



European Network of Public Employment Services

PES Strategies in Support of an Ageing Workforce

Study report

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November – 2019*

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EUROPEAN COMMISSION

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Manuscript completed in November 2019

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Luxembourg: Publications Office of the European Union, 2019

PDF ISBN:978-92-76-08562-1 doi: 10.2767/535792 KE-02-19-469-EN-N

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The European Network of Public Employment Services was created following a Decision of the European Parliament and Council in June 2014¹. Its objective is to reinforce PES capacity, effectiveness and efficiency. This activity has been developed within the work programme of the European PES Network. For further information: <http://ec.europa.eu/social/PESNetwork>.

This publication has received financial support from the European Union Programme for Employment and Social Innovation 'EaSI' (2014-2020). For further information please consult: <http://ec.europa.eu/social/easi>.

¹ DECISION No 573/2014/EU

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Executive summary

The demographic challenge

Population ageing currently confronts European welfare states and the European economy with unprecedented challenges. In response to demographic ageing there has been, over the past 20 years, a paradigm shift in employment policies towards promoting increased labour force participation by older workers, women, low-skilled workers and migrants. Public policy in regard to older workers has moved from an emphasis on early retirement as an instrument of labour force adjustment, towards the promotion of higher rates of labour force participation and longer working lives for older workers. The main elements of the reforms have been a variety of changes in old age and disability pension systems, unemployment insurance and welfare programmes intended to incentivise people remaining in employment or re-entering employment after job loss.

Increasing the employment rates of older workers has been a central component of the Europe 2020 strategy and their rise has been a key factor in the overall rise in EU employment rates, despite the recent recession and the continued ageing of the EU population. The employment rate for people aged 55 to 64 in the EU significantly increased from 42.2% to 58.7% over the period 2005 to 2018.

Older workers are less likely to become unemployed but they are also less likely to re-enter employment. The increase in the employment rates of older workers is largely a consequence of higher rates of retention rather than increased hiring rates. If older people become unemployed, they are more likely to become long-term unemployed. If they exit unemployment, it is more likely to be due to sickness or disability, retirement or inactivity, than into further employment.

The consequences of demographic change on employers in the EU come at different times, in different country-specific labour market dynamics, and in the context of different business challenges. This should cause scepticism towards simplistic generalisations about company behaviour and possible remedies. The frontrunners in 'age neutrality' in employment are clearly Sweden, Norway and the UK. To better understand future challenges, it would be fruitful to explore in depth how companies in these countries have responded.

Employers in most countries seem so far to have coped with the ageing workforce without a sense of crisis. They have mainly coped with the ageing of the workforce through their established channels of work organisation, job allocation and counselling. If that fails, they resort to special exit paths like disability pensions. Whether this approach is sufficient for future challenges is an open question.

Companies adjusted to pension reforms that block some early retirement channels. But when they need to reduce personnel, they still resort to early retirement programmes. The financing has changed and the definition of 'early' might have moved higher up the age ladder, but in central Europe older workers remain the potential target for workforce reductions.

Employers remain reluctant to hire older workers. It might be a way to solve a resource problem, but it is certainly not the preferred one. Ageism is one of the explanations. Other explanations are associated with the 'risk focus' when hiring. To support the hiring of older workers, these risk factors need to be addressed by public policy.

Consequences and challenges for the PES

Extending working lives is, in the first instance a challenge for national employment policy. The PES is one actor within this broader framework. The primary mission of PES has been to provide services for the unemployed including older unemployed, and to facilitate their reintegration into the labour market. Demographic ageing may also open new opportunities

for the for PES to place older workers in firms facing labour and skill shortages due to the shrinking youth cohorts.

Demographic trends and the new policy environment it has created can be expected to have two long-term structural effects on the PES clientele: (1) an ageing PES clientele - as the workforce ages so does the PES clientele; (2) a potentially growing clientele as the PES become responsible for more jobless people who would have otherwise left the workforce through early retirement or other 'pathways to inactivity' in the welfare system.

In order to better support longer working lives, PES (and public policy) must address the typical reservations employers have about older workers and the obstacles older jobseekers face. There are many examples of PES strategies and measures that address these barriers to the employment of older workers. Most PES have no special measures for older workers, but they provide services for them within programmes open to all jobseekers based on their individual needs:

- **Temporary wage subsidies** are the most common type of age-specific programmes for older (and for other) 'difficult-to-place' workers. The rationale of wage costs subsidies is to compensate employers for the perceived lower productivity and the risks of hiring older workers by reducing their wage costs. In addition to 'classical' hiring studies, in ALMP (Active Labour Market Policies) measures some states offer temporary or permanent reduction in social security benefits as an inducement. Wage subsidies are used in PES administered ALMP measures more for 'older' workers in the 45-55 age range rather than for workers age 55 and above. The evaluation results for general wage subsidies for older workers show mixed and at best limited positive effects for certain groups and in special situations. A key factor in the success of programmes for older workers is targeting. If the targeting is too loose then deadweight and displacement effects may be high; if it is too strict, there is a risk of stigmatisation and low uptake.
- **Wage supplements** paid to unemployed older workers have also been sometimes used. They partially compensate the older unemployed for accepting employment at wages less than their reservation wage (e.g. Switzerland and Germany). This approach is based on the observation that older unemployed people – based on their exit wages – have unrealistic expectations of an entry wage that they might achieve, and they may not accept or apply for jobs that pay less than their 'reservation wage.' Wages supplements may also be used as a response to the so-called 'benefit trap' where the net income difference between low-paid work and benefits is small. As with hiring subsidies, they lead to regular employment, if only temporarily, and they prevent longer periods of unemployment.
- **Special placement services** for older workers are, after wage subsidies, the second most common targeted measure for older workers. This approach is based on the observation that older unemployed people, especially workers displaced after a longer period of continuous employment, need to learn to be realistic about available job opportunities, reduce unrealistic wage expectations and improve their job search and application skills. Some PES have also emphasised the need to train their own staff better when counselling older workers.
- **Training for the unemployed** is age-sensitive. For older workers aged 55+, training offers in PES measures are as a rule relatively short or they consist of on-the-job training where a 'job-ready' unemployed older worker refreshes their skills and learns new 'firm-specific' ones through experience, for example, in subsidised trial placements or in subsidised employment. Job search training is a popular choice, not only because of its effectiveness but because of its relatively low cost. Short-term training (several weeks), which might even lead to formal certification, is also a likely option. Long-term intensive vocational training will usually not be an efficient option, depending on the individual's age and career time horizon.

- **Measures to support self-employment.** Self-employment is an important form of flexible employment in late career labour markets but not an important focus of ALMP for older workers.
- **Preventive workplace-oriented policies** complement PES policies for jobseekers by addressing the consequences of demographic change. In many countries, the PES have played a major role in broader public **age awareness campaigns** to combat age discrimination and promote demographic awareness in enterprises and in the general public. **Continuing training** for older workers is low in most countries. Increasing the inclusion of older workers in training is often seen as a key strategy for promoting longer working lives. A number of PES have initiated programmes to increase training opportunities for older workers in employment. Available evidence for workplace preventive measures is, however, not strong. Improved retention rates have been primarily achieved through regulatory measures in the pension system. However, this path may not be sustainable in the absence of complementary workplace-oriented policies.

Most PES organise their services for jobseekers with general measures open to all their clients based on individual particular needs. Relatively few have special measures for older workers. Mainstream services profile and segment their clients and provide services in more general categories (e.g. the distance to the labour market, skills deficits and health impairments).

There is no complete picture of PES strategies and their measures in support of older workers, or whether they have any specific strategy at all. There is also no systematic data available at the EU level on the profile of ALMP participation by older workers in the Member States.

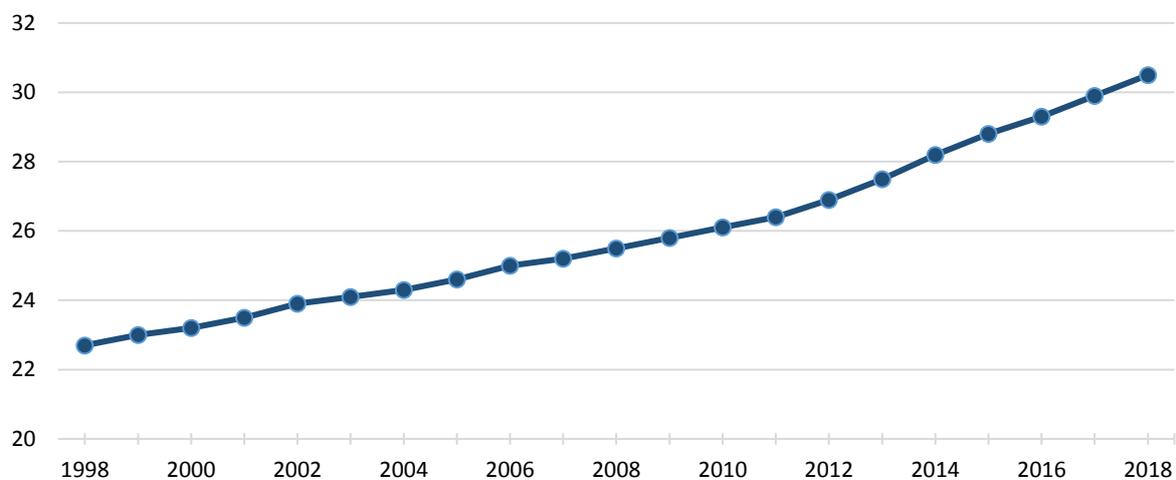
PES need to have a strategy based on good analysis and data from monitoring the situation of older workers in their labour market, so they can allocate adequate and appropriate resources to it.

Given the importance of the demographic challenge for the EU labour market, a more visible and systematic monitoring of its impact on the labour market should be considered, both on the supply side as well as on the demand side.

1. Introduction: the demographic challenge and policy responses in the EU

Demographic ageing creates major challenges for European welfare states and the European economy. The old dependency ratio², i.e. the ratio of people 65 or older to the working age population (15 to 64), illustrates the ageing of the EU population (see Figure 1.1). The EU's 'old age dependency ratio' reached 30.5% in 2018, or three older people for every ten in the workforce. Moreover, it has been rising for a long time, and at an increasing rate: twenty years ago it was just 22.7%, and ten years ago 25.5%. It is projected³ to rise to 31.7% in 2020, 39.1% in 2030, peaking at around 50% in 2050. In much of Central and Eastern Europe outward migration has intensified the effects of demographic ageing.

Figure 1.1. Old age dependency ratio, EU-28, 1998-2018, expressed in %



Source: Eurostat Population: Structure indicators [demo_pjanind, OLDDEP1].

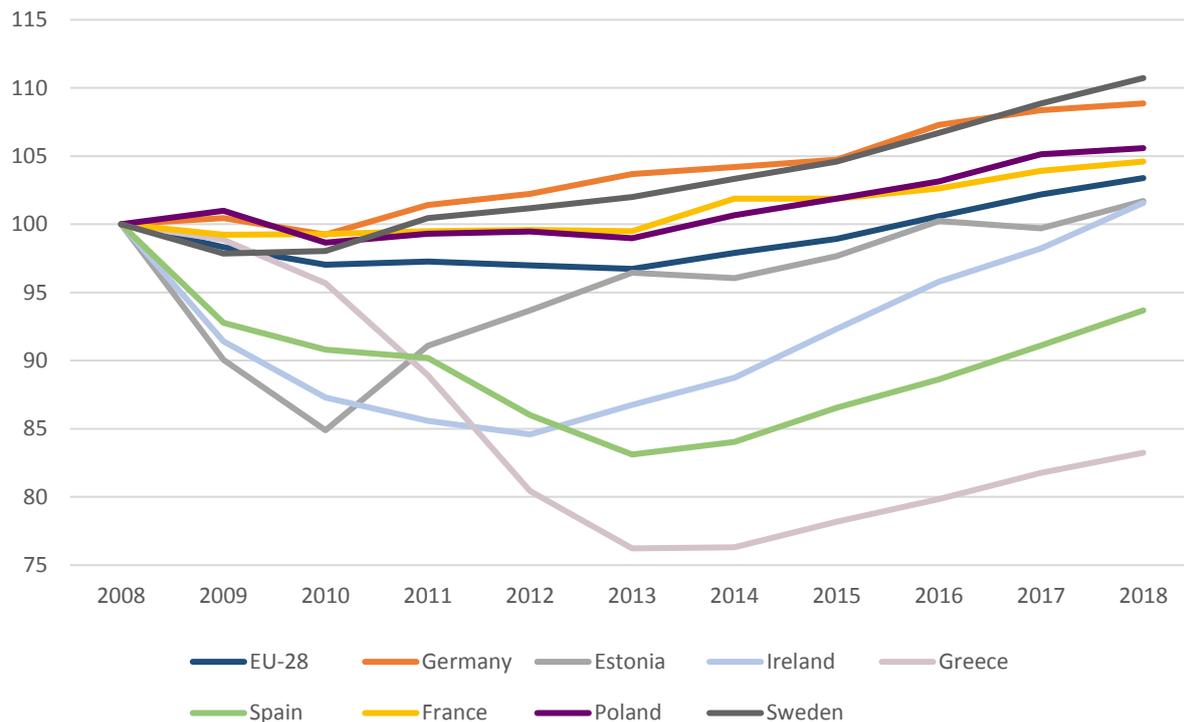
Note: 1998-2000 excluding Croatia.

Demographic ageing across the Member States differs markedly: while the old dependency ratio reached 29.9% for the EU-28 in 2017, it was highest in Italy (34.8%), Finland (33.2%), Greece (33.6%), Portugal (32.5%) and Germany (32.4%) but relatively low in Poland (24.2%), Slovakia (21.5%), Romania (26.7%), Slovakia (21.5%), and Ireland (20.7%).

The impact of demographic ageing on enterprises and the economy depends strongly on the interplay between demography and the demand for labour. The EU-28 only reached the pre-crisis employment level in 2016, increasing annually thereafter. The growth paths of the Member States have, however, been markedly divergent since the 2008/2009 financial crisis (Figure 1.2). The national differences in the impact and duration of the crisis form the character of present challenges. Germany, for example, lost very little employment and grew steadily to around 9% over pre-crisis employment levels. By contrast, employment in Spain was still 6% short of the (pre-crisis) 2008 employment level. The bandwidth of these pathways is illustrated in Figure 2.1.

² 1st variant (population age 65 and over to population age 15 to 64), <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>.

³ Eurostat – EUROPOP2018 population projections [TPS00200].

Figure 1.2. Employment as a % of 2008 level

Source: Eurostat [lfsq_pganws]. Employment age 15 years and older, data for Q2 of each year to facilitate comparison across business cycle; own calculations.

Demographic ageing in combination with strong labour demand can create favourable conditions for the retention of, or the hiring of, older workers (e.g. Sweden and Germany), especially for skilled workers. In some countries experiencing major changes in employment, the effects of demographic ageing are compounded by outward migration⁴ (e.g. Poland, Hungary).

1.1. The shifting age paradigm of employment policy

In response to demographic ageing there has been over the past 20 years a paradigm shift in employment policies towards promoting increased labour force participation of older workers, women, young people, low-skilled workers and migrants. Public policy with regard to older workers has moved from an emphasis on early retirement as an instrument of labour force adjustment towards the promotion of higher rates of labour force participation and longer working lives. Both the European Union and the OECD have been policy advocates for this response to demographic ageing, which has shaped employment policy in all the Member States, with national differences in its pace and composition (see Mosley et al., 2018).

The main institutional elements of the reforms have been a variety of changes in old age and disability pension systems, unemployment insurance and welfare programmes intended to incentivise remaining in employment or re-entering employment after job loss (European Foundation, 2012; Knuth, 2012; Konle-Seidl, 2017).

⁴ Demographic balance, 2018 Source: Eurostat, online data code: demo_gind, [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Demographic_balance_2018_\(thousands\).png](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Demographic_balance_2018_(thousands).png).

These include:

- Increases in the statutory pension age and reducing or eliminating lower pension ages for women;
- Incentivising work beyond the statutory pension age by paying actuarially increased benefits if retirement is deferred (e.g. the Netherlands, UK and Germany) or higher benefits if pensioners continue to work after having begun to draw a pension (e.g. France, Lithuania and Germany);
- Curtailing or eliminating early retirement schemes, making it financially less attractive for older workers and more expensive for employers;
- Restricting access to alternative paths to inactivity via sickness and disability benefits.

This broad policy shift in the regulation of labour force exit paths is the principal reason for the increase in the activity and employment rates of older workers (e.g. Engels et al. (2016) on Germany; Manoli and Weber (2016) on Austria; Hanel and Riphahn (2012) on Switzerland; Geyer and Welteke (2017) on Germany)⁵. Other factors are also undoubtedly important at the macro-level, in particular, the broader shift towards a service economy, advancing age cohorts with higher levels of education and labour force participation, and the sustained period of economic expansion since the 2008/2009 recession.

While financial (dis-)incentives through pension reforms and the foreclosure of alternative paths to withdrawal from the labour market have been the principal focus of public policy designed to promote the extension of working lives, these changes in the regulatory framework have been increasingly accompanied by complementary, more nuanced policies and measures: public initiatives and measures to combat age discrimination and change public attitudes towards older workers; the promotion of age management practices in enterprises; encouraging life-long learning, certifying acquired skills; addressing workplace practices (e.g. job protection, seniority wages, mandatory retirement); and measures for the reintegration of unemployed older workers. In most cases these have been government initiatives carried out in the context action plans, often in cooperation with the social partners: for example, the 'Age Positive Initiative' in the UK, 'Solidarity across generations' in Poland, the 'Vitality Package' in the Netherlands, the French 'Concerted Action for the Employment of Older Workers', the Norwegian tripartite agreement on 'More Inclusive Working Life' and the '50+ Initiative' in Germany initiated by the German Ministry of Social Affairs. On the government side, the PES are involved in a supporting role in many of these initiatives, in addition to their principal role assisting the unemployed (Mosley et al., 2018; Konle-Seidl, 2017; Knuth, 2012).

1.2. The Europe 2020 strategy

In the context of the Europe 2020 strategy adopted by the European Council in 2010, the Member States undertook to implement policies to increase the labour market participation of women and men, and to promote labour market participation for those furthest away from the labour market. They set national targets for employment rates with the overall goal of reaching an EU employment rate target of 75% for people aged 20-64 by 2020.

In support of these goals, the EU has sponsored a wide variety of labour market measures and initiatives at the national, regional and local levels. The ESF is Europe's main instrument for supporting employment as well as promoting economic and social cohesion. These goals are at the core of the Europe 2020 strategy. One of the priorities of the ESF

⁵ See Konle-Seidl (2017, pp. 212-214) for an overview.

is to support building a culture of training and lifelong learning to enable workers and employers to keep their skills and competences up to date. Career and age management policies and practices are of central importance. Scopetta and Jodar (2019) includes examples of interesting practices supported by the ESF. Some countries implement specific measures to enhance the employability of older people (incentives are provided, for instance, in Spain and Belgium). Also, tutoring and coaching measures are practiced (e.g. Lithuania and Spain) next to mentoring programmes (e.g. Italy). In Belgium, the 'Job Deals' project focuses on the 50+ age group. Outplacement is also practiced in Belgium along with the retraining of older workers. The German '50+ Initiative' and the Polish 'Solidarity across Generations' programmes noted above, both major national initiatives, were ESF co-funded.

A key building block of the European Pillar of Social Rights is measures to help low skilled adults improve their labour market relevant competences. The European Council adopted the Recommendation on Upskilling Pathways in 2016⁶. The Council renewed its commitment to support adults struggling with basic skills in 2019⁷. The EU supports implementation of upskilling pathways by several sources, and Member States have planned to reach around 8 million low qualified individuals through education and training funding under the ESF. Participation in training and upskilling declines with age. A changing world of work and higher retirement ages in many countries demonstrates the importance of relevant upskilling pathways to improve the employability of older workers.

It should be emphasised that the effectiveness PES strategies in support of older workers can be increased through strengthening an individualised approach. In line with active inclusion principles, this should involve improving access to social services, such as psycho-social counselling, healthcare, childcare and life-long learning opportunities, which address specific barriers to the labour market integration of older workers and support their successful transition into sustainable employment.

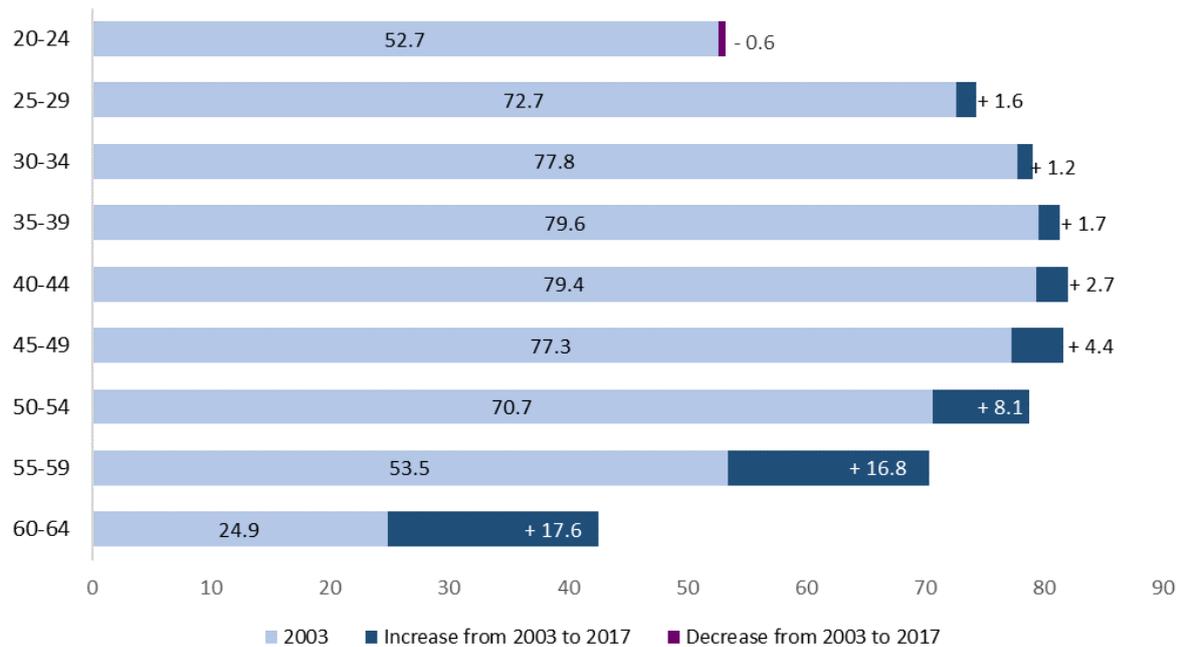
For the EU-28 as a whole, the employment rate for this age group has increased from a post-recession low of 68.6% in 2010 to 73.2% in 2018, surpassing its pre-recession high of 70.2% in 2008. The highest employment rates are found in central and northern Europe (e.g. Sweden 82.68%, Norway 79.2%, Germany 79.9% and Estonia 79.5%) reflecting differences in economic conditions as well as cultural and regulatory factors⁸.

Increasing the employment rate of older workers was a central component of the Europe 2020 strategy, and its rise has been a key factor in the overall rise in EU employment rates. Overall, the employment rate for people age 55 to 64 increased from 42.2% to 57.1% over the 12-year period from 2005 to 2017. People aged 50 and above, especially older workers aged 55 to 59 (+16.8%) and people 60 to 64 years of age (+17.6%), show the largest increases in employment rates among all age cohorts over the last 15 years (see Figure 1.3).

⁶ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOC_2016_484_R_0001

⁷ [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52019XG0605\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52019XG0605(01))

⁸ Eurostat Statistics explained: Employment rates and Europe 2020 national targets, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Employment_rates_and_Europe_2020_national_targets#Steady_increase_and_new_record_of_high_employment_rate.

Figure 1.3. Employment rates (%) by age groups, EU-28, 2003 and 2017

Source: Eurostat [lfsa_ergan].

The employment rates of older workers differ markedly across Europe. They are usually markedly higher in central and northern Europe (e.g. Sweden 77.9%, Germany 71.4% and Denmark 70.7%) and lower in southern and eastern Europe (e.g. Greece 41.1%, Croatia 42.8% and Romania 46.3%). This pattern is very similar to that for general employment rates in the Member States. The wide divergence in the employment rates is a reflection in part of the diverse labour market and employment situations in the EU since the finance crisis, as well as cultural and historical factors.

Another perspective is to look at improvement in employment rates, which yields a different picture. Some Member States have increased employment rates for older workers markedly since the recession (2010-2018). The largest percentage point increases have been in the Baltic states (Estonia +15.1; Lithuania +20.2; Latvia +17.6), the Czech Republic (+18.6), Italy (17.2) Bulgaria (+15.8), Hungary (+20.8), Poland (+14.8) and Malta (+17.8)⁹.

The increase in the employment rate for older women has been more rapid than the increase for older men: while the rate for women increased from 30.6% in 2003 to 50.9% in 2017 (+20.3 percentage points) that for men rose only from 49.7% to 63.7% over the same period (+14 percentage points). As a consequence, the gender gap in the employment rates for older workers in the EU-28 as a whole declined from 19.1 percentage points in 2003 to 12.8 percentage points in 2017.

⁹ Using a base period before the recession does not lead to substantially different results. The employment rates of older workers were remarkably stable.

Table 1.1. Employment rates (%) aged 55-64, in the EU-28 (2018), change 2010-2018 and gender gap (percentage points)

	2018 (%)	Change 2010-2018	Gender gap 2018 (male – female emp. rate)
Sweden	77.9	7.5	4.2
Germany	71.4	13.6	9.2
Denmark	70.7	12.3	8.5
Estonia	68.9	15.1	-5.6
Lithuania	68.5	20.2	3.6
Netherlands	67.7	14.8	17.8
Finland	65.4	9.2	-2.2
Latvia	65.4	17.6	1.6
UK	65.3	8.1	9.7
Czech Republic	65.1	18.6	17.4
Cyprus	60.9	4.6	18.4
Bulgaria	60.7	15.8	9.0
Ireland	60.4	10.2	16.3
Portugal	59.2	9.7	9.9
EU-28	58.7	12.5	13.0
Hungary	54.4	20.8	20.6
Slovakia	54.2	13.7	8.0
Austria	54	12.8	18.7
Italy	53.7	17.2	20.3
Spain	52.2	8.7	14.8
France	52.1	12.4	3.6
Belgium	50.3	13	9.5
Malta	49.7	17.8	35.1
Poland	48.9	14.8	20.7
Slovenia	47	12	10.3
Romania	46.3	5.6	22.2
Croatia	42.8	3.7	15.8
Greece	41.1	-1.3	23.3
Luxembourg	40.5	0.9	10.3

Source: Eurostat [lfsa_ergan]: Employment rates by sex, age and citizenship. Own calculations.

Employment rates are strongly driven by educational attainment both for the general population and for older workers. Moreover, the impact of longer working lives varies markedly with education. Older people with lower educational attainment (lower secondary, primary or less educations) are less likely to remain in employment in later years than those with tertiary education (42% vs 72%) among older workers 55-64 years of age. The impact of education on employment rates is particularly strong among less educated older women (35% vs 68%, see Table 1.2).

Table 1.2. Employment rates (%) aged 55-64 by gender and educational attainment, EU-28, 2017

Total	
Less than primary, primary and lower secondary education	42.3
Upper secondary and post-secondary non-tertiary education	59
Tertiary education	72.5
Males	
Less than primary, primary and lower secondary education	51.1
Upper secondary and post-secondary non-tertiary education	64.3
Tertiary education	77
Females	
Less than primary, primary and lower secondary education	35.2
Upper secondary and post-secondary non-tertiary education	53.6
Tertiary education	68

Source: Eurostat [lfsa_ergaed]. Own calculations.

Employment trends by sectors and occupations

The national variation in overall employment trends and age-related employment patterns is due to many factors. An important one is sectoral shifts in employment since the 2008/2009 financial crisis. The great recession mainly hit employment in the primary, the construction and the manufacturing sectors. These sectors alone bore the net job loss of this period. In the years of recovery, however, these jobs did not reappear. In general, there seems to be a shift to better paid jobs with higher skill requirements. In manufacturing the jobs that reappeared after 2013 were mainly in engineering, managerial and professional jobs (Eurofound, 2017, p. 1). The pattern of growth in the service sector was split. The growth in service sector jobs was strongest in the high wage and in the low-wage segments. Services are the overall growth sector, now accounting for more than 70% of EU jobs (Eurofound, 2017, p. 7).

The employment rate of older people (age 50-64, and 55-64) increased in all sectors – in declining sectors as well as in growth sectors – with wide variations. The most dynamic sectors with employment growth above 10% are mainly service-based and show quite different patterns (see Table 1.3, sectors U, M, N, I, Q, E, R, J, L, P, and Figure 1.4):

- Traditional people-related services like 'human health and service', or 'education' show a relatively high rate of old age employment (above 20%). Both sectors are large in absolute terms and provide high quality jobs. Probably ageing cohorts continued to work and filled a higher age bracket.
- The growing 'accommodation and food service' sector on the other hand employed only 11.4% in the 55 to 64 age bracket. This high turnover and low-income sector continued its emphasis on a younger workforce.
- The lowest ratio of older workers can be found in the most modern growth sector - information and communications. Only 10.5% of employment here is covered by older employees.
- Other 'modern' sectors like 'professional, scientific and technical' activities and 'arts, entertainment and recreation' also lag behind – although not quite as far.

In sectors with stagnating employment (99% to 103% employment level; see Table 1.3, sectors H, S, Z, K, O, G) there is also a clear polarisation visible:

- The traditional sector of public administration, also a large employment sector, shows a 21.7% ratio of older employees.

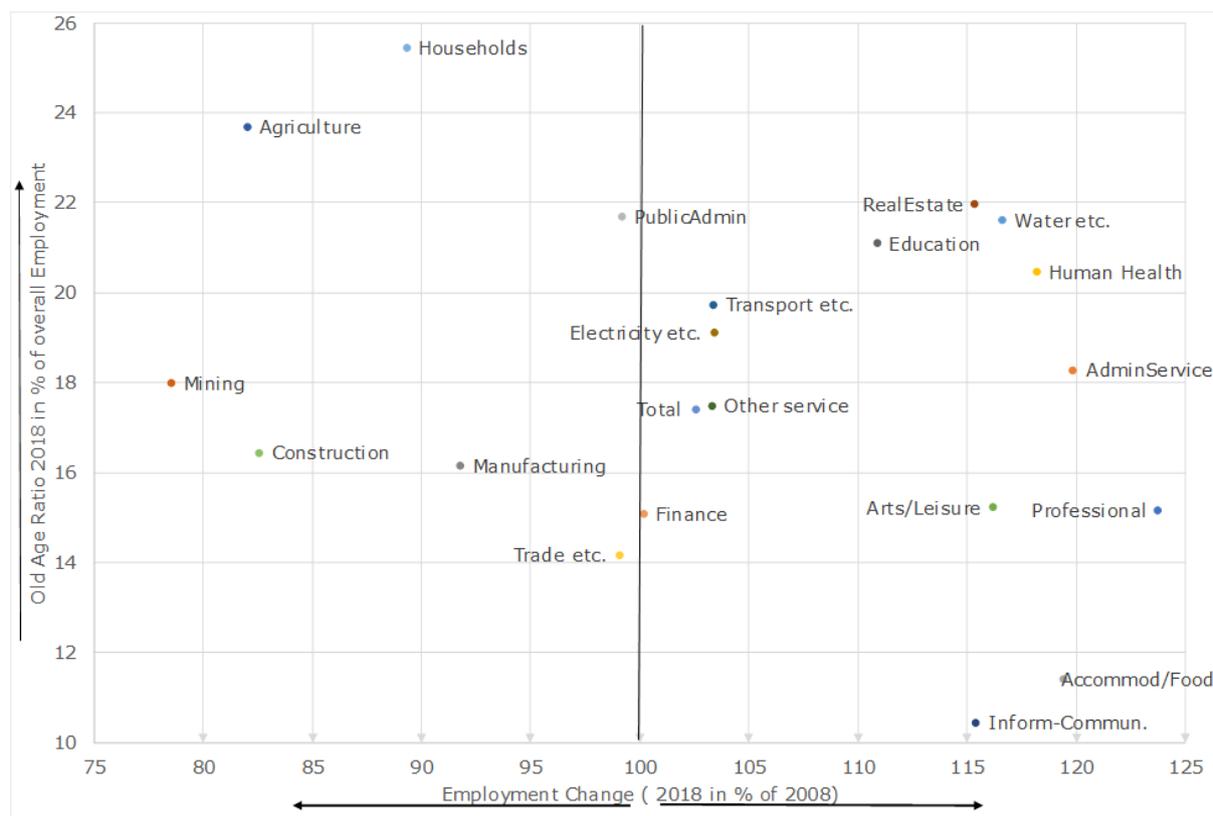
- The less attractive sector of wholesale and retail work lags behind with a ratio of 14.2%.

In sectors with decreasing employment (see Table 1.3, sectors C, T, F, A, B):

- For the heavyweight employers, manufacturing and construction lag behind, partly because of the effects of earlier retirement packages and later rehiring in younger age groups.
- Households as employers top the list of the old age employment ratio (25.5%). Older employees seem to have found hiring opportunities in low standard low wage jobs.
- Also, in the heavily shrinking agriculture sector old age employment is high, probably due to the high level of self-employed remaining in their field of activity.

From the viewpoint of older workers there is no single outstanding sectoral focus. The major opportunities clearly arise in the growing service sectors in the fields of health and social work, education, public administration, education or professional activities¹⁰. This, however, leads to two very important issues: the possible limitations of cross-sector mobility and the possible skill barrier in many service opportunities. These issues would warrant further studies.

Figure 1.4. Economic sectors EU-28 by employment change and old age ratio (%), 2018



Source: Eurostat [Ifsa_egan2]; own calculations. Employment refers to age 15 to 64; old age to age 55 to 64; annual data refer to Q2. See Table 1.3 for full sector description.

¹⁰ Eurofound has detailed the analysis further down to the job level. They emphasize the polarisation of job quality in growing jobs. The ratio of older employees grows in both sides of the quality split (Eurofound, 2017).

Table 1.3. Employment change, old age ratios in EU-28, 2018 and 2008

Sectors (NACE_R2)		Employment 2018	Employment change	Old age empl. change	Old age ratio 2008	Old age ratio 2018
		thousand	2018 in % of 2008	2018 in % of 2008	age 55-64	age 55-64
U	Activities of extraterritorial organisations and bodies	217.8	147.5	n.a.	n.a.	18,0
M	Professional, scientific and technical activities	12,631.0	123.7	158.8	11.8	15.2
N	Administrative and support service activities	9,567.6	119.8	192.6	11.4	18.3
I	Accommodation and food service activities	11,170.2	119.4	158.9	8.6	11.4
Q	Human health and social work activities	24,495.9	118.1	177.4	13.6	20.5
E	Water supply; sewerage, waste management and remediation activities	1,802.3	116.6	178.0	14.2	21.6
R	Arts, entertainment and recreation	3,934.8	116.2	142.4	12.4	15.2
J	Information and communication	7,138.8	115.4	156.0	7.7	10.5
L	Real estate activities	1,820.8	115.3	164.8	15.4	22.0
P	Education	17,057.4	110.9	139.1	16.8	21.1
D	Electricity, gas, steam and air conditioning supply	1,543.5	103.4	155.9	12.7	19.1
H	Transportation and storage	11,810.0	103.4	161.7	12.6	19.8
S	Other service activities	5,463.8	103.3	128.1	14.1	17.5
Z	Total - all NACE activities	224,474.2	102.5	144.8	12.3	17.4
K	Financial and insurance activities	6,472.5	100.2	156.7	9.7	15.1
O	Public administration and defence; compulsory social security	15,453.6	99.1	154.3	13.9	21.7
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	30,961.8	99.1	138.0	10.2	14.2
C	Manufacturing	34,692.4	91.8	134.7	11.0	16.2
T	Activities of households as employers	2,250.4	89.3	141.9	16.0	25.5
F	Construction	15,258.1	82.5	125.3	10.8	16.5
A	Agriculture, forestry and fishing	8,533.9	82.0	93.8	20.7	23.7
B	Mining and quarrying	721.3	78.5	130.6	10.8	18.0

Source: Eurostat [lfsa_egan2]; own calculations. Employment refers to people aged 15 to 64; old age refers to age 55 to 64; annual data refer to Q2.

2. Consequences and challenges for older workers

Older workers are less likely to become unemployed but are also less likely to re-enter employment. They remain unemployed longer and if they exit unemployment it is more likely to be into sickness/disability, inactivity or retirement. Generalisations about the consequences of the shift in employment policy towards longer working lives are hazardous given the diversity among EU Member States in regard to the pace of their reform efforts, and in particular due to the large differences in their labour market and employment situations in the decade since the recession. The OECD older workers' scoreboard, the product of a joint project with the European Commission, provides a concise statistical overview of changes in 'late career' labour markets in the EU and in the Member States from 2006 before the recession, until 2016. The principal results for the EU-28 are summarised in Table 2.1.

2.1. Older workers in the labour market

Since 2006, the average effective labour force exit age has increased from 62 to 63.4 years old for men, and from 60.5 to 62 years old for women in 2016 (EU-28), with wide variation among the Member States. For men, the highest effective retirement age was in Portugal (69 years old) while the lowest was in France (60). For women, again the highest was in Portugal (age 64.9) and the lowest in Slovakia (59.5). Since the effective labour force exit age is in most cases lower than the statutory retirement age for a full pension (OECD), increasing the statutory retirement age represents in many cases a reduction in benefits. This affects in particular older workers who become unemployed or take early retirement in adjustment situations in enterprises or for other health or family reasons.

Table 2.1. Late career labour markets for older workers, EU^a, 2006 and 2016

	2006	2016
Effective labour force exit age (years)^b		
Men	62.0	63.4
Women	60.5	62.0
Joblessness		
-- Unemployment rate, 55-64 (% of the labour force)	6.1	6.4
-- Incidence of long-term (>12m) unemployment, 55-64 (% of total unemployment)	49.8	63.7
-- Marginally attached workers 55-64 (% of the age group)	2.4	1.9
Dynamics		
-- Retention rate ^d , after 60 (% of employees t-5)	37.1	48.8
-- Hiring rate ^e , 55-64 (% of employees)	6.1	5.8
Job characteristics		
-- Incidence of part-time work, 55-64 (% of total employment)	22.1	22.2
of which voluntary 55-64 (% of part-time work)	85.4	78.9
Average number of weekly hours worked	17.1	17.5
-- Incidence of temporary work, 55-64 (% of employees)	6.9	6.7
-- Incidence of self-employment, 55-64 (% of total employment)	24.1	19.7

Source: adapted from OECD [Scoreboard on Older Workers](http://www.oecd.org/els/employment/olderworkers), www.oecd.org/els/employment/olderworkers

a) Weighted averages for 22 European OECD countries for which data are available.

b) Effective exit age over the five-year periods 2001-2006 and 2011-2016. The effective exit age (also called the 'effective age of retirement') is calculated as a weighted average of the exit ages of each five-year age cohort, starting with the cohort aged 40-44 at the first date, using absolute changes in the labour force participation rate of each cohort as weights.

c) People neither employed, nor actively looking for work, but willing to work and available for taking a job during the survey reference week. Data for 2006 refer to 2009.

d) All employees currently aged 60-64 with job tenure of five years or more as a percentage of all employees aged 55-59 5-years previously.

e) Employees aged 55-64 with job tenure of less than one year as a percentage of total employees.

The OECD data appear to confirm the general results of national studies showing that the increase in the employment rates of older workers is largely a consequence of higher rates of retention rather than increased hiring rates. The OECD indicators for the underlying pattern of labour market dynamics show a marked increase in the retention rate of older workers measured in terms of employees 60-65 years of age with five years job tenure (37.1% to 48.8%). The highest retention rates are in Sweden (63.8%) and the lowest are in Slovenia (28.6%). By contrast, the hiring rate for older employees overall in the EU shows a slight decline (from 6.1% to 5.8%). Hiring rates for older workers were highest in Hungary (9.2%) and lowest in Belgium (2.2%) in 2016. These figures suggest that increased retention rates rather than increased hiring rates have been the principal factor in the overall increase in employment rates for older workers.

For the EU labour market as a whole, there was little net change in the unemployment rate for older workers in 2016 in comparison to 2006 (6.1% vs 6.4%), even when marginally attached¹¹ older workers are included (2.4% vs 1.9%). At the national level, the impact of the reforms on the risk of unemployment was mixed. Moreover, the unemployment rate can be a misleading indicator in countries where disability claims are an alternative path to withdrawal (Konle-Seidl, 2017, pp. 12-14). Finally, as for the employment rates, the marked divergence in economic performance in EU countries is an over-riding factor. National unemployment rates for older workers aged 55-64 varied from a high of 19.2% in Greece to a low of 3.6% in the UK in 2016.

By contrast, the percentage of long-term unemployed among older workers rose markedly (from 37.1% to 48.8%). The increased rate of long-term unemployment among older workers is consistent with the changes in employment policy that have closed early retirement options and curtailed alternative paths to withdrawal from the labour market.

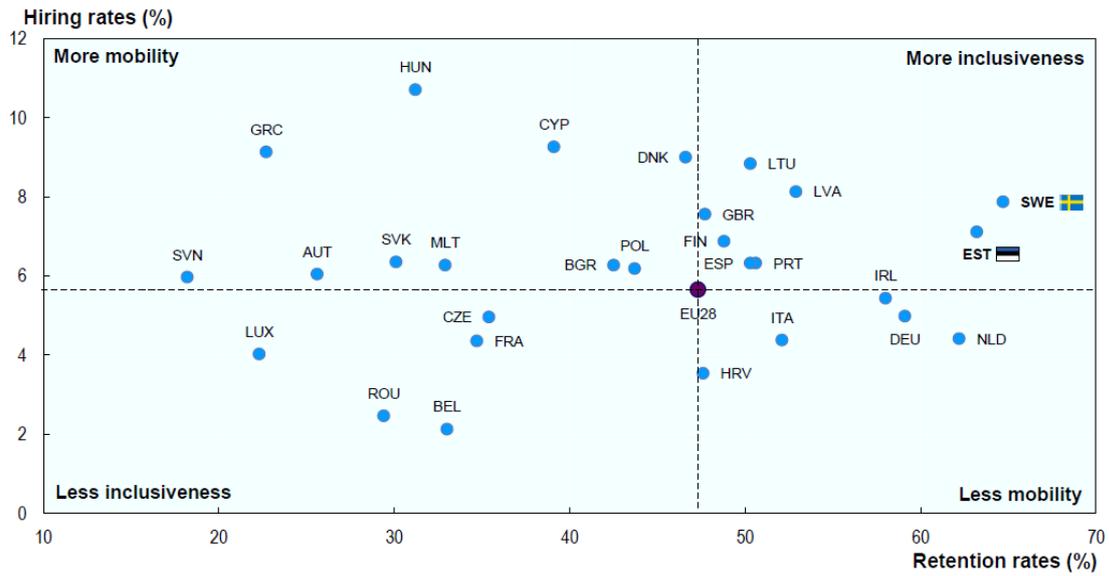
In terms of job characteristics, the rate of part-time employment for older workers as a percentage of total employment remained constant at around 22% over the 10-year period 2006-2016 for the EU as a whole. However, the composite data for the 28 EU countries obscures national differences. The incidence of part-time employment varied between the Netherlands (47.4%) and Bulgaria (1.7%) – in the most extreme cases. There is, moreover, a high incidence of self-employment – around 20% of older workers across Europe.

The diversity of late career labour markets for older workers in the EU is illustrated in Figure 2.1, which display national patterns in two key dimensions: hiring rates and retention rates in 2015. Retention rates for workers age 60-64 were more than twice as high in Sweden (63.8%) than in Slovenia (28.6%), and hiring rates for workers aged 55-64 in 2016 were more than four times higher in Hungary (9.2%) than in Belgium (2.2%) at the extremes. In contrast to economic theory, the data only shows a weak inverse relationship between retention rates and hiring rates. It is possible to combine above average retention and hiring rates for older workers (see the upper right quadrant in Figure 2.1). Sweden and Estonia are the most inclusive EU countries with above average retention and hiring rates. It is also possible to combine low retention rates with low mobility (see the lower left quadrant). Labour markets in Belgium and Romania have the lowest mobility rates for older workers as well as relatively low retention rates. The reasons for this

¹¹ 'Marginally attached' refers to people aged 15 and over, neither employed, nor actively looking for work, but who are willing/desire to work and are available for taking a job during the survey reference week.

heterogeneity in this snapshot of the dynamics of late career labour markets are not apparent and suggest a need for more detailed national case studies¹².

Figure 2.1. Hiring rates and retention rates for older workers aged 55-64, EU-28, 2015



Source: Sonnet and Duell (2017). Calculated from OECD Late-Career Labour Markets Scoreboard. See Table 2.1 notes d) & e).

¹² In particular, the reported hiring rates, which are based on data for a single year.

3. Consequences and challenges for employers

With respect to demographic challenges in the turbulent post-recession labour markets employers are certainly one of the key players in the field. Their role is also rather under-researched and it remains very much a 'black box' in the dynamics of demographics (Konle-Seidl, 2017, p.14). There are many collections of cases¹³, but very few in depth case studies that look at employers' actual behaviour. Survey research mainly focuses on management attitudes or on policy checklists that tell their readers little about their practical impact. Behaviour is often inferred from labour market outcomes rather than from actual studies. The same is true for economic models that assume rational action. The latter is especially influential, since it ties into a body of economic theory. Both find it difficult to explain that companies tend to retain older workers but largely avoid hiring them. If companies discriminate, why not consistently¹⁴?

For a realistic understanding of employer action, one needs to draw on the literature on organisational behaviour¹⁵ and labour relations at the firm level¹⁶. In essence, companies are seen as 'learning social organisations' that need to be successful in a dynamic environment. Companies therefore need to take various parameters into account. Profit will certainly be one of the success parameters, but also at times survival, change or innovation for long-term success. Companies also need to consider social factors, like the level of commitment, social cohesion and industrial relations. With this approach, companies learn by experience and not by implementing concepts. Strategies are very seldom present at the outset, strategies, if there are any, often instead emerge through learning.

This approach emphasizes two central aspects: (1) the social dynamics of an enterprise and (2) the learning process of organisations. The available empirical evidence on demographic change and human relations practice with respect to an older workforce is consistent with this approach.

3.1. The social dynamics of employment and the older workforce

Some economics-based theories suggest that older employees get higher wages with less productivity¹⁷ (Medoff and Abraham, 1980). This wage-productivity gap is said to motivate companies to prefer reductions in the 'older workforce'. Basically, this theory provides the rational backbone to the alleged employers age selectivity when hiring and firing. It also inspires intervention-concepts to change the system of seniority-based wages on the assumption that, if older workers' wages were in line with their productivity, employers would have less motivation to avoid retaining or hiring them.

Empirically there is no evidence that companies monitor age-related productivity. There is no controlling system on age-related productivity that could guide company practice. Companies have overall labour cost and labour productivity indicators, possibly broken down by functions and processes, but not by age. Low productivity or high costs can then

¹³ Europe wide: Barslund (2015). Many cases collected by focus networks, just for Germany: INQA.de, demografie-exzellenz.de; demographie-netzwerk.de.

¹⁴ Heywood and Jirjahn (2016, p. 355): 'Altogether, it seems plausible that some of the reluctance to hire older workers may be a combination of preference-based discrimination and statistical Less clear is why such discrimination does not seem to permeate other aspects of the employment relation to the same extent'.

¹⁵ Based on Cyert and March (1963); elaborated by Mintzberg (1983).

¹⁶ In the broader sense: covering social relations in the firm, micro-politics, internal labour market dynamics and organised labour.

¹⁷ For a critical review of the weak evidence: Sonnet et al. (2014, p. 320); overview also: Göbel and Zwick (2010).

lead to reductions in personnel. Reduction requirements do not automatically focus on age. They are more likely to point to specific job categories and/or to individuals whose performance was substandard. Substandard performance is by no means equated with age. Low performance can be found at any level of age, skill, wage or hierarchy. But in many occupations, even individual productivity is difficult to measure, especially in a way that would justify separation on the grounds of age (Börsch-Supan and Weiss, 2013). In most European countries, terminating employment on the basis of low performance is either legally not possible or too difficult to handle – technically and politically.

A number of social factors lead to seniority-based protection and work in favour of age:

- One is the dynamics of the internal labour market: a major factor for social cohesion, motivation building, and skills development is the development of internal careers. This implies investment in valuable company-related skills. Generally, this implies that employees earn more money over time, relative to their starting salary, even if they stay in the same job classification. Company-related skills are a valuable asset not readily lost by an employer.
- A second factor is labour relations: in general, employment protection is the top priority of labour representatives. They concentrate on the core workforce, especially on employees with higher seniority.
- A third is morale: companies that selectively fire their older workforce would destroy morale and social cohesion throughout the workforce.

Companies tend to retain their older workforce or, more polemically, they positively discriminate in favour of age. Therefore, the risk of becoming unemployed is lower for older employees. In practice, employers tend to retain older employees until they have another stable role-alternative like retirement. Employers have learned many ways to adjust working arrangements on an ongoing basis and to support disability exits if these fail. Eliminating seniority wages is, therefore, too easy an answer and possibly even the wrong method to improve employment prospects, especially since the concept itself is very loose¹⁸.

Nevertheless, it remains a fact that companies massively used early retirement for more than a decade, especially in redundancy situations. There are a number of reasons for this: the layoff of employees is a very critical situation for a company – in a double sense. First redundancies are generally only made when the company is in some sort of economic difficulty – severe restructuring or cost cutting. Second, the redundancy scenario itself is threatening for employees and puts enormous strain on social cohesion and industrial relations. In central Europe especially, there is a broad understanding that all means must be used to find voluntary solutions. One of the few fully acceptable solutions for workforce reductions was early retirement. Given the generous conditions available before the wave of pension reforms, employees would generally volunteer, especially when their working life provided little autonomy and high strain. Unions and work representatives supported it and often negotiated additional exit benefits. In the beginning, governments supported this approach too, based on the assumption that this is a way to redistribute opportunities to the younger workforce. An early retirement culture flowered, based on this alliance. It was more an alliance for social peace than a symptom of ageism in enterprises. In fact, early retirement often leads to complex reshuffling processes for companies, because the jobs that need to be reduced often do not match the work being done by the workers

¹⁸ Wages tend to grow with age, for numerous reasons: promotions (career), experience, company service factors, age-based wages, and protection factors (i.e. safeguarding an achieved wage level against losses). The weight of factors not connected to job or performance value is almost never defined in a critique of 'seniority wages'.

eligible for early retirement. Also, early retirement programmes are often the most expensive method of workforce reduction because of the major company subsidies they entail.

3.2. The learning organisation and the older workforce

Demographic change is a slow process, it is not like an earthquake, it is more like climate change. Moreover, it does not appear in the employer arena with a label or a focus, but as a set of problems to be solved. These can have many faces, depending on the various business contingencies. Problems do not even have to focus on older age groups. They do not have to be new; there can simply be more of them. This all points to an incremental and situational adjustment.

As a consequence of demographic changes, the rising pension age and the regulatory reduction of early pension opportunities, the internal labour market situation of companies slowly began to change. All factors mentioned changed the supply side of the labour market equation: a lower supply of younger workers and a higher supply of older workers.

There is some evidence that the reduced supply of critical skills in the labour market caused greater concern in companies – mainly in countries and sectors with a growing demand for labour¹⁹. Especially in innovation-based companies, hiring young talents is regarded as key to tapping state of the art knowledge of modern technology. Therefore, labour supply issues in science, technology and engineering were closely monitored²⁰. Companies had to worry about their attractiveness on the labour market. As a consequence, they started to adjust some of their social and work patterns (such as working from home, flexibility and health activities). Sometimes these concerns over future labour supply sparked activities on the other end of the age spectrum²¹.

As early exits became less attractive, older workers started to delay their retirement plans. Since early retirement was generally based on employee consent, this started to change the dynamics of the internal labour market. It was not necessarily regarded as problematic. In expanding labour markets, postponing retirement helped employers. The curtailment of early exit opportunities took place to some extent parallel to reduced requirements for personnel reductions by companies, at least in the economies that recovered relatively quickly from the financial crisis. It is as much the business cycle that reduced early retirement as the regulatory reforms (MoPact, 2015, p. 38)²².

An ageing workforce therefore does not automatically signal 'a problem to be solved'. It can also be a solution. With time passing and large cohorts getting older, however, two basic worries have grown:

- Health and capability issues
- Innovation and change issues

¹⁹ On a global level, the stage was set during the first internet boom, when the « War for Talent » slogan called broad attention to the issue (Michaels et al., 2001), later reflected in the high skill migration publications of the OECD (2008). In Germany, the employer-based debate exploded when the financial crisis lost its grip (Prognos, 2009).

²⁰ Demographic debate here focused on the 'STEM-gap' (Science, Technology, Engineering, Mathematics), i.e. expected shortages in science and engineering skills. In Germany, employers in 2008 organised a specific national initiative to counteract it. 'MINT Zukunft schaffen', an employer-based research institute publishes regular MINT (i.e. STEM, in English) Reports.

²¹ An example is the East German Chemical industry.

²² This also implies that another economic crisis can again change the picture.

Empirical literature on employers often seems surprised by the low level of systematic attention given to the ageing workforce *per se*. An explanation is that ageing issues enter companies' agenda in a different way: as a slow increase in the cases of health impediments that, in one way or another, reduce work capacity or lead to longer absences. Companies have long learned to handle these issues as the problem arises by adjusting work intensity or job assignments²³.

The Informal Piecemeal Learning Process in the Literature.

Early studies find very low prevalence of 'age management' activities. Van Dalen et al. (2015) conclude in their broad-based empirical study of 2009 'that European employers are not yet formulating strategies that promote active ageing (of the workforce), often still opting for the easy way out, via exit strategies' (p. 814). Conen et al. (2014) show in three intensive case studies that HR practices often emerge to solve situational problems without formal rules and that they stay fluid in the sense that 'business cycle effects play a substantial role in organisational behaviour towards older workers' (p.787). Oude Mulders and Henkens (2019, p. 3), looking at the Netherlands, warn against focusing on formal programmes and processes and instead they emphasize 'informal HR practices' that are 'specifically tailored to the context of one particular organisation' and they assert that 'in the initial stage of organisational responses; such practices are likely to be more prevalent than formal HR policies'. By concentrating their survey research on practices instead of programmes they found 'a fundamental shift in employers' focus. Instead of promoting the exit of older workers and specifically accommodating older workers, employers are now moving towards providing information, promoting healthy habits, and improving the long-term individual 'job fit', also targeting early- and mid-career workers.' (p.1). Depending on the targeted practice, they report prevalence rates of between thirty and eighty per cent for age-related HR schemes. The authors conclude that 'employers have, on a large scale, started to implement HR practices to adjust to the reality of longer working lives' (Oude Mulders and Henkens, 2019, p.9).

Bellmann et al. (2018b) arrive at a different picture for Germany, when surveying age-specific measures. Only 17% of the firms use at least one of the age-specific measures asked for in the survey. Bellmann himself notes the limitation: many companies possibly pursue measures for all their employees and do not differentiate between age groups: 'Older employees often do not count as a separate group that needs special measures' (Bellmann et al., 2018b, p. 1; author's own translation). Using a different set of survey questions for the German chemical industry, he found considerably higher activity rates but supports the informal and incremental nature of activities. Other authors (Bechmann et al., 2012, p. 49) conclude from low prevalence survey data that the broad change towards an ageing workforce apparently has not generated any remarkable human resource management issues. Companies have obviously managed their regular activities with an ageing workforce without any age-specific measures.

²³ See the example of the auto industry: Landau, 2008 found that older workers had moved to lower pressure jobs compared to younger workers. Göbel and Zwick (2010, p. 1) analysing various measures, attribute the highest positive effect on productive employment of older workers to 'change in work requirements and specific equipment of workplaces'.

In their in-depth case study on the German chemical industry Bellmann et al. (2018a, p. 281)²⁴ conclude that overall there is no systematic age management, no paradigm shift but instead there are numerous single activities designed to solve individual incidents. Employers have apparently mainly channelled the increasing incidents through their established procedures of HR management, work redesign, health counselling or their support for disability claims.

No doubt, the ageing workforce has contributed to the growing emphasis of health management in companies and sometimes to the establishment of internal programmes and processes. They are, however, mainly addressed to the general workforce with older employees also participating²⁵.

Employers tend to regard the older workforce as reliable, experienced, loyal, disciplined and quality-conscious but instead they question their change-readiness, creativity and innovation ability (Bellmann et al., 2018a, p. 316; Van Dalen et al., 2010, p. 320). These stereotypes are expectations that confront older workers. Right or wrong, they are powerful patterns governing behaviour. They often coincide with the self-image of older employees. It seems to be clear that there are strong self-fulfilling prophecies at work that – among others - have an impact on a central employability issue: training and learning.

Companies become accustomed to avoiding major investment in 'human capital' when employees approached retirement age, because of a limited and sometimes unpredictable utilisation period²⁶ (Berg et al., 2017). Career steps that require extensive learning would also be avoided as well as broader formal trainings needed to acquire knowledge of a fully new technology or process (Behaghel et al., 2011). Pathways to retirement, it is clear, have a deep impact on the pre-retirement working period. With the increased retirement age, however, this impact is also moving higher up the age scale. There is some evidence that 'labour supply decisions may lead to changes in training participation' (Berg et al., 2017, p.497). The extent to which companies have started to actively encourage the older workforce to stay in touch with new developments in technology or work pattern is not clear. The main evidence points to small scale adjustments. There is no evidence of a path-breaking new approach to training. In any case, as a result of the compulsory statutory retirement age, which still exists in most countries, the general logic of a pre-retirement impact is still maintained.

3.3. Learning enhancement through professionalisation and focus networks

The crises of the pension system and the discussion on demographic change have sent strong messages through society that a major transformation in the workplace is coming. It is mainly large companies that have moved forward to more systematic approaches. They have the professional functions and resources needed to take a deeper look at these issues and the consequences for their particular situation. These companies are at the same time under closer scrutiny by the interested public, unions and scholars. All these factors motivate company professional functions to formulate, redesign or imitate

²⁴ The search for general programmes tends to overlook the basic proposition of Ilmarinen: 'An increase in individual differences is one of the most typical and significant effects of growing old. Individual differences increase in physical, psychological and social ability, knowhow, attitudes, and values. More and more individuality is required in working conditions because people age differently. Therefore, more individual solutions, for example, in work organisation and task diversity are essential' (Ilmarinen, 2005, p. 126).

²⁵ Survey research that asks for age-specific activities would not detect these programmes.

²⁶ Funk (2004, p. 31) reports wide differences in training participation by older workers, with countries leading in old age employment rate also leading in training.

programmes and concepts. At face value, it is difficult to decide whether they developed something new or whether existing practices were simply 'reassembled under a new name'²⁷. But – even then – any integrated focus on age and employment can create innovative practices and enlarge the perspective. Sometimes these concepts trickle down to medium size companies – which, however, together with small companies mainly stay in the mode of solving problems as they arise.

In any case, major companies help to raise the awareness level and keep up attention on the issue. They are also potential allies for networks that focus on demographics or more specifically the ageing workforce ('focus networks'). Focus networks generally try to move issue attention and problem-solving to a new level and possibly break the path of slow stepwise learning²⁸.

The Norwegian Inclusive Workplace Agreement, for example, is an attempt to reduce the high rate of sickness leave and reduce the high number of disability pension claims. At the same time, it hopes to expand the employment rate of older people through a concerted agreement of the government, the unions and the employer federations. It started in 2001 and entered its second phase in 2010 (OECD, 2013, p. 72). While there is ongoing debate on its substantial impact²⁹ – which is hard to measure – there is consensus that the agreement has contributed to a 'change in attitudes, at least at the central level, with clear expectations of increasing employment rates among older workers from authorities as well as the organisations in the labour market' (OECD, 2013, p. 74). Further improvement is expected from a stronger driving force, clearer and more binding target setting, local accountabilities and – particularly of interest – more individually tailored solutions rather than group-related policies.

Another example is a network based on collective agreements in the German chemical industry on demographics and life cycle (Bellmann et al., 2018a). It was initiated by the North-Eastern branch of the employer's federation, which mainly covers the former Democratic Republic of Germany. The East German chemical industry had gone through an enormous restructuring process after German reunification. Its workforce reduction relied heavily on early retirement while hiring was very low for a number of years. The outcome was an aged workforce within a very small age bracket. Two decades later the industry was facing a major retirement wave. The sector became the fore-runner of demographic awareness and practice. Its collective agreement established a special fund to be used for life-cycle related labour time flexibility, to which employers contributed 2.5% of their annual wage costs. The social partners at the establishment level were tasked with agreeing on its local utilisation. Based on a second, sector-wide agreement, companies were also asked to analyse their workforce demographics and negotiate at the establishment level on remedies. These agreements have definitely raised the level of awareness and led to new fields of inter-company exchange and learning. While the specific impact is still uncertain, it is interesting to see that, except for working time reductions, there is a high level of scepticism with respect to the purely age-related measures. Even in this case, measures aimed at coping with the ageing workforce were a rather generalist exercise open to all employees (see in general Konle-Seidl, 2017, p.14).

²⁷ Bellmann et al. (2018a, p. 285) argue that "age management" does not necessarily imply new activities. It can also mean that known elements of personnel management are systematically reconsidered in a new perspective.

²⁸ Many examples can be found in the OECD Older Workers Toolkit.

²⁹ Particularly resistant to change seems to be 'hiring discrimination'. Also, research has found an inverse relationship: Company activities often address workers, that are already prepared to stay in the company, (OECD 2013, p. 10).

Independent of their different approaches, these focus networks³⁰ can be regarded as an interesting possible docking point for governmental players.

3.4. Typology of company measures and company situations³¹

The demographic issue does not enter the arena of employers solely as an issue of older employees. The ageing workforce is embedded in a systemic challenge with numerous intertwined aspects. Measures that are not specifically addressed to older workers might still be an answer to the demographic challenge. They could even be the better answers.

In general, the emerging pattern of the labour market shifts the attention focus of employers more towards workforce issues. Remaining or becoming an attractive employer becomes more strongly emphasised. This implies a higher sensitivity to employee needs. The following major action areas, enhanced by demographic challenges, can be distinguished: attractiveness to new employees, developing adequate knowledge and skills, adjusting the work system to demographics, balancing retention and exit management, and adjusting the management system (see Table 3.1).

Attractiveness to new employees. With massive technical, and sometimes disruptive, changes, companies cannot fully rely on retraining the existing workforce, but must to varying degrees bring fresh knowledge on board. Companies competing for talent must consider how they can maintain or improve their attractiveness. Many changes in the world of work have their origin here. Clearly, companies cannot follow the work models of big software companies, but they need to adjust to modern expectations: flexible work patterns, using a home office, health programmes, work-life balance and career development.

Adequate knowledge and skills. Maintaining or improving adequate knowledge and skills is one of the utmost concerns for employers. It is one of the driving factors for recruiting but of course also refers to the existing workforce. With respect to the ageing workforce, activities include building mixed teams, and knowledge transfer activities between the old and the young. While the traditional concept implies young people learning from the experienced, the relationship has also changed direction. Some employers experiment with reverse mentoring to safeguard an upward flow of new technological knowledge.

Adjusting work systems. This refers to both sides of the work system: jobs and people. On the job side, it means adjusting jobs to keep people with changed or reduced capabilities in productive work. It also refers to the preventive monitoring of possible overload and remedial action through occupational health activities. On the people side, it includes placing people according to their possibly reduced capabilities, career path adjustments and health awareness or maintenance programmes. Health activities have in the meantime become mainstream in major companies – without clear evidence on the effects³².

³⁰ There are of course many others: OECD Toolkit, e.g. in the Netherlands the 2012 initiative for sustainable employability; in Germany the '50 plus' – an Employment Pact for Older Employees in the Regions.

³¹ Various typologies exist: Oude Mulders and Henkens (2019, p. 6) use a checklist on kinds of items: information practices, health practices and person-job fit practices. Van Dahlen et al. (2015) classify accommodation, development and exit. Conen et al. (2014) distinguish recruitment, maintenance/development, retirement. Kapitza et al. (2013, p. 12) distinguish five fields of demographic action in the German chemical sector: health promotion, work organisation, competency/development, recruiting and retention, leadership and culture.

³² Very critical on Workplace Health Promotion programmes (WHP) Poscia et al. (2016). Based on a systematic literature review they conclude: 'Current evidence fails to show that WHP programmes improve the work ability,

The job adjustments seem to be mainly case-oriented and reactive. Broader job based preventive employability programmes are rather rare³³. More pronounced is the increasing emphasis on people-oriented health management. The most prevalent seem to be age-adjusted work patterns, e.g. special part-time arrangements that serve the leisure time expectations of older employees, or time allowances for family care. While they might reduce the desire for a complete exit, they stay focused on reduction.

Table 3.1. Challenges and measures

Attractiveness to new employees
<ul style="list-style-type: none"> - Work-life balance (family oriented) - Modern work environment - Autonomous working style - Career perspectives - Time-bound benefits ('time banking') - Active health programmes
Adequate Knowledge and Skills
<ul style="list-style-type: none"> - Mixed teams - Two-way knowledge transfer - Skills maintenance/enlargement training - Formal training
Adjusting the Work System
<ul style="list-style-type: none"> - Age-adjusted work patterns: part-time; time allowances for family care - Job redesign - Matching task capabilities - Active health programmes - Attitude-based, encouragement-based training
Balancing retention and exit management
<ul style="list-style-type: none"> - Ending early retirement offers, promoting late retirement - Retention counselling - Solving bulk retirement prospects - Managing retirement in line with business cycle
Adjusting Management System
<ul style="list-style-type: none"> - Workforce analytics - Career programmes - Life cycle/age management programmes - Management training to cope with new workforce pattern - Company health management system

productivity or job retention of older workers. In addition, there is limited evidence that WHP programs are effective in improving lifestyles and concur to maintain the health and well-being of older workers. There is a need for future WHP programs to be well-designed so that the effectiveness and cost-benefit of workplace interventions can be properly investigated³³.

³³ Sundstrup et al. (2016) show the need for preventive activities. They retrospectively analysed the work biography of people on early sick leaves or early pension and found previous long exposure to physical hazards to be an important explanatory factor for early exit.

Retention and retirement. In a tight labour market unexpected retirement tends to become a risk for employers. As might be expected, in situations of growth employers have withdrawn their early retirement offers. Generally, employers will enter into a pension dialogue with near-retirement employees, also advising employees on postponement. However, the balance between retention management and exit management is somewhat difficult to keep. Employers hold a very ambivalent position³⁴. While caring for retention, older workers are also regarded as a potential target group for resignation offers when a business declines³⁵. Whenever there is a major personnel reduction, early retirement idea is back on the agenda, although in a more expensive, less subsidised form. Older employees then become the target of exit management. Exit management remains on the agenda and is partly reinforced by demographics: dense ageing cohorts will also reach cohort retiring age. With a legal requirement for a compulsory retirement age, companies need to find answers to possible retirement waves.

Adjusting the management system. Major companies have adjusted their HR processes to cope with the new situation. A case in point is the introduction of workforce analytics to understand the internal demographic dynamics and define points of action (Bellmann et al., 2018a). The results of workforce analytics then spark company-specific 'problem solution' activities, concepts and programmes.

Some companies have also included line management in the drive for more professionalisation and higher awareness levels. There are good reasons to regard this as a key factor favouring more demographically-oriented company policies³⁶.

Among companies, there is a large variation of attention to the issue, activities and programmes – depending on the company's specific situation. The most important factors are:

- *Company size:* company size turned out to be the major explanatory factor in survey studies (Oude Mulder and Henkens 2019, p. 7; Bellmann et al., 2018b). Big companies tend to be so complex that problem-solving often needs analysis, a defined programme and a defined process. This is reinforced by trade union or co-determination environments, which demand more than case by case solutions. Also, HR professionals are major stakeholders in systematic approaches. In small companies one very seldom finds programmes. They can nevertheless find good solutions on a case by case basis. Midsize companies are probably the most interesting cases: they often have problems but limited professional resources to deal with them.
- *Old vs new companies:* new companies mainly hire a younger workforce. Their issues are usually struggling to hire younger talents rather than retain an older workforce. It could, however, be an interesting research question to look at new companies' hiring patterns related to age.
- *The business cycle:* of course – even in a general growth situation – there are companies in need of restructuring and downsizing their workforce. In this case

³⁴ An example of ambivalence is German old age part-time regulation. Employers and employees mainly used it to split the years of formal part-time employment into a full work period and a block without work obligations. In fact, older workers becoming part-time was used as an early retirement tool.

³⁵ In 2018 Eurofound stated in their Employment Report: 'Despite policy measures to discourage it, early retirement remains an important exit strategy in cases of downsizing' (Eurofound, 2018).

³⁶ Ilmarinen (2005, p. 121) showed in his ground-breaking study on work and ageing that a decrease in work ability is related to a supervisor's behaviour, concluding 'Supervisors are not expected to be trained to become age experts – a good basic understanding about ageing is enough.' Empirical support e.g.: Furunes et al. (2011); Oude Mulders et al. (2017).

there seems to happen a dramatic shift in their views of the value of an older workforce. Early retirement programmes reappear (Ford, Volkswagen, Bayer, and Coalmining). They are heavily company financed, they are disguised with labels (like part-time retirement) and they sometimes start at a higher age level than in the past, but they are still early retirement programmes. This focus is especially prevalent if other forms of workforce reduction like regular dismissals are not feasible or not permitted. It is worth noting that these new early retirement programme draw their potential from past retention. A retained older workforce is a solution potential if workforce reduction is sought. These examples point to a major ambiguity in retention/retirement policies.

- *Digital disruption*: a special case is restructuring that is not based on quantitative workforce reduction, but primarily based on a rapid requirement to change the skill composition of the workforce – due to disruptive processes based on digitalisation. Empirical studies so far assume this is a threat to the employment prospects of older employees³⁷. With digital disruption gaining weight, this is a major challenge for safeguarding the future employment opportunities of older employees.

3.5. Hiring Older Employees

Hiring older employees is generally not on the companies' demographic agenda³⁸. Despite an increasing tendency to retain older employees and despite some labour market shortages, employers largely stay away from hiring older employees. This practice is widespread throughout countries, sectors and companies. Why is the practice of retaining older workers not mirrored in readiness to hire older workers from the labour market, especially from the unemployed?

Hiring discrimination is widely confirmed in the academic literature. Buesch et al. (2009) proved discrimination by comparing the success rate of age-related applications. Adams (2004) showed that in the US while age discrimination legislation improved tenure for employed older workers, it did not improve hiring opportunities.

This dichotomy between retention behaviour and hiring behaviour has puzzled numerous authors. There are, however, a number of explanatory factors:

- *Risk Focus*: hiring and retention are based on different modes of social interaction. First, the internal workers – with their strengths and weaknesses – are known to the employer. There is a basis for individual judgement. Second, retention is not only a market need, but also an investment in social relations at the workplace. Even if older workers at the workplace were more expensive and less productive, retention would still be valid as a 'price' for social cohesion. This latter focus is not a factor when hiring. Its place is taken by a risk focus. In theory a company should concentrate on the individual applicant in the hiring process. The information that could be gained – apart from work related competencies - however is very limited. In practice every hiring is a

³⁷ Literature reviewed by Behaghel et al. (2011). Based on a panel of French firms, the authors show a negative effect of new technologies and innovative work practices on older employment which is only partly offset by training. Greenan and Messe (2018) find that ICT and management changes significantly reduce the traditional role of older employees as knowledge transmitters. This effect can be mitigated by training. Sonnet and Duell (2017) report that older people lack digital skills and receive less training - but with extreme differences between EU countries, Scandinavia far advanced.

³⁸ Even for Norway, Solem (2012, p. 129) concluded that 'older workers are among the least popular categories for recruitment in both rising and falling economic cycles'.

prediction, which is to some extent also based on general assumptions. In respect of older workers, these risk-focused assumptions are basically:

- Health risk: i.e. the risk of longer sickness leave
- Protection risk: i.e. the risk of it being more difficult to dismiss older employees
- Rigidity risk: i.e. the risk of lower flexibility in changing situations.

These assumptions are an inextricable mixture of experience and stereotypes. It would be too simplistic to simply attribute this to prejudice and ageism³⁹. In general, the scepticism of employers grows with the length of applicants' time unemployed. This might be called a sorting effect. When no other company had recently hired this older person, employers will be especially risk-focused⁴⁰.

- Balancing Policy: an ageing workforce with a high retention rate can have paradoxical negative effects on hiring older people. Employers that want to balance the age profile of their workforce, or if they need to prevent bulk retirement at a later stage, will then prefer to hire a younger cohort.
- Upfront training investment: every workplace competency is a composition of two basic factors: formal skills and tacit skills⁴¹. Formal skills refer to knowledge that enable people to carry out the job in question. They can to some extent be learned in school or in an adequate workplace. Tacit skills refer to the specific ways of working that can only be acquired through concrete experience, through failures and through coping with contingencies. Tacit skills refer to the processes of interacting and cooperating, short cuts and support systems, in general: things that are very specific to the context - the job, the company, the department and the relations within it. The less routine the job is, the higher is the component of tacit skills. This means that in contrast to older workers within the company, employers will need to consider a more or less long period of learning, experience and training to enable a new hire to be able to fully do the job. This investment needs to be balanced with the expected working period after the initial learning curve. It seems that employers weigh this against the candidates especially for the unemployed who have higher skills.
- The negative effect of positive age stereotypes: paradoxically positive age stereotypes work against older outsiders. Employers asked about the positive work characteristics of older employees typically point to traits like experience, loyalty, quality consciousness and discipline. While internally they positively balance possible negative stereotypes, this does not hold true for outsiders. These kinds of traits mainly show up 'on the job' so they are difficult to spot in an application process.
- Costs too high: older unemployed people have most likely lost their jobs when their wage was relatively high in their personal lifecycle. While employers will accept seniority⁴²-based wage curves in their company, this does not extend to newcomers with an assumed risk profile. Thus, older unemployed people might very well price themselves out of the market.
- Mismatch: the obvious explanation – skills mismatch – also holds true in many cases as would be expected. Brussig and Bellmann (2008) found that many employers do

³⁹ Heywood/Jirjahn (2016, p. 355) distinguish between preference-based discrimination and statistical discrimination, the first is prejudice-based while the second is the result of a sorting process.

⁴⁰ Studying the recruiting behaviour of 41 employers in six countries with respect to low-skilled workers, Bonoli and Hinrichs (2012) found that employers specifically look for motivational indicators. The public employment channel tends to be regarded as a risk indicator for possible low motivation.

⁴¹ Based on Polanyi (1958), refined for detailed job analysis by Pfeiffer (2016).

⁴² These 'seniority' systems are more linked to length of service than to mere age. In essence they honour experience, which is related to, but not identical to age.

not come across any applications at all from older workers. With required skill levels moving up, and the growing need for new digital competencies, the problem of skill mismatch is probably increasing.

- Mere prejudice: there can also be mere prejudice at work. Social stereotypes are strong, and ageism is one of them. It seems that stereotypes are more stable than the extension of the capability curve through better health and longer lives. Nevertheless, these stereotypes are so intertwined with some reasonable risk assessments, that pure anti-prejudice campaigns to change awareness levels risk having too little effect. It seems more reasonable to also address other factors and reduce the entirely comprehensible risks to the employer.

3.6. Summary

The consequences of demographic change arrive at different times for employers, in different country-specific labour market dynamics and in the context of different business challenges. This should make people sceptical of simplistic generalisations about company behaviour and possible remedies. Frontrunners in the direction of age neutrality are certainly Sweden, Norway and the UK. To understand better the challenges further down the road, it would be fruitful to explore in depth how companies have responded in these countries.

Companies in most countries seem so far to have coped with an ageing workforce without a sense of crisis. Paradoxically, academic concern seems to be greater than problems reported by companies. Companies have mainly coped with the ageing of the workforce through their established channels of work organisation, job allocation and counselling. If that fails, they resort to special exit paths like disability pensions. Whether this approach is sufficient for future challenges is an open question.

Companies are sceptical about measures and programmes specifically designed for older age groups. There seems to be a more 'mainstreaming' approach in the sense of setting up broader programmes for the workforce in which the older population may participate. It is very difficult to assess the prevalence of demographically motivated measures. A number of activities, like health programmes, have a multi-purpose character. Others, such as the expansion of training activities do not carry a demographic label. Small and medium-sized companies do not regularly sort their activities under programme headings. Only major companies are likely to have programmes that explicitly target older workers.

The compulsory retirement age has a major impact on pre-retirement years in the workplace. Companies, as well as employees, reduce their 'investment' activities in work abilities. The increase in retirement age was the most important driver of behavioural change in employers, supported in some countries by the upward business cycle. But the strong pre-retirement effect of the legal retirement date remains. It would make sense to direct research activities to company behaviour in countries – like the UK – that have given up compulsory retirement.

Retirement management remains a very ambiguous issue. Companies adjusted to pension reforms that block some early retirement channels. But when they need to reduce personnel, they still resort to early retirement programmes. The financing may have changed and the definition of 'early' might have moved higher up the age ladder, but in central Europe the older workforce remains a potential target for workforce reductions.

Employers remain reluctant to hire older workers. It might be a way to solve a resource problem, but it is certainly not the preferred one. Ageism is one of the explanations. Others have to do with the perceived risks of hiring older workers. To support hiring, these risk factors need to be addressed by public policy.

The employability of workers in a broader labour market sense is outside the scope of concern of companies. Employers care in varying degrees about the employability of their workforce in their specific company – mainly on an ad hoc basis. If older employees lose their jobs through companies going out of business, or other events, they will generally leave with no more knowledge than what they needed to know in the company they worked for. Changing this would require external intervention.

There is very little evidence that companies are ready for the next step on their own, i.e. moving the employment of older workers beyond the current age of retirement. This would also need outside intervention - especially from lawmakers.

It is difficult to reach small and medium-sized employers since they have too few resources to cope with broader issues like future demographics, the expected labour market situation etc. They might be more approachable through networking activities that give them the opportunity of gaining contacts as well as learning from others.

Major employers are open to social responsibility approaches that go beyond their limited company interest. They are certainly approachable for programmes that promote the hiring of older workers. Major employers can also play a role as 'issue promoters' within business networks.

4. Consequences and challenges for the PES

Extending working lives is, in the first instance, a challenge for national employment policies. Every national PES is one actor within this broader framework. Statutory reforms in the pension, sickness and disability benefit systems have been the principal driver of rising activity and employment rates among older workers. The primary mission of PES has been to provide services for the unemployed, including older unemployed, and to facilitate their reintegration into the labour market. Parallel to increasing the financial incentives for remaining in employment, national policies have also increasingly adopted a broad spectrum of complementary reforms and initiatives designed to (1) further incentivise the retention and hiring of older workers; and to (2) promote corresponding changes in the human relations practices of firms to improve the employability of currently employed workers. Within the context of national efforts, PES play an important supportive role as well, which varies in scope and intensity across EU Member States.

This section discusses (1) the consequences of demographic ageing and the new policy environment for the PES's clientele; (2) challenges in supporting longer working lives for older workers; (3) PES strategies to support the reintegration and retention of older workers; and (4) what motivates older workers to remain in employment and support strategies.

4.1. Consequences for the PES clientele

Demographic trends and the new policy environment they have brought forth can, in principal, be expected to have two long-term structural effects on the PES clientele. First, an **ageing PES clientele** - as the labour force ages so does the PES clientele. Second, a potentially **growing clientele** as the PES become responsible for more jobless people. While the former effect is self-evident, the later requires some explanation.

Various factors push more older jobless people into unemployment. They include not only the curtailment of early retirement options but also the increasingly restrictive access to other pathways to withdrawal from the labour market for older workers together with a new emphasis on their activation through labour market measures (Mosley et al., 2018):

- In some countries, the older unemployed were in the past frequently exempted from job search requirements (e.g. '58er-regulation' in Germany, or the 'unemployment pension' in Finland)⁴³. Ending such policies means that older long-term unemployed people become clients for PES services.
- Sickness and disability benefits are often a pathway to early withdrawal. Legislative changes and increasingly restrictive practices steer more jobless people towards unemployment and into the PES clientele.
- Social assistance (non-insurance) benefits for able-bodied recipients of working age, many of whom are older long-term unemployed, are increasingly made conditional on participation in activation measures that are the responsibility of the PES (e.g. Denmark and Germany).

In summary, these structural changes mean that, in the long run, more older workers can be expected to utilise PES services, and there will be an increasing need for innovative employment promotion strategies for older unemployed workers as well as the necessary resources. In practice, the actual impact on demand for PES services depends on continued success in increasing the retention and employment rate of older workers and, in the short

⁴³ The Netherlands and Norway, among others, had similar regulations (Konle-Seidl, 2017).

run, on the business cycle, as well as factors that vary considerably across the Member States (e.g. the market share of the national PES and the intensity of PES activation).

In the current post-economic crisis upswing, the number of registered PES jobseekers declined in the EU (on average by 17.7%), as did that of older workers (50+) (on average -10.4%). The percentage share of older workers among PES clientele (i.e. registered unemployed jobseekers) was 26.7% in 2018 on average. The share of older workers in the PES clientele is higher in Bulgaria, Latvia, Malta, and Slovenia (40-42%) and lower in the Czech Republic, Croatia, Estonia, Portugal, and Romania (36-38%). Ireland had the smallest percentage of older jobseekers in the PES clientele (9%) (PES Capacity Report 2018: Figures 2 and 4). As noted above, longer term OECD survey data for the EU-28 indicates that while the unemployment rate for older workers was little changed in 2016 in comparison with 2006 (6.1% vs 6.4%), the percentage of long-term unemployed among older workers rose markedly, from 37.1% to 48.8% (see Table 2.1 above).

4.2. What reservations do employers have about retaining or hiring older workers?

Older workers are less likely to lose their jobs, but they are also less likely to be hired and they are disproportionately affected by long-term unemployment. For people who become unemployed, the probability of regaining employment within two years gets markedly worse after age 55. In Germany, for example, the chances of ever being re-employed within two years was 80% for jobseekers aged 47-49 when they became unemployed, 60% for those aged 55-57, 35% for those aged 58-60 and less than 15% for those aged 61-62. For women, taken as a separate group, their chances of re-employment decline even more markedly (Homrighausen and Wolf, 2018)⁴⁴. Various explanations are offered in the scientific literature, and by employers and practitioners in the PES. These special issues are frequently addressed by PES measures and statutory reforms to support the hiring and the retention of older workers (Mosley et al., 2018; Konle-Seidl, 2017; Knuth, 2012).

Demand-side reservations: the following are predominantly demand-side reservations to the retention or hiring of older workers typically cited and addressed by policy measures:

- Age stereotypes and discrimination are generally regarded as a significant factor with negative effects on employers' willingness to retain or hire older workers. The societal definition of 'old' (as defined inter alia by statutory retirement ages or collective agreement) also impacts upon the supply side, the willingness of older workers to remain in employment, but also their self-perception and search behaviour (loss of self-esteem) if they become long-term unemployed. PES staff themselves may also share these stereotypes.
- Qualifications - the lack of, or outdated, qualifications and skills (e.g. IT skills). In most countries, younger age cohorts have higher formal qualifications, and in some countries for historical reasons, older generations of workers are *markedly* less qualified than younger cohorts. Even higher qualifications can be outdated due to technological change or new product strategies.

⁴⁴ The data refers to people who entered unemployment between 2010 and 2012 after at least two prior years of continuous employment, and found any employment covered by social security in the following two years. These jobseekers will have had a maximum entitlement to unemployment benefit from 12 to 24 months, depending on their age and employment history.

- Health risks. Health issues increase with age, especially longer health-related absences. Employers may be reluctant to retain or hire older workers because of the potential financial and organisational risks.
- Seniority wages, i.e. wage-rates based on the principle of seniority that are set in collective agreements or a firm's personnel policies⁴⁵. This factor is emphasised in the economic literature on the productivity of older workers. Seniority wages provide an incentive for workers to remain in employment, but they can give firms an incentive to send older workers into retirement. The lower-productivity rationale is in practice embedded in a mixture of assumptions regarding qualifications, health, motivation and the adaptability of older workers.
- Employment protection regulations, including social-plan requirements and redundancy payments, protect older workers in employment but they may make employers more reluctant to hire older workers (the 'insider-outsider' dilemma).
- Low statutory retirement age. Where the statutory retirement age is low (e.g. under 65 in France, Estonia, Lithuania and Hungary) the willingness to enter new employment contracts decreases for both employers and workers.

Supply side obstacles: the following represent exclusively supply-side obstacles to successful job searches that also have to be addressed by PES, as evidenced in the academic literature:

- Lack of job search skills. Older workers who are displaced after a longer period of continuous employment may lack basic search skills, as well as a knowledge of labour market opportunities.
- Unrealistic wage expectations. Older jobseekers will often have to make wage concessions when seeking new employers that they may be reluctant to make.
- The benefits trap. When net income difference between low-paid work and benefits is low, jobseekers may have little motivation to accept job offers.
- Earnings penalties for pensioners. Workers who wish to continue to work after having retired often face financial penalties (offsets) in early retirement and pension schemes.
- Low geographic mobility. Older workers with low geographical mobility may be left behind in rural areas or in regions with economies and populations in decline.

PES strategies and measures must take both employer reservations and supply-side obstacles into consideration when designing measures to support unemployed jobseekers. The relative importance of the various factors will differ in different countries and even regionally.

The perspective of practitioners, German placement staff are used in this example, on the specific placement challenges of older workers aged 55+ is illustrated in Table 4.1. The results are not representative, but they give some indication of the relative importance of placement impediments, at least from the perspective of German PES officials. For both men and women, health limitations are regarded as the most important placement challenge among older workers and, of almost equal importance, are IT skills, which even in a service economy are now essential. Finally, the general reservations of employers in

⁴⁵ For example, in Slovenia, there is a long-standing tradition based on law and collective agreements that the worker's base pay increases by 1% for every two years of work experience, independent of seniority with the current employer, regardless of the length of employment with the current employer (Vodopivec et al., 2019).

their attitude towards the older unemployed is centred around the top three named challenges in the table below. Noteworthy are differences by gender: women are particularly affected by family responsibilities but to a lesser extent by limited local mobility, whereas men, in the view of placement staff, more frequently have a problem with unrealistic wage expectations (Homrighausen and Wolf, 2018).

Table 4.1. Placement challenges of older jobseekers, % identifying

	Women	Men
Health limitations	89	90
IT skills inadequate/out of date	89	80
General reservations of firms against older unemployed workers	70	70
Local mobility limited	74	52
Limitations due to family responsibilities (care of relatives, children etc.)	67	20*
Wage expectations too high	44	64
Inadequate foreign language skills	52	54
Limited motivation to learn/train	51	56
Missing or out of date professional qualifications	52	49
Limited self-initiative/work attitude	44	46
Lack of or outdated professional experience	30	16

Source: Expert interviews with 61 German PES placement staff (%), multiple choices possible (Homrighausen and Wolf, 2018).

Note: * = Statistically significant.

4.3. How do PES policies address these needs and concerns?

4.3.1. Targeting: older workers in ALMP

There is no complete picture of PES strategies in support of older workers, whether there is an explicit strategy at all in some countries. According to the PES Capacity Report for 2018, only four PES (in Austria, Belgium VDAB, Lithuania and Luxembourg) report having any strategic targets for older workers, and they have six strategic targets between them. In contrast, 14 PES reported 26 strategic targets between them related to unemployed or NEET⁴⁶ youth. This is only an indicator, but it suggests that older workers are not high on the policy agenda. This may be a result of the predominant mainstreaming strategy with regard to the older unemployed, as consequence of which relatively few PES offer targeted measures for the older workers. For the most part ALMP measures are oriented towards specific types of problems: people with disabilities (10 PES), low-skilled (2 PES), or – the largest category – the long-term unemployed (14 PES with 28 targets) (PES Capacity Report, 2018, Table 13). In contrast, for example, to youth, older workers as a category were not as a rule a significant strategic target for PES.

A further question is the extent to which mainstream ALMP measures are targeted towards older workers. There is no systematic information available on older workers' participation in ALMPs by type of measure. Information is, however, available on the percentage of older workers aged 55+ in the PES clientele of registered unemployed jobseekers and, for most countries, reported data on the percentage of participants in ALMPs aged 55+.

⁴⁶ Not in Employment, Education or Training.

Table 4.2. Share of older jobseekers aged 55+ in PES clientele and in ALMP, 2017

PES	Share of registered unemployed	Share of ALMP	Targeting score
Netherlands	31.0%	*	*
Bulgaria	26.7%	27.4%	1.0
Slovenia	25.9%	4.6%	0.2
Latvia	25.6%	31.5%	1.2
Malta	25.5%	32.1%	1.3
Lithuania	24.8%	19.7%	0.8
Portugal	23.6%	11.0%	0.5
Spain	23.4%	9.1%	0.4
Estonia	23.0%	19.9%	0.9
Finland	22.5%	11.1%	0.5
Hungary	21.8%	19.7%	0.9
Croatia	21.5%	11.4%	0.5
Germany	20.9%	*	*
Cyprus	20.8%	5.5%	0.3
Ireland	20.7%	*	*
Poland	19.1%	*	*
Belgium - VDAB	19.0%	*	*
Greece	18.0%	*	*
Sweden	17.6%	21.1%	1.2
Czech Republic	16.5%	18.2%	1.1
Slovakia	16.5%	19.5%	1.2
Belgium - Le Forem	16.3%	5.2%	0.3
Norway	15.7%	5.7%	0.4
France	15.4%	9.8%	0.6
Belgium - Actiris	14.7%	*	*
Austria	14.3%	3.0%	0.2
Luxembourg	13.9%	10.0%	0.7
Denmark	13.5%	9.5%	0.7

Source: PES Benchlearning data collection. No data or insufficient data for Italy and Romania. Targeting score = ratio of the share of older workers benefiting from ALMPs to their share among all registered unemployed. *= missing data.

The share of older workers among the PES clientele of unemployed jobseekers⁴⁷ varied greatly across the Member States in 2017, ranging from a high of 31% in the Netherlands to a low of 13.5% in Denmark. The median share of older workers among the reporting countries is 21% (Germany). The considerable variation is in the first instance a

⁴⁷ Registered unemployed jobseekers = people registered with the PES who are available for the labour market and who are, or should be, looking for a job, including those on certain active labour market policy (ALMP) measure. Participants in ALMPs = people participating in an ALMP-measure in the following categories (according to the LMP database): (1) Training (LMP category 2); (2) Job rotation and job sharing (LMP category 4.3); (3) Sheltered and supported employment and rehabilitation (LMP category 5) ; (4) Direct job creation (LMP category 6). This definition does not include people in the LMP database category 4.1 (recruitment incentives) or category 7 (start-up incentive).

consequence of the differences in the level and structure of registered unemployment but also in registration requirements, and the availability of alternative statuses (e.g. disability) rather than simply having 'unemployed' status.

Based on this data, we have calculated a targeting index which is simply the ratio of the share of older workers in ALMP measures to their share of all unemployed jobseekers. A score of 1 means that the inclusion of older workers in ALMP corresponds to their share among all unemployed jobseekers. Scores above 1 indicate a high degree of targeting of ALMP on older workers, whereas lower scores indicate weaker targeting. The targeting of ALMP on older workers is highest in Sweden, the Czech Republic, Slovakia, Latvia, Malta and Bulgaria, all of them having scores of 1 or above. Targeting for older workers is lowest in Austria, Slovenia, Cyprus, and Belgium - Le Forem, among the countries reporting. The explanation for very large differences in national priorities would require more detailed analysis of the national context.

4.3.2. PES interventions in late-career labour markets

The types of PES strategies and measures surveyed above, in particular the targeted measures for older workers, largely reflect the findings and recommendations of the analytical literature, in conjunction with the regulatory changes in employment protection, labour law and tax incentives surveyed. Other relevant policy fields (e.g. pension and welfare systems, human relations practice and collective labour agreements) are outside the scope of PES responsibility.

4.3.3. Strategic choice: mainstreaming or targeted measures for older workers

A basic strategy choice for PES is whether older workers are best served by targeted measures for older workers or by mainstream ALMP programmes. Mainstream PES services are open to all jobseekers, whereas targeted services are special programmes for the needs of older unemployed clients. The predominant view among PES seems to be that individualised mainstream services are preferable to specialised programmes for this target group. In this view, older workers are not deemed to have a sufficiently distinct clustering of impediments to employment to justify a target-group approach. A target group approach to older workers is said to ignore their heterogeneity and risks stigmatisation (e.g. Germany and the UK). Instead, PES rely on profiling or other types of client segmentation (e.g. the duration of unemployment). Mainstream approaches typically rely on profiling to identify the needs of individual clients and, if need be, to refer them to specific types of support (Mosley et al., 2018, Knuth, 2012)⁴⁸.

The choice of a mainstreaming approach or a targeted approach to older workers does not in itself appear to affect the extent to which older workers receive PES services. There is a great deal of variation among PES in the extent to which older worker participate proportionately in ALMPs with no obvious relationship to mainstreaming. Sweden, for example, which practices a strict mainstreaming approach, has one of the highest targeting scores for older workers in ALMPs (see Table 4.2 above).

There is no clear evidence on whether mainstream or targeted measures are more effective for older workers. It will depend on the measure and on the labour market context. There is reason to believe that older people learn differently, which should be considered when structuring training programmes for older workers. Mainstreaming based on profiling and client segmentation according to general categories does have the tendency of making the situation of specific groups less transparent, both to the organisation and to external observers. Moreover, profiling and client segmentation may

⁴⁸ See Barnes and Wright (2015) for an overview and discussion of profiling in EU PES.

channel resources towards clients with better labour market prospects, given limited organisational resources. Whether this is the case depends on the particular system and the existence of other steering elements, for example, strategic performance targets for specific groups.

In practice, PES policies with regard to the choice of mainstreaming or targeted measures have varied across many countries in response to the changing labour market situation, political pressure and changes in government. For example, in the Netherlands, although ALMP programmes are mainstreamed, special placement services were introduced for older workers as well as targeted wage subsidies for employers hiring older workers. This was in response to a rapid rise in the unemployment rate of older workers in the aftermath of the economic downturn 2008/2009, when they accounted for almost half the PES clients on the unemployment benefits. In many countries, mainstream ALMP programmes also have preferential provisions for older participants e.g. longer periods of participation.

Table 4.3. PES and related interventions by type of employment impediment

Demand-side impediments	PES interventions and related interventions
Age stereotypes and discrimination	Proactive outreach to employers and the public to combat discrimination and disseminate age management practices (see Table 6.1).
Qualifications for current requirements or new qualifications to respond to product or technological change	Subsidies for continuing training for older employees (see Table 5.4); initial training offers for firms hiring older workers; the certification of acquired skills for older workers.
Risk aversion (e.g. health issues, adaptability, qualifications)	1) Temporary wage subsidy to compensate employers for the perceived lower productivity and risks from hiring older unemployed people (PES ALMP); 2) Temporary or permanent subsidies for hiring or employing older workers through reduction in employers' contributions to social security (statutory; see Table 5.1).
Seniority wages determined by personnel policies or collective agreements	
Employment protection/labour regulations	Special exceptions from labour regulations when hiring older workers (e.g. longer probation periods, trial placements). The elimination of aged-based employment protection (see Table 5.5).
Low statutory pension age in relation to the current age of the employee/applicant	
Supply-side impediments	PES-and related interventions
Lack of job search skills/unrealistic expectations	Special placement services and preferential placement regulations (see Table 5.3).
Unrealistic wage expectations	Wage supplements to partially compensate older workers for accepting jobs paying below their reservation wage based on previous employment or benefit entitlement (see Table 5.2).
Benefit trap	
Low geographic mobility	

Either approach seems preferable to the previously widespread practice in many countries in which the older unemployed, who are typically entitled to an extended period of unemployment benefits, were exempted from job search requirements⁴⁹. The PES in effect functioned as a pathway to their withdrawal from the labour market (Mosley et al., 2018; Konle-Seidl, 2017).

⁴⁹ In the past this sort of extended benefits were misused as a strategy for coping with redundancies until workers became eligible for early retirement.

4.4. What motivates older workers to remain in or seek employment?

It is not only demand-side impediments that determine older people's employment rates, their individual choices on whether to remain in or seek employment are also important. Indeed, the principal focus of public policy has been to increase the financial incentives for remaining in employment longer through increases in the pension age, the curtailment of early retirement options and the tightening of access to alternative paths to withdrawal from the labour market through extended unemployment benefits for older workers, disability pensions and other welfare programmes. Moreover, demographic ageing has exerted financial pressure on contributions-based pension schemes, and that has put downward pressure on pension levels.

Table 4.4. Determinants of older workers' retirement decisions

Factors	Effect on employment probability	Role of PES
Higher education	+	
Health	+	Workplace-oriented proactive measures (see Table 6.1 & Table 6.2)
Better job characteristics	+ -	Workplace-oriented proactive measures (see Table 6.1 & Table 6.2)
Distance to retirement age	+ -	
Availability of flexible (e.g. partial) retirement	+	
Enabling work after retirement	+	
- Earnings penalties for pensioners	-	
- Flexible forms of employment	+	

Source: adapted from Flores and Luske 2016.

Higher education. Higher levels of education are a principle driver of employment rates for older workers. Rising levels of education and training can be expected to drive future increases in employment rates for older workers. Education is clearly a marker for positive job characteristics, health and other factors conducive to longer working lives.

Health. Among inactive people age 50 to 64, illness or disability is the most important reason for not seeking work after retirement⁵⁰. Health limitations are a principle impediment to employment for older jobseekers. Rising longevity and improving health of older people is a positive factor for rising employment rates in the future.

Job characteristics. Age management policies, especially working time flexibility and adapting work to changing capacities, as well as general job satisfaction can play an important role in retirement decisions. PES can be and are active in this area in many countries in the context of national efforts to disseminate age management practices. Being able to balance professional and family responsibilities is important for many older workers, especially women. Among inactive women age 50-64, 18.4% report that 'family and other care responsibilities' are their main reason for not seeking work (3.4% for men).

Distance to retirement age. Distance to retirement age is a major factor, not only in the prospects for older workers being hired, but also with respect to the probability of opting for early retirement. The likelihood of retirement increases markedly and the likelihood of leaving unemployment decreases as individuals approach the retirement age.

⁵⁰ Women 21%; men 32% (Mosley et al., 2018, Table 1-4).

Interestingly, the same is true for their status in the firm. Whereas the evidence for an impact of PES continuing training on the retention of older workers is weak, raising the retirement age has been shown to be instrumental in increasing the incidence of training among older workers, and generous early retirement schemes have a significant negative impact (Vodopivec, 2019; Montizaan et al., 2010; Fouarge and Schils, 2009). That both the employer and the older worker are less interested in investing in training as retirement nears is a plausible explanation. In particular, the mandatory retirement age has a powerful impact on the time horizon of firms and workers. Low statutory retirement ages in some countries are a particular disincentive to longer working lives.

Flexible retirement pensions. Flexible retirement pensions, such as partial retirement for example, are an alternative to what the OECD has termed 'cliff edge' retirement. Some countries have introduced partial retirement schemes (e.g. Austria and Germany), in which the partial loss of income is compensated in part by a partial pension subsidy, permitting workers to switch from full time to subsidised part-time work (Eurofound, 2016)⁵¹. An analysis concludes that such schemes are beneficial since merely discouraging early retirement and increasing the pension age is a limited strategy as many people are unable or unwilling to work until their pension age. The reduction of working time enables them to work longer than would otherwise have been feasible. To maximise the number of older people in employment, the entry age for partial retirement should be the same as the early retirement age (Hann and Tolan, 2017).

Earnings penalties in pensions. Most workers retire early i.e. before the age eligibility for a full pension. In many early retirement and old age pension systems there is a significant earning penalty for earning beyond a relatively low limit. Company pensions may also have similar provisions. This can be a significant disincentive to bridge employment until the full retirement age is reached.

Flexible forms of employment. The availability of flexible form of employment (part-time, self-employment, the gig economy or the informal sector may be particularly important for the older worker) gradually reduces older people's working hours while they remain in the labour force (Graham, 2014; Vodopivec et al., 2019). Employment can be an alternative to full early labour market withdrawal (Been and van Vliet, 2017) or a way to combine work with family responsibilities. Širok (2011) found, for example, that in Slovenia flexible work arrangements are central to extending working careers and that the lack of work flexibility for blue collar workers results in retirement at an early age. In Germany more than one fourth of all new pensioners work in the first three years after having begun to receive a pension, mostly part-time. An additional 20% of men and 13% of women would like to work (Anger et al., 2018).

⁵¹ The German scheme has often been used as a form of early retirement: workers work full-time for one year and then work zero hours in the second year.

5. PES services and measures for older jobseekers

The principal types of PES labour market measures designed to support the re-employment or the retention of older workers are discussed in this and the following chapter. Two major types of measure are broadly distinguished: (1) PES initiatives and measures to further measure the reintegration of older jobseekers and (2) Workplace-oriented measures to combat age discrimination, promote age management awareness and improve the employability of employed workers. This chapter surveys PES measures typically used for older jobseekers, in particular targeted measures. The following chapter examines PES workplace-oriented preventive measures for older workers in employment.

In the following chapter, the principal types of reintegration-oriented services and measures for older workers are discussed. The following principle types of intervention in support of entry into regular employment, using examples wherever possible from measures targeted specifically for older workers or where they were typically a major share of participants, are discussed: 1) wage subsidy; 2) wage supplements for workers; 3) special placement services; 4) training and 5) related regulatory exemptions and reforms in support of the older unemployed. The measures discussed are merely illustrative of different PES practices, no claim of complete coverage is being made.

5.1. Wage subsidies⁵²

Wage subsidies in ALMP are normally targeted towards 'difficult-to-place' jobseekers, in most cases temporary and in many cases conditional on some period of continued employment after the expiration of the subsidy. The subsidy is either a direct payment or a reduction in taxes or social security contribution. Design features are important in wage subsidy. Good practice wage subsidy should (see Brown, 2015):

- target the unemployed who have limited chances for employment to minimise the risk of deadweight loss and displacement;
- increase employability during the subsidised period, ideally through a training component; for the long-term unemployed renewed work experience and interruption of the employment spell is itself a gain;
- set conditions for increasing the probability of continued employment after expiration of the subsidy, typically a minimum of subsidy employment period;
- monitor and assess of programme outcomes.

A key factor in programme success is targeting. If targeting is too loose, then deadweight and displacement effects may be high; if too strict, there is a risk of stigmatisation and low uptake by employers (Brown, 2015). In PES administered programmes it is typically a discretionary measure, frequently with a sliding scale for the wage subsidy and/or the subsidy period, which may vary across categories of eligible people. Most wage subsidies administered by the PES are available for a variety of 'difficult-to-place' workers. In some countries, unemployed people over a certain age may be eligible for wage subsidies under special conditions (e.g. for a longer duration in France, the Netherlands or Germany). While wage subsidies are widely used, the targeted older workers tend to be 'pre-seniors' aged 45-54 and not older workers. The empirical evidence for their effectiveness differs between programmes, countries, and time periods (Boockmann and Brändle, 2015; Konle-Seidl, 2017).

⁵² For an overview see Boockmann (2015).

5.1.1. Temporary wage subsidies

Temporary wage subsidies for employers are the most common type of age-specific programmes for older, and for other 'difficult-to-place' workers. The rationale of wage subsidies is to compensate employers for the perceived lower productivity and risks of hiring older workers by reducing their wage costs. The advantage of such wage costs subsidies is that the participants enter regular, if subsidised, employment. Even though temporary, they provide employers a period to screen workers and workers a chance to resume work, which can be highly valuable for the long-term unemployed. Wage subsidies have generally higher post-programme employment rates and they are cost-effective, particularly for benefit recipients.

The German wage subsidy (Eingliederungszuschuss; EGZ), for example, can pay up to 50% of wages for up to 12 months (36 months for the unemployed aged 50+). The employer is obliged to continue to employ these workers after the subsidy ends for a period equal to the duration of the subsidy, or for a maximum of 12 months. It is a mainstream programme in which only a minority of the participants are older workers. An evaluation based on a matched comparison of participants and non-participants showed overall strongly positive effects: 20 months after taking up subsidised employment the percentage share of participants in regular employment was 40 percentage points higher than for non-participants. (Bernhard et al., 2008). Based on a different methodology, Boockmann et al. (2012) examined the impact on older workers aged 50 and found that for this group of eligible older workers, only women in East Germany showed a statistically significant positive effect on the probability of exiting unemployment (see text box below).

A Finnish targeted wage subsidy for all older (aged 55+) low-wage workers, both unemployed or employed, was introduced in 2006 to increase the employment of older workers and to provide an incentive against early retirement. It paid up to 44% of wages (on a declining scale, for workers with a monthly wage between 900 and 2,000 EUR). The subsidies were less generous than in the German reintegration subsidy, but they could be received by all employees and for a longer period. An evaluation (Huttunen et al., 2013) concluded that the wage subsidy failed to increase the employment rates, wages or working hours of older workers. The results of the evaluation suggest that 'demand for older workers is inelastic'; the wage subsidy had no effect (Vodopivec et al., 2019).

5.1.2. Targeted reductions in social security contributions

In addition to 'classical' hiring studies in ALMP measures offered by PES, there is a variety of targeted wage subsidy for older unemployed people in a number of Member States based on a statutory temporary or permanent reduction in employers' contribution to social security for hiring or employing workers of a specified age (see Table 5.1). Eligible categories include workers aged 50+ or 55+, and the amount of the subsidy is in most cases substantial – approximately one half of employers' social security contribution, and in most cases it is also permanent (see Table 5.1). Such large across the board cuts in the wage costs of older workers, although not administered by the PES in the context of an ALMP measure, can markedly improve the labour market prospects of older workers.

An evaluation of a Belgian wage subsidy that reduced social security contributions by up to 400 EUR per quarter for workers 58 years of age and older (less for part-time employees), found only a small response in the employment rate. However, the study did find a response in some groups, in particular for workers in large firms in manufacturing with high rates of early retirement, where the employment rate for older workers was highly responsive to the subsidy: in these particular circumstances a 10% reduction in the labour cost increased the probability of being employed by 9% (Vodopivec et al., 2019; Albanese and Cockx, 2015). The effect of the subsidy was, however, to increase retention rather than create 'new hires'.

The Job Protection Act (JPA) subsidy in Hungary, which represents a large permanent reduction in wage costs, had a major impact on the employment rates of eligible workers, including older workers. It appears to be the principal factor in the strong increase in the employment rate for older workers aged 55+, whose employment rate increased by 14 percentage points in Hungary after the introduction of the measure, in the context of an economic upswing and labour shortages (see Table 2.1, and Svraka, 2018). Hungary had, moreover, the highest hiring rate for older workers in the EU in 2016 (see Figure 2.1 above). There has been no evaluation of the impact of the wage subsidy, but labour shortages appear to have played an important role⁵³. In much of Eastern Europe, outward migration has intensified the effects of demographic ageing.

In summary, appropriately designed wage subsidies can be an effective ALMP instrument, if properly designed (see text box below) and targeted. Wage subsidies are used in PES-administered ALMP measures more for workers in the 45-55 years range rather than for workers aged 55 and above. Available econometric evaluation results for general wage subsidies for broad categories of older workers show mixed and at best limited positive effects for certain groups and in special situations (e.g. improved retention in Belgium, labour shortages in Hungary, women in former East Germany) and deadweight effects are high. The evaluation literature is sceptical of general wage subsidies as an instrument for supporting the reintegration of older unemployed people.

Table 5.1. Wage subsidies and targeted reductions in social security contributions

Country/Measure	Time period	Eligibility	Subsidy	Duration
1. NL 'Labour Costs Compensation(LKV)'	ongoing	56+	Maximum €6000 per year	up to 3 years
An employer hiring an older worker (56+) on unemployment benefit receives a reduction in their employers' contribution of EUR 7 000 per year (less for part-time employment) ⁵⁴ .				
2. PL	2009-	50+	Total exemption	12m./ permanent ⁵⁵
Employers obtain exemption from the obligation to pay contributions to the Labour Fund and the Fund for Guaranteed Employees' Benefits for 12m for employees over 50; and permanently for women aged 55+/men aged 60 and older.				
3. HU 'Job Protection Act (JPA)'	2013	55+	28.5% to 14.5%	permanent
Permanent reduction in social security contributions (28.5% to 14%) for employers hiring or employing workers over 55.				
4. ES	ongoing	55-64	55% or 50%	permanent
Companies that hire unemployed workers aged 55-64 on permanent contracts benefit from discounts in employer contributions made to social security. These discounts amount to 55% during the first year that the contract is in force, and 50% thereafter.				
5. LU	2017-	50+	100% of salary costs	permanent
New wage subsidy (Emploi d'insertion) for long-term jobseekers aged 50 and above until the day on which the employee is awarded a retirement pension. Job creation in non-profit sector.				

⁵³ 'Hungary struggles to plug its growing labour gap' Financial Times, 22/11/18.

⁵⁴ Lower if the employee works less than 36 hours per week.

⁵⁵ They do not pay these contributions to employed women aged 55 and men aged 60.

5.2. Wage supplements

Wage supplements are available in some countries to partially compensate the older unemployed for accepting employment at wages less than their 'reservation wage' (see Table 5.2). This approach is based on the observation that older unemployed people – based on their exit wages – have unrealistic expectations of an entry wage that they might achieve and they may not accept or even apply for jobs that pay less than their 'reservation wage.' Wage supplements may also be used as a response to the so-called 'benefit trap' where the net income difference between low-paid work and benefits is low. Like wage subsidy, they lead at least temporarily to regular employment and they prevent longer periods of unemployment which might otherwise be an additional negative signal for employers. (Konle-Seidl 2017, p. 19).

The Swiss programme for subsidised temporary jobs, 'Zwischenverdienst', is designed to make lower paying jobs more attractive than unemployment benefit. Unemployed people in receipt of benefit who take a job that pays less than their unemployment benefit are compensated by the unemployment insurance fund for 80% of the difference between what they are paid and their benefit entitlement. Normally, the maximum period of receipt of this benefit is 12 months (two years for those with dependents). The mean duration of these temporary jobs is roughly 4 months. Using the programme as a subsidised screening device by firms is not prohibited and sometimes used in this way by PES offices. There is, however, no expectation that these jobs will become permanent after the subsidy expires. The 'Zwischenverdienst' thus leads directly to re-employment in the regular labour market and shortens the period of unemployment. It is especially attractive for less qualified jobseekers and the long-term unemployed. Although not a labour market programme in the traditional sense, it has been one of the most widely used and successful measures in Switzerland, measured in terms of integration into unsubsidised employment. It is a win-win offer for both the unemployed individual and unemployment insurance system, which saves money on benefit payments. The wage paid by the employing firm cannot be below the minimum wage set for the region, or sector and occupation if there is an applicable collective agreement (Gerfin and Lechner, 2002; Lechner and Gerfin, 2000).

There was a similar programme in Germany ('Entgeltsicherung' for older unemployed people) (2003-2011) that was even more directly addressed to unrealistic wage expectations by jobseekers in receipt of unemployment benefit. All the unemployed, aged 50+ (or employed at risk of job loss) with at least 120 days of entitlement to unemployment benefit, were eligible for it. The supplement was for two years and it paid 50% of the difference between the previous wage and the new wage in the first year and 30% in the second year. In contrast to the Swiss measure, the period of subsidised employment did not prolong the period of entitlement to unemployment benefits. The new job had to be covered by social insurance and compensated according to any applicable collective agreement or the usual local wage. The German scheme introduced in 2003 was relatively little used with a peak of 18,000 in 2010 and it was finally abolished in 2011. Evaluations attributed the low uptake to the fact that it was relatively little known (labour market programmes need publicity) and not proactively recommended by PES counsellors. It was primarily used by formerly well paid and more educated people who found themselves in new positions with lower pay. Most reported that the subsidy had in fact not been decisive in their acceptance of a job and there was no evidence (or expectation) that hiring decisions were influenced by participation in the programme (Konle-Seidl, 2017; Dietz et al., 2011)⁵⁶. In more recent (2016) expert interviews with front-line staff in the

⁵⁶ There was, however, a significant positive effect in a pilot of providing additional information (a brochure), which led to an increase in participation in the scheme especially among jobseekers aged 55-59 and a higher rate in the uptake of offers of employment (22% to 27%).

German PES, most saw a need for a programme offering additional financial incentives for older jobseekers in the placement process (Homrighausen and Wolf, 2018).

Table 5.2. Wage supplements for unemployed benefit recipients

Country/Measure	Time period	Description	Eligibility	Subsidy	Period
1. CH 'Zwischenverdienst'	ongoing	Temporary wage subsidy. Unemployed benefit recipients, who take a job that pays less than their unemployment benefit, are partially compensated by the unemployment insurance fund.	All benefit recipients	80% of the difference between new wage benefit entitlement.	12m ⁵⁷
2. FR 'Differential redeployment assistance'	2006-2015	Differential redeployment assistance was granted when an unemployed person receiving benefits took a job for which the pay for the same hours was at least 15% less than their previous job.	All benefit recipients	-	-
3. DE 'Entgeltsicherung for older workers'	2003-2011	Partial reimbursement of difference between previous benefit and wage in new job.	Unemployed 50+ with at least 120 days to unemployment benefit	50% of the difference	Two years
4. LT: Support of Older Unemployed People	2015 -	Reimbursement of the commuting costs of older workers entering employment (Gaušas and Vosyliūtė, 2015) ⁵⁸ .	Unemployed 55+	-	-

5.3. Special placement services for older workers

Special placement services and preferential placement regulations are, after wage subsidies, the second most common targeted measure for older workers (see Table 5.3). This approach is based on the observation that older unemployed people, especially displaced workers after a longer period of continuous employment, need to learn to be realistic about the available job opportunities, reduce their unrealistic wage expectations and improve their skills searching and applying for jobs.

'Talent 55+' in the Dutch PES functions as a job club for the older unemployed in which experience, information and advice is exchanged. The meetings are supported by specialised work coaches. The Talent 55+ measure relies expressly on a group approach that combines regular service offerings of the PES with additional resources and support in the 55+ age group, which is moderated by a specially trained work coach. The regular labour market services available to older jobseekers where the Talent 55+ measure is embedded, include, for example, drafting a job search plan, counselling and the use of a Competence Test. All jobseekers aged 55+ receive face-to-face contact with the job coach after three months and become automatically eligible for the intensive service package and they can participate in the networking meetings. The aim is to address specific deficits in job search behaviour of older workers (e.g. lack of information about the local labour market, outdated job-search skills, weak self-presentation in applying for jobs and in interviews) as well as to motivate them and build self-confidence. Currently, over 20,000 older workers participate in the programme annually, approximately 20% of the unemployed in their age category. Although not formally evaluated, a more recent survey

⁵⁷ Except for those with dependents (2 years).

⁵⁸ The measure also included an option for the vocational training and retraining.

of a sample of recent participants in 2015 reported that the training had helped 73% in their search for work, in particular to look for work more focused and through more channels, in dealing with social media, writing a CV or an application letter and in how they can network. About half the former participants think that the training improved their chances of finding a job (Mosley et al., 2018).

A Swiss pilot study also found that an approach targeted on realistic expectations and search strategies improved effectiveness. The small pilot programme (327 participants in two PES offices in the Aargau canton in 2008-2009), provided counselling (every 2 weeks) and a parallel intensive coaching programme of up to 60 days in groups of 10 to 15 people. The coaching focused on two points: (1) increasing people's self-marketing skills for the labour market; (2) improving self-assessment which should result in a better and more realistic self-profiling. The participants, people aged 45+ whose employability was rated as medium to low, were filtered from the inflow into employment and randomly assigned to the treatment or control groups. The treatment increased job search effectiveness overall by 9% in comparison with the control groups (72.0%, 63.1%), however the positive effect was limited to those aged 45-54. There was no positive effect for participants more than 55 years old 180 days after the end of coaching. Moreover, participants found more stable jobs and were less likely to re-enter unemployment. Although relatively personnel-intensive in comparison to the standard counselling received by the control group, the additional costs of the programme were more than offset by savings from unemployment benefit payments (estimated 1.73 times the costs). The individuals in the treatment group found jobs at a higher rate and the jobs they find were more stable. The author attributes the positive outcome not simply to increased search activity but to more directed and more focused search activity combined with a greater willingness of the participants to reduce their wage expectations (Arni, 2010).

German establishment surveys on recruitment suggests older workers job search behaviour may indeed be part of the problem that placement services need to address. A recent study found that 72% of establishments reported not having received any applications from older workers. Among the 28% receiving applications, 26% hired the person (IAB Job Vacancy Survey, 2014). An earlier study found a strong mismatch between firms willing to hire older workers and those receiving applications. It concluded that older jobseekers should be steered away from only applying to large and well-known firms, where their chances are statistically markedly lower, towards smaller, less well-known firms where their chances are better. PES placement services should be aware of the age-specific recruitment patterns of firms in their locality to be able to guide their older clients (Brussig and Bellmann, 2008, pp. 52-53; Konle-Seidl, 2017, pp. 16-18).

Some PES have also emphasised the need to train their own staff better. For example, the Austrian PES provides its staff with guidelines for discussion with employers and older jobseekers (Mosley et al., 2018; Konle-Seidl, 2017; Knuth, 2012). In Poland, in the context of the 'Solidarity across generations' initiative for clients aged 45+, a large number of placement counsellors have been trained specifically to support the older unemployed. Latvia has made similar efforts (see Table 5.3).

Some countries have age-specific practices in placement services that foresee earlier intervention or more intense contact, for example, initial interviews during the first month of registration (France); face to face contacts with a job coach after three months (the Netherlands) or at shorter contact intervals (Austria). In Poland, the PES has to create an Individual Action Plan for every unemployed person over the age of 50 within 180 days and make them an activation offer. Such preferential regulations are particularly important in PES with limited resources and high staff loads (Mosley et al., 2018; Konle-Seidl, 2017; Knuth, 2012).

In some countries (e.g. Germany and Spain) outreach through media and other channels is used to reach inactive older people who have no regular contact with their PES. The goal is to make them aware of PES services and opportunities from which they could benefit. This is especially important in countries where the PES market share is smaller. For example, Spain launched such an initiative in 2013 targeting older workers aged 55+ to inform about the PES service offering (see Table 5.3).

Table 5.3. Special placement services, staff training & outreach

Placement	Time period	Eligibility	Content	Rationale/goal
CH: 'Enhanced support for older jobseekers'	2008-2010	Older jobseekers 45+ on unemployment benefit	Additional counselling (every 2 weeks) and a parallel intensive coaching programme of up to 60 days in groups of 10 to 15 people for participants (employability rated medium to low).	Improve search skills and realistic self-assessment including job expectations
NL: 'Talent 55+'	2010-	Older jobseekers 55+	55+ job search networks (job clubs) supported by 120 specially trained job counsellors.	Address deficits in job search behaviour, motivate them and build self-confidence
UK: New Deal 50 Plus	2000-2009	50+ and unemployed for six months	One-to-one support with job search from New Deal Personal Adviser. a training allowance and. a tax-free wage supplement for 1 year for those who found work.	Intensive support and financial incentive to start work
Staff training				
PL: 'Professionalisation of labour market services'	2009	Older jobseekers (45+)	Includes training of 1,264 PES staff and 145 coaches in specific needs of clients age 45+	Special needs of older jobseekers
AT: Special guidelines	-	Older jobseekers	Austrian PES provides its staff with guidelines for discussion with employers and older jobseekers	Special needs of older jobseekers
Preferential placement regulations				
PL	2011-	Older jobseekers 50+	Individual Action Plan for unemployed people aged 50+ within 180 days of registration, within 6 months an offer of employment or other paid work, or ALMP (work practice, training, apprenticeships for adults).	Special needs of older jobseekers
EE	2013 -	Older workers 55+	2013 - campaign for 55+ workers launched to inform older workers about the possibility of receiving help from the PES.	PES outreach
DE	2014-	Employers, jobseekers, inactive	Image campaign [institutional marketing] to make PES services known	PES outreach

5.4. Training for the unemployed

Considerations on appropriate training for the unemployed are age-sensitive. Employers are less likely to invest in training for older workers as they near the retirement age and the worker is less motivated to participate in training, certainly longer and more intensive training. For older workers aged 55+, training offers in PES measures are relatively short as a rule or they consist of on-the-job training where a job-ready unemployed older worker refreshes their skills and learns new firm-specific skills through experience, for example in subsidised trial placements or in subsidised employment. Job search training is a popular choice, not only because of its effectiveness, but also because of its relatively low cost. Short-term training over several weeks, which might even lead to a formal certification, is also a likely option. Long-term intensive vocational training is usually not the preferred choice for older workers, given the individual's age and the shorter time horizon for their career (see Boockmann and Brändle, 2015; Vodopivec et al., 2019).

Older workers who become unemployed and apply to new employers often have the problem that the skills that they have learned were 'on-the-job', through work experience or employer training, and are therefore not documented and not transparent for potential new employers. The identification of acquired skills, which can also be important for the PES counselling process, seeks to address this placement challenge, especially for low-skilled workers who otherwise lack formal qualifications.

The German 'Perspective 50plus' initiative was a large integrated programme for the reintegration of long-term unemployed older workers (50+) on social assistance. Its implementation was decentralised through more than 70 regional 'employment pacts' which included employers and well as all the locally relevant actors. The programme typically provided a mixture of services. The most common were individualised placement counselling, job search and other training. Around one third of the participants benefited from wage subsidies (up to 50% of wages for up to a maximum of 36 months). The local employment pacts could decide on their own service offering. Although they had the freedom to develop new types of programmes, combinations of existing ALMP programmes were largely used. The service offering can best be characterised as intensive job search counselling plus other ALMPs, depending on individual needs. The uptake of the programme was high – around one third of all older unemployed people participated. Integration rates were also high for a programme for this target group. The training component included vocational training, job search training and language training (27%, 27% and 6% respectively of all participants in 2010). In the official evaluation, 41% found regular employment for at least 4 weeks and 17% for at least six months during the evaluation period (2010). It was older workers, 50-59 years of age, who benefited most from the programme. An econometric evaluation by Boockmann and Brändle (2015, p. 62) also found major positive effects (see also Knuth et al., 2014; Konle-Seidl, 2017, pp. 120-21).

The Austrian 'Implacement Labour' Foundations (Implacement Stiftung) address specific skill shortages in enterprises. Labour Foundations are established through the initiative of the social partners at company or regional level with funding from the PES, provincial governments, and the companies involved. A wide range of training is offered tailored to the needs of companies or sectors. In some regions (e.g. Steiermark) Implacement45+ measures support older unemployed workers in professional reorientation in their mid-career (Lechner and Wetzel, 2015). After completion of training, around 36% of participants enter employment directly, after three months approximately 60%, and after one year this increases to 68% (BMASK, 2017).

Many PES (the Dutch, German, and Swedish PES for example) either play a role in, or are responsible for, the certification of skills acquired on the job, which is especially valuable

for older workers seeking employment who have acquired skills on the job but lack formally recognised qualifications.

Table 5.4. Training for older unemployed

Country/ Measure	Time period	Description
DE: Perspective 50plus	2007-2011	Combination of individualised job search counselling and ALMP, especially wage subsidies, locally administered by regional employment pacts.
AT: Implacement 45+	ongoing	In the 'Implacement Foundations', the PES, together with the social partners, provides employers facing special skill bottlenecks with appropriately trained workers. Part of the programme focuses on training the unemployed 45+ to jobs.
NL: Certification of acquired skills	ongoing	Validates skills acquired on the job, which is especially valuable for older people, who have acquired skills on the job but lack certificates to prove it, seeking employment
DE: My Skills	ongoing	Identify the competencies and work-relevant skills for placement, training or apprenticeships for low skilled workers and migrants.
SE: Experience Certificate	ongoing	The responsibility for carrying out validation is divided between educational providers, the PES and different sector organisations.

5.5. Labour regulations and employment protection

In many countries labour regulations have been amended, or age-based protection for older workers in employment has been eliminated because they were deemed to be a disincentive to hiring older workers. The Netherlands, where dismissal protection is strong, has been particularly active in this respect. For workers aged 55+, the standard probation period of three months can be extended to six months to offset the perceived risks of hiring older workers. 'Trial placement periods'⁵⁹ have also been introduced where everyone on unemployment or sickness benefit is eligible. During the trial placement the employer pays no salary for two months, with the possibility of an extension for up to six months. During this period the employee continues to receive their benefit.

A further innovative measure in the Netherlands protects employers from the potential health risks and added costs of hiring of older workers: for long-term unemployed older workers aged 55+, the PES will pay the sickness benefit if they become sick in the first five years of their new job ('No risk policy'⁶⁰). In a further Dutch measure designed to lower the costs of retaining/hiring older workers aged 50+, the age-based risk profile in determining employers' contribution to disability insurance (WGA) was abolished.

Protective regulations for older workers in employment (insiders), which are statutory or embedded in collective agreements, can at the same time be a disincentive to hiring unemployed older workers (outsiders), if defined in terms of age rather than seniority. Such regulations have been revised in a number of countries. For example, Italy redefined employment protection in 2015 in age-neutral terms - employment protection now increases with tenure (and not age) in the new standard employment contract. In France, an age-based severance scheme that paid for the termination of older workers aged 50+, (the 'Deland contribution') was abolished because it was regarded as a disincentive to hiring older workers. The Slovenian reform of employment protection for older workers exempting new hires on permanent contracts led to a large increase in the probability of

⁵⁹ See: <https://www.uwv.nl/particulieren/voorzieningen/voorzieningen-werk/detail/voordelen-en-regelingen-voor-werkgeversproefplaatsing>.

older workers (55+) being hired, either from unemployment or from a different employer on a permanent contract (Vodopivec et al., 2019).

Table 5.5. Regulatory exceptions and reforms to support hiring and retention of older workers

Special hiring regulations	Time period	Eligible/ affected	Regulatory change	Goal/rationale
NL: Extended probation period	ongoing	Workers 55+	The standard trial period of three months can be prolonged to six months for workers above the age of 55.	Lower risks of hiring older workers
NL: Trial placement	ongoing	Anyone with unemployment or sickness disability benefit.	During the first months of work the employer does not pay a salary to the employee. The maximum period of trial placement is three months, with the possibility of extension to six months in special circumstances.	Lower risks of hiring older workers
NL: No-risk policy (health)	ongoing	55+ and long-term unemployed (>12m) on benefit	If an employee who is over 55 and has been unemployed long-term becomes sick for a long period, PES will pay the sickness benefit if they become sick in the first five years of their new job. The PES will pay their income and the WGA (partial/temporary benefit) contribution differentiation.	Protects the employer from health risks and possible added costs of hiring older workers
NL: Abolition of age-based differentiation in employers' contribution to disability insurance (WGA)	ongoing	Older workers 50+	Normally the contribution an employer pays depends on the risk profile of the staff; this measure abolishes the difference in contribution between relatively young and relatively old employees.	Lower costs of retaining/hiring older workers
IT: Age neutral employment protection	2015	-	Since 2015, employment protection increases with tenure (and not age) in the new standard contract.	Integration into regular employment
SI	2013	Older workers 55+	Prohibition of dismissal of workers aged 55+ no longer applicable to new hires on permanent contracts	Disincentivises hiring older workers
FR: Age-based severance pay for termination	2008	Older workers 50+	The Delande contribution, payable by an employer terminating an employee aged 50 or over, was abolished	Was a disincentive to hiring older workers as it was based on age rather than seniority

6. Proactive workplace policies for employed workers

Higher employment rates for older workers have resulted primarily from improved retention rates for older workers in employment and not from improved hiring rates for unemployed older workers. The principal policy instrument has been reliance on financial incentives through changes in pension systems and the closure of alternative paths to labour market withdrawal. There has also been a spectrum of complementary initiatives and measures, for which in many cases the PES are responsible together with other government agencies or the social partners. Firstly, there have been broad forms of public outreach and statutory measures directed at the public at large, employers and workers to foster awareness of the demographic challenge, change attitudes and combat discrimination. Secondly, there have been more specific workplace-oriented initiatives and measures that can be conveniently grouped under the general heading of 'age management' including:

- Demographic awareness in personnel planning
- Career development and counselling
- Access to continuing training to maintain and improve employability
- The certification of acquired skills
- Possibilities for internal transfer suited to older workers' changing capacities
- Adaptation of working time to changing needs and capacity
- Preventive health and safety measures and, if needs be, physical changes in workplace.

Table 6.1. Proactive outreach: awareness and age management counselling

Country/ Measure	Time period	Description
NL: 'Open for 50-plus'	ongoing	The PES has conducted the Open for 50-plus campaign since 2014 jointly with the MKB-Nederland (Association of Small and Medium Enterprises). Employers are encouraged via radio spots and online commercials to invite people over 50 to job interviews, and the campaign calls upon companies to report vacancies to the regional PES offices.
AT	ongoing	An awareness-raising campaign launched by the PES in 2015 has tackled the issue of older worker stereotypes, for example, by featuring testimonials of successful people over 50.
PL	ongoing	Dissemination of information to all PES stakeholders on anti-discrimination obligations based on age or disability (Ministry webpage).
LV	ongoing	Awareness-raising activities, including providing information on and assistance in the employment of older workers ⁶¹ , conferences, regional seminars, discussions, consultations and other health promotion and disease prevention measures.

⁶¹ Handbooks for employers and PES staff.

6.1. Awareness and age management

Employers are a traditional partner of the PES, and PES in many countries have played a major role in government efforts to disseminate age management practices in enterprises, either alone or in cooperation with other agencies. In some countries other agencies are primarily responsible. For example, in Poland a special public agency, PARP⁶², is principally responsible. In many countries (e.g. Norway and The Netherlands) the social partners in cooperation with the government have played a central role in promoting and facilitating age management in enterprises (Mosley et al., 2018).

PES have also frequently played a major role in broader public awareness campaigns (see Table 6.1). For example, the Dutch PES is responsible for the 'Open for 50-plus' public relations campaign, jointly with the MKB-Nederland (the Dutch Association of Small and Medium Enterprises). Employers are encouraged through radio and online commercials to invite 50+ aged workers to job interviews and firms are asked to report vacancies to the regional PES offices⁶³. The goal of the Dutch public campaign was: (1) to change the image that employers have of jobseekers aged 55+ and (2) to promote positive self-image for jobseekers aged 55+, which is regarded as essential to improving the labour market prospects of the older unemployed. The Austrian PES offers a free counselling programme for employers, 'Impulsberatung für Betriebe' that emphasises life cycle-oriented educational programmes, 'diversity management' and 'productive ageing.' Other recent example of similar public awareness initiatives can be found in Poland and Latvia (see Table 6.1).

Such efforts to change enterprise cultures and promote policies conducive to the retention of older employees have certainly become more widespread. A recent German establishment survey found that only a minority of firms overall (17%) reported using at least one such age-specific measure. The most common practice seems to be shorter and more flexible working time. Age management measures were most frequently reported in larger firms - a majority of firms with over 100 employees reported having at least one type of measure. The results may, however, underestimate the actual frequency of such practices since they may occur on an informal basis or an ad hoc basis, especially in smaller firms. Moreover, in many firms such measures may exist for all employees without any differentiation by age groups (Bellmann et al., 2018b).

There is little systematic evidence available on the impact of awareness campaigns or age management practices in preventing health problems or improving retention rates. The available evaluations are inconclusive (Konle-Seid, 2017; Midtsundstad et al., 2012, Zwick, 2011; Behaghel et al., 2014). For example, the Norwegian tripartite agreement on a 'More Inclusive Working Life' (2001) is one of the oldest and most comprehensive efforts of this type. The principal goals were improved health (reducing the incidence of sick leave and disability benefits) and promoting retention. While retention has indeed improved, it is the evidence for the impact of the policies that is inconclusive. Midtsundstad, Hermansen and Nielsen (2012) concluded that the initiatives most commonly offered by Norwegian firms (reduced working hours, extra days off and economic incentives) were not effective (OECD, 2013, pp. 114-115). A recent meta-analysis of the literature on 'work health promotion' of workplace and health policy initiatives concluded that there is currently no evidence that such programmes improve the ability to work, productivity or job retention of older workers (Poscia et al., 2016, p. 415).

⁶² <https://en.parp.gov.pl/>

⁶³ This effort was designed to complement the 'Talent 55+' placement initiative discussed above.

6.2. Continuing training and career guidance

The participation of older workers in firm-specific training is low in most countries and generally lower than that of younger workers. The increased inclusion of older workers in training is often seen as a key strategy for promoting longer careers. A key issue here, similar to PES measures on behalf of older jobseekers, is whether there should be special training measures for older workers or whether they should participate in the standard training measures for the workforce.

Table 6.2. Proactive outreach: continuing training and career guidance

Country/ Measure	Time period	Target group
AT: <u>Qualifizierung für Beschäftigte</u>	2007-present	Employed workers low skilled or 45+
Provides qualification measures for low-skilled and/or older employed people in collaboration with their employers, in order to facilitate age-appropriate jobs and careers and further future-oriented lifelong learning.		
SI: <u>'Formal Education and Training for the Employed.'</u>	2011-2014	Older workers 50+, disabled and low skilled women.
1) The PES offers specific lifelong career guidance to older people and to employers (Workshops 'Career After 50s'); (2) Promotes training investment in employees by their employers. Target groups were older employees, disabled people and less educated women.		
DE <u>WeGebAU</u>	2007-	Low skilled 45+ in SMEs
WeGebAU promote further training in companies for low-skilled workers and workers aged 45+ with the goal of increasing retention of older workers through upskilling & HR counselling to SMEs.		
PL: <u>Proactive upskilling</u>	2009-	Older workers 45+
Employers who have established training funds can obtain preferential rates of reimbursing the costs of training employees aged 45+.		
PL: <u>Proactive upskilling</u>	2009-	Older workers 45+
Some ALMPs are available for employed workers aged 45+, including the financing of training, the reimbursement of examinations, the cost of certificates, licences and training loans.		

The available evidence on the relationship between further training and employment is inconclusive. Berg et al. (2016), using data from a large sample of German firms with linked employee data, found a relationship between employer training and retention only for women – especially lower-wage earning women – when establishments offered special training programmes for older workers (Konle-Seidl, 2017).

Government programmes offering subsidised training for older workers (see Table 6.2) also show limited demonstrable effect.

The WeGebAU programme of the German PES aimed to improve the employability of workers 45 years of age or older in SMEs, where the intensity of further training is especially low. An evaluation found that participants were about 2.5% more likely to be in employment two years after participation in the programme in comparison with comparable non-participants. The uptake of the programme was, however, low as SMEs as well as older employees showed limited interest in further training (Dauth and Tomett, 2016; Konle-Seidl, 2017, pp. 14-15).

The Austrian PES offers a preventive qualifications measure, Training for the Employed⁶⁴, (Qualifizierung für Beschäftigte) for low-skilled and/or older employed workers 45+ through their employers. Its goal is to enable entry into more age-appropriate jobs and career-oriented learning. Both the uptake of the programme and initial evaluation results are encouraging. The majority of participants during the evaluation period were 45+ and almost half completed their training with an apprenticeship certification. Companies agree the training with the employee and develop a training plan, which has to be approved by the PES. The training, which ranges from basic skills training (e.g. IT or German language skills) to more advanced courses, may not be firm-specific. Fifty percent of the training costs and fifty percent of the wage costs (after the third day) are paid by the PES. Uptake was strong: in the first three years of the programme, more than 48,000 employees and 6,600 companies participated. Subsidising wage costs was especially important for the participation of small firms and low-skilled workers. While a large proportion (40%) of training lasted three or four days, one third lasted for two to four weeks. The preliminary findings of an evaluation found that the programme was successful in increasing participants' income (by EUR 200 per month on average) and stabilising employment (they gained an extra seven days per year on average), in comparison with a control group of similar non-participants. The programme effect was greatest for younger workers (>35); for older, more skilled employees only the longer training sessions were effective (Csillag and Scharle, 2019, p. 20).

The Slovenian PES measure, 'Formal Education and Training for the Employed', promotes training investment in employees by their employers. Target groups were older employees (50+), disabled people and less educated women.

The Polish PES, in the context of the national 'Solidarity Across Generations' initiative to increase labour force participation of older workers, offers two proactive upskilling measures for older workers aged 45+. One subsidises employers' training funds at preferential rates for training for employees aged 45+ and the other provides funds to subsidise the training expenses incurred by workers aged 45+ in their own further training efforts (the cost of training, exams, certificates etc.). Interestingly both have been little used because in the decentralised Polish PES, local PES decided to devote their limited resources to measures for the unemployed in the aftermath of the economic crisis.

The evaluations available for the impact of the evaluated public training programmes on the employment prospects of older workers are at best inconclusive. The German PES's WeGeBau programmes for low-skilled employed workers aged 45+ in SMEs is a particularly interesting example, and it has been well evaluated. The evaluation shows only a small positive effect, moreover uptake was poor because of the lack of interest from both the employers and the older workers. The effect of the Austrian training programme is on the whole positive, but for older workers less so, or only after longer training. Finally, the analysis of Berg et al. (2016) suggests that the assumption that there is a strong link between firm training and retention is questionable, at least for Germany.

In summary, the retention of employed workers is determined by numerous factors both on the demand-side (employers) and on the supply-side (older workers), it is therefore difficult to identify the effect of single factors (see Table 4.3 and Table 4.4 above). Available evidence for workplace preventive measures on retention is not strong.

⁶⁴ <https://www.ams.at/unternehmen/personal--und-organisationsentwicklung/qualifizierungsfoerderung-fuer-beschaeftigte>

7. PES strategies in support of older workers in five EU PES

This chapter reports on PES strategies and measures in support of longer working lives drawn from a questionnaire and follow-up interviews in five PES. It supplements the previous chapters of the report, which were based solely on a review of the literature. The results for each country are summarised in the attached synopses. In this section, firstly the national results are compared (7.1-7.3), before considering the selection criteria for more in-depth case studies on PES strategies in support of older workers (7.4).

7.1. PES services and measures for unemployed older workers

7.1.1. Overall strategy and approach

The overall strategic approach in the five PES examined (see Synopsis 1) can be described as mainstreaming. The PES use various methods of profiling and client segmentation to identify the strengths and weaknesses of jobseekers and, in particular to identify those who are likely to be unable to find employment on their own without a longer period of unemployment. This is the case for Austria, Germany, the Netherlands and Sweden, and it also appears to be the case in the highly decentralised Polish PES. In this sense, there is no client-group oriented strategy for older workers, or for other groups, with the exception of youth. In this approach, age is only one factor in assessing the clients individual labour market prospects and needs. The demographic challenge of older jobseekers is processed by the mainstreaming PES in other, more general organisational categories (e.g. distance to the labour market, the long-term unemployed and health impairments). As a consequence, the situation of older workers, or other specific groups can be relatively non-transparent.

Due to the predominance of this management approach, targeted ALMP measures for older jobseekers are relatively rare in the EU and do not exist in the five PES examined here. Instead, all labour market programmes and services are available in principle for all jobseekers based on their individual needs. There are often, however, special programme conditions for older workers (e.g. longer duration in the case of wage subsidies), as is also the case for other vulnerable groups among the unemployed.

Even PES with a mainstreaming strategy sometimes introduce ad hoc targeted programmes for older jobseekers in response to labour market developments, for example the 'Aktion 20,000' in Austria for older long-term unemployed (a direct job creation programme) or a wage supplement (Entgeltsicherung) for older unemployed people in Germany. Both of these programmes have been terminated. Another exception in some countries are general statutory exemptions from social security contributions for employers who hire or employ older workers (e.g. in the Netherlands and Poland), or other target groups. This type of measure is independent from the PES, for example, in the Netherlands it is tax-based (see Table 5.1 in the main report).

Specialised search assistance or the use of specialised placement counsellors for older jobseekers are another possible approach, but they are relatively rare. Of the five PES reported on here only the Netherlands offers a type of placement support explicitly designed for older jobseekers. It combines additional (i.e. more frequent) contact with an adviser with small group sessions of older jobseekers coordinated by a specially trained job counsellor. Mainstream programmes in other PES may provide more intensive support for older jobseekers based not on age but on their assessed individual needs. For example, the INGA service in Germany provides holistic advice, support and placement to jobseekers referred to them. With over 315,000 participants annually and 1,400 integration

counsellors (2016), it is a large programme that reaches a significant number of older workers. About 45% of the unemployed in the INGA service are 50 years of age or older⁶⁵.

7.1.2. Older jobseekers in ALMP

The needs of older workers in terms of the organisation of placement services and ALMP are merged into the mainstream, but 'mainstreaming' their needs does not exclude older workers from ALMP. In most Member States, the PES agrees goals and targets with the government or the responsible ministry in the context of an annual performance agreement. These targets change in response to the labour market situation and political priorities. They steer participation in PES programmes and services towards specific target groups such as the long-term unemployed, of which older jobseekers are a large share. Only four PES had a specific target for older workers in 2017, one of which was Austria. In all five PES examined here the share of older unemployed aged 55+ among all registered jobseekers is relatively high, ranging from 18% in Poland to 31% in the Netherlands (in Austria 20%, Germany 22%, the Netherlands 31%, Poland 18% and Sweden 27.5%⁶⁶). The targeting of ALMP towards older jobseekers in terms of programme participation was highest in Sweden: it was the only country where the proportion of older people was the same as the overall proportion of unemployed people benefiting from ALMP measures (see Table 7.1). In the other three PES where data is available, the participation ratio of older jobseekers in ALMP was markedly lower than their share among all unemployed. The targeting of participation on older workers was lowest in Germany (8.6% vs 22% of all jobseekers). The Dutch PES has no conventional ALMP measures.

Table 7.1. Older jobseekers in ALMP, and % of all jobseekers (%)

	Austria	Germany	Poland	Sweden	Netherlands
Older in ALMP	11.4%	8.6%	10.4%	27%	
Among all unemployed	20%	22%	18%	27.5%	31%

Source: Questionnaire to 5 PES and own calculations. Older = 55+ except Sweden (50+).

Table 7.2. Distribution of older jobseekers in ALMP by type (%)

	Austria	Germany	Poland	Sweden	Netherlands
Direct job creation	---	36.8	27.5	46.0 ⁶⁷	---
Employer wage subsidies	63.7	14.4	31.2	7.0	---
Wage supplements	5.8	3.8	---	---	---
Start-up incentives	0.9	3.1	1.5	0.4	---
Short-term training	28.7	28.8	36.4	46.9	---
Skills training		10.6	3.4		---
Other	---	2.6	---	---	---

Source: Questionnaire responses and author's own calculations. Older = 55+.

The reported profile of ALMP participation for older workers differs among the four reporting countries markedly⁶⁸. In Austria, almost two thirds of older workers in ALMPs were supported by wage subsidies paid to employers. Most of the remainder were in some type of training and, in contrast to Germany and Poland, none were reported to be in direct

⁶⁵ Federal Employment Agency, Annual Report 2017.

⁶⁶ Swedish data for people aged 50+.

⁶⁷ Including sheltered employment.

⁶⁸ No data from Sweden, or for PES-led conventional ALMP from the Netherlands.

job creation programmes. A relatively large job creation programme for older workers aged 50+ in Austria was recently terminated because the new governments regarded it as no longer being necessary in the improved labour market. In Germany, direct job creation and short training schemes (job search skills, etc.) accounted for almost two thirds of the placements of older workers in ALMP, whereas in Poland almost equal shares of older workers were in direct job creation, wage subsidies and short-term training. In Sweden the predominant types of measures for older jobseekers with limited capacity were subsidised employment of various types (job creation or sheltered employment) and training for other older jobseekers. In all four countries, business start-up programmes were relatively little used by older workers.

7.1.3. Effective measures

Wage subsidies paid to employers for hiring older jobseekers were frequently identified by PES in the questionnaire responses as being especially effective for older jobseekers. A wage subsidy measure for older jobseekers (55+) hired in companies in Austria had a 58.5% reintegration rate, measured on the 92nd day after the end of support. The effectiveness of wage subsidies for older workers was also highlighted by the Polish PES. In Germany, a wage supplement programme for older workers on unemployment benefit who took up low paid work (subsequently ended) was highlighted by the German PES. In the Netherlands, a statutory wage subsidy for older workers introduced in the aftermath of the recession was deemed effective. The Dutch PES, which has no conventional ALMP measures, emphasised special placement assistance for older workers ('Successful to Work') as well as the importance of good profiling and the tailoring of services to jobseekers' particular needs. Both the German and the Polish PES also report good experience with business start-up incentives, although the data reported suggest that these programmes are little used by jobseekers aged 55+. In Sweden, job creation measures of various types are usually recommended only for workers with reduced capacity and job-oriented training is recommended for others. The common denominator here is possibly that 'the effect of a measure (ALMP) is best when it is more similar to a regular job (the Swedish PES)⁶⁹.

7.1.4. Main challenges

The main challenges to the placement of older jobseekers cited by PES, on both the jobseeker and employer side, were mixed. Both the Austrian and the Dutch PES emphasised the problem of motivating older jobseekers who may have lost confidence in finding work. Austria and Poland also emphasised the lack of, or decline in, qualifications, in particular after a longer spell of unemployment. Only Austria mentioned unrealistic wage expectations on the part of older workers. Germany, Sweden and the Netherlands also identified employer reservations about older workers as a major problem, as well as the need for an effective PES communication strategy aimed at older workers. Sweden emphasised in particular the need to make working life sustainable in order to prevent a loss of work capacity due to adverse working conditions.

7.2. PES preventive measures for employed workers

Preventive measures for employed older workers is the second major field of PES activity in the context of national strategies to extend working lives (see Synopsis 2). The involvement of the PES in preventive measures is very uneven, focusing primarily on preventive training for older employed workers. In many countries these types of preventive measures are the responsibility of other public agencies.

⁶⁹ Quote from Swedish PES.

The Dutch PES is the only PES that has been active, in cooperation with the social partners, in a public and employer-oriented media campaign – with a focus on SMEs - to improve the image of older workers and the willingness of employers to retain or hire them.

Only Austria has a systematic and established programme for age management counselling. Its 'Impulse-Consultancy' (IBB) for personnel counselling in enterprises has five targets, one of which is age-based work. Since 2015, 356 firms have had 'age management- consulting', with the goal of helping older workers keep their jobs.

Four of the five countries reporting have, or have recently had, programmes to support training for older workers with the goal of improving their employability. In Austria 'Skills training for employees' provides skills training for employees aged 45+ and the low-skilled through their employers to improve their retention and future employment prospects. The German WeGebAU programme subsidises further training in SMEs for low-skilled workers and workers aged 45+ with the goal of increasing the retention of older workers through up-skilling and HR counselling. In Poland, the National Training Fund can pay 80% of training costs (100% in micro-enterprises) for employees with inadequate skills, upon application to the local PES. Initially, only older workers aged 45+ were eligible but the programme has since been opened to all employees. During the recent economic crisis, the Netherlands offered €1,000 training vouchers to employers or to jobseekers to train in occupations with shortages. Only the Swedish PES reports having no recent experience with targeted training for older employees, or other measures directed at older employed workers. All four PES reported satisfaction with the results of their respective preventive measures. In addition, the Austrian PES reported that supporting in-company training benefited the PES additionally through more intensive contact with employers – an insight which seems generally applicable.

7.3. Monitoring and evaluation

In most Member States, the PES agrees annual goals and targets with the government or the responsible ministry in the context of an annual performance agreement. These strategic goals and corresponding targets may change from year to year in response to the labour market situation and political priorities. At an operational level, they steer PES resources and programmes towards specific target groups (Mosley, 2019). Only four PES in the EU reported having an explicit target for older workers, one of which was Austria which targeted 'jobseekers 45+ entering employment'. By contrast, youth are an explicit target group in 14 PES, and migrants and refugees in eight. At this strategic level, the PES subsume older unemployed people into more general target group categories, in particular, the long-term unemployed (14 PES) and the low skilled (2 PES).

Most questionnaire responses note the absence of a specific target for older workers, and instead they report on various indicators including the programme level, uptake or participation, transitions to employment or training, and the general improvement in the labour market indicators for older workers in the course of the recent economic upswing.

We cannot draw reliable conclusions on the basis of a cursory survey in five PES. However, it seems fair to say that, in the current favourable labour market situation, the PES surveyed do not regard the monitoring of late-career labour markets as a priority concern.

7.4. Identification of MS or PES for possible further analysis

In the following pages, potential criteria for selecting Member States or PES for further study and analysis are discussed.

1) High employment rates for older workers

By this selection criteria, Scandinavian and other northern European countries have the highest employment rates for older workers (see Table 7.3 below). The top six to eight countries would seem to be potential 'good practice' cases, especially if they have achieved a high equilibrium⁷⁰ like Sweden. Some countries have apparently achieved ground-breaking advances in the relationship between work and retirement. It could be interesting to focus a study on the social learning curve (obstacles on the way, solutions found, alliances made, stakeholder involvement, the role of the PES etc.).

2) Strong growth of employment rate of older workers

Among the countries making the greatest improvements many (e.g. Hungary, Italy, Malta and Poland) previously had very low employment rates for older workers. A strong decline in the gender gap in employment rates for the age group 55-64 could be an additional criterion. As the gender gap data⁷¹ suggests, a principal driver has been the strong rise in employment rates for older women, except for the Baltic countries, where both male and female employment rates have increased markedly. The deep recession and subsequent upswing also obviously strongly influenced the rapid rise in employment rates in many countries.

Both selection criteria have their merits, the value added of general studies is, however, limited since the OECD policy reviews cover much of the same ground. Moreover, good performance at the national level is largely determined by changes in the pension system and regulatory framework outside the scope of the PES. The value added would lie in focusing on the social learning curve, aiming towards breaking with the traditional focus on a definite working age timeline.

3) Occupations and sectors

The report data on the age structure of employment by sector and occupation was examined. The share of older workers varies across occupations (see Eurofound, 2017, p.17, Table 2) and sectors (see Table 1.3 and Figure 1.4 above and the related discussion). Older workers make up an increasing share of employment across almost all sectors. The dynamics leading to specific age profiles are extremely complex and would require an original study using Eurostat data. In the present context it seems more practical to examine:

- Sectors and/or occupations with growing job opportunities and/or (if different)
- Sectors and/or occupations with labour shortages.

The study could focus on challenges and opportunities for workers above the median age. The value added for PES would be a clearer picture of the extent to which they can leverage opportunities and shortages for their customers. It would entail case studies for employers, PES etc. on opportunities and obstacles for older workers. The criteria for the studies could lead to specialised sectors, like health or

⁷⁰ Demographic equilibrium in combination with a high employment rate of older workers, even beyond the regular retirement age.

⁷¹ The difference between the male and female employment rates.

information and communication, or to certain occupations. Studies would focus on stakeholder behaviour in these sectors.

4) Targeting older jobseekers

Another relevant selection criterion is the extent to which the PES targets ALMPs aimed at older workers, either within the context of their mainstream service strategy or their targeted programmes and services for older workers (see Table 4.2). PES that focus in practice more on this target will be a more fruitful source of experience and information. In this context, it might also be possible to examine more closely the implications of the strategy of mainstreaming PES services for older workers and its limits. Our experience with questionnaires and interviews in five PES suggests, however, that the most mature PES do not have an age-based orientation in their services for jobseekers, neither at the strategic level of performance management nor in their work organisation. As a consequence, there is no particular organisational unit or potential interview partner responsible for, or knowledgeable about, older jobseekers.

5) Preventive workplace-oriented measures for older employed workers

More promising as a future focus for case studies would be workplace-oriented PES activities and measures. In contrast to their service organisation for jobseekers, many of the most modern PES do have experience with *employer-oriented* programmes in response to demographic ageing. These programmes raise awareness of the problem, provide age management counselling, or they support increased training for older workers. This is the case, for example, in four of the five countries examined here. The existence of targeted programmes for employed older workers means that there are specific responsible PES organisational units and individuals that can be addressed in case studies to provide information. There have also been systematic evaluations of these programmes in some cases (e.g. Germany) and in others good monitoring data exist⁷². Moreover, in some countries the PES cooperated closely with the social partners in these activities in their countries to influence the workplace, which is an interesting and potentially more effective approach than the PES acting alone. In many cases, the targeted older workers are 45+ rather than 55+, which is plausible in a preventive approach. Finally, previous research indicates that retention in employment has been the principal factor in increasing employment rates for older workers.

Based on the results of the questionnaire and the discussion above, interesting questions for further research could be:

- preventive measures
- countries that have achieved the highest high employment rates in Scandinavia and northern Europe
- sectoral and occupational opportunities.

⁷² For example, Dauth and Tomett, 2013. See 6.2 above and the references cited.

Table 7.3. Employment rates of older workers, 55-64 (%)

	Level 2018 (%)			Change 2010 - 2018 (%)	
	Employment rate	Gender gap		Employment rate	Gender gap
Sweden	77.9	4.2	Hungary	20.8	11.4
Germany	71.4	9.2	Lithuania	20.2	-3.0
Denmark	70.7	8.5	Czech Republic	18.6	-5.5
Estonia	68.9	-5.6	Malta	17.8	-0.8
Lithuania	68.5	3.6	Latvia	17.6	3.1
Netherlands	67.7	17.8	Italy	17.2	-1.2
Latvia	65.4	1.6	Bulgaria	15.8	-3.1
Finland	65.4	-2.2	Estonia	15.1	-2.2
UK	65.3	9.7	Netherlands	14.8	-3.1
Czech Republic	65.1	17.4	Poland	14.8	-0.3
Cyprus	60.9	18.4	Slovakia	13.7	-17.3
Bulgaria	60.7	9.0	Germany	13.6	-5.3
Ireland	60.4	16.3	Belgium	13.0	-6.9
Portugal	59.2	9.9	Austria	12.8	1.8
EU-28	58.7	13.0	EU-28	12.5	-2.9
Hungary	54.4	20.6	France	12.4	-1.4
Slovakia	54.2	8.0	Denmark	12.3	-1.2
Austria	54.0	18.7	Slovenia	12.0	-10.7
Italy	53.7	20.3	Ireland	10.2	1.1
Spain	52.2	14.8	Portugal	9.7	-2.1
France	52.1	3.6	Finland	9.2	-0.9
Belgium	50.3	9.5	Spain	8.7	-6.6
Malta	49.7	35.1	UK	8.1	-5.9
Poland	48.9	20.7	Sweden	7.5	-2.9
Slovenia	47.0	10.3	Romania	5.6	4.9
Romania	46.3	22.2	Cyprus	4.6	-9.6
Croatia	42.8	15.8	Croatia	3.7	-6.2
Greece	41.1	23.3	Luxembourg	0.9	-6.1
Luxembourg	40.5	10.3	Greece	-1.3	-4.1

Source: Eurostat [lfsa_ergan]: Employment rates by sex, age and citizenship. Author's calculations. Gender gap = male minus female rate.

Synopsis 1: PES services and measures for unemployed older workers

PES	Successes and failures	Targeted ALMP?	Special assistance search	Most effective/key factors	Main placement challenges
AT	'Aktion 20,000' pilot (2017-18) for people 50 plus and long-term unemployed. Subsidised employment (100%) in public and non-profit sector. Discontinued.	No	No	Wage subsidy. In 2018, 6,381 older workers, granted a company integration subsidy, were employed (58.5% were 55+). Labour market success (measured on the 92 nd day after the end of support).	Motivation in combination with exaggerated wage expectations. Skill requirements of jobs.
DE	1. Information policy for companies to reduce reservations. 2. A special counselling service for older workers ⁷³ 3. Wage subsidies 4. INGA service with holistic counselling and placement ⁷⁴	No. ALMP programmes are 'mainstreamed'. Elderly unemployed benefit from all instruments and types of support offers ⁷⁵ .	No	Start-up incentive (Einstiegsgeld) for social assistance recipients with potential for self-employment. Older unemployed can receive 50% and up to a maximum of 75% of their regular benefit for up to 24 months while starting businesses with 15 or more hours per week. Possible additional subsidy of up to €5,000 for tools and equipment (discretionary offer from job centre).	Reducing employers' doubts about older workers through an appropriate communication strategy
NL	1. 'Successfully back to Work' Special search assistance for older workers 2. 'Inspiration Days'. Jobs fair for both jobseekers and employers	1) Targeted tax-based wage subsidies for hiring older workers (LKV) ⁷⁶ 2) Wage compensation for jobseekers to accept new jobs with lower pay.	Yes. 'Successfully back to Work' Intensified face-to-face contact with counsellor + small group sessions with dedicated job counsellors (Jobclubs)	Good profiling instrument to steer service intensity and to tailor service to fit individual needs.	1) Motivate employers to hire older jobseekers 2) Motivate jobseekers who have lost confidence in finding work

⁷³ For example, separate teams.

⁷⁴ About 45% of the unemployed in INGA are 50 years of age or older.

⁷⁵ Jobseekers aged 50+ can receive wage for up to 36 months (instead of max. 12m.).

⁷⁶ Tax based and not through the PES.

PES	Successes and failures	Targeted ALMP?	Special assistance search	Most effective/key factors	Main placement challenges
PL		Except for numerous wage subsidies ⁷⁷ , no age-specific hiring support. People age 50+ have priority in participating in 'special' programmes ⁷⁸ .	No. However, staff training initiative 'Professionalisation of labour market services' included training of 1,264 PES staff and 145 coaches in specific needs of clients 45+	Most unemployed 50+ take up employment during or up to 3 months after the completion of the following processes: intervention works, public works, employment with a wage subsidy and internships. Most successful of all unemployed start-up incentives ⁷⁹ . The second form of support with the highest value of the effectiveness index are (as in previous years) 'Intervention Works'.	1) Lack of appropriate qualifications or certificates and low level of education. 2) Also due to decline of qualifications after longer period out of work.
SE	----	No. PES offers the same services to all jobseekers. Individualised service model based on profiling.	No.	Subsidised job programmes and sheltered employment are deemed appropriate for jobseekers with reduced work capacity. For other older jobseekers, short training or education to get a job might be effective, but it is difficult to motivate older workers towards education. Generally, for all jobseekers, the effect of a measure (ALMP) is best when it is more similar to a regular job.	1) To get employers to acknowledge the competence of older jobseekers. 2) To have a sustainable working life to prevent reduced work capacity.

⁷⁷ 1) An employer to whom an unemployed person aged 50+ has been referred within intervention work (a wage subsidy measure) may receive a salary and social security contributions reimbursement for that person of up to 80% of the minimum wage and contribution; 2) Employers employing people over 50 are exempt from paying contributions to the Labour Fund and the Guaranteed Employee Benefits Fund for a period of 12 months; 3) Employers employing women over 55 and men over 60 are exempt from paying their contributions to the Labour Fund and the Guaranteed Employee Benefits Fund (2.55% of earning); 4) Employers can receive a wage subsidy for 12 months for hiring an unemployed person aged 50 to 60, and for 24 months for anyone unemployed and over 60.

⁷⁸ Special programmes essentially give local PES offices the possibility of combining statutory services and measures with other specific elements, if the situation of the unemployed person requires a non-standard solution.

⁷⁹ Employment effectiveness has never fallen below 90%.

Synopsis 2: Preventive measures and monitoring and evaluation

PES preventive measures for employed workers					Monitoring & evaluation		
PES	Raise awareness/ combat discrimination	Age management counselling	Training for older employed	What works best/what not	Main indicators used	Main evaluation results	Resulting changes/ plans
AT	—	'Impulse-Consultancy' (IBB) has five targets one of which is age-based work. Since 2015, 356 firms have age management consulting - to help older workers keep their jobs.	'Skill training for employees' (QBN): in 2018, 534 people aged 55+ participated in skill training for employees to improve their qualifications and thereby keep their jobs.	'Impulse-Consultancy': PES gets a better and more intensive contact to companies.	1. Strategic target: jobseekers 45+ entering employment. 2. 'Impulse Consultancy': 1) personnel management behaviour (e.g. recruitment of persons 45+) 2) Usage of AMS services (e.g. Notification of vacancies).	Improvement of labour market situation of older workers.	'Impulse Consultancy' started 15 years ago with an age-based focus and they still focus on it. 'Generation Management' added recently.
DE	—	—	Further training for older (45+) and low-skilled in SMEs (WeGebAU) to maintain or improve qualifications. Wage subsidy of up to 100% during training ⁸⁰ .	—	No specific targets for older workers. Monitoring and Integration rates ⁸¹ for all ALMPs.	The number of older unemployed 55+ fell - 3.7% year-on-year ⁸² .	A funding instrument that takes up the financial aspect of employment is currently being developed.

⁸⁰ For training leading to vocational qualification and up to 50% other training.

⁸¹ Share of participants in employment six months after leaving an activation measure.

⁸² Reporting month is March 2019.

PES preventive measures for employed workers					Monitoring & evaluation		
PES	Raise awareness/ combat discrimination	Age management counselling	Training for older employed	What works best/what not	Main indicators used	Main evaluation results	Resulting changes/ plans
NL	PES public media campaign with SMEs. Aims to improve image of older jobseeker & expand PES network to identify job openings	No. It is better to focus on qualification management than on age management.	Training vouchers for employers or jobseekers in promising occupations for 50+ ⁸³ .	---	In general, transition to employment, uptake of measures, participation in activities.	Job prospects of older jobseekers depend strongly on labour market situation. More now finding employment due to labour market shortages.	New support tool for counsellors combining profiling & recommendation for service needs and intensity ('Keuzehulp').
PL	---	No	National Training Fund can pay 80% of training costs (100% in micro-enterprises) ⁸⁴ for employees with inadequate skills, upon application to the local PES. All employees eligible (initially only 45+).	The National Training Fund is generally regarded as the most successful programme.	No indicators specifically for older workers.	The 'survey of effectiveness' does not distinguish results by age.	No changes are currently planned.
SE	---	---	No specific measures for older workers.	---	No indicators specifically for older workers. Data on participants in ALMP and labour market outcomes for jobseekers distant from labour market, including older workers.	Sweden has had increased transition to education for jobseekers far from the labour market (where older jobseekers are included), also an increase in subsidised employment.	The main target groups are young jobseekers, newly arrived migrants, and jobseekers with functional impairment, including older jobseekers.

⁸³ Recession measure now expired.

⁸⁴ Up to 10 employees.

8. Conclusions: the consequences and challenges of an ageing workforce

Public policy in regard to older workers has shifted from support for early retirement - and other forms of early withdrawal from the labour market as an instrument of labour force adjustment - towards the promotion of longer working lives for older workers. These changes in the regulatory framework of the late-career labour market, which primarily rely on economic incentives, have been increasingly accompanied by softer, complementary policies and measures to facilitate the retention and hiring of older workers. They include public initiatives designed to combat age discrimination and to change public attitudes to older workers, the promotion of age management practices in enterprises, the encouragement of life-long learning and the reform of a variety of workplace practices and labour regulations.

Demographic trends and the new policy environment can be expected to have two long-term structural effects on the PES clientele: (1) an ageing PES clientele - as the workforce ages so does the PES clientele; (2) a potentially expanding clientele as the PES becomes responsible for more jobless people who would have otherwise left the workforce through early retirement or other pathways to (economic) inactivity. This structural effect is currently offset by strong labour demand in most EU countries. Older workers nevertheless still make up a substantial share of the registered unemployed in most PES.

The increase in the employment rates of older workers has largely been a consequence of higher rates of retention rather than of increased hiring. Employers remain reluctant to hire older workers. It might be a way for them to solve a resource problem, but it is not their preferred one. Ageism is one of the explanations. Others have to do with the risk focus of hiring. To support hiring, these risk factors and supply-side obstacles need to be addressed by PES and by public policy.

PES services and measures for older jobseekers

There are many examples of PES strategies and measures that address barriers to the employment of older workers, but little systematic evidence about any benefits they may have. All PES have a variety of measures in which older workers make up a substantial share of participants and, in some cases, they have developed special measures for older workers. These include:

Temporary wage subsidies for employers are the most common type of ALMP for older workers, and for other difficult to place workers. The rationale of wage costs subsidies is to compensate employers for their perceived lower productivity and the perceived risks of hiring older workers by reducing their wage costs. While wage subsidies are widely used, the older workers targeted tend to be 'pre-seniors' (aged 45-54) rather than the oldest age group. This is also the case for most measures targeted at older workers. A key factor in programme success is targeting. While some measures appear to have been successful, the results of technical evaluations are mixed: positive results are reported only for some groups, or some types of firms or in certain economic conditions. Policy makers and PES practitioners are in general more optimistic about wage subsidies for older workers than are economists, who generally give more emphasis to the deadweight and displacement effects of the subsidies.

Wage supplements that partially compensate the older unemployed for accepting employment at wages less than their reservation wage (i.e. the minimum wage they feel they should accept) have been experimented with. This approach is based on the observation that older unemployed people often have unrealistic wage expectations and may not accept, or even apply for, jobs that pay less than their 'reservation wage' which is typically based on their wages before unemployment. As with wage subsidies, wage

supplements lead, at least temporarily, to regular employment and they prevent longer periods of unemployment. This sort of measure for all the insured unemployed people in Switzerland is regarded as a win-win offer for both the unemployed individual and the unemployment insurance system, which saves money on benefit payments. Possible deadweight and displacement effects seem not to have been evaluated.

Special placement services for older workers are, after wage subsidies, the second most common targeted measure for older workers. This approach is based on the observation that the older unemployed, especially workers displaced after a longer period of continuous employment, need to learn to be realistic about available job opportunities, reduce unrealistic wage expectations and improve their job search and job application skills. Although there is a lack of formal evaluations, excepting a Swiss pilot programme, experience with this type of measure suggest that they can be highly cost-effective, yielding significant benefit at a modest cost. In combination with other ALMP offers, such as the positively-evaluated 'Perspective 50+' measure in Germany, intensified placement services can be even more effective.

Training for the unemployed is age-sensitive. For older workers, 55+ training offers in PES measures are, as a rule, relatively short or they consist of on-the-job training where a 'job-ready' unemployed older worker refreshes their skills and learns new firm-specific ones through work experience, for example in subsidised trial placements or in subsidised employment. Job-search training is a popular choice, not only because of its effectiveness but because of its relatively low cost. Short-term training lasting several weeks, which might even lead to formal certification, is also a likely option. Longer-term vocational training may make little sense, depending on the individual's age and their time horizon for their remaining career.

Older workers in ALMP. There is no systematic data available at the EU level on the profile of ALMP participation by older workers in the Member States. Data collected from four PES for this study show very different patterns. In Austria, almost two thirds of older workers 'in ALMP' were supported by wage subsidies paid to employers. Most of the remainder were in some type of training and none are currently in direct job creation programmes. In Germany and Sweden, most older workers were either in a direct job creation programme or some type of (mostly short-term) training, depending on their distance from the labour market. In Poland, almost equal shares of older workers are found in direct job creation, wage subsidies and short-term training. In all four countries (Poland, Austria, Germany and Sweden), business start-up programmes are relatively little-used by older workers (see Table 7.2).

Preventive workplace-oriented policies

In many countries, the PES have played a major role in broader public **age awareness campaigns** to combat age discrimination and promote demographic awareness in companies and among the general public. There is, however, little systematic evidence available on the impact of awareness campaigns or age management practices in preventing health problems or improving retention rates, and the available evaluations are inconclusive.

Continuing training for older workers is relatively low in most countries. Increasing the inclusion of older workers in training is often seen as a key strategy for promoting longer working lives. The available evidence on the relationship between further training and employment is, however, inconclusive. Government programmes offering subsidised training for older workers in employment also show a positive but limited effect on employee retention.

Thus far, improved retention rates have been primarily achieved through regulatory measures in the pension system. However, this path may not be sustainable in the absence

of complementary workplace-oriented policies that promote better age management practices in firms. This could include many age-oriented policies such as career development and counselling, access to continuing training, possibilities for internal transfer to tasks better suited to an older worker's changing physical or mental capacities, the adaptation of working hours to changing needs and capacity, preventive health and safety measures and, if needs be, physical changes to the workplace. Preventive workplace-oriented measures will be an important policy focus in the future. The involvement of the PES in preventive measures is very uneven⁸⁵, focusing primarily on preventive training for older employed workers especially in small and medium-sized enterprises (SMEs). Contact with enterprises through such services has the additional advantage of regular contact with firms that can yield additional benefits in the placement of jobseekers.

Mainstream versus targeted measures. ALMP service delivery in most PES is mainstreamed rather than targeted at older workers or other specific groups. PES use various methods of profiling and client segmentation to identify the strengths and weaknesses of jobseekers and, in particular, to identify those who are likely to be unable to find employment on their own without a longer period of unemployment. The demographic challenge of older jobseekers is thus processed by the PES in other more general categories (e.g. distance from the labour market, the duration of unemployment, skills deficits, and health impairments). As a consequence, there is a risk that the situation of older workers, or other specific groups, can become relatively non-transparent, both for the PES and for external observers.

A mainstreaming approach in the organisation of placement services and ALMP does not necessarily exclude older workers from ALMP. Data available for most PES on the percentage of older workers among ALMP participants in comparison with their share of all unemployed jobseekers shows a wide variation (see Table 4.2 above). However, only six PES report a share of older jobseekers in ALMP equal to, or greater than, their share of all unemployed (Bulgaria, Latvia, Malta, Sweden, the Czech Republic and Slovakia). Sweden also practices strict 'mainstreaming' in its ALMP service delivery. Only four PES had an operative target for older workers in their annual strategic plan in 2017.

Specialised support channels that are part of mainstream programmes can be appropriate for the needs of older workers. For example, the INGA service in Germany provides referred jobseekers with holistic advice, support and placement⁸⁶. Due to individual specialisation in the counselling of older people (e.g. by separate teams) it can be 'an adequate and successful approach for this specific target group' according to the German PES. A possible conclusion is that the choice between mainstream and targeted help is not as important as the extent to which the needs of the older unemployed are an operative policy priority.

Demographic monitoring. There is no complete picture of the different PES strategies and measures in support of older workers, or whether an individual PES has an explicit strategy at all. PES need to have a strategy based on analysis and monitoring of the situation of older workers in the labour market, especially older jobseekers, and then allocate adequate resources to it. This includes potentially improved placement opportunities for older workers where there are labour and skill shortages, as well as focusing on the specific needs of unemployed older jobseekers. Furthermore, sufficient information is not available on PES allocation of older workers to ALMP or on their specific

⁸⁵ In many countries these types of preventive measures are the responsibility of other public agencies.

⁸⁶ About 33% of older jobseekers (age 50+) are referred to the service, and 45% of the unemployed in the INGA service are age 50 or older.

labour market outcomes in different types of programmes. This could facilitate mutual learning. Finally, given the importance of the demographic challenge for the EU labour market, a more visible and systematic monitoring of its impact on the labour market, both on the supply side as well as the demand side, should be considered.

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Annex 1: Additional tables and figures

Table A4. Old age dependency ratio (%), in 28 EU countries, 2010-2018

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Italy	26.8	27.4	27.9	28.4	28.8	29.4	30.1	30.5	30.7	30.9	31.2	31.3	32.0	32.7	33.1	33.7	34.3	34.8	35.2
Finland	22.2	22.4	22.7	22.9	23.3	23.8	24.0	24.8	24.8	25.2	25.6	26.5	27.7	28.9	30.2	31.3	32.4	33.2	34.2
Greece	25.5	26.2	26.1	26.6	27.1	27.4	27.7	27.9	28.0	28.2	28.6	29.2	30.0	30.7	31.6	32.4	33.1	33.6	34.1
Portugal	23.8	24.2	24.6	24.9	25.3	25.7	26.0	26.3	26.6	27.0	27.5	28.2	28.8	29.4	30.3	31.1	31.8	32.5	33.3
Germany	23.9	24.5	25.2	25.9	26.8	27.8	28.9	29.9	30.4	30.9	31.4	31.4	31.4	31.5	31.6	32.0	32.0	32.4	32.8
Bulgaria	23.8	24.0	25.0	25.1	25.1	25.2	25.3	25.5	25.8	26.1	26.5	27.0	27.8	28.5	29.3	30.2	31.1	31.8	32.5
Sweden	26.9	26.8	26.6	26.5	26.4	26.5	26.4	26.4	26.7	27.1	27.7	28.4	29.2	29.9	30.6	31.1	31.5	31.6	31.7
France	24.3	24.5	24.7	24.8	24.9	25.1	25.1	25.1	25.2	25.4	25.6	25.9	26.7	27.5	28.3	29.2	30.1	30.8	31.6
Latvia	22.1	22.3	22.7	23.3	23.8	24.3	24.8	25.4	25.7	26.2	26.8	27.2	27.6	28.1	28.8	29.5	30.2	30.8	31.4
Croatia	:	24.0	24.6	25.2	25.6	26.0	26.3	26.5	26.7	26.8	26.7	26.5	26.7	27.1	27.6	28.3	29.0	29.8	30.7
Estonia	22.1	22.4	22.8	23.4	23.8	24.3	24.8	25.5	25.8	25.8	25.9	26.0	26.5	27.2	27.9	28.7	29.3	30.0	30.6
EU 28	:	23.5	23.9	24.1	24.4	24.7	25.0	25.2	25.5	25.8	26.1	26.4	26.9	27.5	28.2	28.8	29.3	29.9	30.5
Denmark	22.2	22.2	22.3	22.3	22.5	22.7	22.9	23.2	23.6	24.1	24.9	25.7	26.7	27.6	28.3	28.8	29.3	29.7	30.1
Lithuania	20.8	20.9	21.8	22.3	23.0	23.6	24.3	24.7	25.2	25.4	25.6	26.6	26.9	27.2	27.5	28.1	28.6	29.3	30.1
Czech Republic	19.8	19.7	19.7	19.7	19.7	19.8	20.0	20.3	20.6	21.1	21.7	22.3	23.4	24.6	25.7	26.6	27.6	28.6	29.6
Slovenia	19.8	20.2	20.6	21.0	21.4	21.8	22.2	22.7	23.3	23.6	23.8	23.9	24.4	25.0	25.7	26.6	27.6	28.6	29.6
Spain	24.1	24.5	24.8	24.7	24.4	24.0	24.2	24.0	23.8	24.1	24.6	25.2	25.7	26.3	27.2	27.9	28.3	28.7	29.2
Belgium	25.5	25.7	25.8	26.0	26.1	26.3	26.2	25.9	25.8	25.9	26.0	26.0	26.5	26.9	27.4	27.8	28.2	28.6	29.1
Netherlands	20.0	20.1	20.2	20.3	20.5	20.8	21.1	21.5	21.8	22.3	22.8	23.3	24.4	25.5	26.4	27.2	27.8	28.4	29.0
United Kingdom	24.3	24.3	24.3	24.2	24.2	24.2	24.0	23.9	24.0	24.3	24.6	24.9	25.6	26.4	27.0	27.5	27.8	28.2	28.6
Hungary	22.0	22.2	22.3	22.4	22.6	22.7	22.9	23.2	23.5	23.8	24.2	24.4	24.6	25.1	25.8	26.5	27.2	27.9	28.5
Malta	17.9	18.1	18.5	18.7	19.0	19.3	19.9	19.9	19.9	20.3	21.4	22.7	23.9	25.1	26.1	26.9	27.5	28.1	28.0
Austria	22.9	22.8	22.8	22.7	22.7	23.5	24.3	25.0	25.4	25.8	26.2	26.1	26.3	26.8	27.2	27.4	27.4	27.6	27.9
Romania	19.3	19.6	20.4	20.7	20.7	20.7	21.6	21.5	22.6	23.7	23.7	23.7	23.7	23.9	24.3	25.2	25.9	26.7	27.5
Poland	17.8	18.0	18.2	18.4	18.6	18.7	18.9	19.0	18.9	18.9	19.1	19.1	19.7	20.4	21.2	22.2	23.1	24.2	25.3
Cyprus	17.0	17.0	17.4	17.5	17.6	17.7	17.8	18.0	17.9	17.8	17.8	18.0	18.1	18.8	19.9	21.2	22.1	22.8	23.4
Slovakia	16.6	16.5	16.3	16.3	16.3	16.4	16.5	16.7	16.8	17.0	17.3	17.5	17.8	18.4	19.0	19.7	20.6	21.5	22.5
Ireland	16.8	16.6	16.5	16.4	16.3	16.3	16.0	15.7	15.6	16.0	16.5	17.2	17.9	18.6	19.1	19.7	20.2	20.7	21.2
Luxembourg	21.4	20.7	20.8	20.9	20.8	20.9	20.8	20.7	20.6	20.5	20.4	20.3	20.3	20.2	20.4	20.5	20.5	20.5	20.6

Source: Eurostat [demo_pjanind]. Population: Structure indicators. Dependency ratio = population 65 and over to population age 15 to 64

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