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ETUC/FERPA CONFERENCE ON ACTIVE AGEING AND SOLIDARITY BETWEEN GENERATIONS

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Thank you for inviting BUSINESSEUROPE for this interesting round table.

You know that European employers BUSINESSEUROPE, CEEP and UEAPME have also been running their own project on “Age Management Practices in Enterprises in Europe”.

We held a conference on 27 September in Brussels to discuss the initial outcomes of our project and present a selection of age management practices from a private and public enterprises’ perspective; small, medium or large firms.

My intervention will build upon the initial findings of our project. In addition, I will consider the issue of intergenerational solidarity since you are specifically addressing it in the framework of your project.

To us, the question of employment of older and younger workers has to be put in the broader context of policies aiming to achieve the better functioning of labour markets for all age groups.

Let me start with older workers and the consequences of the ageing of the population in Europe:

- On the one hand we have a range of good news related to the fact that we are living longer and enjoying healthier lives;
- On the other hand, the number of workers retiring each year constitutes a real challenge to Europe’s economic growth potential, to the sustainability of public finances, and to the competitiveness of companies.

In 2014 the working-age population (people aged from 20-64 years old) will start to shrink. In 2020, it will have declined by around 3 million persons and by 40 million in 2050.

Today, more than 10% of GDP on average is already spent on pensions in the EU. In some countries it is as high as 15%, and this proportion is expected to rise in general.

In parallel, the working-age population will decline sharply, by 10% in 2030 and by 20% in 2060, with the number of workers retiring each year eventually exceeding the number of new labour market entrants.



How can this be sustainable? The most effective way is to work longer.

Recent labour market data show that policy measures to extend working lives have begun to present some results. Employment rates among workers aged 55-64 increased by an average of 10 percentage points between 2000 and 2010.

Moreover, according to a recent Eurobarometer survey (2011), 70% of respondents believe that they would be capable of carrying out their current work until the age of 60-64, and one third stated that they would like to continue working after they reach the legal retirement age.

These are encouraging signs.

In our project, we have identified a number of obstacles to be tackled now and in the future to further promote active ageing:

- Strong employment protection legislation continues to be one of the main disincentives to the recruitment of older workers; more flexibility in permanent contracts could contribute to stimulating recruitment in that respect. Moreover, older workers tended to be less affected by the recession according to a Eurofound study. If mainly due to strong employment legislation, is this situation really fair?
- “Benefits traps” act against the common objective of creating incentives for older workers to return to work.
- Heavily seniority-based pay systems slow transitions between jobs, creating inflexible framework conditions for employers to hire or promote internally elderly workers.
- Skills mismatches are another major concern. Actually, adult participation in lifelong learning varies widely, with the EU average standing at 9.1% in 2010. Countries with the highest participation rates in this area (above 20%) tend to be the countries with the most competitive economies (e.g. Denmark, Finland, Sweden, UK).
- Changing peoples’ perceptions: Large-scale recourse to early retirement in the 1970s and early 80s has led to an “expectation” of early retirement. However, early retirement schemes are a barrier to facilitating longer working lives in most cases. Therefore, careful consideration should be given at national level to the existence and operation of such schemes.

Youth employment:

- Young people face the challenge of acceding to relevant information to choose education in relation of opportunities/vacancies present on the labour market.
- Difficult transition periods between education and jobs today are partly the symptom of a mismatch between available skills and labour market demand.
- The percentage of early school leavers is too high (some emerging economies are outperforming us in PISA tests) and the link between the world of education and the world of business is not close enough.



- Therefore we need reforms in the educational sector: the development of dual training systems and the focus on STEM disciplines (science, technology, engineering and mathematics) can make a clear difference.

Intergenerational solidarity:

- It is important to note that the perception that older workers must vacate jobs for younger people to gain a foothold on the labour market has been discredited, as there is no evidence of a finite number of jobs.
- Organisations with more age-balanced teams experience lower human resource management costs (as they do not have to deal in the same way with expenditures related to overly seniority-based teams, or the cost of higher levels of staff turnover which often exists in companies with a younger workforce).
- Experience from HR practice has shown that more evenly age balanced teams can be more productive as they are able to draw from a range of different skills and experiences. But cases can vary according to sectors and needs of companies.
- In order not to lose the knowledge of older workers as they approach retirement, some companies encourage older workers to act as mentors, tutors or trainers for younger colleagues.

Creating a win-win situation:

- Flexible working is part of the solution. We need to create a “win-win” situation for employers, older workers and also younger workers. In the meantime we should not avoid the reality of the complex challenges faced by companies in terms of work organisation.
- There is a growing demand for flexible working arrangements, such as part-time work. They are generally beneficial for labour market participation of older workers because it is a way for them to combine work and for instance gradual retirement or family duties (i.e. care activities). It is also a good solution for younger workers in order to encourage entry into the labour market.
- Flexible working is also the best way for employers to stay competitive, manage the skills gaps and job vacancies, by aligning workforce to variation of demand and of production cycles.
- We should keep aiming for promoting action by companies, including adapting work organisation, as well as efforts by individuals to adapt to ongoing changes in work and new skills needs on the labour market.
- In that respect, there is no need for policy-makers to reinvent the wheel, but there is a need to build upon work-based and result-oriented solutions that have proved useful for both employers and workers.

The European social partners' role:

- There will be a follow-up to our respective projects on active ageing. As foreseen in the autonomous work programme 2012-14 of the EU social partners, we will discuss the issue jointly next year in a European conference.



- As regards young people, we have started to negotiate a Framework of Actions on Youth Employment. Our aim is to reach an agreement if possible by the end of the year. Our goal should be to articulate our actions on priorities identified by taking into account effective practices from the national level.
- There is a need to bring forward good practices that work and proved efficient. At the same time we want to bring added value to the European debate.
- BUSINESSEUROPE would like to count on ETUC's support for EU action to support the establishment of well-functioning dual learning systems as we believe this is very promising for young people and companies alike.

Thank you for your attention.
