BETTER POLICIES FOR LONGER WORKING LIVES

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OECD advice on promoting work at an older age

- **2003-2006 review on older workers**
  - 21 country reports: *Ageing and Employment Policies*

- **A follow-up review launched in 2011 to assess progress and what still needs to be done**
  - Seven country case studies: Norway (June 2013), France (January 2014), Netherlands (April 2014), Switzerland (October 2014), Poland (March 2015), Denmark (October 2015) and Korea (2016)
OECD Council Recommendation on Ageing and Employment Policies

- **Rewarding work and later retirement**
- **GOVERNMENT EMPLOYERS UNIONS CIVIL SOCIETY**
- **Encouraging employers to retain and hire older workers**
- **Promoting employability throughout working lives**
Increased participation has led to more jobs for older workers but also some increase in unemployment.

Change in participation rates of workers aged 55-64
% point, 2000-2014

Source: OECD Employment Database
There are large disparities across countries in progress achieved, as well as across age groups.

Change in employment rates of workers aged 55-64
% point, 2000-2014

Source: OECD Employment Database
Even during the crisis employment rates of older workers have increased substantially

- But there is still considerable scope for further improvement, notably in European countries for the age group 60-64.

Source: OECD Employment Database

Min:10th percentile; Max: 90th percentile

Employment rate, age group 55-59

Employment rate, age group 60-64

Source: OECD Employment Database
Now that people are staying longer in the labour market, it is crucial to monitor closely demand-side aspects.

Source: OECD Employment Database

Min: 10th percentile; Max: 90th percentile
Change in unemployment rates of older workers

Unemployment rate, 55-59

Unemployment rate, 60-64

Min/Max
OECD
European Union
Euro area

Source: OECD Employment Database

Min/Max
OECD
European Union
Euro area
In many countries, more than one in two older jobseekers are long-term unemployed.
More should be done for older workers with low educational attainment.
Next step: work stream 3
Towards a better understanding on how skills and wages evolve with age

- Skills that workers hold are a major determinant of both their earnings and their employability

  → Avoiding that older workers are left behind by rapid technological changes is crucial for both the individual and society, notably in a context of rapid population ageing.

Source: OECD PIAAC
Next step: work stream 3
Towards a better understanding on how skills and wages evolve with age

• Seniority wages can harm employment prospects

➔ While this can prevent low-skilled older workers from falling into in-work poverty, it may discourage employers from retaining older workers

Age-wage profile\textsuperscript{a} in selected countries, 2012
Hourly wage at 25-29 = 100

\begin{figure}
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\includegraphics[width=\textwidth]{age-wage-profile.png}
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\textsuperscript{a} Age-wage profile after controlling for gender, parents’ immigration status, industry, occupation, contract type, working time, years of job tenure, years of education and two different measures of skills.

\textit{Source}: OECD estimates based on PIAAC data.
Next step: work stream 3
Towards a better understanding on how skills and wages evolve with age

**Empirical analysis** for the 17 European countries covered by PIAAC

- Exploring the ways in which skill proficiency, access to training, skill use at work and wage evolve with age and impact on the employability of older people (aged 50-64).
- Investigating in more detail other key determinants of wage age-profiles, with a particular focus on job tenure, affect employer hiring and retention

**Policy discussion**

- What could be done to link labour cost more closely with performance?
- What should be done to remove obstacles that firms, and in particular small firms, may encounter in providing sufficient training opportunities to their employees, as well as the main barriers that workers, notably the most vulnerable among them, may face to access training?
Next step: work stream 4
A policy toolkit for promoting longer working lives

• **Country policy notes** for all 28 EU Member States
  -> Taking stock of recent reforms and measures to stimulate employment of older workers

• **Late-Career Labour Markets scoreboard**
  -> Set of cross-country comparable indicators to assess the labour market situation of older workers

• **Policy database**
  -> Taking stock of good practices, their use across EU Member States, the involvement of the social partners and the potential for improvement.
Implementing reforms: Where do member countries stand?

• Many OECD Members have undertaken reforms aimed at raising effective retirement ages.
  – In many countries, much of the policy focus has been in the first of the three pillars of the OECD Recommendation, namely strengthening incentives to continue working at an older age.

• But there is considerable scope for further improvement. Policy action to remove barriers on the side of employers and measures to promote employability and the quality of working conditions have received less attention and often been treated only at the margin.
  – More should be done in order to ensure that rising participation rates of older workers continue to translate into higher employment rates, without increasing unemployment or the ranks of the working poor.
Many countries have carried out a series of pension reforms to encourage longer working lives.

Promoting the employability of workers throughout their working lives remains crucial.

Governments, workers, the social partners and NGOs have to face these challenges together.

More must be done to ensure that older people are wanted on the labour market, remain healthy and have the skills to obtain and remain in productive and rewarding work.
Thank you!

For further information on OECD work on Ageing and Employment Policies

www.oecd.org/els/employment/olderworkers
ANNEX

OECD RECOMMENDATION ON AGEING AND EMPLOYMENT POLICIES
OECD Council Recommendation on Ageing and Employment Policies

➢ Endorsed early this year by OECD Employment and Labour Ministers.

➢ Focuses on actionable policy principles along three areas:
  – **Strengthening incentives for workers** to build up longer careers and to continue working at an older age;
  – **Encouraging employers to retain and hire older workers**;
  – **Promoting the employability of workers** throughout their working lives with a view to strengthening employment opportunities at an older age.

➢ Main objectives and future work:
  – **Promoting a structured sharing of experiences and good practices** on matters related to the Recommendation;
  – **Supporting reform efforts** through comparative data, analytical studies and measurable policy indicators;
  – **Monitoring progress and policy development** on a regular basis (every five years), including through the use of relevant indicators.
Three pillars of OECD Recommendation on Ageing and Employment Policies

**Pillar 1**
Strengthening incentives for workers to build up longer careers and to continue working at an older age

- **a) Enhance incentives to continue working** at an older age:
  - Ensuring that the old-age pension system encourages and rewards later retirement
  - Promoting more flexibility in work-retirement transitions
- **b) Restrict the use of publicly-funded early-retirement schemes**
- **c) Provide adequate welfare benefits** while monitoring that they are used for their original purpose
Pillar 2
Encouraging employers to retain and hire older workers

a) **Address discrimination** in employment on the basis of age, in collaboration and consultation with employers’ and workers’ representatives;

b) **Take a balanced approach to employment protection** by ensuring that age is not a criterion in determining the level of employment protection

c) **Seek to discourage or further restrict mandatory retirement by employers** in close consultation and collaboration with employers’ and workers’ representatives;

d) **Encourage employer and worker representatives to identify mechanisms to facilitate the retention and hiring of all older workers**, including reviewing their practices in setting pay to reflect productivity and competences, not age;

e) **Encourage good practice by employers in managing an age-diverse workforce** through public and private initiatives in order to:
   • Promote a sharing of knowledge and experience across different age groups;
   • Better adjust work responsibilities and working-time over the life course;
   • Take a better account of improvements in the education, health and physical capacities of older workers.
Pillar 3
Promoting the employability of workers throughout their working lives

a) **Enhance participation in training by workers throughout their working lives** by providing guidance services and ensuring that *training is adjusted to reflect the experience and learning needs of workers at different ages*:
   - Strengthening access to work-based training for those in non-standard forms of work;
   - Encouraging increased investment in skills development *at mid-career*;
   - Improving the attractiveness of training and its potential returns for older workers by *adapting teaching and learning methods* and content to their needs;

b) **Provide effective employment assistance to jobseekers**, irrespective of their age, but *targeted at those groups most at risk of long-term joblessness* while ensuring that older jobseekers have the same obligations and rights as younger jobseekers for receiving unemployment benefits;

c) **Improve working conditions through a broad-based strategy to enhance job quality for workers at all ages**:
   - Strengthening workplace safety and physical and mental health and reducing the incidence of hazardous and arduous work;
   - Balancing professional and family responsibilities;
   - Facilitating job mobility as a function of the changing experience and capacities of workers.