

# TOWARDS IMPROVING THE ACTIVE PARTICIPATION OF THE OLDER WORKERS IN THE LABOUR MARKET: QUESTIONS RELATED TO THE ROLE OF LEGAL REGULATIONS

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## Abstract

*Demographic ageing is accelerating. There is no doubts that ageing causes serious challenges for society as it places strain on pension and social security systems, increases expenditure on health care and living arrangements for elderly people and requires adjustments in the workplace for an ageing labour force (Ybema and Giesen, 2016).*

*According to Europe 2020 strategy, the number of people aged over 60 is now increasing twice as fast as it did before 2007 – by about two million every year compared to one million previously. The combination of a smaller working population and a higher share of retired people will place additional strains on our welfare systems. In spite of progress, Europe's employment rates – at 69% on average for those aged 20-64 – are still significantly lower than in other parts of the world. Only 63% of women are in work compared to 76% of men. Only 46% of older workers (55-64) are employed compared to over 62% in the US and Japan. As the report shows, on average Europeans work 10% fewer hours than their US or Japanese counterparts.*

*Furthermore, the provided statistical data shows that the EU-28 employment rate for people aged 55–64 years has increased from 39.9% in 2003 to 50.1% in 2013 (the average exit age from the labour market increased from 59.9 years in 2001 to 61.5 years in 2010), but this is still below the employment rate of those aged 22–64 years. In 2011, the highest employment rate for the 55-64 age group was found in Sweden, i.e., 72%, whereas Slovenia, Malta, Hungary, and Poland had the lowest employment rates for persons aged 55-64, i.e., between 31% and 37% (Ybema and Giesen, 2016).*

*It is well known that demographic developments have a major impact on labour market developments. Taking into account the 2015 Ageing Report the recent forecasts show that the employment (aged 20-64) will peak at 215 million in 2022, and after that fall to 202 million in 2060. This implies a decline of about 9 million workers over the period 2013 to 2060. The negative prospects stemming from the rapid ageing of the population, will only be partly offset by the increase in (female and older workers) participation rates migration inflows and the assumed decline in structural unemployment, leading to a reduction in the number of people employed during the period 2023 to 2060 (13 million). The demographic old-age dependency ratio (people aged 65 or above relative to those aged 15-64) is projected to increase from 27.8% to 50.1% in the EU as a whole over the projection period. This implies that the EU would move from having four working-age people for every person aged over 65 years to only two working-age persons. It should be emphasized that those aged 65 and over will become a much larger share (rising from 18% to 28% of the population), and those aged 80 and over (rising from 5% to 12%) will almost become as numerous as the young population in 2060.*

*Recently many studies and statistical data reports related to active ageing, ageing workforces and working conditions of an ageing workforces have been conducted (Eurostat Newsrelease, Active ageing in the EU, Publications Office of the European Union, Luxembourg, 2012a, Eurofound, Employment trends and policies for older workers in the recession, Office for Official Publications of the European Communities, Luxembourg, 2012a, Eurofound, Working conditions of an ageing workforce, Office for Official Publications of the European Communities, Luxembourg, 2008; Eurostat, Active ageing and solidarity between generations, A statistical portrait of the European Union 2012, Publications Office of the European Union, Luxembourg, 2012b, Eurostat, European Union Labour Force Survey – Annual Results, Publications Office of the European Union, Luxembourg, 2012c.). Despite this, the still escalating ageing of population and the falling birth rates highlight the need for further research.*

*Many will agree that living longer, having better living conditions and as well as the advantages (or disadvantages) of contemporary world attract people to stay longer at work. It is often mainly about the financial point of view: possibility to earn more because of the fact that pensions may not be satisfying and enough to provide the normal living in society. As the matter of fact, in Poland statutory retirement age is equal for both sexes and is 67 years (women will reach this age in 2040, while man in 2020), but there is also, so called, reduced retirement age. That's why there are many people who became too early withdrawn from workforces. On the other hand, many are reaching the retirement age with the lowest pension amount.*

*Nonetheless, it is also the non-material value of work that attract people to work after retirement: feeling to be useful and be a member of society. Unfortunately, remaining at work of older doesn't depend only on their will to work. Workers want to work longer but there are many circumstances that are beyond their control, such as legal regulations that state mandatory retirement age, the economic factors, as well as the health working arrangements that affect their retirement decisions. So the labor force participation is determined by biological age, sex and level of economic development. This cause the question - what to do in order to attract older employees to stay longer at work. It is true that the meaningful are different factors as working conditions adequate to the age and health problems, financial factors, to name but the two. In this field much depends on pensions scheme and the role of the statutory retirement age and other statutory regulations.*

*Without any doubts, the special role is played by the legal regulations that allows to keep the balance between work and home life. The promoting of active ageing through the healthy and safe working environment, enhancing the older to stay longer giving possibility to work as part-time workers or by sharing the job. Taking this into account everybody will agree with the statement that occurs the need for special treatment of older workers.*

*Additionally, the importance of the legal regulations that encourage the employers to employ older also couldn't be avoided. Work after retirement could be profitable for both employment parties: employee and employer. Common are regulations that allow retirees to earn without the pension reduction or suspension and according to it provide possibility to get the additional income that increases their pensions as well. Moreover, from the employer's point of view the regulations that provide legal instruments for active labour market policy are substantial. There are the number of factors that make attractive employment of older workers: the reduced public contributions or unemployment insurance taxes, training funding or funds for jobs creation.*

*The contribution deals with a number of problems that arise in different areas, eg. employment and labour law, social security and social policy, as well. The main of them are looking forward to answer: how effective are the legal regulations taken in order to foster employability and what should be changed in order to keep older at work (that includes working conditions, the bases of the employment contracts and the working time arrangements as well). These are also the core points for policymakers and legislators as well.*

*The presented paper provides an overview of the legal status of old-aged employees based on the analysis of legal provisions.*

**Keywords:** *ageing workforces, active ageing, older employees, retirement.*