

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 Switzerland

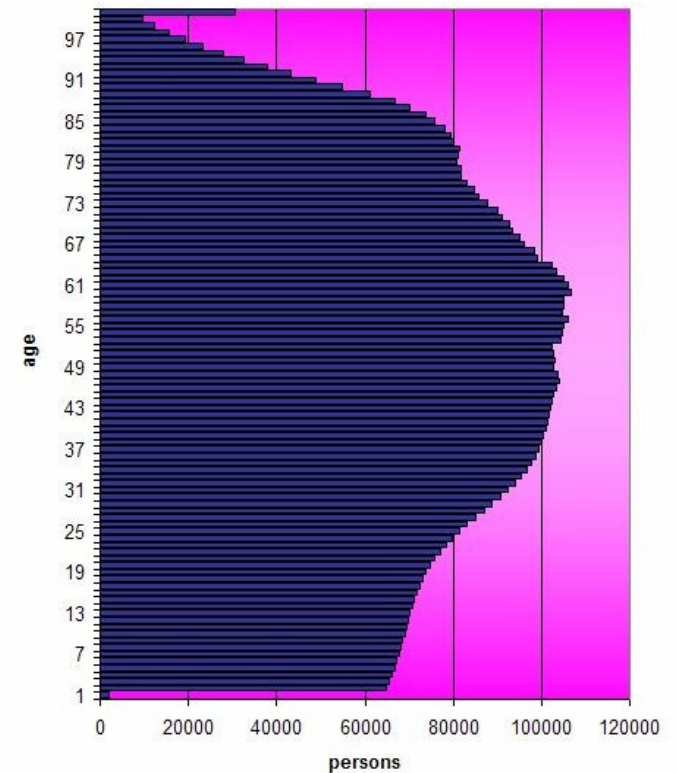
Like other OECD countries
Switzerland will face
demographic change posed
by the ageing of its population

Population Growth - FACTS:

- ➡ Up to 2050 the number of persons aged 65 and above will rise from 16% in 2004 to 28%.
- ➡ By 2020 those aged 50 and above will account for 31% of the labour force compared to 25% in 2000
- ➡ According to the medium scenario the number of children and young people aged 0-19 years will decline to 17% in 2050 compared to 22% in 2004.

Even if the high participation rates of the early 2000s are maintained the Swiss population will decline from 2020 accompanied by the ageing its population.

Population of Switzerland estimated for 2050

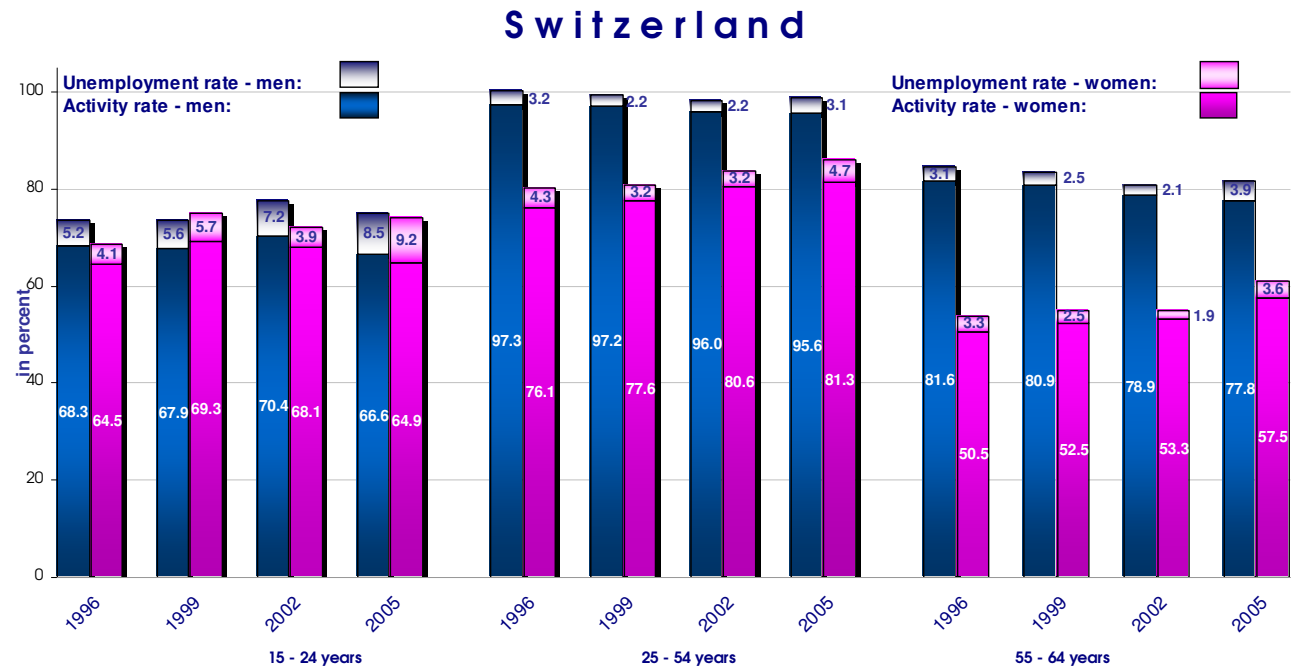


Source: Swiss Federal Statistical Office

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

FACTS:

- The employment rate for older workers in Switzerland is high in international terms:
 - The rate for men aged 50 to 64, for example, is the second highest among OECD countries:
- The employment rate of older workers aged 55-64 stands at 81.6% in 1996 and 77.8% in 2005 which has slightly gone down by 3.8% but significantly above those of Germany and Austria
- The activity rate of older women aged 55-64 is well over 50% and has gradually increased from 50.5% in 1996 to 57.5% by 6.5%
- The unemployment rate of men aged 55-64 is marginal although it rose from 2.1% in 2002 to 3.9% in 2005. Likewise for women of the same age group, where it rose from 1.9% in 2002 to 3.6% in 2005.
- Despite the economic stagnation of the 1990s and the emergence of early retirement, the employment rate for older men has dropped only slightly, while that for women has continued to rise.



Source: OECD Database on Labour Force Statistics.

Proposed measures for active labour market policies for older workers: (Despite overall satisfactory situation of older workers there are still shortcomings in their labour management in Switzerland):

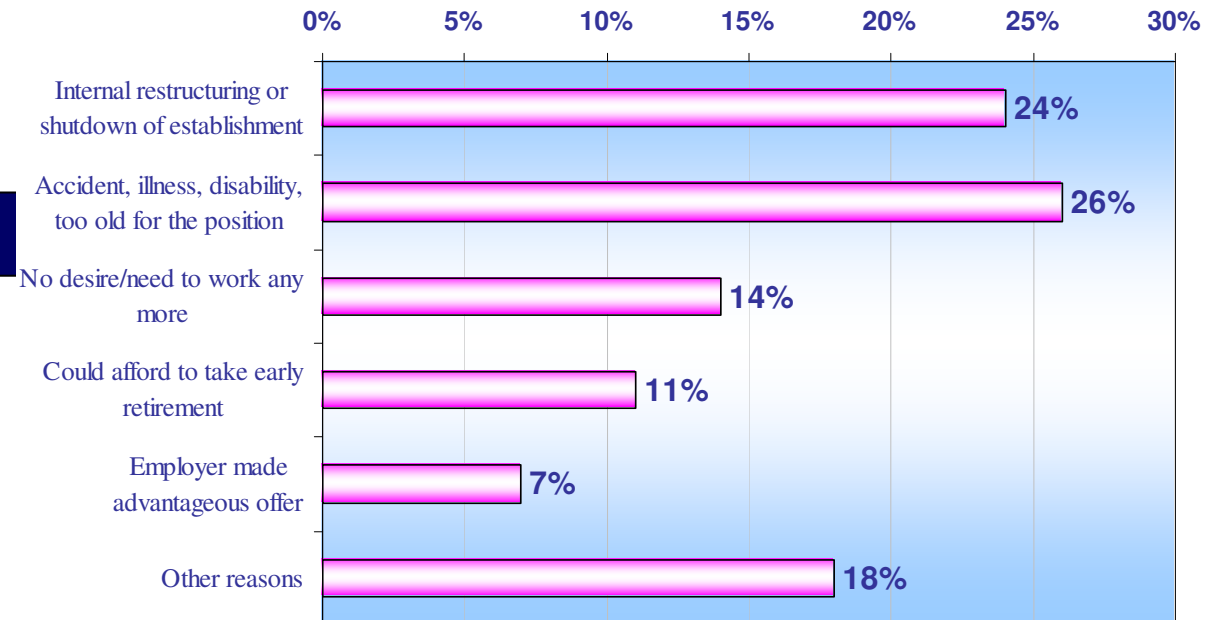
- ✓ Adopt a more comprehensive and preventive approach with improved co-ordination between federal and cantonal authorities. The close link of social policy with labour market policy to improve the employability of older workers
- ✓ Harmonise cantonal practices and avoid “carousel” effect regarding responsibilities for social and training policies.
- ✓ Adapt PES measures for end-of-career situations in the labour market and make regional placement offices aware of the specific problems of older workers.

Work Disincentives and Barriers to Employment

Employer Attitudes:

- Employers often tend to dismiss older workers when costs are judged to be excessive in relation to productivity due to wage policies based on the length of service, where older workers are paid more than younger ones.
- In the 1990s pension funds had plenty of reserves to pay for early departures, which were especially used to lay-off managerial staff in times of restructuring.
- A critical attitude of employers regarding the hiring of older unemployed is the age-discrimination. Advertisements frequently specify an age limit although such practices are considered discriminatory and thereby contrary to the Federal Constitution.

Reasons for early retirement, questions asked of people between the ages of 55 and 63/64 (in%) SLFS 2005



Source: Swiss Federal Statistical Office - Swiss Labour Force Survey (SLFS)

Early retirement: a widespread phenomenon

According to the SLFS 2005, 14% of people between the ages of 55 and 64 reported that they took early retirement in the past few years (men: 17%; women: 10%).

Half of the labour force (51%) took early retirement at least one year prior to the legal retirement age (legal retirement age in 2005: 65 for men and 64 for women). Nearly one-third (29%) took early retirement at least three years prior to the legal retirement age and one sixth (16%) at least five years prior.

Policies and Strategies for the Employability of Older Workers

Employers' measures

- Call for more exchanges between generations and greater awareness of all age groups to advance the national debate on how the younger generation has to pay for an ageing population.
- The employers' organisation believes that companies' human resources strategies should be properly adapted to the older workforce.
- As well as improving the counselling of employees throughout their careers, it recommends introducing alternative employment practices, including a flexible retirement age and part-time work.
- In two brochures, entitled **Strategies for Hiring Older Employees** and **A Guide for Employers**, the organisation also suggests abandoning special benefits based on age or years of service.

Reform of pension schemes

- The government is in favour of pushing back the age at which workers draw pensions, and has been withdrawing incentives to early retirement.
- In the last revision of the unemployment insurance, it was decided to give unemployment benefits to older unemployed for a longer period as they approach retirement age.

Trade unions' measures

- The Trade Union Federation has welcomed in principle the employers' organisation's initiative and pleads that it is at the company level that mostly effort needs to be made.
- Despite this fact, the unions have launched a proposal to introduce a flexible retirement age from the age of 62 in alignment to the current fixed retirement age of 65 for men and 64 for women.

The social partners drew up a collective agreement on early retirement in the construction industry, because of the hard work of the sector.