and beyond retirement age
- self-employment
- (unpaid) undeclared and informal work which might encompass non-paid activities in the context of (“societal useful”) civic engagement, family care and others, which should be linked to paid employment
- MOPACT wp3 research is primarily interested in extending paid working lives, either in dependent employment or in self-employment. Wp3 does not understand undeclared and informal work as an *alternative* to paid work but as a *compliment*.

In order to avoid too broad a view of active ageing in employment, which would no longer be manageable in the MOPACT wp3 context, it is crucial not to extend this perspective. In other words, an agreement where “ageing in employment” ends is needed among partners (to be taken up at a later stage of the work).

## 4.2 Social innovation

“Social innovation” is – besides “good practice” (see chapter 6.3.2.2.) – the most significant search criteria of MOPACT wp3 research activities. Therefore it is essential to bring light into the darkness of this “foggy” concept.

In Europe the term social innovation is a relatively new one, although social innovation is not new as such. It is a concept with a long history that has attracted the attention of contemporary policymakers although there is a tendency for it to be “... a term that almost everyone likes, but nobody is sure of what it means” (Pol/Ville 2009: 881). Moreover, it is often confused with social enterprise or is limited to the social field. We follow the following definition being used by the European Commission:

*“Social innovation can be defined as the development and implementation of new ideas (products, services and models) to meet social needs and create new social relationships or collaborations. It represents new responses to pressing social demands, which affect the process of social interactions. It is aimed at improving human well-being. Social innovations are innovations that are social in both their ends and their means. They are innovations that are not only good for society but also enhance individuals` capacity to act” (European Commission Guide to Social Innovations, 2013: 6).*

*Social innovation is about “finding acceptable progressive solutions to a whole range of problems of exclusion, deprivation, alienation, lack of wellbeing” (Moulaert et al., 2010: 14). An important point here is that the social innovation literature views older people “...not as a burden but as a valuable*

*resource; it enables their contribution, seeing them as active participants and not passive consumers; and it focuses on capabilities as well as needs. Underpinning all of this is a focus on improving the quality of life of older people, emphasizing a shift away from an exclusive focus on health and pensions to a more holistic view on wellbeing. ... Combining technological and social approaches will be critical. ... Social innovation is about collaboration and its success in meeting the needs of an ageing society will require multiple stakeholders to work together” (O`Sullivan et al. 2010: 1,11).*

The European Commission Enterprise and Industry (2010) states that

*“Many organisations – charities, foundations, government agencies, businesses – are developing new ways to solve social problems, inside and outside the EU. Social innovation could take place in hospitals, social housing, education, in cities and in rural areas. Many initiatives result in new types of public services and sometimes also new business models. So, many social innovations lead to new forms of organization in the public, not-for-profit and in the private sectors. They can create novel interactions between the public sector, third sector, social enterprises, the social economy, economic operators and civil society, to respond to social issues. Social innovation activities are often started at local level, meeting specific unmet needs, for example eldercare. They thereby help addressing a societal challenge (ageing society) and, through its process dimension (e.g. the active engagement of the elder, new services) it contributes to transform society in the direction of participation, empowerment and learning”*

So far a conceptualisation of what social innovation might mean in the context of older worker policies could not be found in research and scientific literature. It might therefore be helpful to form a view the on literature on “social innovation at work”, or, what the European Commission calls *workplace innovation* (EC 2013)

*In the company context “win-win-approaches” seem to be taken up frequently, meaning that social innovations at the workplace should aim at both: “good for the sustainable competitiveness of the enterprise and good for the well-being of employees (...) Most importantly, workplace innovation is an inherently social process. It is not about the application of codified knowledge by experts to the organisation at work. Rather it is about building skills and competence through creative collaboration. Workplace innovation is about open dialogue, knowledge sharing, experimentations and learning in which diverse stakeholders including employees, trade unions, managers and customers are given a voice in the creation of new models of collaboration and new social relationships ... with an emphasis on employment and engagement” (Totterdill et al. 2012: 241f.) .*

For the purpose of wp3 research we suggest to create clarity in terms of these indicators as follows:

We speak of social innovation if there is an intentional, purposeful *new configuration of social practices* realised by a certain group of stakeholders respectively constellations of stakeholders whose objective is to solve socio-political problems or satisfy needs better than it would be possible on the basis of established practices. This means that it is about the founded and explicitly intended integration of various constellations of stakeholders and practices into new socio-political methods of operation and organisation.

We suggest the following criteria to identify and to assess approaches to promote active ageing in employment as being socially innovative when they meet (in more than just a few cases) the following criteria (Heinze/Naegele 2012: 153ff.):

- Orientation towards outstanding societal challenges/social issues
- New solutions in the sense of a real understanding of newness
- Specific new configurations of social practices/arrangements
- Overcoming the traditional dichotomisation of technological and social innovations through integration
- Integration/co-operation of heterogeneous players that usually do not (have) co-operate(d)
- Integrated patterns of action
- Integration of end-users (“user co-production”)
- Reflexivity and interdisciplinary approaches
- Orientation towards the key goal of *societal usefulness*
- Very often aiming at solving societal and social problems
- Sustainability of measures (in the sense of social practice/facts)
- New growth potentials in terms of regular employment,

It is important to recognize that social innovation is a means and not an end in itself (see fig. 1). Furthermore, evidence from the national reports highlight:

- *that the term social innovation is used differently in different countries. Consequently, it will be difficult to have a conceptualization which is shared by all partners and it will be necessary to decide whether a special project conceptualisation is feasible.*
- *In NL ‘social innovation’ is closely linked to management on the company level. Experts here highlight the importance of flexibility and independence as well as the role of involvement of employees. An expert from the Finnish Institute of Occupational Health sees participation and dialogue on company level as crucial factors fostering social innovation.*
- *examples which should be considered to be socially innovative (e.g. collective and corporate agreements, family oriented working time schedules, innovative gradual retirement schemes, intergenerational knowledge transfer, university-provided lectures for all over 50 (Estonia), mixed working groups, “bank of hours”, shifting of working time between generations, new forms of paid leaves, network working (e.g. integration between public and private sector initiatives). Contrastingly, for example in Estonia the term ‘social innovation’ is relatively new (country report).*
- *that the terms of “good practices” and “social innovations” in older worker policies and approaches often are mixed when it comes to describe respective approaches/measures (see chapter 6.2.2.2) which speaks for clearer definitions.*

- *that innovative policy approaches in older worker policies – particularly in economically weak countries – face both a great conflict with overall labour market conditions as well as with still widespread attitudes in EU corporations to get rid of older workers. Interestingly, in Spain early retirement declined (45% → 40%) during the financial crisis during the years 2007-2010).*

## 5. External framework conditions

Based on both relevant literature as well as the national reports we seek external framework conditions, e.g. relevant external factors of influence on employment and lifelong learning prospects (not only) of older workers (see ring no (1)). We assume a respective strong influence on:

- the overarching MOPACT wp3-objectives (active ageing, social innovation)
- the overall economic climate in which the target of extending working lives has to be realized
- the overall labour market situation of older workers both on the supply side as well as on the demand side
- both behaviour and actions of relevant groups of actors which we take up in our conceptual framework in circle no (2)

In this context we analyse those framework conditions which have empirically proven implications (promoting factors as well as barriers) for both active ageing in employment and lifelong learning.

In this chapter we highlight the environmental factors in which the main actor groups (discussed in the next chapter) act and why they do so. In other words: the framework conditions can be seen as factors of influence – with incentives and disincentives – that let the actors act as they do. Taking our primary objectives as points of departure for the assessment of the external framework conditions, MOPACT wp3 research is primarily interested in the question how and by which means (concepts, approaches) the overarching project objectives of extending working lives and lifelong learning activities can be realised, and which overarching framework conditions should be accordingly shaped.

The framework conditions included in our conceptual framework are based on literature review and country reports and refer to the following 9 main dimensions:

- (1) Overall demographic situation: The respective demographic and diversity aspects (“graying of the workforce”, “shrinking of the workforce”, increasing labour force participation of women, migration as an “answer” to demographic labour shortage, rising life-expectancy, more “healthy years”, others). In most EU member states demographic factors are regarded as key starting points for the target of active ageing in employment.
- (2) Macro-economic factors of influence based on both macro structural changes on the demand and supply side of labour as well as collective actor group actions (e.g. consumer choices, companies’ hiring policies, cross-national trade (Kittel 2009:

280)). Many EU member states currently are faced with lower economic growth rates which restrict labour market prospects particular of older workers.

- *This aspect can best be illustrated by the following quotation from the Czech country report: “There is thus the combination of a low performance economy, influenced by political instability, low purchasing power of households and stagnating business. As a consequence, companies ... attempt to get the maximum out of their employees. In consequence these conditions are actually negative for older workers” (CZ country report)*

(3) Structural changes in paid work - with older worker related consequences on both the supply as well as the demand side (e.g. tertiarisation, globalisation, higher competition, transition from an industrial society to a knowledge and information society, further service sector globalisation, increasing competitive pressure, accelerated corporate innovation dynamics, high cost pressure, relatively new management concepts (e.g. outsourcing, lean production), new types of precarious work, increasing number of part-time work for older workers, increasing technology orientation, i.e. the trend towards digitisation and incorporating information technology in production and services, others).

(4) Overall employment prospects: The general situation on labour markets with respect to the employment prospects of an ageing workforce/older workers. Many EU labour markets:

- ✓ are still in the state of transition (Eastern European member states)
- ✓ are faced with severe mismatches in the composition of the workforce on the demand side (e.g. unemployment of older workers in Germany, and high youth unemployment rates in Italy, Spain, Portugal and Greece)
- ✓ are faced with severe lack of skilled labour.

(5) Threats to fiscal sustainability in many EU welfare states due to different mismatches (e.g. pay-as-you-go systems, declining tax/contribution revenues, others) which strongly influence national pension, retirements and labour market policies (see (9) below).

(6) Financing the “graying of the population” in many EU member states also affects national policies towards an ageing workforce/older workers negatively.

- *(e.g. with the consequence to reduce employment chances of older workers particularly in the secondary labour market)*

(7) Threat to intergenerational solidarity in relation to labour markets in some EU member states.

- *E.g. the Polish country report mentions that the employment of older workers is considered a form of solidarity towards the young as it keeps their labour costs down. The Belgian report states that the lump-of-labour assumption is wrong, i.e. labour market*

*participation of older worker does not harm younger workers. Contrastingly, as a reaction to high youth unemployment in Spain the programme Mitwin.net makes older workers share their jobs with younger workers, easing labour market exit and entry and the passing of knowledge (CR ES).*

- *In the UK, lack of intergenerational solidarity is not widely considered an important issue, although some older workers believe they have to retire in order to free up jobs for younger people (CR).*
- *Instead, in Italy this is an issue of considerable importance. The solidarity between generations would be strengthened through a recent policy proposal called “generational relay” in the labour market, aimed to reduce working hours of mature workers (e.g. by shifting from a full-time to a part-time contract) and to simultaneously encourage the recruitment of young unemployed people in the same companies (e.g. through part-time/apprenticeships contracts (CR IT)).*

(8) Rising care obligations: More or less all EU member states are increasingly affected by changes in care obligations (reconciliation of work and care for older people) which strongly influences labour market behaviour especially of women in the relevant age brackets.

(9) National policies: the way national policies react to the afore-mentioned drivers (1) – (8) particularly in terms of pension-, retirement and labour-market policies.

The country reports highlight particular national policies, mainly in relation to pension and retirement policies (see table A1 in the appendix).

## **6. Main groups of actors - Interests and target-oriented actions of key groups of actors**

In this chapter, we are interested in both the main groups of actors which should be actively involved when it comes to extending working lives and lifelong learning activities; as well as in their respective interests, which lay the foundations for their respective actions and approaches. We take the concept of “social innovation” as our starting point, noting that “joint-ventures” and/or “integrated/comprehensive policy-mix-approaches” could be seen as “social innovations” in line with the idea of “New social relationships or collaborations” (Murray et al. 2010, cited in EC 2013). Based on existing literature and the country reports we distinguish four relevant groups of actors involved.

### **6.1 Employees**

#### **6.1.1 Employees as “target group no. 1”**

The conceptual framework regards employees as the most significant group of actors involved in terms of both demand and supply. They represent the target group for measures aiming at extending working lives and lifelong learning activities. In this context the conceptual framework analytically distinguishes four sub-dimensions, which in reality very often overlap:

- (1) Quantitative
- (2) Internal composition
- (3) Qualitative (in terms of utility value)
- (4) Older workers as co-producers of their own capacity of work

The sub-dimension **quantity** is determined by demographics and the preparedness to both enter the labour market and stay longer in the labour market. A further sub-dimension in this context is the amount of work available (e.g. full time, flexible working hours).

**Internal composition** is also determined by demographics (age, gender, migration status etc.), however even more so by status factors (e.g. whether dependent/independent, qualifications, health status, disability, diversity, special disadvantages, special individual needs etc.).

- *National reports repeatedly mention both increasing employment prospects of older workers with rising qualification level and vice versa (e.g. DK, DE, IT, NL, BE) as well as low employment prospects for older workers with an ethnic background and women reconciling work with other obligations (except, for example, a narrowing of the gender gap in BE, DE, FR, NL and the EU-27 mean, although, this gives a distorted picture since part-time employment is far more common amongst women, so that the 'real' gap in terms of hours worked is higher than employment rates suggest; country report Belgium). Furthermore, women's employment rates in older age are strongly affected by their employment rate at younger ages (CR DE, see also ES.).*  
*Increases in educational attainment in many countries have increased participation rates for older workers via a double effect: (1) women are more and more achieving higher levels of education, and higher educated people tend to stay in the labour market longer (2) increased female labour force participation tends to have an impact on the labour market participation of their partner as well. Thus, if women stay longer in the labour market, male spouses tend to also stay longer as well. (e.g. Euwals 2009 p. 41f.)*
- *The national reports rarely discuss the question what is/should being/be done to promote employment prospects of particularly disadvantaged groups of older workers (e.g. disabled, long-term unemployed). The Spanish report mentions the company Mon Orxata employing mainly women over 45 to sell beverages with flexible hours, whilst in the Netherlands the strategy is not to focus especially on older workers, since this stigmatises them as a needy group.*
- *Also important is that disadvantages cumulate, as is the case for young migrant women in Germany who lack skills crucial for paid employment.*

The sub-dimension **quality** is the most significant for MOPACT wp3 research because it refers directly to the capacity to work of older people. The conceptual framework regards the capacity to work as the most important factor of influence on the supply side. In this context the concepts of *workability* and *employability* are typically used (see below). Empirical research has repeatedly shown that older workers' capacity to work can be influenced – positively and negatively. Our conceptual framework regards the relevant dimensions of workability, employability and productivity as adjusting screws for measures to promote/reduce labour market and lifelong learning prospects of an ageing workforce/older workers.

Research repeatedly has shown that with rising chronological age workers more and more feel themselves **responsible for their own workability and employability**. Recent German data show a range of individual endeavours of ageing/older workers to maintain and/or to promote their own capacity to work e.g. health promotion, updating skills and reconciling work and family/care.

## 6.1.2 Prerequisites for extending working lives and lifelong learning activities on the worker`s side

### 6.1.2.1 Workability and employability

We follow the basic assumption that older workers need incentives which increase their preparedness to extend working lives and lifelong learning activities (also incentives for younger workers to participate in LLL are crucial. For effects of financial incentives on retirement behaviour see e.g. (OECD 2007: 78f.). As points of departure we refer to the concepts of *workability* and *employability* which are usually used within labour sciences to assess the capacity to work of an ageing workforce/older workers. More or less implicitly they focus on dependent work during the years of active working life.

We do not think that financial incentives are the sole – and may not even be the prime – factor of influence. Our conceptual framework is based on the assumption that the prime driver for the wish to extend working lives and lifelong learning activities is not money alone, but is based on overall attitudes towards work in later phases of life and on the factors which influence these attitudes. However, financial incentives might play an important role. Concepts in relation to attitudes towards work and learning in later stages of a working career are workability and employability as well as healthy ageing, quality of work and quality of life.

The term, workability refers to individual (older) workers` ability to master work-life challenges he/she is confronted with. Workability therefore means

*„...a person`s potential...to master a given task at a given time. Here, the development of the individual functional capability has to be put into relation to job requirements. Both can change and possibly have to be configured in an age adequate or ageing adequate way“ (Ilmarinen/Tempel, 2003: 88, translated from original German).*

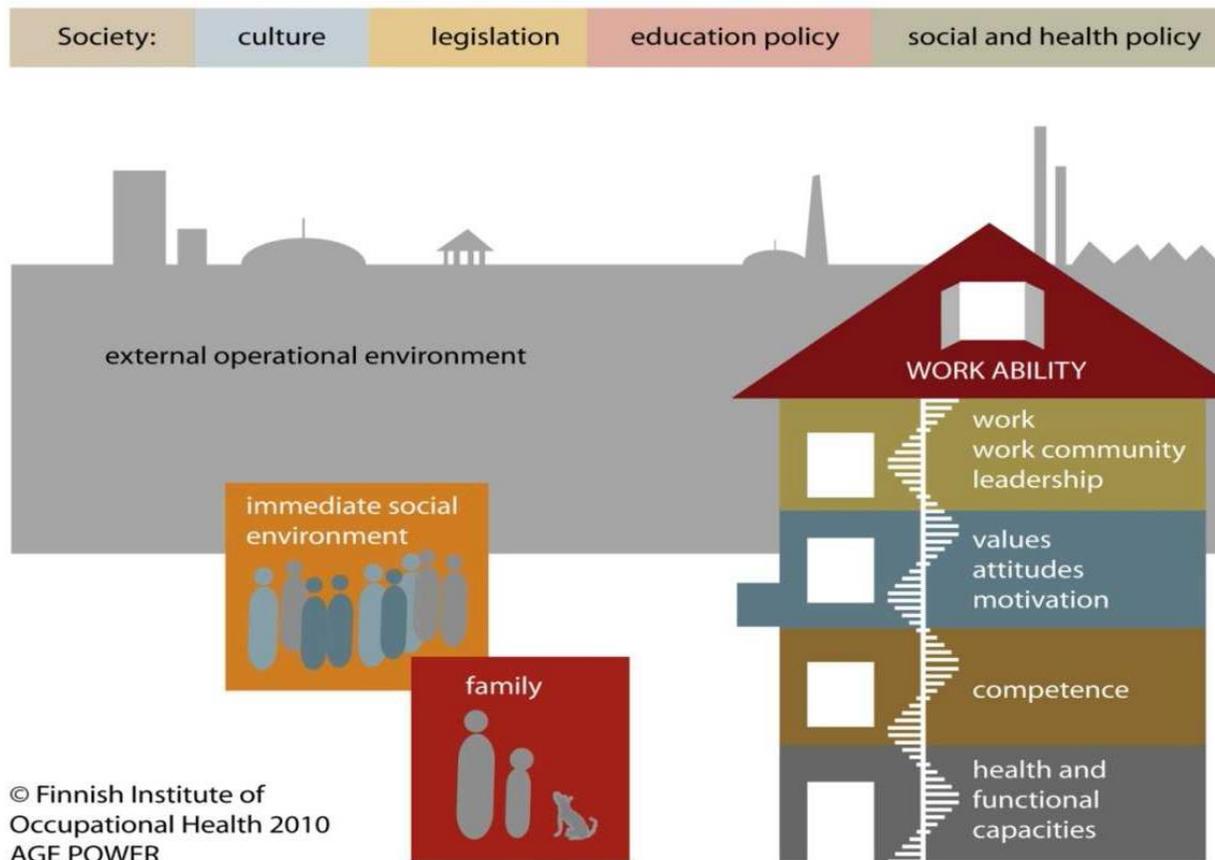
*“Work ability is built on the balance between a person`s resources and work demands. A person`s resources consist of health and ability, education and competence, and values and attitudes. Work, on the other hand, covers the work environment and community, as well as the actual contents, demands, and organization of work. Management (i.e., supervision) is also associated with work.” (Ilmarinen, 2005: p. 132)*

To describe and explain the concept of *workability* Ilmarinen et al. (2005) usually use the “picture” of a house with different floors, each containing relevant dimensions which are mutually supportive. They recommend a bottom up perspective with the health status as the most significant determining factor of a (n older) worker`s workability in the ground floor.

Experts see in the idea of *employability* a more far-reaching concept, because it takes up explicitly the *factual utility value* of the labour market. It refers to a person's capability for gaining and

maintaining employment, e.g. getting and retaining jobs/work (Hillage and Pollard, 1998). For individuals, employability depends on the knowledge, skills and abilities they possess, the way they present those assets to employers, and the context (e.g. personal circumstances and labour market environment) within which they seek work (Hind and Moss, 2011). As such employability is affected by both supply-side and demand-side factors which are often outside of an individual's control. Consequently employability means “the capacity to be productive and to hold rewarding jobs” (McKenzie/Wurzburg 1998).

**Figure 2: The house of workability (FIOH 2010)**



While there is no singular definition of employability, a review of the literature suggests that employability is about:

- the ability to gain initial employment; thus reflecting that ‘key skills’, career advice and an understanding about the world of work are embedded in the education system;
- the ability to maintain employment and make ‘transitions’ between jobs and roles within the same organisation to meet new job requirements; and
- the ability to obtain new employment if required, i.e. to be independent in the labour market by being willing and able to manage employment transitions between and within organisations.

It is also, ideally, about:

- the quality of such work or employment. People may be able to obtain work but it may be below their level of skill, or in low paid, undesirable or unsustainable jobs, and so forth.
- the capacity and capability of gaining and maintaining productive work over the period of one's working life (Muhammad Nawaz Qaisar, MSBA, NUML, Islamabad, Pakistan)

Workability and employability do not only see responsibility on the side of employers, social partners, the state etc., but also on the side of the employees themselves.

- *Occasionally country reports mention that the concepts of workability and employability are officially known (and partially used in public/official statements) in their respective countries, however in most cases explicitly adopted with respect to an ageing workforce. In consequence both more applied research as well as more awareness policies and an adequate dissemination strategy are needed. However this is regarded as difficult in times of overall economic crises (e.g. IT, SZ).*
- *Particularly the German report shows that with rising age workers increasingly think themselves to be also responsible for improving their own workability/employability (e.g. through self-organized health promotion, updating vocational skills etc.).*

We differentiate between workability and employability in the following manner: Workability refers to individual characteristics (as referred to in the Belgian country report as supply side factors): Skills and personal resources, affected by lifelong learning and training, health, motivation (willingness to work) etc. Employability also contains factors referred to as demand side factors in the Belgian country report: Work demands, workplace stereotypes, career perspectives, working conditions, job quality, labour market conditions (such as high or low demand for certain skills, which is also affected by tertiarisation etc.).

### 6.1.2.2 Organisational employability

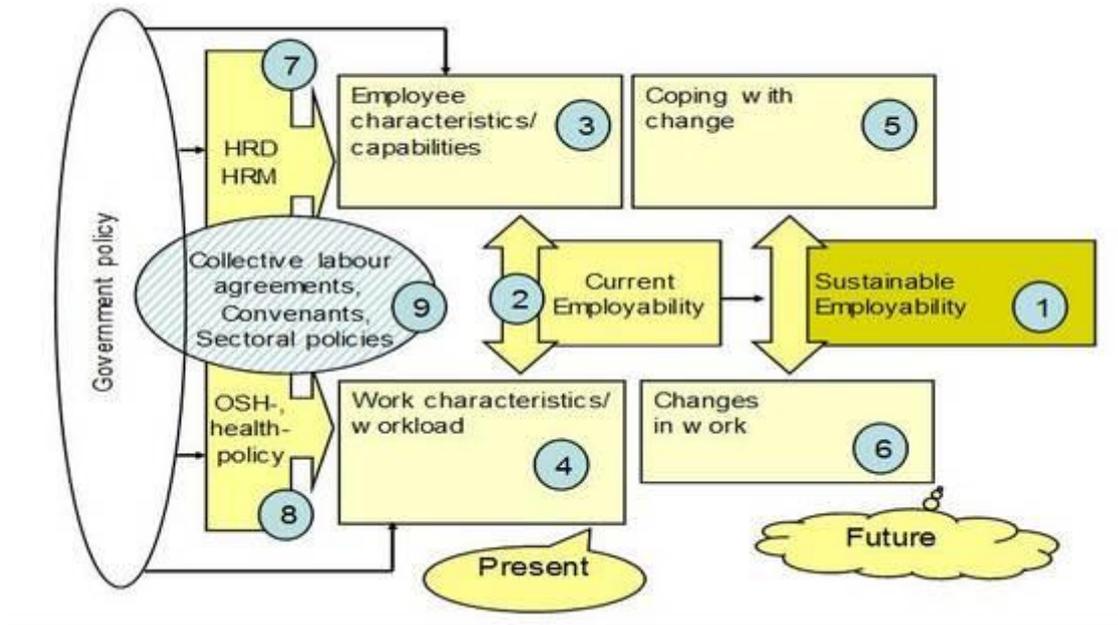
Organisational employability is explicitly taken up in a corporate – oriented, forward reaching differentiation of the concept of employability. It refers to the concrete situation of a job in a company, and in doing so refers to corporate management strategies to influence employability positively – e.g. in our conceptual framework into the direction of quality of work and quality of life (e.g. through corporate “age management” measures).

- *This might be the background for the Dutch proposal according to their report to better use the term **sustainable** employability, that “due to its narrower focus, can be easier applied at the level of organisations”*

“Sustainable employability can be characterised as the capability of employees to participate in a healthy, vital and productive way in paid work until they are eligible for a pension” (European Working Conditions Observatory, EWCO). The Netherlands Organisation for Applied Scientific Research led a project which sheds light on how the sustainable employability (SE) of employees and the sustainability of employers’ employment policies can be measured” (EWCO)

Figure 3 shows different actors’ possibilities and responsibilities to ensure sustainable employability.

Figure 3: Model for monitoring sustainable employability for policy purposes (source: EWCO)



### 6.1.2.3 Healthy ageing in the labour market

Both concepts, workability and employability, are strongly linked to the concept of *healthy ageing* in the labour market.

- “The health status can be regarded as one of the most important barriers to extend working lives. It is also the barriers which are most difficult to overcome in the short term, in European comparison” (Danish country report: 11)

Healthy ageing (in employment) can be defined as follows:

“Since health is multi-dimensional it is difficult to define but healthy ageing should encompass good physical, mental and psychological health. ... Healthy ageing is a well-used term that is understood on a general level to encapsulate the ability to be socially engaged, productive and to function independently both at a physical and cognitive level. ... The benefits of this to society are immense. In early old age good health has economic benefits improving productivity by allowing individuals to stay in the labour market or to provide informal care to grandchildren or indeed parents. Late old age is more characterized by high levels of multiple chronic diseases but maintaining good functioning and well-being in the very old age could reduce pressure on health care and care services” (Source: Road map for future ageing research).

- Most country reports explicitly stress bad health status as one of the key risk factors for both employments prospects in later stages of the working lives as well as earlier labour market exits. In many cases the life-course orientation of health risks are mentioned as well as the need to invest into preventive health measures (e.g. BE, DK, EE, IT, G, NL). The Belgian report also refers to the fact that the number of disability cases partly depends on the availability of alternative exit routes out of employment, the British report states that the number of

*disability claimants partly reflects manufacturing employers favouring younger recruits to older ones with health problems. Contrastingly, in Denmark health plays a minor role in the decision to exit the labour market.*

- *Furthermore the Danish report underlines bad health prospects particularly among older long-term unemployed, disabled and pre-retired. Whereas here causality may run both ways, the Belgian report points out that activity has positive effects on health.*
- *The Spanish report states that employment may prolong cognitive assets, protect against dementia and delays symptoms of Alzheimer (based on Lupton et al. 2012).*
- *In Finland, objective (this does not apply to subjective health) health inequality due to working conditions, tobacco and alcohol consumption and a fragmentary health system are high for northern European standards and on European levels and a high share of employees retire early due to health reasons. Unemployed and retired people have to attend public physicians, while others may choose between public and private physicians.*
- *The Belgian report refers to groups vulnerable to physiological health problems and other groups vulnerable to psychological health problems*
- *Several experts emphasise the need for improvements in occupational health and safety at the workplace (e.g. G, NL, ES). In the UK, more employers are starting to have a well-being policy, e.g. including stress management, healthy eating, cycling to work schemes.*
- *In Italian SMEs there are no structured widespread practices of differentiation of the production process to meet the specific needs of mature workers, in terms of (active and) healthy ageing in employment (IT CR).*

## **6.2 Self-employment / entrepreneurship, work after (in spite) of retirement and undeclared/informal work**

As mentioned above concepts like workability, employability and healthy ageing at least implicitly are focusing on both paid as well as dependent work. However, “new” types of active ageing in employment (very often characterised as “atypical”) like self-employment / entrepreneurship, work after (in spite of) retirement and undeclared/informal work are more or less excluded – these atypical employment types are also largely excluded from the academic literature. MOPACT wp3 explicitly takes up these “new types of work” – due to the fact, that very often they are seen as “alternatives” to paid work for older workers. Future MOPACT wp3 work will address these forms of “atypical” work explicitly, because they play (already now respectively will play) an important role and thus contribute positively to the activity rate in later stages of working life. However, our knowledge about both the distribution of such working arrangements among EU member states, and circumstances, risk and chances, pros and cons etc. particularly among ageing/older workers so far is rather limited.

This also is mirrored in the country reports:

- *In the Czech Republic, pension receipt during self-employment is possible, and self-employment is a relatively frequent option chosen by pensioners. About a quarter of working pensioners are self-employed.*
- *In Italy, the number of people working self-employed after retirement is increasing, but it has be considered that some of them work for an (possibly the former) employer, so that self-*

*employment is like being an employee. In Italy, a country with a very high number of self-employed (31% of total workers in 2008), according to experts opportunities for self-employment in old age should be improved, since especially in the service sector there is unused potential, especially in the case of low-skilled unemployed people.*

- *The German country report indicates an age-related decline in self-employment / entrepreneurship and pleas for special public endeavours to promote self-employment / entrepreneurship particularly among older (particularly qualified) workers. The same is true for the Netherlands according to the Dutch report as well as for some experts being interviewed in the Czech Republic.*
- *Contrastingly, the Belgian country report shows a rising share of the self-employed amongst all those employed. This may result from later retirement amongst the self-employed or bleak labour market outlooks for older workers forcing them into self-employment.*
- *Also in the UK the share of self-employed is higher among older workers; but in some cases these older self-employed workers do not work very much, such that self-employment can be viewed partly as hidden unemployment*
- *The Italian report shows a growing importance in the services sector and sees a growing need for educating older self-employed (see the example for good practice in the region of Veneto).*
- *On the other hand the Czech report highlights relevant disadvantages of self-employment in the later phases of working life, like administrative burdens and lack of financial incentives.*
- *Recently published European Foundation research (focusing among others on Germany, Italy and the Czech Republic) show that working after retirement is increasing, due not only to financial reasons. Germany plans to change legislation in order to promote paid work after retirement.*
- *Undeclared (and informal) work seems to play an important role particularly in the private caring sector and here primarily in countries with not well developed professional caring systems. Indications can be found in the Italian report, however also in Germany and Spain. On the other hand it could also be of interest to consider the implications “care migration” (older mostly female carers) might play for the respective national labour markets in the “sending countries e.g. Poland or the Czech Republic”.*
- *The Belgian report states that poverty and limited scope for additional legal earnings incentivise Belgian retirees to supplement their pension with informal work. Yet, several new relaxations of rules for additional income during retirement could reduce incentives to work informally.*
- *In Spain, lack of access to credit is currently a main obstacle to starting an own business. The country report also refers to the ‘Memoro’ project in Spain, France, Germany, Italy and the UK, collecting stories from older entrepreneurs.*

### **6.3 Employers (private, public)**

Based on literature reviews and our country reports we regard (besides the older workers themselves) employers as the most relevant group of actors to influence workability and employability of an ageing workforce/older workers. Points of departure for MOPACT wp3 research activities on socially innovative approaches might be *comprehensive* approaches (“Mix of different

measures”). Furthermore we recommend to have a special focus on the workability dimension of the private life (family, close community).

### 6.3.1 Employers’ activities – what are we looking for?

*“Possibly the workplace will become the place of the most important changes, it is here that decisions will be made about whether people can and will want to continue working for longer” (CR CZ).*

We follow the assumption that employers play a significant role when it comes to extending working lives and lifelong learning activities. We assume that – given the fact that older workers and their capacity to work are really needed - companies will react through investing in their organisational employability and vice versa.

- The Danish country report shows that direct encouragement to work longer from company management has shown to be a powerful motivator to delay retirement. Similar results can be found in Germany as well.

Employers’ activities to influence workability and employability of an ageing workforce/older workers (positively and negatively) can at best be analysed in the following fields of action, which should at the same time serve MOPACT wp3 research as relevant points of departure:

- (1) “Age management”
- (2) “good practices” in different fields of personnel policies
- (3) quality of work and quality of life
- (4) life-course orientation
- (5) barriers to implement “age management” and “good practice”

### 6.3.2 How to conceptualise?

#### 6.3.2.1 “Age management”

Here the MOPACT wp3 research interest refers to the extent corporate “age management” is practiced, and if it is, which dimensions are introduced, why and with which (sustainable) effects. We understand “age management” as

*“consideration of age-related factors affecting both white and blue collar employees in the daily management, design, and organization of individual work tasks, as well as the work environment, so that everybody, regardless of age, feels empowered in reaching both personal and corporate goals” (Ilmarinen 2008).*

A similar definition is provided by Rebora (2010, cited in CR IT):

*“Age management is to recognize and use the strengths of workers of all ages, change the contents of work, procedures, and promote both economic benefits, and psychosocial well-being for workers” (translated from original Italian by country report IT).*

“Age management’s” prime dimensions can be seen in figure 4.

**Figure 4: Prime dimensions of “age management”**



The country reports show a differentiated picture of the “age management”-landscapes among the included EU member states. This partly mirrors the respective consciousness among employers and their associations.

- Country reports reveal that the concept of age-management is not equally widespread throughout EU member states. E.g. in Estonia the concept is relatively new (and mostly not implemented at company level), the Italian country report speaks of “no developed sensibility”, in the Czech Republic it is gaining increasing popularity. In Belgium, a study of 45 companies has shown that proactive “age management” is scarce there and that “age management” is mostly doing what legislation and regulation prescribe (based on Hansez et al. 2011).
- In Denmark age management has been on the agenda for a couple of decades and depending on definition between 30 and 50 percent of companies have an active age management policy.
- This is also true for Germany and Denmark where only a minority of the companies and among them primarily the larger ones offer special measures to promote the organisational employability of older workers.
- In Italy, for example, “the willingness and the ability to manage the mature and ageing workforce both at the macro and the meso levels is not particularly developed, when compared to other European countries”.
- In countries where “age management” is relatively new, public programmes such as Solidarity across Generations in Poland can disseminate “age management” knowledge to employers, show them that costs are low or help to implement programs.

- In some country reports (FI, DE), it is stated that when companies say they want to achieve a ‘balanced’ age structure, they do not mean that their staff should mirror the general population’s age, but that they try to make their staff profile younger by substituting older workers with younger ones. In Germany, age management has developed since the virtual non-existence of age management in the 1990s (EC 2012: 26).

### 6.3.2.2 “Good practice”

Besides “social innovation” “good practice” is the second significant point of departure for MOPACT wp3 research activities. Following Walker/Naegele (2006) “good practice” in corporate “age management” can be interpreted as measures that

- combat age barriers and/or promote age diversity
- may entail specific initiatives aimed at particular dimensions of “age management”.
- may also include more general employment or human resources policies that help to create an environment in which individual employees are able to achieve their potential without being disadvantaged by their age.

Based on research (Walker/Naegele 2006) argue that special notice should be given to the following dimensions of “good practice” in corporate “age management”:

- Job recruitment
- Learning, training and lifelong learning (see chapter 7)
- Career development
- Flexible working time practices
- Health protection and promotion
- Workplace (re)design
- Redeployment
- Employment exit and the transition to retirement
- Comprehensive approaches that strategically encompass a wide range of different coordinated measures

*Comprehensive approaches* (“mix of different measures”) can also be seen as “good practices” in terms of social innovations. In this context we recommend paying particular attention to the dimension *private life* (family, close community) which in the “house of workability” plays a significant role as a “background factor”. However, it is not only family and reconciling work and family/care which might be of interest for MOPACT wp3 research but also new (“socially innovative”) collaborations between companies, social services and local authorities.

- *Occasionally country reports encompass examples of good practices, which however very often are treated as examples for social innovations (see pt. 4.2.), what underlines the need for better differentiation between concepts.*
- *In Estonia, Germany, Italy, Belgium and other EU member states combining paid work and pension receipt are possible (e.g. in Estonia since 1996, also in Italy since 2009). In Estonia it is believed to be the main factor behind the high employment rate of older workers, also due to coexisting low pension levels (referring to several studies). For those using this possibility in the Czech Republic retirement is an insignificant formality.*
- *In Denmark it is possible to delay pension receipt while working with an actuarially fair compensation in terms of higher pension receipts when the pension is eventually paid out.*
- *The Italian report indicates remarkable endeavours in terms of good health policies and work safety measures. Rather than “voluntary efforts”, this is a result of the implementation of European Directives.*
- *In Finland, in group talks workers are encouraged to talk about their career, goals, wishes, strengths etc., which to the workers seems strange at first but can be the first step towards improvements.*
- *All reports plea for more endeavours to improve work environment (e.g. explicitly NL).*
- *Many corporate good practices seem to take place informally, which indicates the importance of the role of the supportive/counterproductive corporate culture.*
- *A few country reports recommend to focus research activities on the issue of sustainability of “good practices” which has to be seen against the background of consequences of the economic crisis (e.g. IT).*

### **6.3.2.3 Quality of work and quality of life**

Based on research literature we assume a structural relationship between “good practice” on the one hand and the concepts of *quality of work* and *quality of life* on the other. Both can be understood as additional determinants of “good” workability/employability particularly of older workers.

*Quality of work* is a multidimensional concept which refers to different aspects of working and living conditions of the employees. Following the EF (2001), quality of work can be conceptualised by the following four prime dimensions:

- Career and employment security
- Health and well being
- Skill development
- Reconciling of working and not working life (work-life-balance).

The latter refers to the far more reaching concept of *quality of life*.

*"We understand quality of life ... as good living conditions which are paired with a positive subjective feeling of well-being. In a more general definition, the quality of life of individuals and groups is determined by the constellation ...of the different conditions of life and the components of subjective well-being. We understand conditions of life to mean the visible, 'tangible' living conditions: income, housing, working conditions, family relationships and social contacts, health, social and political participation. We understand subjective well-being to mean the views the affected persons themselves articulate concerning specific conditions of life and life in general. These especially include statements of satisfaction but also general cognitive and emotive concepts like hopes and fears, happiness and loneliness, expectations and requirements, powers and insecurities, perceived conflicts and priorities" (Zapf 1984: 23).*

- *Interestingly the national reports hardly took up the issue of quality of work and quality of life. It needs to be seen what might be the reasons. The German report points to a trade union- provided 'good work' index, suitable to measure the quality of work based on numerous job characteristics measured with 31 questions. In Finland, the 'National well-being at work programme (2000-2003) and the 'National workplace development programme' intended to promote good practices and innovations to raise the quality of work in order to prolong working careers (CR FI).*

#### **6.3.2.4 Life-course orientation**

The concept of *life-course oriented personnel policies* has its origin in the idea that in order to change corporate life one has to understand human life whereas to understand human life it is crucial to understand corporate life, since the latter gives individuals "the strength to cope with everyday chores and provides a basis for a good retirement – or not" (Ilmarinen 2005: 101).

"In traditional thinking, an employee adjusts to the demands of work. When continuing in work life becomes a primary objective, as is the case with the ageing workforce, the point of view must be changed: how must work life change in order for employees to be able to continue to work longer?" (Ilmarinen 2005: 101)

Recently published literature regards corporate life-course oriented personnel policy to be the true answer of company activities when it comes to meet the changing needs and interests of workers more efficiently against the background of an increasing variability in life phases and life–courses.

*"A life-course-oriented personnel policy means a human resources management system that is strategically adapted to the needs of employees in the course of their work cycles and lifecycles and "covers all stages of life from choice of occupation to retirement. ... It is true that such a lifecycle-oriented human resources management system cannot altogether dispense with – at least approximate – age limits. ... Such systems make it easier to avoid rigid and consequently counter-productive categorisation according to the chronological age, which can also hardly be justified by scientific facts, and instead adapt human resources policy measures more closely to the individual occupational cycles and lifecycles of the employees, which, by the way, have recently become much more variable".*

In this context the German country report – following the 6<sup>th</sup> Federal report on the situation of older people in Germany - recommends to distinguish the following 5 life-cycles:

- occupational lifecycle (from choice of occupation to retirement)
- corporate lifecycle (relating to the time from joining to leaving a company)
- job-related lifecycle (from taking up to leaving a position)
- family lifecycle (from parenting to care-giving to parents/dependants)
- biosocial lifecycle (orientation on “age-related” changes in performance)

- *Only a few country reports take up the issue of life-course orientation, perhaps because the concept as such is not widespread in practice. In Belgium, Finland, Germany and the Netherlands it has gained some importance – in Finland as part of the Finnish programme for older workers, in Germany in the context of the 6. Federal report on the ageing population which regards this concept to be one of the preconditions to prolong working life, in the Netherlands as part of their concept of sustainable employability.*
- *The Italian report indicates that the concept of life-course-orientation is not discussed at all with respect to an ageing workforce but more in terms of the middle aged workers.*
- *In the British report, the ‘ability to bounce back’ was mentioned, to recover from external shocks to health and other setbacks.*
- *The Dutch report informs us that the former Levensloopregeling was proposed to be replaced as of 2013 with a new scheme (the Vitaliteitsregeling) with three main elements (1) Continued work: a work bonus for employers aged between 61 and 65 and for employers with workers aged between 62 and 65; (2) Mobility: a single mobility bonus is paid for employers hiring a worker aged 55+, And (3) facilitating a person’s career through several measures which include several job-to-job budget which facilitates schooling during unemployment.*

#### **6.3.2.5 Barriers to implement “age management” and “good practice”**

Country reports as well as empirical evidence show that currently only in a minority of companies examples of “good practice” in “age management” can be found. MOPACT wp3 research activities need to bring light in the “darkness” of the reasons for this.

- *One reason could lie in employers’ misperception concerning employees’ “absence records, health, trainability and productivity” (Tikkanen 2008: 4), even if this is occupation-specific. Matched CVs with different ages have different chances of job interview invitations (OECD 2011: 69), possibly due to various attitudes on the employers’ side. An open question is also the influence of rising wages with age: In some OECD countries older employees have higher or markedly higher wages than prime age employees, which is problematic if this does not come with higher productivity (OECD 2011: 72). On the macro level, seniority wages as well as employment protection are negatively related to older male workers’ employment rates (OECD 2011: 73f.).*

- *High wages and protection of Dutch older workers reduce their mobility. Strong employment protection beginning at a certain age can lead to employers laying them off before employees reach this age as in FR and AT or deter them from hiring applicants nor far below this age (OECD 2006: 77). Contrastingly, in Finland wages decline after the age of 40 against the backdrop of productivity peaks at 50-55, which should foster employment of older people.*

#### **6.4 Social partners: Trade unions, work councils, employers' associations**

Social partners, e.g. trade unions and their corporate representatives (work councils) and employers' associations very often play an intermediate role when it comes to examining relevant approaches to extend working lives and lifelong learning activities. In 1997 Walker stated that in Europe there was no cooperation between social partners on age and employment. More recently this seems to have changed as some country reports show (see below). However, such activities are dependent on the "political power" of social partners in different welfare regimes.

We recommend to pay special attention to relevant trade union activities in EU member states.

- *For many years unions' attitudes towards extending working lives have been ambiguous. Just recently there are hints for a change in their perception of (early) retirement policies and in lifelong learning activities particular aiming at ageing/older workers (e.g. in Germany). Tikkanen (2008: 2) states that unions' preference for short working lives results from the industrial era and that they have been slow to change their mind on retirement ages. In 2006, the EC stated that unions show that "in many countries... a mix of opposing strategies at the different levels of intervention. Thus, trade unions may oppose the lengthening of working life at national level, whilst bargaining on the best way to enhance the 'work ability' of older workers at company or workplace level" (cited after Tikkanen 2008: 3).*
- *In Germany trade unions and employers associations a few years ago successfully started to negotiate on and to implement demographic collective bargaining contracts which do not only aim at, but have a clear focus on ageing/older workers. This is e.g. true for the Iron and Steel Industry, the Chemical industry and just recently for the Federal railway (Deutsche Bundesbahn).*

#### **6.5 Public national and local policy approaches**

It is obvious (and repeatedly confirmed in the country reports) that public policies in different fields of action (particularly in tax, pension, retirement age, work after retirement, employment, education and training, gender, family, health and care policies) strongly influence both individual behaviour and decisions, as well as collective actor group activities in relation to decisions about prolonging working life and extending lifelong learning activities. Moreover, a strong influence of positive cohort effects, which in political discussion are often used to strengthen the idea of extending working lives (according to the "age-work-paradox"; Walker 2003) is empirically proven (e.g. better health status, higher level of vocational skills, more preparedness for job-mobility, higher degree of vocational experiences among female workers).

In the past research about the role of public policies in retirement practices in Europe confirmed the role of legislative measures and their (mis-) use by companies and social partners in terms of

promoting early retirement (Kohli et al. 1991). In the meantime and against the background of severe changes in the overall economic framework conditions (see chapter 5) in most EU member states, a change of paradigm in retirement policies and in consequence in the view on older workers has taken place. MOPACT wp3 research activities need to examine their impact particularly with respect to practical influences on individuals', companies' and social partners' attitudes and activities. In this context we suggest to put special emphasis on the role of existing anti-discrimination legislation. Country reports indicate different effects (e.g. positive in Denmark, and neutral in Germany).

- *In 1996, the Finnish government published the report 'The Aged in Working Life', to be followed by a National Programme for Aged Workers and a special programme to raise older workers' educational level. Various topics related to older workers' employment rate were covered. After some weaker years in the traditional strong cooperation between Finnish social partners, it was renewed in 2011 with the Framework Agreement of the Social Partners, including "a chapter on working life development with implications for the working lives of older workers" (EC 2012: 21).*
- *In Poland the Ministry of Labour and Social Affairs introduced the Governmental Program of Social Activity for the Elderly for 2012-2013 (ASOS). The program has four priorities: Education, Civic Engagement, Social Participation and Social Services. Some legal regulations to protect those aged 45+ or 50+ in Poland are directed towards those at risk of losing their job, possibly via training. The development and implementation of a "lifelong learning strategy" and the improvement of professional qualifications of employees are part of the development of a knowledge-based economy, which should foster employment. The National Strategy of Human Capital Development 2020 emphasizes the importance of life-long learning for the elderly.*
- *In the Netherlands, the Social Innovation Task Force was set up in 2005. It defined social innovation as renewal of work organisation and maximum utilisation of skills, aimed at improving the business performance and development of talent.*
- *In the Netherlands national sickness insurance has also been reformed (activation, responsibility shift to employers, more prevention and early intervention), resulting in less disability cases and higher labour supply.*
- *In 2012 the Estonian Ministry of Social Affairs started to develop a national Development Plan of Active Ageing for the years 2013-2020. Topics included Life-long learning and the labour market. Around 60 stakeholders were involved (social insurance, universities, NGOs, think tanks, government at various levels etc.). The Ministry of Social Affairs is currently developing an action plan for 2013-2015 based on this.*
- *On the other hand the Italian report speaks about a lack of "supportive organic policies" in Italy.*
- *A few country reports explicitly plea for public awareness programs (e.g. IT)*

## **6.6 NGOs and older persons' representatives**

So far the role of NGOs and of older workers' representatives in older workers' policies has not been the explicit object of empirical research. MOPACT wp3 plans to take up this issue. Furthermore, it is the overall MOPACT philosophy that explicitly calls for both NGO and end-user participation. We

think a possible role for them could be seen in strengthening awareness work. However, lifelong learning, discussed in Appendix 2 is directly relevant.

- In Estonia, the NGO “Second Chance” had a project (2009-2012) considered as ‘good practice’ by the Estonian government. It was financed by the European Social Fund programme ‘Increasing the Supply of Qualified Labour Force 2007-2013’; it included 80 participants in Estonia and aimed at increasing employment amongst older people (see also table A1).
- In Germany, the Federal Senior organisation BAGSO officially and materially supports the annual AARP award of good employers.
- The Belgian country report also includes a statement by a representative of SeniorFlex, a Belgian NGO founded in 2003 that aims at promoting and defending those among the 45+ who want to find employment. Their target audience comprises unemployed workers as well as early retirees, retirees and disabled individuals. SeniorFlex follows 4 general objectives: raising awareness against age discrimination, lobbying for the suppression of all obstacles to the employment of older citizens, creating and promoting a flexible legal framework for the employment of older people and finally, promoting a system of EVC based notably on what exists in Ireland (program TRED).

## **6.7 Discrepancies and unintended impacts of policies concerning older workers – the example solidarity between generations**

As stated above, activities targeted both at extending working lives and lifelong learning activities may under certain circumstances also lead to discrepancies and unintended impacts.

Moreover even new conflicts might arise and in consequence undermine also the justification for the overarching MOPACT wp3 objectives. Obviously MOPACT wp3 research activities need to take up the issue of inter-generational solidarity in pension and retirement policies.

Arguably, *inter-generational solidarity* is not only a strategic dimension in the concept of *active ageing* (Walker 2013), but also a policy issue of increasing relevance in some EU member states; mostly discussed in terms of pension policies, but more general in terms of stabilizing those social security systems that are built upon the pay-as-you-go principle, like health insurance or long-term care insurance.

- *Country-specific labour market dimensions include, high youth unemployment in southern European member states as a convincing justification for addressing critical questions: Are older workers privileged “on the back” of younger workers (as e.g. frequently stated in Czech media and by trade unions, and in Spain, where Spanish trade unions represent mainly the interests of older workers, according to the Spanish report.*
- *Do higher employment rates of older workers lead to worse job prospects for younger workers? No according to OECD 2011: 76; and Jousten et al. 2010: 55ff. for Belgium. Moreover, it is argued that early retirement fosters unemployment amongst the young (Fisher and Keuschnigg 2011: 4ff. in a highly stylised model). MOPACT wp3 research explicitly aims at bringing light into these interrelations.*

- *Positive correlations between employment of the old and employment of the young are reported in some of our country reports (e.g. IT, referring to ‘several studies’).*
- *Dutch opinion polls suggest that the share of respondents stating that older worker employment is harming younger workers’ job prospects is negatively related to the state of the economy (from 50% in 1986 to 30% in 2002 to 45% in 2003), OECD 2011: 77f. and also shows a strong macro correlation between low general employment rates and the belief that older workers’ employment harms younger workers’ employment.*
- *The Polish Solidarity across Generations program has shown or made explicit that early retirement burdens social security systems, consequentially increasing labour costs and decreasing demand for young generations’ labour supply. Alternatively, higher pension spending decreases spending on other disadvantaged groups. In various countries, the legal retirement age has been raised (see table A1)*
- *An expert group led by Gruber and Wise compared tax and work behaviour in 11 OECD countries and found that implicit taxes on work discourage work; later research confirms this (OECD 2011b: 54). Due to safety-net provisions, financial incentives to retire are stronger for low earners in some OECD countries, amongst them Belgium, Germany, Finland, and the Netherlands (OECD 2011b: 57f.). For Finland, Hakola and Määttänen (2009) show that increasing the retirement age from 63 to 65 would have only weak effects since it would trigger the use of alternative exits such as unemployment or disability (cited in Braconier 2010: 24).*

## **7. Conclusions for tasks 2 – 4**

This conceptual framework is designed for structuring work package 3 research in terms of tasks 2 and 3. However, its usability for research in terms of task 4 is limited. Therefore, in order to prepare research work in task 4 a modification of the conceptual framework is crucial. Wp3 partners will need to discuss this issue during a later stage of our work.

*Task 1 of MOPACT wp3 research is “building a conceptual framework. It will develop standards for identifying innovative, effective, sustainable and transferable strategies in age – related employment and life-long learning” (proposal).*

The conceptual framework is *firstly* needed to structure the overall work package 3 research field in terms of relevant dimensions to be taken up, as well as their respective relations. Figure 1 depicts those dimensions (which we regard as in many cases interrelated factors of influence) which have to be taken into account when trying to realise both overall wp3 objectives: prolonging working lives as well as promoting lifelong learning. The conceptual framework at this point of the research does not refer to theoretical grounding (like the “push and pull-factor-hypothesis”, the traditional labour market theories in terms of the demand and supply side or the institutionalism-thesis, coming from political science and other areas). This could be done at a later state of the research and needs discussions and clarifications among wp3 partners which so far have not been done. So far the factors mentioned mirror both our literature knowledge as well as available empirical evidence. The aim in the first place is completeness. The factors mirror the complexity of the employment, learning and retirement reality of older workers in the countries being included in our research. They are highly interrelated and partly transversal to each other. One objective of future research therefore should be to evaluate single factors of influence and weight them according to their practical-empirical relevance in the respective countries – with regard to the overall WP3 objectives (the inner

circle of Figure 1). Based on this weighting suggestions for the design of good practice can be formulated.

*Task 2 aims at “mapping the state of the art”. Based on the conceptual framework it aims at “providing an overview of the state of the art of current innovative, successful and sustainable approaches to working longer and promoting lifelong learning in different welfare regimes in the EU and outside” (proposal). The respective methods how to do this are laid down in the proposal.*

Task 2 aims at identifying patterns of good/best practice on the corporate level as well as on the level of local, national and supranational policies, stakeholder and social partner activities. The corporate level is considered to be the most crucial level to raise older workers’ ability and willingness to work longer since here the most direct possibilities to influence and shape all dimensions of workability and/or employability can be found. As far as organisational training activities are concerned this also is true for lifelong learning activities. On the policy, stakeholder and social partner level good/best practice aims at supportive policies (e.g. local, legal, official declarations, collective agreements, others ...) framework conditions (e.g. policies and approaches in the fields of pensions, health protection and prevention, further/adult training, working time schedules, care, infrastructure etc.) to foster wp3 objectives.

For these purposes the conceptual framework can be used because it develops points of orientation for why and how to design and implement suitable innovative, effective, sustainable and transferable approaches and strategies at the corporate level as well as at different levels of policy making and stakeholder or social partner responsibilities. In this context, the dimensions taken up and explained in the conceptual framework provide kinds of “standards” which can be used as research criteria when it comes to evaluate respective practical approaches and strategies and thus might serve as a measuring stick for identifying ‘good/best’, but also ‘bad’ practice.

Figure 1 aims – as already mentioned - at completeness in terms of relevant factors of influence, evaluation criteria and standards. This comes with the downside of high complexity. It is up to national researchers to select dimensions which are – based on their national experiences and research activities while working on the country reports - of relevance for the overarching targets (in the inner circle). To support wp3 partners in doing this, TUD will provide a guideline, a list of relevant research questions, to help partners to develop their own research agenda. This list will be sent to partners by December 12.

*Task 3 aims at “identifying and assessing motivations for and attitudes towards extending working lives. This task investigates motives, needs and norms affecting current and anticipated changes in the labour market participation of older workers and the latter’s accommodation in the workplace, taking into account national/regional diversity (application). The respective methods how to do this are laid down in the proposal.*

The practical relevance of the conceptual framework for task 3 follows the same argument as for task 2 (see above): It offers evaluation criteria for suitable practical tools to influence/enhance older workers’ motivation. Further, the conceptual framework allows a better understanding of the

respective motivations, attitudes and behaviour of employees. At the same time it shows us how organisational approaches, public, stakeholder and social partners policies have to be designed in order to influence motivations and attitudes in order to foster extended working lives and lifelong learning. In this context, the conceptual framework provides points of departure such as the life course perspective and age management (as listed in circle 4 of figure 1).

The conceptual framework also can be used at least to identify (and perhaps also to explain) such external framework conditions (e.g., in circle 1) that are influencing objectives and related behaviour (including shifts of paradigm) of organisations, policy makers, stakeholders, social partners etc. in terms of their older workers' policies (e.g. personnel policies in organisations, national pension and retirement policies, points of departure for collective agreements). They might also be used to explain drivers and barriers for 'good/best' but also for bad practice in the respective behaviour and action fields.

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## Abbreviations

AT: Austria | BE: Belgium | CR: Country Report | CZ: Czech Republic | DE: Germany | DK: Denmark | | EE: Estonia | ES: Spain | FI: Finland | FR: France | IT: Italy | NL: Netherlands | PL: Poland | UK: United Kingdom

## Appendix

### 1. Table A1: Countries' policies aimed at extending working lives (based on CRs)

#### Raising legal retirement ages | abolishing mandatory retirement

- *Pension reform (increasing statutory retirement age [as in PL, EE, DE, ES, IT, NL, DK]; equalising retirement ages of women and men; increasing minimum contribution periods; adjusting benefits for early and late retirement (as in DK); allowing pension receipt and paid work simultaneously (as in Germany, Estonia, Belgium or Italy).*
- *In some countries, exceptions to higher retirement ages will diminish positive effects of these adjustments (in Spain, retirement with 67 does not apply to an estimated 50% of employees since they have 38.5 contribution years or work in risky environments; such exceptions also exist in Germany).*
- *Finland introduced a flexible retirement age between 63 and 68, with 4.5% changes in pension levels for every year between. The rising employment rate among older workers happened during gradual reform, but before the introduction of the flexible retirement age.*
- *In the UK, mandatory retirement age has been abolished, which is expected to have significant effects); in some cases unions have agreed on new retirement ages with employers: Basically, lower UK pension levels are expected to foster later retirement.*

#### Hampering access to early retirement benefits

- *Reduced access to or lower benefits in early retirement (e.g. in PL, BE, EE, DE, ES, NL, FI, DK, IT) – revised age for eligibility (DK, IT).*
- *Abolishment of a partial retirement – scheme, which like in Germany has been used mainly*

*in the 'block model' for de facto early retirement; in Finland it could have been more successful, yet the minimum age has been raised so that weekly hours are not cut too soon. The Finnish report states that involuntary part-time employment has been traditionally high there (no longer). Further research should distinguish between voluntary and involuntary part-time employment).*

#### **Further financial incentives**

- *Lowering implicit taxation on work (for example, in under certain conditions in BE an extra lump sum for working until the legal retirement age is paid).*
- *In the NL gradual retirement was unattractive since benefits were calculated based on earnings in the last years prior to retirement, so that the new calculation based on lifetime earnings makes gradual retirement more attractive,). In Estonia, deductions of 0.4% per month (CR) below the official retirement age should encourage workers to work long.*
- *In DK a tax-free benefit is given for each quarter an individual works after the age of 62.*
- *Access to widows' pension. Some Nordic countries have abolished such schemes, Finland not: Widows are entitled to lifelong payments of half the difference between their income and their husband's pension; multiple widowhood leads to multiple widow's pensions: this lowers work incentives.*
- *Pension adjustments according to further life expectancy: In Finland (and Sweden), pensions will be reduced according to the increase in life expectancy. Generally, pension cuts give incentives to work longer.*
- *Reduced contributions to social security for older workers in order to compensate for (high) seniority-based wages, so that employers are unburdened, e.g. in Belgium. In Spain, workers over 65 do not have to pay social security contributions if they have at least 35 years of contributions.*
- *Possibilities to keep company supplements to unemployment benefits even if unemployment is terminated due to a new job (e.g. in Belgium).*
- *Bonuses for employers hiring older workers, especially if they were unemployed before (NL, PL, DE.) Contrastingly, "there are no special labour market measures targeted to older unemployed in Estonia".*
- *Encouragement of the maintenance of permanent contracts of people aged 59 or older who have worked for four or more years in the same company by reducing the employer's social security contributions by 40% for up to one year. Or for people aged 60 or older with a decrease of 50%, rising by 10%points each year to 100% when the employee is 65 (since 2006 in Estonia). Generally, the Spanish Strategy for Employment 2012-2014 recognises the need to continue the reduction of social security contributions by lowering the eligibility age from 60 to 55.*

### Enabling pensioners to work

- *Allowing for wage income during pension receipt. In Poland, a new law (2010) allows paid work after retirement only if the employee has reached the statutory retirement age and has terminated his employment with his current employer.*
- *In Estonia, simultaneous receipt of pensions (not early retirement pensions) and wage income is possible since 1996 and encouraged by relatively low pensions (CR). Also in the Czech Republic combining work and retirement is possible. This is widely known there and important, since for half of those in pre-retirement age looking for paid employment is part of the preparations for old age. For parts of the retired population, legal retirement entry was therefore “a formality that didn’t result in many changes” (based on Vidovicová 2013).*
- *In Germany, regulations make earnings over 400 €/month during early retirement pension receipt unattractive. For those above the official retirement age there are no cuts due to parallel income, but for recipients of widow’s pensions there is a ceiling. Those above retirement age and their employers do not have to pay pension or unemployment scheme contributions.*
- *Also in Italy it is possible to combine work and retirement (since 2009). Nevertheless, some rigidities still exist: for example, people in Italy cannot receive a pension if they, before, do not stop working (in essence, in Italy gradual retirement does not exist). Experts suggested that new ways to recognise paid work after retirement are needed, or more solutions to tackle/for the emergence of undeclared work.*
- *In Belgium, which is known for its high implicit tax on continuing to work, due to low earning ceilings (independent of pension level) financial incentives to work after 65 are very weak. Further, taxes on retirement benefits are higher if retirees have additional income. Also self-employment is discouraged due to fiscal rules. Yet, in 2013 ceilings have been raised and if workers worked for more than 42 years they can combine income with retirement benefits limitless (whereas an expert remarked that those who have to work due to low entitlements have less than 42 years).*
- *In Spain, since 2013 the law recognises the co-existence of work and retirement. This should primarily increase tax revenues and reduce pension payments, since due to the black economy older workers were able to combine work and retirement already before. Decree 5/2013 rules that the number of hours worked is relevant for the pension reduction (for example, 50% working time leads to 50% pension cuts), but in some cases pensions are left unchanged, e.g. with earnings below the occupational minimum wage.*
- *Supporting work after retirement: In Belgium, in 2013 the upper limits for complementary [besides pensions] professional revenues have been increased and indexed (CR: 50). Under certain conditions workers over 65 and with at least 42 years of contribution can cumulate pensions and wages without limit (CR BE: 50). Further in Belgium civil servants may now work past 65.*

### Unemployment policies

- *Shorter eligibility to earnings-related (i.e. higher) unemployment benefits (DE, whereas this has been partly reversed, and in the Netherlands and Denmark). In Finland, access to unemployment pension has been restricted as the crucial previous employment period got longer and the age limit has been raised. Scientists state that the existence of unemployment pensions increased the probability of unemployment for those potentially eligible.*
- *Abolishment of rules unburdening older unemployed persons to actively look for a job (DE).*

### Non-financial legal regulations

- Mandatory outplacement procedures in case of collective redundancies regarding company's age pyramid (e.g. Belgium). Also in Belgium a mandatory early plan for companies with more than 20 employees how they plan to keep older workers in employment and how to hire new ones.
- Collective agreements to adapt workload for older workers, also for the case of caring obligations (NL, Germany)
- Legislation banning age discrimination. In Estonia, since 2006 employers can no longer terminate employment due to the respective employees' age. Further, since 2007 public servants may no longer be dismissed because they are over 65 years old.

### Awareness campaigns

- *Awareness campaigns to modify attitudes to older workers (e.g. in PL, DK, CR. In EE, this included information seminars for employers about older workers, their situation, problems and advantages as well as information for older workers concerning the labour market. The latter will be extended to those above the official retirement age [see also chapter 6.5 concerning NGOs' role). In Spain, combating age discrimination in companies is part of the 'Global Strategy for the Employment of Older Workers 2012-2014'. (EC 2012: 20).*
- In Finland, the *National Programme on Ageing Workers* (1998) intended to raise attention to the issue of aging workers. Research projects were funded, training to staff of occupational health care, occupational safety authorities, administration etc. has been offered, an extensive information campaign was launched ("experience as a national asset"). The goal was to break the usual vicious circle of employers being reluctant to train or employ older workers and older workers being unmotivated to work and learn, each partly because of the other's behaviour. Importantly, possibly this is hard to transfer to some other countries since success is believed to partly result from the homogeneous character of the Finnish society, strong political consensus and easy cooperation between ministries and other stakeholders in a small country/capital with other relevant stakeholders at a stone's throw. Yet, in Finland unions are strong (CR), so that their involvement could be more important there than in other countries. Nevertheless the good results of the *National Programme*, the Finnish report also points out that the low average retirement age result from the fact that employers do not need the older workers

and older workers do not try hard to stay in jobs.
<p><b>Health policies and programs to encourage companies to promote health</b></p> <ul style="list-style-type: none"> <li>- In Estonia, the “Occupational health and safety strategy for 2010-2013” approved in 2010 by the Ministry of Social Affairs aims to raise risk awareness among employers regarding different work environment risks and different needs of older workers.</li> <li>- In Germany, the “National Occupational Safety Conference” tries to (2008-2012) reduce various work-related health impairments.</li> <li>- In Spain, Estrategia 55 is the “Global Strategy for the Employment of Older Workers”. It is focused on working conditions, safety and health. Risks and capabilities get evaluated, such as limited mobility, vision and hearing, other physical capabilities etc. Work will be redesigned also based on workers’ opinions. Social partners are involved.</li> <li>- In Belgium, workers over 50 with health problems and workers over 55 independent of health status who worked for at least 20 years in night work can switch to day work (EC 2012: 25)</li> </ul>
<p><b>Disability policies</b></p> <ul style="list-style-type: none"> <li>- <i>Reduced access to disability/incapacity schemes (in favour of active workability-enhancing policies as in the NL; CR: 9, also in Germany disability benefit receipt has been made more difficult).</i></li> </ul>
<p><b>Life-long learning</b></p> <ul style="list-style-type: none"> <li>- <i>Promotion of learning and compensatory education (for example for older jobseekers as in the NL).</i></li> <li>- <i>In Germany, The Federal Employment Agency covers costs for further training in some cases.</i></li> <li>- <i>In Estonia, the new life-long learning strategy by the Ministry of Education and Research, introduced in September 2013, accentuates economic and personal development in life-long learning. It is expected that learning amongst the old will be more at the centre of attention.</i></li> <li>- <i>The Czech “Strategy for Lifelong Learning 2007” is linked to the “Strategy for the Development of Human Resources (2000)” (virtually a ‘sister’ to the National Action Plan Supporting Positive Ageing) which has been approved by the government for 2007-2015. Also in the Czech Republic, the Labour Code guarantees employers 40 hours of training per year with salary compensation. One expert considers this gravely insufficient.</i></li> <li>- <i>Further, in January 2013 the ‘Strategy for Education Policy of the Czech Republic till 2020’ has been launched (but LLL is possibly not crucial here). The Czech Programme ‘Educate</i></li> </ul>

*Yourself for Stability' enables employers to get subsidies for the paid working time of their employees lost due to further training, but only under special circumstances (CR CZ). The National system of professions and the National system of qualifications allows older employees to gain information about how to proceed, what the market requires, and they can take a professional exam that will increase their value on the labour market.*

- *The Dutch National Action Plan (1999) sees LLL as one key answer to the low labour market participation of older workers. The 'Life Course Savings Accounts' (2006) offer to save (tax-free) income in order to take off from work, for example to participate in further training. The scheme is abolished now and has been used by only 5 per cent of employees.*
- *In the Netherlands, the monitoring model of the sustainable employability concept developed by the Organisation for Applied Research (TNO) highlights the role of national policy but also the importance of collective labour agreements and sectoral policies in order to increase employability. Jointly with government social partners play an important role in this context. Some argue that LIFE-LONG-LEARNING is the prime responsibility of social partners. Employers are forced to give leaving employees an Ervaringscertificaat (experience certificate) listing skills and competencies (co-financed by government). In Belgium certification of workers' experience as in Flanders raises workers' chances to switch occupations.*
- *The Action Plan on Lifelong Learning in Spain (for 2012-2014): General framework for the promotion of LLL. A programme to open universities for those over 40 or 45 is under way, the number of training centres accredited for the preparation of exams to access universities will increase; this also applies to the number of centres offering classes, so that combining formal learning, work and family will be easier. For example, in the UK the limited number of high education institutions specialised in part-time studies (for older workers) is a problem. For the unemployed over 45, employment workshops ("Talleres de Empleo") are offered in Spain.*
- *Improvements in Italian companies can be traced back to new legal regulations, but in general active policies on vocational training and lifelong learning are lacking. In Italy there is not a political and cultural strategy in this area and only in recent times policy makers have begun to take first meaningful steps in this regard.*
- *In the UK, in 2009 a national 'Inquiry into the Future of Lifelong learning' was introduced (EC 2012: 24). On the other hand, cuts in the Train 2 Gain programme in 2010 reduced older workers' possibilities to get lower level qualifications. These cuts were part of general UK govt. budget cuts.*
- *In Finland, there are 9 "universities of the third age", which are very popular and which are well connected to regular universities. Further, in "open university" course degrees can be obtained. In 2002, a committee in Finnish parliament proposed a steep rise in training endeavours and provided the basis for Finnish LLL policies. In 2011, social partners' framework agreement included employees' right to participate in further training (albeit only three days per year; EC 2012: 23).*
- *In Poland, since 2008 employees over 45 may use the "services of the labour office to*

*improve their qualifications by participating in training (...)” and other measures were implemented to foster LLL (EC 2012: 24).*

## **A2. Life-Long learning – an overview based on the country reports**

**in cooperation with Anna-Elisabeth Thum (CEPS)**

### **A2.1 The importance of lifelong learning**

Life-long learning is considered to become more important for several reasons: First, there is a functional dimension: Knowledge antiquates faster while careers last longer, therefore lifelong learning is a precondition for maintaining the employability of elderly as shown for example in the Finnish report where experts have confirmed this premise. In the Belgian report, human resource experts confirm the link between training and employability for the elderly.

Second, lifelong learning has a cultural dimension, too: Education in this regard is a consumption good, that keeps elderly active and enables them to participate in society. Lifelong learning helps elderly to stay responsible for their own lives for a longer time.

Third, the image of the tripartite vision of the life course - in which youth was to be dedicated to education, the prime age of living reserved for productive work and the old age for retirement – is losing its meaning and lifelong learning is now important. The increasing complexification (or des-institutionalization) of life courses entailing more flexibility, changing employers and quick developing technologies require an ongoing preparation of the employee.

Fourth, lifelong learning is positively correlated to health (cf. Leopold/ Engelhard 2011, 2012 and Aichberger et al. 2011) and wellbeing (Jenkins 2011). Leopold and Engelhard (2011 and 2012) show the correlation between education and health empirically using the SHARE database (Survey of Health, Ageing and Retirement in Europe). Engelhard et al. (2011) find that educational classes increase cognitive functioning and thereby mental health. Factors influencing health positively also have a positive impact on learning capacities: Cognitive performance is increased by physical activity Aichberger et al. (2010) find evidence that moderate and vigorous physical activities protect against cognitive decline. Jenkins (2011) finds that among older adults non-formal learning activities such as music, arts and evening classes were positively related with well-being whereas formal courses and gym or exercise were negatively correlated with wellbeing. The author uses the English Longitudinal Study of Ageing (ELSA), which surveys those aged 50 and over in a large scale.

Fifth, older workers can also participate in lifelong learning through knowledge management. Older workers are typically more experienced. Their knowledge, whether tacit, implicit or explicit, is essential for firms' competitiveness, especially if related to core businesses. This knowledge can be transferred to younger workers through tutorship or mentorship; but experienced workers can also learn from newcomers, notably through reverse tutorship, hence the importance of organizing a reciprocal system of intergenerational exchange. Such practices promote a sustainable management of knowledge in organisations, upgrade inexperienced workers and increase the satisfaction and recognition of older workers (see Belgian report).

Finally, Field (2012) finds evidence that lifelong learning has an effect on the wider society – beside affecting well-being and having an economic impact.

## A2.2 Country findings

In numerous country reports, this high relevance of learning is confirmed (e.g., NL, IT, BE, FI). Across countries, years in education of the adult population is positively related to the activity rate and employment of those between 55 and 64, with Spain, Portugal, Italy and Greece ranking low on both counts (CR ES based on Garcia/Domenech 2012).

- *For example, the huge Finnish success in (older female's) labour market integration can partly be traced back to educational policy. In the age group between 55 and 64, 29%/33% (men/women) have tertiary education (EU-15: 24%/19%). Yet educational effects could be slightly inverted u-shaped, since men with high educational attainments have some tendency towards early exit).*

Despite the numerous benefits of lifelong learning listed above, generally older workers are underrepresented in further training (DE, BE, EE, IT, not in all sectors, cf. CR EE for financial mediation companies). The human capital theory (cf. Becker 1964) considers lifelong learning as an investment where returns consist in accrued productivity. The sooner a worker leaves the employer that invested in her training, the lower the return. Consequently, it is logical that participation in vocation learning activities decreases with age. This is confirmed by Human Resource experts in the Belgian country report.

But the gap to younger ones narrowed (at least in Germany). Beblavy, Thum and Potjagailo 2013 find based on the European Labour Market Survey that in most European countries the decline in participation in lifelong learning with age slows down or is even reversed for older cohorts – a finding that indicates that older cohorts tend to participate more in lifelong learning compared to middle aged cohorts. The probability of further training also depends on employment characteristics like minor employment, fixed-term employment, unemployment, and also on the level of educational attainment and nationality (DE, BE, IT, NL); Spanish unemployed have very low training participation. In Finland, participation of the elderly in training programmes is very high, which is similar to most Nordic countries (see for instance Beblavy, Thum and Potjagailo 2013). Below we analyze further main determinants of participation in lifelong learning.

Country findings in our report are mixed. The Czech report states, primarily with reference to long-term policy programmes, that the LLL situation is not satisfactory. In Spain, vocational education has poor quality and little social recognition and is considered by employers rather a cost than investment (CR). In the UK, the large increase in youth unemployment directed the focus on training for these cohorts and less on older workers. The German experience suggests that the importance of the first apprenticeship lowers the prevalence of further (adult) training. A different problem occurs in Italy, where training is considered a 'business' in the sense of public money is wasted due to fraudulent behaviour.

However, across the countries analyzed, there are some positive trends in the enhancement of lifelong learning:

- For example, in Germany the share of employees in further training steadily rose since the 1980s; this also applies to Estonia between 2007 and 2012 and Italy between 2003 and 2012, whereas here age gaps did not narrow.
- Further, Italy moved from the near bottom to an average rank in company-provided training between 1993 and 2005. Contrastingly, older workers' participation in continuous vocational training is low and seems to get worse in Italy.
- The educational gender gap amongst older workers may close as today's younger workers will replace today's older workers, such as was shown in the Belgian and the Finnish case study.
- The Dutch report also asks who should be responsible for LLL, social partners or government. The former know better what specific sectors need and which training programmes are appropriate. The latter maybe crucial in bringing those yet underrepresented into training, and those weakly represented by trade unions.
- *The programme Grundtvig (funded by the European Commission's Lifelong Learning Programme) is focused on students over 50 and includes study visits in Spain, the UK, Romania and Iceland. Main objectives are to develop abilities towards a higher motivation, training and support for the inclusion of older people in different workplaces and cultures; to increase training in ICT and promote its use amongst older people; to increase participation in LLL and to promote digital activities. Main expected outcome is an analysis of availability and use of technological services; further, motivational techniques to encourage the use of ICT, and the introduction of older people to the use of social networks and media, e-banking, online shopping etc.*
- The British report states that LLL government policy is hampered by the inability of the economy and society/politics to develop a shared agenda
- In Belgium, evidence for a rather widespread participation in informal learning was detected among those older than 50. There seems to be scope for the further development of forms of informal learning for the elderly.
- In several countries there are already various programs in place to increase lifelong learning among the elderly population, for example 'liberal adult education' in Finland or 'Barco's training schemes', 'Proviron's knowledge management tool' in Belgium.

For potential measures to enhance lifelong learning see Table A1 in the Appendix. In addition we refer to Dochy et al. (2011) and the GUNI network<sup>1</sup> for a collection of examples of social innovation in learning activities for the elderly. The GUNI network collects examples of university programs for the elderly as well as those offering an intergenerational course open to both students and elderly.

### **A2.3 Types of learning**

Lifelong learning activities can be classified in formal, non-formal and informal education (Field, 2005). Lifelong learning activities can be classified in formal, non-formal and informal education (Field, 2005). Formal education refers to training at institutions that are specifically set up for providing professional education. Non-formal education is educational training at institutions that are not mainly dedicated to education (e.g. trade unions). Finally, the term informal education reflect the education people gather through the experiences in their life course. In this section we aim to explore, which type of learning could be the most suitable for the elderly.

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<sup>1</sup> [www.Guninetwork.org/search?SearchableText=elderly](http://www.Guninetwork.org/search?SearchableText=elderly)

Older workers participate more in informal learning than younger ones. However, other forms of learning might be less suited for the elderly: in the German case, older workers are often afraid of further training (non-formal learning). The Dutch report points to “anxiety about formal learning”, primarily amongst lower educated people, and the problem that older workers are not used to learn, so that learning should never be interrupted, also not at the begin of the career.

The Italian report points out that frontal forms of vocational training can be ill-suited for older workers (this is also pointed out a Finnish expert for Finland as mentioned in the Finish country report). In Italy, generally training courses’ impact on participants gets not evaluated. The Polish report states that in order to fit requirements of those 45+, teachers should not just pass knowledge but also support the process of learning, and to enhance the digital competencies of the elderly to promote e-learning. Further, the Polish and Spanish reports discuss health education, which can raise workability. The Finnish report points to a related aspect: Since the prevalence of mental illnesses is on the rise and partly result from stress at work and excessive demand, life-long learning can partly prevent excessive demand and therefore mental illness.

- *In Germany, currently the Bertelsmann Foundation proposes that informally acquired skills should be acknowledged. Further, the Bertelsmann Foundation is working on a ‘competence map’ with competences for all jobs, so that it can be seen which competencies one needs to do a different job. In Italy, something similar is proposed, since in Italy it is not clearly certified which competencies are needed for which jobs and it is difficult for workers to get formal recognitions of their skills. Possibly the Czech systems of professions and qualifications can serve as role models. In Spain, the creation of a qualifications inventory allows a better mapping of workers’ capabilities. Further, the opening of universities for those older than 40 or 45 contains recognition of prior academic qualifications and professional experience (CR).*

These results show that learning for the elderly should be adapted to their needs.

In the next section we review, which factors could enhance lifelong learning of the elderly.

## **A2.4 Determinants of participation in lifelong learning**

We have mentioned above that lifelong learning participation decreases with age, however beside age there exist other aggravating factors: educational attainment, organisation size and socio-professional category are also important determinants of lifelong learning. Therefore, strategies aiming at intensifying lifelong learning, notably in the perspective of extending working-lives, must not solely be based on age. They should take into account the professional background of each employee and promote the participation of all categories of workers, regardless of age, education or socio-professional category (Hansez et al., 2011).

In the following we review some main factors that we have identified in the country reports.

### **Company size**

Several country reports point out that further training is positively related to company size, whereas the bulk of employees work for small and medium-sized companies, so that (if existent) large companies’ exemplary actions are far away from the median worker’s situation. In the UK, large employers provide in-house training for their own workforce and suppliers’ staff.

## Willingness to learn and other personality traits

Willingness to learn is sometimes low amongst older workers, for example in Poland with its generally very low training participation. In the Czech Republic, a significant share of older employees believes that LLL does not make much sense (the prevalence of this view is higher among those with low formal education). Further, compared to the young and middle-aged they are badly informed about courses and unwilling to participate. The Dutch report states that workers with a contract lasting until their preferred retirement age have no direct incentive to learn. Being related to skill level, via a higher discount rate (or: placing less value on advantages occurring later) lower cognitive capabilities reduce further training's subjective utility.

At least in the German case, employees with bleak training prospects are less satisfied with their further training situation. In contrast, an Estonian result shows that willingness to learn is low among those between 55 and 64, and those with low education. Motives for learning are more job-oriented amongst younger learners, whereas older workers also mention personal motives (interest, enjoyment). This is similar in the UK. This is also the case in Belgium. Here, it also can be seen that high skilled workers participate in non-formal education more for job-related reasons than low-skilled workers. In the Italian case, participants in formal learning seem to participate in training for reasons not connected to learning or skill acquisition.

Kim and Merriam (2010) find that cognitive interest as well as social contacts play an important role as most influential factors of participation in learning in a sample of 189 members of a 'learning in retirement' institute. Thum and Beblavy (2013) confirm this finding using a sample of the whole age range.

Kyndt et al. (2010) find that private and personal lives play a role and that elderly often fear going back to school or think they have learned enough. The Belgian report analyses these issues in more detail in Section 3.1.1.3.

## Financing LLL

Several statements indicate that in contrast to experts, laymen underestimate further training's payoff and overestimate the number of subsequent working years needed for further training to being amortised by higher productivity, as the German country report suggests (short expected pay-back periods can give companies the impression that training does not pay off; Bovenberg 2008: 34). Further, in Germany there are indications for positive effects on motivation or, due to the lack of further training, negative effects. Here, older workers partly doubt that training improves their job situation. A Finnish Expert confirms that lifelong learning tends to increase the probability of keeping people in the workforce and also has a positive impact on the paid wages. In the Czech Republic, employers (and public opinion) hardly believe that education expenses for younger workers are 'lost' sooner than for older workers due to their high job mobility (this is also mentioned by a Finnish expert for Finland). Here, employers are considered to have 'given up' on older workers' training and their motivation. For employees themselves, according to one focus groups participant the relation between net wages and training costs makes training unattractive. Further, if training opens up a new labour market segment for them, older employees are or feel to be treated like graduates again. The Dutch report refers to training funds (*Scholingsfondsen*) financed by the sectors, and educational funds (*Opleidingsfondsen*) financed through cross-sectoral agreements, the Dutch

government and the European Social Fund. Thereby, sectoral agreements force employers to pay a certain percentage of the payroll (0.5-1 per cent), creating a collective good, which under standard economic assumptions every employer should be motivated to exploit as far as possible, but employers are not forced to let their older staff participate in training. One expert proposes that government should regulate this. One could indeed resort to an argument often given in the context of public education: Education has positive externalities and will therefore not be provided sufficiently by the market. Indeed, even when the costs for additional employment for elderly would not pay for itself for the employer, then the society still would have an interest to maintain the employability of the employee. In Spain, some experts propose that against the backdrop of the current fiscal consolidation course, public resources to subsidise employers' social security contributions should be used to fund continuous training programmes. An Estonian study shows that older people partly think that older people are worse suited for learning and slow to adapt to new working operations. Further, a third of those unwilling to learn between 50 and 74 cite their age as the main reason.

### **Skill mismatch**

Older workers are one of the groups particularly affected by skill mismatch. Compared to younger workers, many older workers are low-skilled and employed in physically demanding jobs, making them vulnerable to technical skill obsolescence. In all probability, older workers are more affected by obsolescence of their physical and technical skills: age may in fact lead to the deterioration of skills and of physical or mental ability. Moreover, the hypothesis of the skill biased technological change entails that recent innovations favoured skilled labour by rising its relative productivity and demand. Low skilled labour therefore faces a relatively reduced productivity and a corresponding reduction of demand. The elderly workforce is particularly subject to this development. Lifelong learning is a key to overcome the mismatch (e.g. Violante 2008).

Skill mismatch, as the Italian country report points out, may hinder economic growth, innovativeness and competitiveness. Skill mismatch may also have negative consequences for organisations, enterprises and individuals. It can be related to a discrepancy not only in cases of shortage or gap between demand and supply of skills where skills needed are absent, but also to overeducation or overqualification, which are also problematic, leading to unemployment or to an inadequate enhancement of human capital. Amongst workers over 50, due to a rapid increase between 2000 and 2005 overskilling is far more common in Europe than underskilling. In Estonia, particularly those between 55 and 74 are over-educated, i.e. their formal skill level is higher than their job requires. In Italy, sometime straining courses are organised without regard for demand on the labour market. In the Czech report, also companies' concerns about the lack of skilled labour in technical professions is mentioned. The Dutch report emphasises that a national perspective is needed concerning future labour demand.

### **A2.5. Learning after retirement**

The main issue regarding lifelong learning after 65 is the difficulty for seniors to gain access to functional education without having to bear all the cost on their own. For instance, in Belgium, training vouchers (i.e. subsidized vocational education) were mostly granted to unemployed workers, and retirees are not considered as unemployed. Consequently, according to a Belgian expert, public employment services have a limited offer, if any, for the 65+ in terms of training, especially in

Wallonia. Belgian focus group participants commended the Universités Tous Âges (all-age universities) but insisted that the price was rather unaffordable. In other words, having no access to subsidized trainings; retirees have to turn towards the full-price private offer, which often is financially out of reach.