



European Economic and Social Committee

SOC/624

The changing world of work and the ageing population

OPINION

European Economic and Social Committee

The changing world of work and the longevity/ageing population - The preconditions for ageing workers to stay active in the new world of work

[Exploratory opinion requested by the Finnish Presidency]

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1. **Conclusions and recommendations**

- 1.1 The Committee welcomes the Finnish Presidency's focus on the economy of the well-being of people, including the elderly, and believes that this is a positive step towards achieving a better balance between demographic trends, the labour market and society.
- 1.2 Member States have acknowledged the issue of the ageing population and have taken certain measures in recent years, but these measures appear to be isolated and their impact has not been gauged. Furthermore, the impact of technological advances and the changing nature of work bring increased complexity to the issue.
- 1.3 **The social partners, in cooperation with governments, are key to facilitating the implementation of measures at different levels. Civil society and the European social partners should play an important role in encouraging longer active working lives.**
- 1.4 **Policy action and funding at EU level** could help overcome these barriers, but will need to take account of country differences in terms of demography, the economy, employment and working conditions. Member States should make use of European funds to finance measures, while the responsibility for supporting longer working lives should be shared between governments, businesses and individuals.
- 1.5 The Commission supports the Member States' actions in effectively addressing the ageing challenge through a variety of initiatives and programmes¹.
- 1.6 **Comprehensive strategies** focused on developing national policies for active ageing are required because the demographic and employment challenges can only be tackled holistically. The specific recommendations proposed for tackling the challenges of active ageing are as follows:
 - 1.6.1 **Strengthen social dialogue and the involvement of all stakeholders** in developing integrated strategies and national policies for active ageing;
 - 1.6.2 **Develop employment and skills through lifelong learning;**
 - 1.6.3 **Promote dynamic careers and dynamic work;**
 - 1.6.4 **Stimulate senior entrepreneurship;**
 - 1.6.5 **Fight all types of discrimination, particularly age and gender discrimination;**
 - 1.6.6 **Implement knowledge transfer/sharing initiatives;**
 - 1.6.7 **Implement flexible work arrangements and better working conditions;**

¹ *2012 European Year for Active Ageing and Solidarity between Generations (evaluation report)*, European Commission, 2014.

1.6.8 Promote solidarity between generations and change attitudes towards ageing.

1.7 **All measures should be constantly monitored and the impact on older workers' participation in the labour market should be properly evaluated.** Having a clear picture of the impact of such measures would further encourage Member States to disseminate and share best practices on active ageing.

2. Context

2.1 The EU's most important contribution in the field of employment of older workers is the Equal Treatment Directive², which prohibits age discrimination in most areas of employment. However, the directive has not been effective in eliminating hidden age discrimination in the labour market, which is a phenomenon that discourages many older people from even looking for work.

2.2 At European level, the Europe 2020 Strategy includes a strong focus on job creation and sets the objective of reaching full employment by 2020. While the Europe 2020 Strategy is approaching its end, it did not focus strongly on older workers as a particular category. The European Pillar of Social Rights changed the approach to active ageing, as it mentions many aspects important to enabling the employment of older workers. However, the Pillar of Social Rights lacks an implementation mechanism.

2.3 As part of the next long-term EU budget, the Commission has proposed the Digital Europe programme, an EU programme focused on building the EU's strategic digital capacities and on facilitating the wide deployment of digital technologies. This programme would shape and support the digital transformation of Europe's society and economy and would ensure that European citizens have the necessary skills to face the digital transformation.

2.4 **The EU's population structure is changing and will be "turning increasingly grey" in the coming decades.** The total EU population will increase from 511 million in 2016 to 520 million in 2070, but the working-age population (15-64)³ will decrease significantly from 333 million in 2016 to 292 million in 2070 due to changes in fertility, life expectancy and migration flow dynamics⁴. The total labour supply for those aged 20 to 64 is projected to fall significantly after 2070, by 9.6% in the EU. The rise in the proportion of older people in the EU's population should not unthinkingly be equated with a corresponding increase in the burden on social security systems, for instance reaching the conclusion that existing pension schemes will not be viable in the future.

2.5 The key factor in financing social security systems is not the demographic dependency ratio, but rather the economic dependency ratio. The growth in aggregate labour productivity is another

² [Directive 2006/54/EC](#) of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (recast).

³ <https://data.oecd.org/pop/working-age-population.htm>.

⁴ *The 2018 Ageing Report Economic & Budgetary Projections for the 28 EU Member States (2016-2070)*, European Commission, 2018.

key factor, making it possible to increase the size of the "cake" to be shared not only between workers but also between workers and non-workers⁵.

- 2.6 The demographic challenge can also be seen as an opportunity to enhance the competitiveness of the European economy. As new markets for goods and services will appear due to the ageing population, companies should incorporate this phenomenon into their innovation strategies to deliver innovative services and products (silver economy).
- 2.7 **For the EU as a whole, life expectancy at birth is expected to increase** by 7.8 years for men and 6.6 years for women by 2070⁶. The positive evolution of people living longer and healthier lives is not, however, aligned with the duration of their professional lives. Lack of workplaces and appropriate active labour market policies and measures, health issues, lack of relevant skills, as well as unsatisfactory work-life balance are important reasons for a premature departure from the labour market. At the same time, exposure to age discrimination or negative stereotyping influences early labour market exit decisions.
- 2.8 The gender perspective on older workers' jobs and working conditions should be considered. Over the past decade, the "semiretirement" trend has become still more widespread among women than men⁷.
- 2.9 Due to the heavy strain put on active individuals, a stigma might form towards the elderly, who may be perceived as a burden. However, this stigma is not limited to social groups; it also extends to some employers who might perceive the aged workforce and retired population as lacking in energy, hard to train and "unemployable".
- 2.10 It is essential to combat discrimination and negative value judgments against older workers. Older workers are not necessarily less productive than younger ones, but they do have different abilities and competences, with their main strengths being professional knowledge and experience.

3. **General comments regarding the use of technology by the elderly**

- 3.1 The Fourth Industrial Revolution and the rapid development and integration of new technologies in society and industry are currently having an unprecedented impact on the world of work. A variety of manual and cognitive tasks are increasingly being performed by machines and algorithms, or in some cases even automated completely. At the same time, the inclusion of these new technologies in business models across different industries is giving rise to many new jobs and redefining the tasks of many more. These developments point to the fact that global and regional labour markets will inevitably undergo major transformation in the coming years.

⁵ *Future of work: a lifecycle approach*, European Commission, 2018.

⁶ *The 2018 Ageing Report Economic & Budgetary Projections for the 28 EU Member States (2016-2070)*, European Commission, 2018.

⁷ *A gender perspective on older workers' employment and working conditions*, Patricia Vendramin & Gerard Valenduc, 2014.

3.2 Technological advances have a significant impact on the economy in general, and they put considerable pressure on the labour market, since employers will be able to replace some of their current workforce with technology (where applicable), retraining some people for new jobs and seeking a highly skilled workforce able to implement, use and adapt technologies. In this context, the elderly workforce will become even more vulnerable.

3.3 Embracing technology allows seniors to become part of the online world, taking advantage of all that it offers. In the EU, 87% of people aged 75 years and over have never been online⁸. Senior citizens might not be familiar with terms and concepts related to digital media, and some of them often face physical challenges such as vision or hearing impairments, as well as a lack of understanding of or familiarity with technology. E-exclusion can be one of the major obstacles to increasing the rate of employment among older people and that specific initiatives should be taken to develop older peoples' ICT skills⁹.

4. **Measures to promote active ageing taken by the Member States**

4.1 Several European countries have developed strategies containing policy measures intended to encourage longer working lives¹⁰. As these national initiatives are typically developed in consultation with the social partners and provide multi-annual frameworks for anticipating and managing demographic ageing, they could be instrumental in the development and implementation of an integrated approach to active ageing.

4.2 Research conducted by Eurofound¹¹ shows that national strategies for active ageing exist in a number of countries and have contributed to increased awareness of the demographic challenges. A review of the national reports suggests that the countries' active labour market policies have contributed to promoting the skills development and employment of older workers, although little or no information is available on the quality and sustainability of these jobs. Most initiatives have focused so far on remedial measures, such as providing wage subsidies for hiring older workers, raising the average retirement age and limiting early retirement. Such measures on their own need careful consideration and analysis of the economic and social impact and may be insufficient to allow older workers to successfully extend their working careers.

4.3 In terms of effectiveness, although generally considered to be successful, most of these measures and programmes have not been formally evaluated. In this context, **the Committee stresses the importance of analysing and evaluating the impact of the measures on the participation of older workers in the labour market.**

⁸ *Digital economy and society statistics – households and individuals*, Eurostat, 2018.

⁹ [OJ C 228, 22.9.2009, p. 24](#)

¹⁰ <https://www.oecd.org/els/emp/ageingandemploymentpolicies.htm>.

¹¹ *Role of governments and social partners in keeping older workers in the labour market*, Eurofound, 2013.

5. **Specific recommendations for tackling the challenges of active ageing**

5.1 A number of measures identified that would support an active ageing agenda within the European Union are set out below:

5.2 **Strengthen social dialogue and the involvement of all stakeholders in developing integrated strategies and national policies for active ageing.** In order to encourage a longer active working life, governments, employers, NGOs, trade unions and workers themselves must pool responsibility and efforts. Stakeholders at all levels have to play a key role in developing, negotiating, implementing and evaluating measures to adapt the world of work in order to allow elderly people to remain active for longer in the labour market. Nevertheless, this should not put more pressure on older people or cause distress to people who are no longer capable of working.

5.3 **Improving employability and skills development through lifelong learning** is a key policy tool to keep older workers in the labour market, since workers' participation in training declines as they get older and it is more difficult for older workers who become unemployed to find a new job. Lifelong learning and adult education have proven to enhance not only economic participation, but also quality of life, health and adaptability. Lifelong learning and active ageing should not only address present-day older workforces; targeted initiatives should also address young people, students and even children, in order to create awareness about the future of the workplace and the importance of a lifelong learning mindset.

5.3.1 Improving employability and skills development through lifelong learning could be achieved by:

5.3.1.1 Safeguarding public financing and allocating necessary resources for a proactive labour market policy to reintegrate older unemployed people into the labour market, including advice and support for job-seekers, and reduce the risk of long-term unemployment;

5.3.1.2 Strengthening the role of public employment services to provide a full range of advisory and support services for job-seekers, as well as tailor-made placement support (e.g. state-subsidised employment, transitional support and guidance and non-profit social projects) and preventive and rehabilitation measures to support long-term reintegration;

5.3.1.3 Supporting the introduction of measures by companies, through collective agreements or by law, to achieve higher participation of older people in lifelong training (e.g. incentives to remedy the low level of participation in in-service training, especially among underskilled workers, provision of the necessary funding to improve the skills of the over-45 age group and improving the legal framework for training leave);

5.3.1.4 Strengthening the role of NGOs in supporting adult learning programmes and allowing them to become partners with governments to implement large-scale educational initiatives for older people;

- 5.3.1.5 Increasing older people's access to digital technology, including by adapting equipment and software to their specific needs (e.g. multilingual software), as well as providing access to the internet as a right to a universal service based on the criterion of affordability;
- 5.3.1.6 Offering more training opportunities, making use of the European Social Fund and focused on developing transversal skills, "learning to learn" abilities and ICT skills for the over-45 age group;
- 5.3.1.7 Recognising new skills, acquired formally or informally, by means of certificates and qualifications;
- 5.3.1.8 Conducting awareness-raising campaigns targeting young people, students and children on the importance of a lifelong learning mindset in the context of the future of work and active ageing;
- 5.3.1.9 Developing the capability of the EU Member States to gather, analyse and interpret statistical data regarding labour market trends, older workers' employment rate and people's skills gap, as well as other changes in society;
- 5.4 **Promoting dynamic careers and dynamic work** should be another focus area. Lifelong learning and increased life expectancy will mean that over their lifetimes, people will embark on more than one career. It is expected that people will work throughout their lives with multiple sabbaticals and gap years for learning, retraining and travelling.
 - 5.4.1 In this respect, the main initiatives for promoting dynamic careers and dynamic work should include:
 - 5.4.1.1 Anticipating emerging jobs and careers to which workers could transition during their lifetime;
 - 5.4.1.2 Improving the career counselling offered by public employment services to guide workers through the challenging process of continuous upskilling and reskilling;
 - 5.4.1.3 Giving tax incentives for businesses to invest in lifelong training and development programmes for employees as well as in attracting and hiring older employees;
 - 5.4.1.4 Organising job and career fairs, "over-50 discussion groups" and creating job centres targeting older people;
 - 5.4.1.5 Creating working groups of older workers to develop strategies for attracting and retaining experienced older people in the labour market.
- 5.5 Promote entrepreneurship among older people, which is an effective way of prolonging working life, reducing unemployment among older people and enhancing the social inclusion of older people. Many older people may wish to remain economically active and choose self-

employment as an alternative to organised employment. Senior entrepreneurship is in fact a constant concern for the European Commission, which has several initiatives in this area¹².

5.5.1 Such entrepreneurship could be stimulated through policies focused on the following aspects:

5.5.1.1 Providing training, mentoring and counselling in order to develop entrepreneurship skills and encouraging seniors who want to start a business and support those who are already active in this field;

5.5.1.2 Supporting the creation of business networks by providing both physical and virtual places where senior entrepreneurs, institutions and young entrepreneurs meet and explore potential ways of collaborating and supporting intergenerational exchanges;

5.5.1.3 Ensuring access to financing schemes for starting a business and guaranteeing loans with lower interest rates for starting up businesses;

5.5.1.4 Establishing European support programmes to stimulate senior entrepreneurship;

5.5.1.5 Implementing awareness campaigns on the benefits of senior entrepreneurship for society and the economy in general, but also for older people themselves.

5.6 Older workers are increasingly perceived by employers as loyal, experienced, dependable and highly attached to their work. However, **there is still the prejudice that older workers are not interested in developing their skills and are not open to change**. The preconception that older workers are poorer performers than young workers has been found to be untrue and when they are less productive this is generally because they have not been offered training. Even though older workers may have less physical or cognitive abilities, they compensate by tapping into their years of experience. Similar research has shown that women are slightly more likely than men to face age discrimination.

5.6.1 Solutions fighting age and gender discrimination should cover the following aspects:

5.6.1.1 Adopting tighter legislation combating all forms of discrimination;

5.6.1.2 Conducting research to establish whether the low employment rate among older people is an effect of discrimination in the labour market;

5.6.1.3 Planning initiatives and campaigns on upskilling women to facilitate their return to work after a break;

5.6.1.4 Promoting recruitment based on the skills needed and selection on merit;

5.6.1.5 Basing redundancy decisions on objective, job-related criteria to ensure the skills needed are retained and ensuring that retirement schemes are applied fairly.

¹² https://ec.europa.eu/growth/smes/promoting-entrepreneurship/we-work-for/seniors_en

5.7 **Implementing knowledge sharing/transfer initiatives** should be another focus area. In the context of demographic change, identifying effective ways to transfer knowhow and experience between generations is another challenge. On the one hand, knowledge transfer from younger to older generations plays a key role in fostering intergenerational understanding and re-skilling older workers. On the other hand, the transfer from older to younger generations can preserve older workers' skills and help older workers and retired people maintain a sense of meaning and purpose, preventing their social exclusion.

5.7.1 Knowledge sharing/transfer initiatives should cover the following aspects:

5.7.1.1 Encouraging ongoing mentoring and reverse mentoring relationships between older and younger workers, focused on IT and digital skills, transversal skills and customer relations skills, as appropriate;

5.7.1.2 Putting in place training programmes with older workers as training instructors, such as on-the-job training, classroom learning, simulators and e-learning, supported by skills practice by younger workers and feedback;

5.7.1.3 Creating knowledge networks and communities of practice;

5.7.1.4 Using knowledge management systems to document and preserve the knowledge of older workers;

5.7.1.5 Implementing awareness-raising measures with the aim of acknowledging older workers' experience and promoting the transfer to younger workers of the professional skills built up over their working lives, including different possibilities regarding the balance between ages within teams;

5.7.1.6 Collaborating with education institutions or public employment services to ease transitions into and within the labour market.

5.8 **Encouraging older workers to remain active in the labour market can also be done by providing flexible work arrangements and better working conditions to support their work-life balance.** Nevertheless, flexible work arrangements should be implemented with caution, in order to prevent potential abuse.

5.8.1 These issues should be tackled through social dialogue and collective bargaining at the level closest to the situation in question. The right to return to the original working pattern should be guaranteed and these types of arrangements should take into consideration the needs of both employers and employees¹³.

5.8.2 If the participation rate of elderly people is to be raised, then it is necessary to ensure that people can work longer. The employment rate of older people cannot be increased just by

¹³ [OJ C 129, 11.4.2018, p. 44](#)

keeping them healthy and fit for work and making their labour attractive to employers. The actual jobs available for older people must become more attractive. Job quality therefore plays a key role in whether older workers return to the labour market or stay there.

5.8.3 Implementing flexible work arrangements and better working conditions could be achieved by:

5.8.3.1 Promoting the development of health-enhancing working time models that are negotiated between the social partners at sectoral and company level and applying them over the entire career span (e.g. sabbaticals, training leave) to support work-life balance;

5.8.3.2 Introducing flexible arrangements for older workers, such as flexible working hours, shorter working weeks, teleworking, part-time work and a programme of gradual cessation of work;

5.8.3.3 Establishing a European support programme for the use of flexible arrangements for older workers by employers;

5.8.3.4 Ensuring that employers who use flexible work arrangements for older workers in certain working positions have a voice in policy making;

5.8.3.5 Adapting current health and care systems to meet future demands. National policies and social partner initiatives have focused on promoting the concept of "work ability";

5.8.3.6 Adapting jobs, working conditions and working environment to accommodate workers of different ages (especially in the case of hazardous jobs), while bearing in mind that the demanding nature of work may impose limitations and ensure these limitations are properly monitored and managed;

5.8.3.7 Introducing effective prevention strategies and risk assessment, taking into account existing legislative obligations.

5.9 **Promoting solidarity between generations and changing attitudes towards ageing** could be achieved in the following ways:

5.9.1 Developing and implementing information and awareness-raising campaigns on demographic changes and anti-discriminatory practices with the aim of promoting a change in attitude towards the older workforce and the importance of staying in work for longer. These campaigns should be supported by all stakeholders, including businesses, government offices, NGOs and other relevant stakeholders;

5.9.2 Promoting the concept of the "silver economy" and the associated opportunities and benefits.

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