

Policy Approach and the Role of Employers' Organisations and Trade Unions on Demographic Change and the Ageing Workforce: A Case of Germany, Austria and Switzerland

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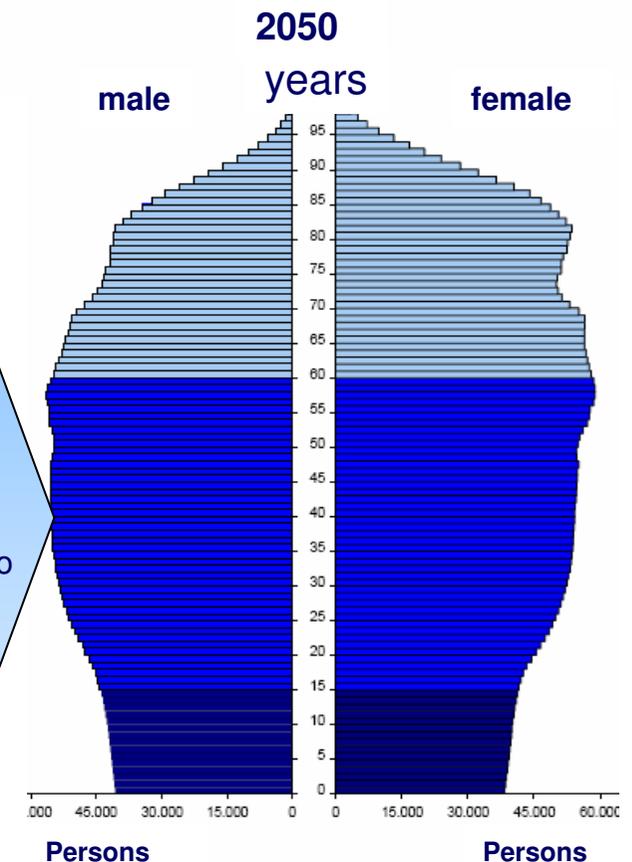
The Case of Austria

Population growth in Austria will be accompanied by ageing. The number of 60-year-old will in long term increase by two-thirds

Population Growth - FACTS:

- ☞ There will be more older people, less children and young people.
- ☞ The number of children will in long term sink by 8%.
- ☞ The working-age population will in long term decline.
- ☞ The population at pension age will in long term grow by about two thirds.
- ☞ Life expectancy will further increase and the average age up to 2050 will rise by 6 years.

Population of Austria estimated for 2050



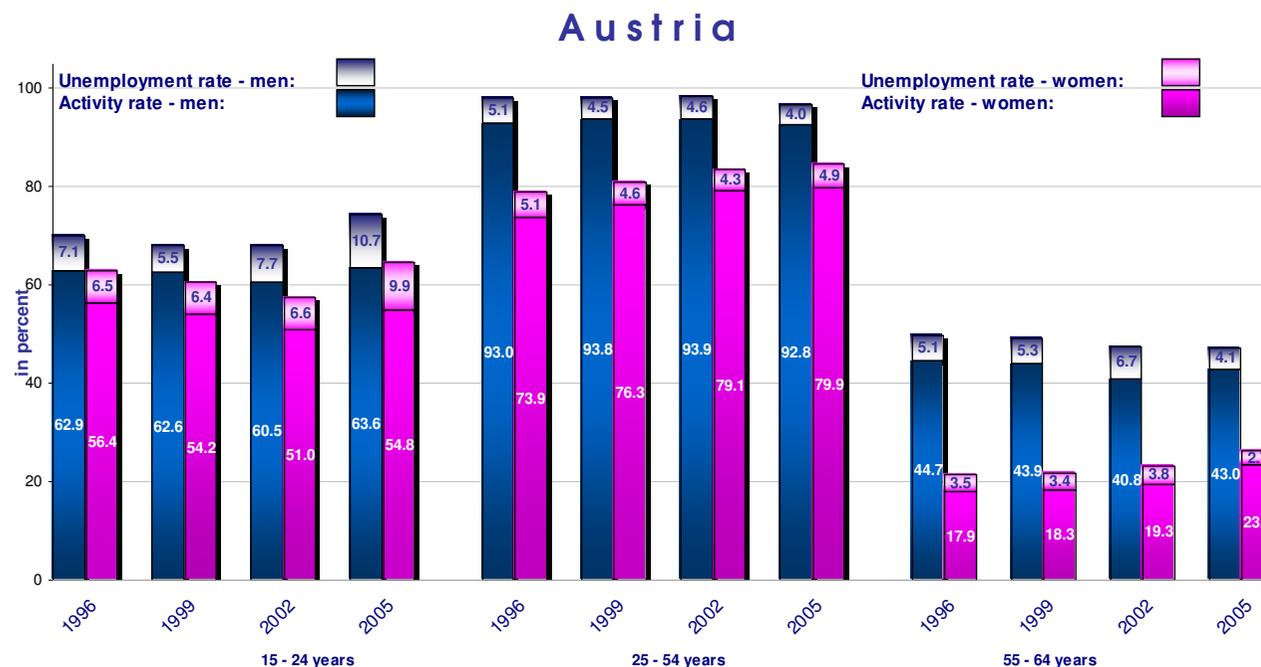
The proportion of the potential working-age population will up to 2050 sink from 61.9% to 52.9%

Source: Statistics Austria

Labour market participation of older workers aged 55-64 compared to the age groups of 15-24 and 25-54

FACTS:

- Older workers are faced with several labour market problems in Austria:
 - have higher unemployment rate than younger workers
 - are overrepresented in declining industries
 - have a much more lower educational attainment than younger workers.
- The employment rate of older workers aged 55-64 stood at 30% in 2004 which is significantly below the Stockholm target of 50% employment rate by 2010 – one of the lowest among in OECD Countries.
- The unemployment and activity rate of older women has gradually increased from 17.9% in 1996 to 23.5% in 2005 (5.6%)
- Employment rate of Austrian men aged 54 and upwards declined significantly dropping by 10%. The highest employment rate of older men was recorded in 1996 to be 44.7% and declined in 2005 to 43%.
- The employment rate of the prime ages of 15-24 and 25-54 is significantly higher than the age group 55-64



Source: OECD Database on Labour Force Statistics.

Active labour market policies for older workers:

- ✓ Incentives for employers to hire and retain older workers.
- ✓ Non-wage labour costs for all female workers over the age 56 and male workers over the age 58 have been reduced.
- ✓ Implying a reduction in non-wage labour costs for workers over 60 by 12.7%.
- ✓ A bonus-malus incentive introduced in 1996 to penalise employers firing workers over 50 years and reward those hiring workers of that age.
- ✓ Companies of all sizes are obliged to inform the LMS (Labour Market Service) of any dismissal of five or more persons over 50 years.

Work disincentives and barriers to employment

Employer Attitudes:

There is a disproportionate retrenchment when it comes to hiring workers over age 50:

- Low investment in further education and training of older workers.
- Use of old-age part-time work arrangement to reduce workforce and speed microeconomics reform.
- Low interest in age diversity management.
- Employer perception of low productivity and performance of older workers compared to younger ones.
- Appropriateness of the work performance of older workers relative to their wages. Steep age-wage profiles are part of the main reasons to lay-off older workers. This is particularly steep in Austria and has negative impact on the retention and hiring of older workers.
- Health status of older workers.
- Role of employment protection legislation.
- Austrian managers also discriminate against older workers. Anti-discrimination legislation has been introduced in response to EU directives.

Expert advice on employers' attitudes and employee notion in Austria

Employers' stereotypes

1. Older workers are inflexible
2. Less capable to adjust to new technology, work processes and work philosophy
3. Less willing to engage in further training
4. Their work ability declines due to physical, mental and psychological stress
5. Have higher absentee rate due to sickness

Source: OECD Ageing and Employment Policies – Austria : according to research results of Finder et al. 1997; Enzenhofer et al. 2004

Older workers notions

1. Older workers find their jobs more stressful than younger ones (28%)
2. Time pressure as a stress factor for 44% of older workers
3. Older workers find it more difficult than younger workers to adapt to technical and organisational change and modified work processes and demand.
4. Older workers are more insecure about the appropriateness of their skills and how these will develop in the future (30%) than younger workers.

Source: OECD Ageing and Employment Policies – Austria : according to major results of Hofinger, 2004

PUSH-Factors for the early exit of older workers from labour :

- ✓ Poor employment prospects of older and lower-skilled workers as a major problem.
- ✓ Lack of financial incentives from employers to improve workers' health and skills.
- ✓ A range of generous early retirement options.
- ✓ Older workers themselves do not attach much value to updating and upgrading their skills.
- ✓ Comprehensive approach to lifelong learning, age-health-consciousness has not been sufficiently promoted.

Policies and Strategies for the Employability of Older Workers

Joint social partner policies

- The social partners in Austria are increasingly establishing themselves through national forums for discussion on matters of employing an ageing workforce, and by addressing the issue of age diversity management in micro-macroeconomics context.
- In 2002 the **Federation of Austrian Industries** and the **Federal Chamber of Labour** followed by the **Federal Chamber of Commerce** and the **Austrian Trade Unions Federation** in 2004, set up a national programme to identify the major causes for the exit of older workers.
- Social partners established a website that functions as a knowledge base on issues of work organisation which are expected to contribute to sustainable productivity of an ageing workforce with examples of best practice (www.arbeitundalter.at).
- Unions stress the obligation of employers to ensure the employability of their workers particularly by providing continued vocational training (CVT). This obligation is however written only in **33** of the **1 400** collective wage agreements.

Social partners are embarking on efforts to reduce automatic biannual wage increases for white-collar workers and civil servants in collective agreement due to the steep seniority wage profile in Austria.

LMS (Labour Market Service) has developed a long-term strategy in recent years to raise the employability of older workers and prevent long-term unemployment – thereby placing greater emphasis on retraining of older unemployed.

Anti-discrimination EU directive has been implemented in Austria protecting older workers from age discrimination

Reform of pension schemes

- Policy makers in Austria have tried to achieve a balance between the removal of early retirement incentives and promotion of better employment opportunities for older workers by complementing comprehensive pension reforms in **2000 “Pact for Elderly”** and in **2003 “Pension Stability Reform”**.
- Most recent reform of pension was **2004/05** introducing **quasi-pension** accounts by harmonising the different groups of workers under the age of 50.
- New pension corridor introduced in 2005 with an age limit of 62 years, where women’s (early) retirement was adjusted to men’s.