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Policy Brief on Employment and Social Protection Indicators

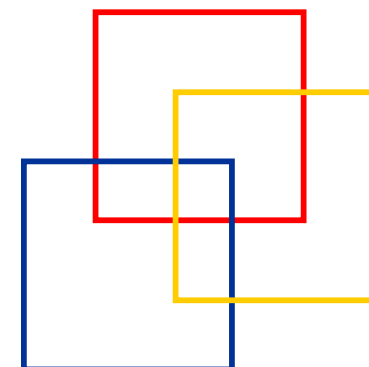
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International Labour Office, Geneva

IMSERSO / European Centre / UNECE Workshop

Madrid, Spain, 14-16 April 2004

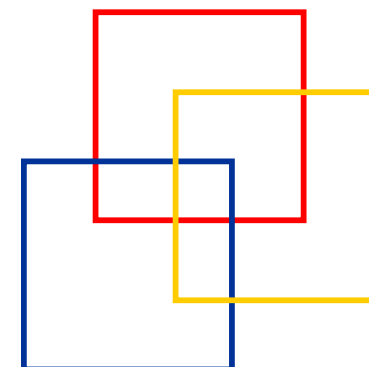




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Overview

- Part 1: Issues and trends in the region
- Part 2: Indicators in the field of employment and social protection

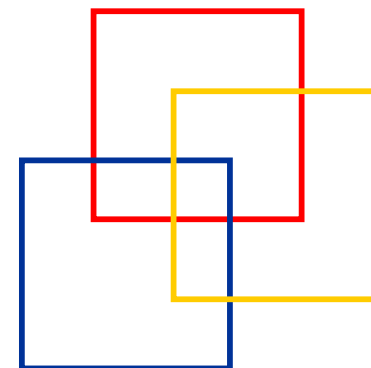




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I. Issues and Trends in the Region

- Data: collected in the context of forthcoming ILO Report on Europe
- Definition of Europe region and subregions

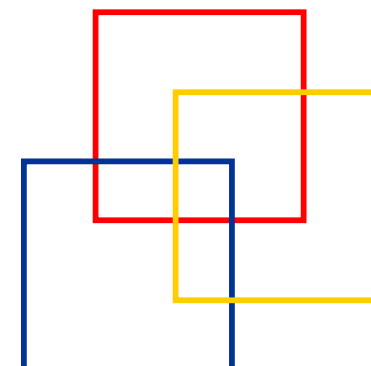
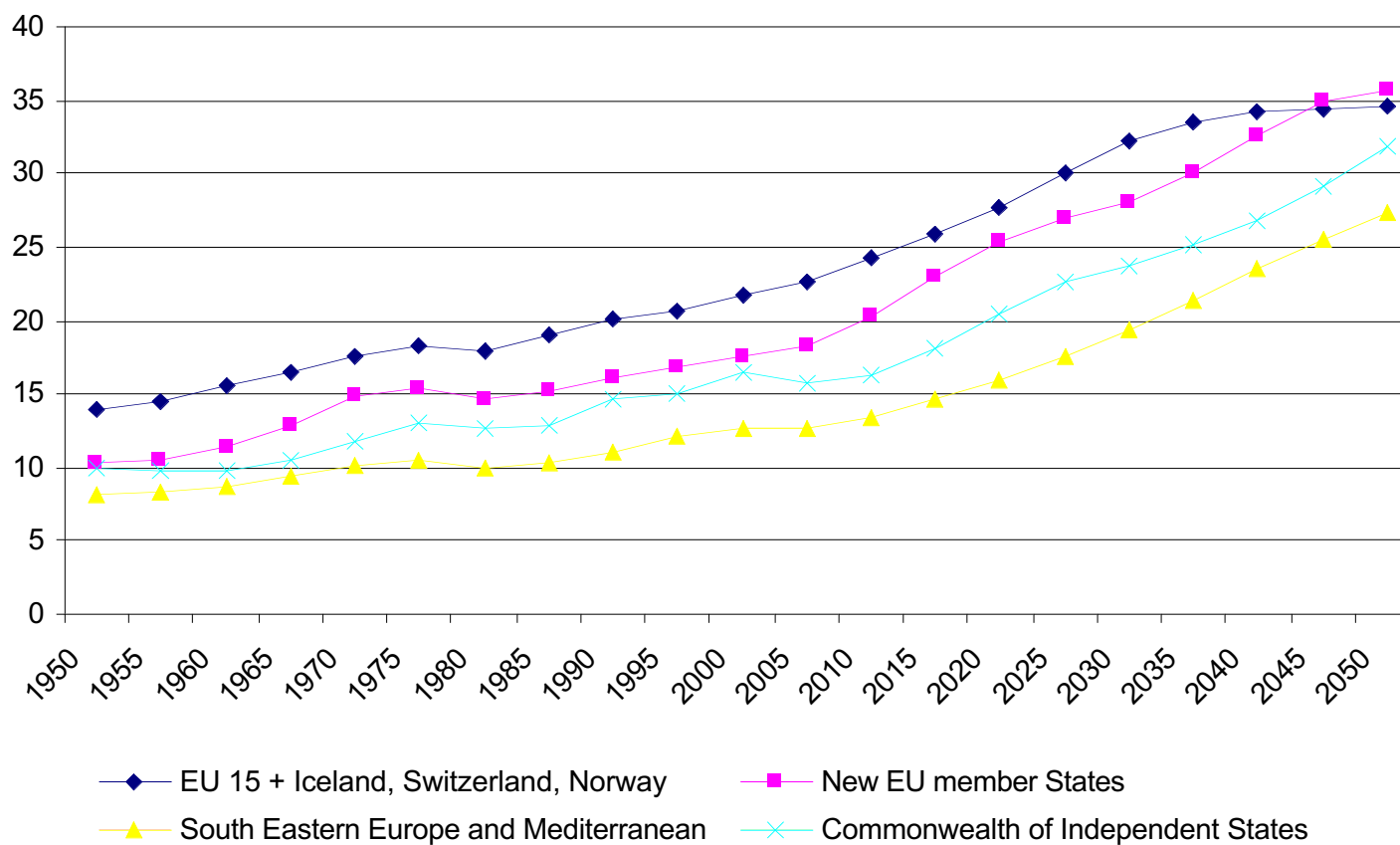




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Life expectancy: In the last 50 years it has increased from 63 to 73 years and during the next 50 years a further increase to 80 is foreseen

Proportion of the population 60+

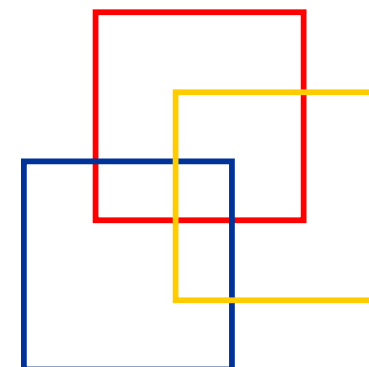




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	60+		80+	
	1950-2000	2000-2050	1950-2000	2000-2050
EU 15 + Iceland, Switzerland, Norway	56.16	58.76	202	196
New EU member States	70.97	102.47	137	261
South Eastern Europe and Mediterranean	54.72	115.97	98	306
Commonwealth of Independent States	65.41	93.11	76	251

Velocity of ageing: increase of population share of people above age 60 and 80 (per cent) 1950-200 and 2000-2050

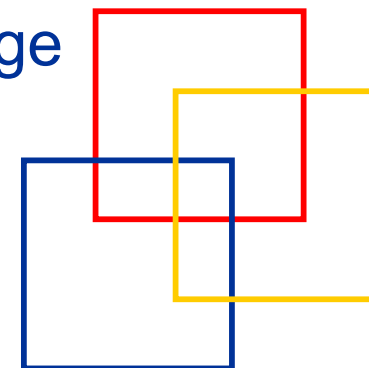




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Recent trends

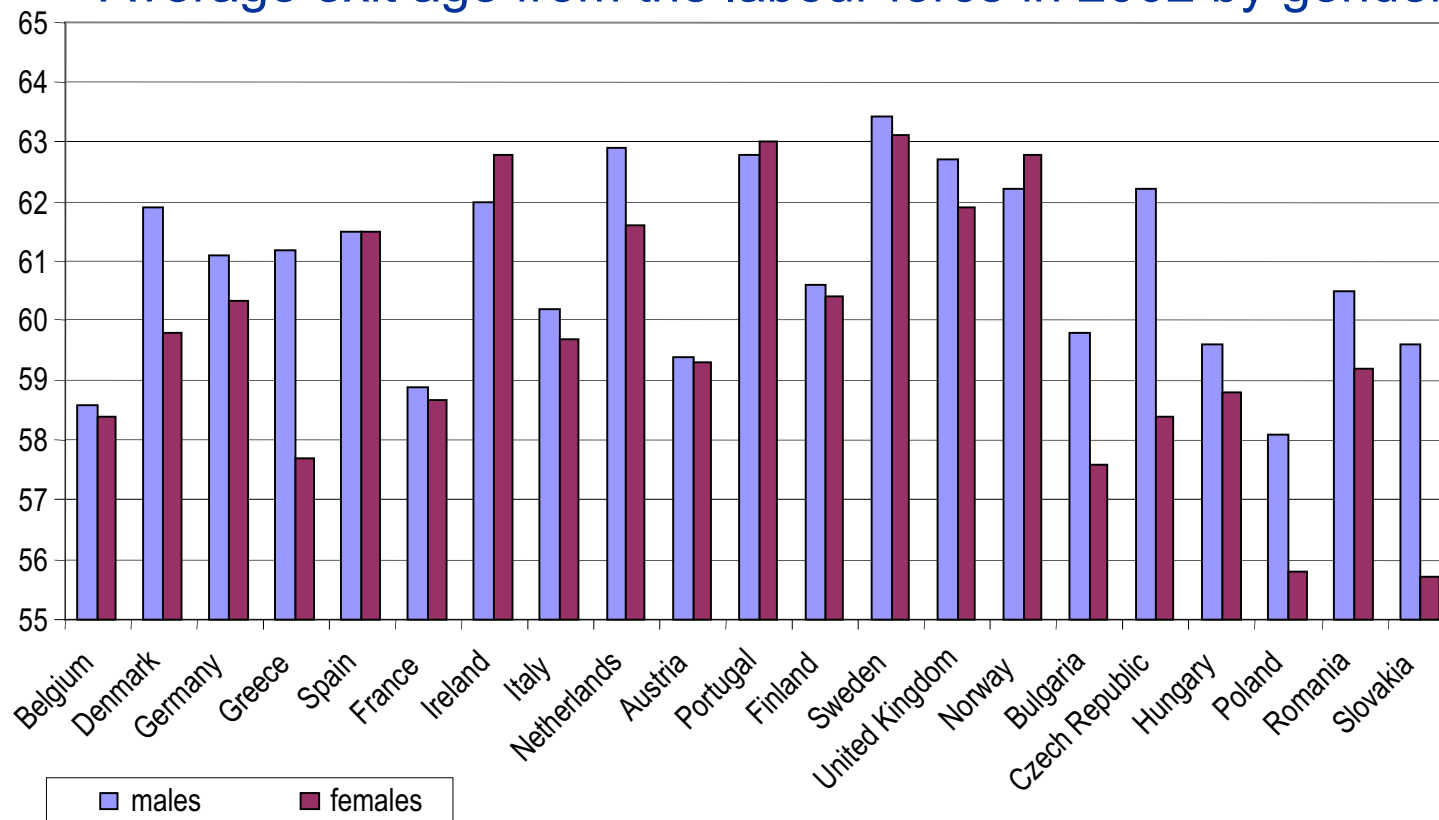
- Paradox: Longer life expectancy not accompanied by longer working lives
- Over the last decade, countries in the region: insufficient employment growth and some important employment losses
- Early retirement or pre-pension benefit schemes: “solution” to mitigate labour market tensions and to promote youth employment
- Substantial drop in the average retirement age



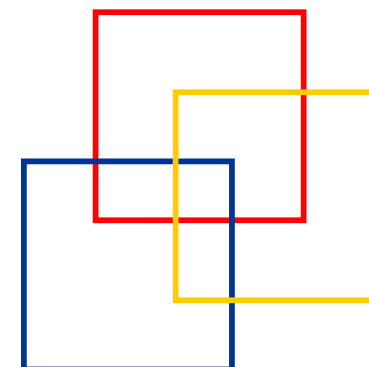


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Average exit age from the labour force in 2002 by gender

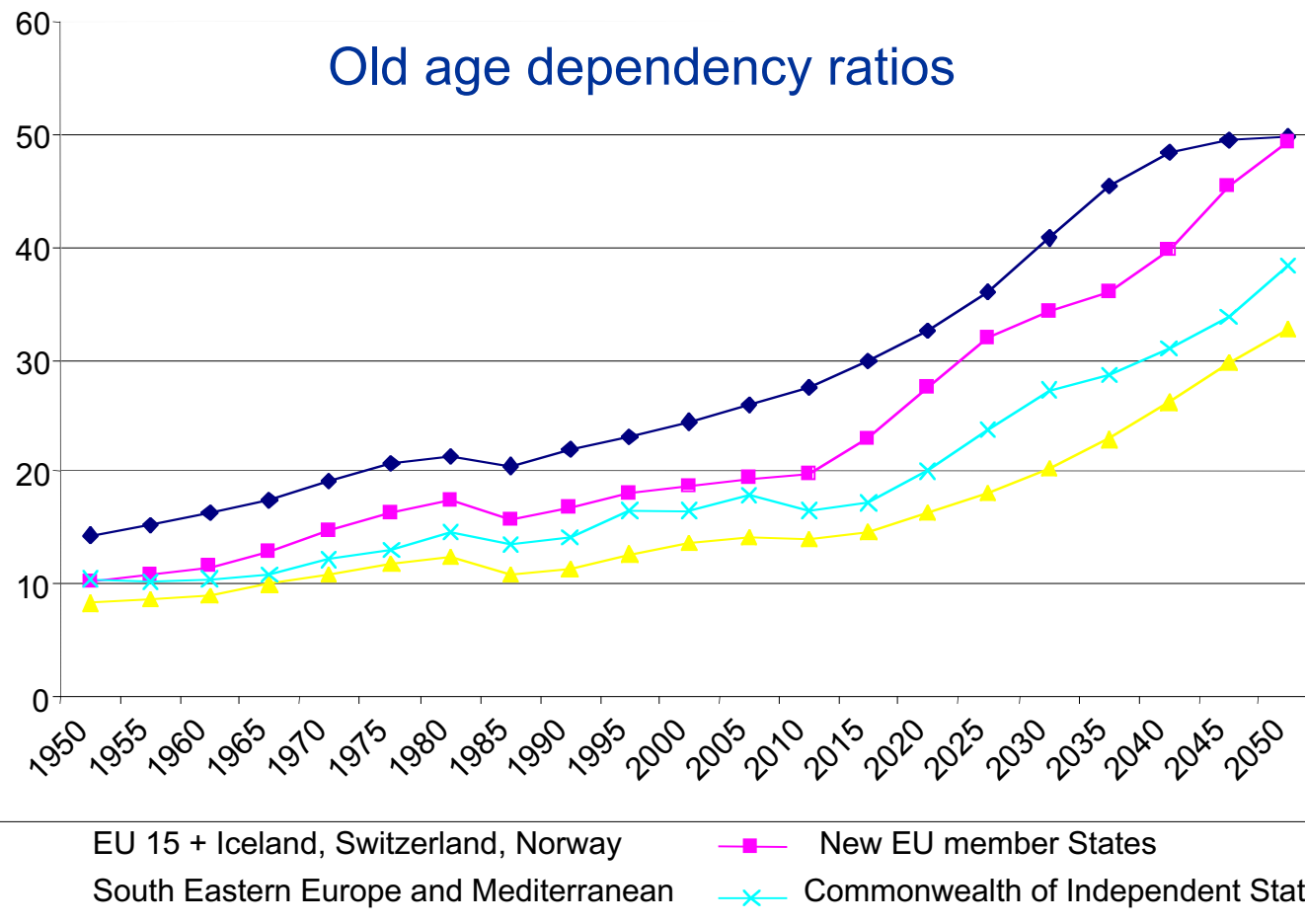


Barcelona Council: By 2010; increase of 5 years in the average retirement age.

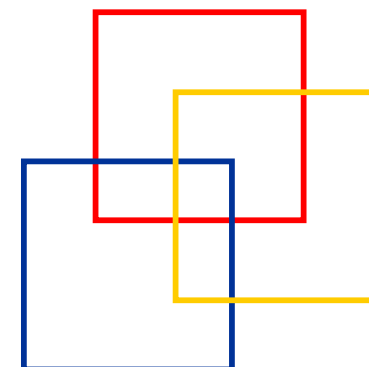




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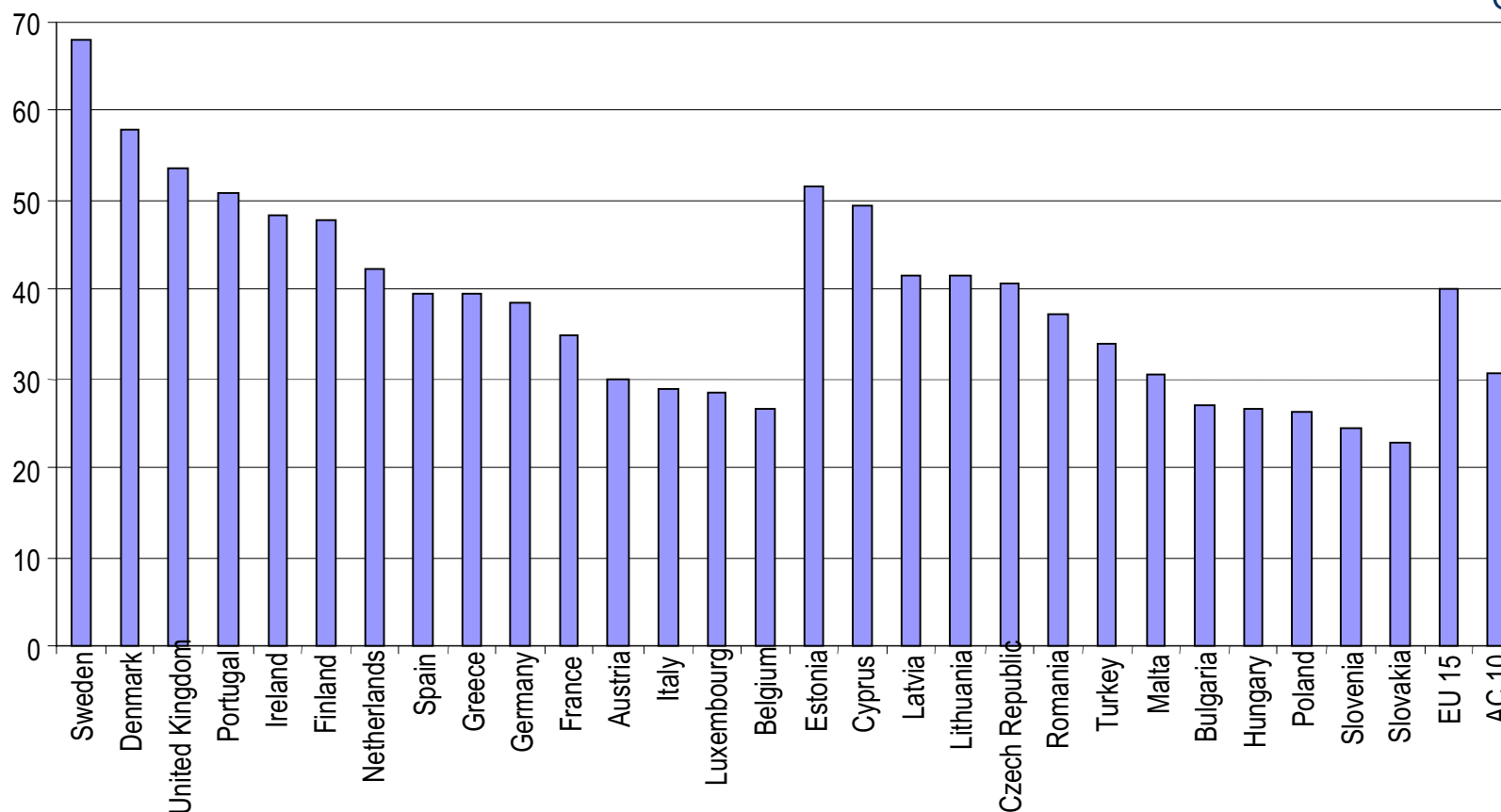
Increasing old age dependency: the working age population is expected to support an increasing number of old people





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Older workers employment rate



Need to alter labour supply reduction policies; **employment promotion is key**

Lisbon & Stockholm: By 2010 raising employment rates to 70%
for working age population, 60% for women, 50% for older workers



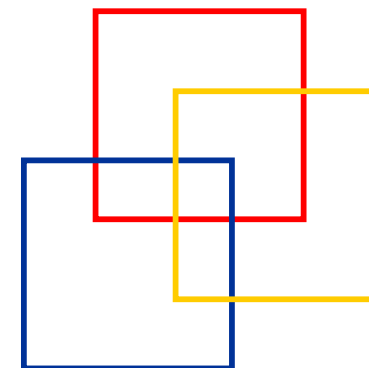
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Raising participation and employment of older workers depends on:

- changes in attitudes towards older people
- combating age discrimination
- investing in employability measures is also key to extend working lives
- flexible transition from working life to retirement
- governments and social partners will need to cooperate in reforming legal and institutional frameworks

Above all... promoting productive and decent employment is crucial.

The promotion of full employment is a very effective measure to render the demographic pressures on social security schemes manageable

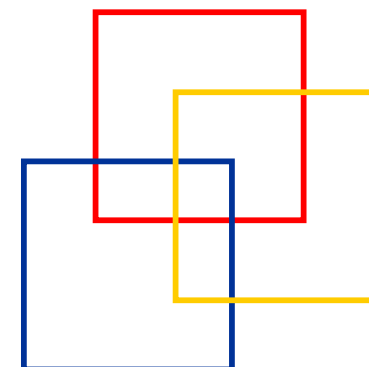




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II. Indicators in the field of employment and social protection

- Indicators on employment and social protection aspects, notably on economic activity and inactivity
- Non-exhaustive set of indicators
- Largely based on existing data

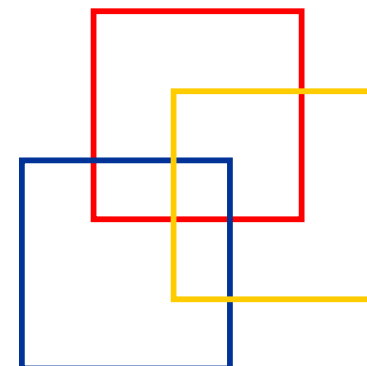




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Indicators should...

- ... be clear and straightforward
- ... be consistent
- ... be as comprehensive as possible without being overly complex
- ... be easily comparable across countries
- ... build on data that are relatively easily available and do not require much data collection effort from the part of governments and other bodies
- ... lend themselves to an unambiguous interpretation

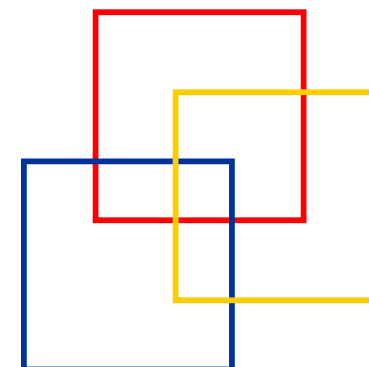




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Some examples for indicators

- Worker to retiree ratio
- Labour force participation rates of older workers
- Employment to population ratio (for older workers and total population)
- Unemployment rates and incidence of long-term unemployment among older workers
- Life-long learning
- Average effective retirement age
- Old age pension coverage ratios (current and future pensioners)





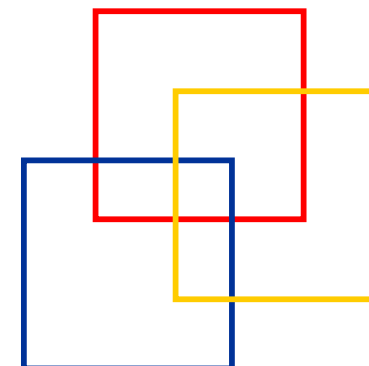
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Worker to retiree ratio

Construction: Number of employed persons per person 65 and older, or, more precisely, per retiree.

Data Source: ILO Labour Statistics; population data; Number of old age pensioners: household surveys, and in the future in the ILO Social Security Database.

Comment: More precise than old age dependency ratio because indicator reflects actual rather than potential economic activity. Comparative data on the number of retiree hard to access for the time being, so the number of persons aged 65 and older might be used as a proxy.





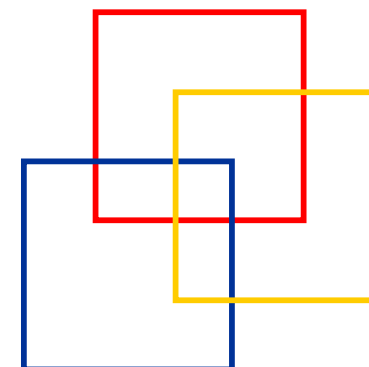
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Labour force participation rates of older workers

Construction: Number of older workers (55-64) in the labour force as a percentage of the population in this age group. Gender break-down possible.

Data Source: ILO Labour Statistics.

Comment: Indicator plays a central role for projecting the future supply of labour. Participation rates of older workers have declined markedly in many countries, being much lower for older women.





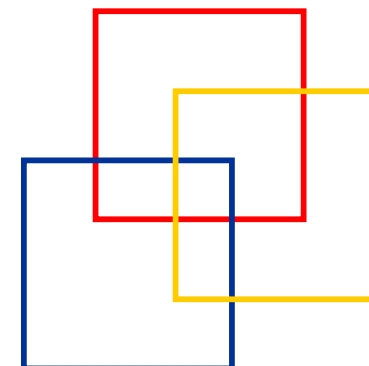
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Employment to population ratio for older workers

Construction: Employed population aged 55-64 as a proportion of the population in this age group. Gender break-down possible

Data Source: ILO Labour Statistics.

Comment: Provides information on the ability of an economy to provide jobs for older workers. Employment rates of older people especially of older men have declined steeply in some countries. However, employment rates are strongly correlated with education level. Better educated older people remain longer in employment.





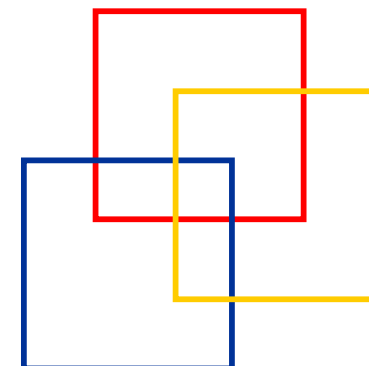
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Employment to population ratio (general)

Construction: Employed population as a proportion of the total working-age population. Gender break-down possible.

Data Source: ILO Labour Statistics.

Comment: Provides information on the ability of an economy to create jobs. As employment is the single most effective lever for adapting to demographic changes in the future, this indicator gives a good account of societies' ability to cope with these challenges.





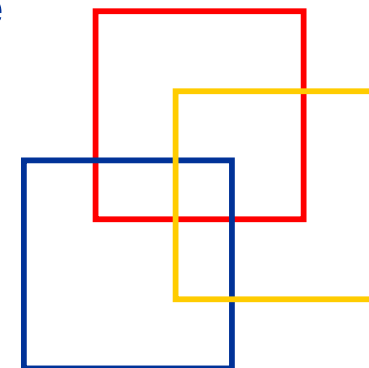
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Unemployment rates and the incidence of long term unemployment among older people

Construction: Unemployment rate: proportion of the labour force that does not have a job but is available and actively looking for work. Long term unemployment rate: unemployed for one year or longer as a percentage of the labour force. Gender break-down possible.

Data Source: ILO Labour Statistics.

Comment: Unemployment rates of older workers tends to be lower than the overall unemployment rate. Nevertheless, long term unemployment rates for older people in many countries are rather high, reflecting serious unemployment problems for this age group. Cross-national comparisons of unemployment rates of older workers may be biased because of different institutional pathways into retirement.



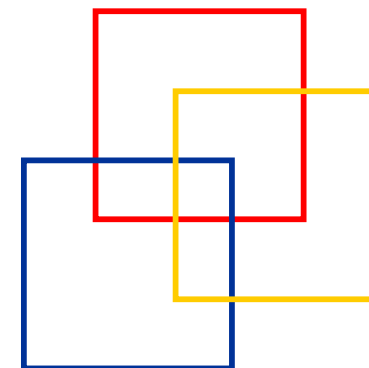


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Life-long learning

Construction: Percentage of the adult (25-64) population (men and women) participating in education and training (persons aged 25 to 64 who stated that they received education or training in the four weeks preceding the survey).

Data Source: For both numerator and the denominator EU Labour Force Survey from EUROSTAT. Information collected relates to all education or training whether or not relevant to the respondent's current or possible future job.





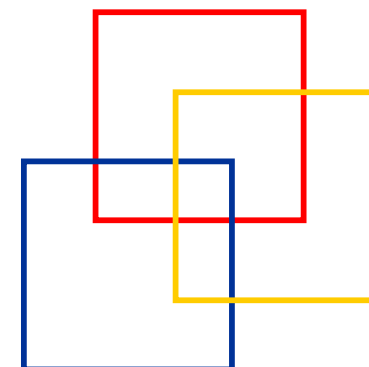
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Average effective retirement age

Construction: Average age at which active persons (men and women) definitely withdraw from the labour market. Gender break-down possible.

Data Source: EUROSTAT; Labour Force Surveys.

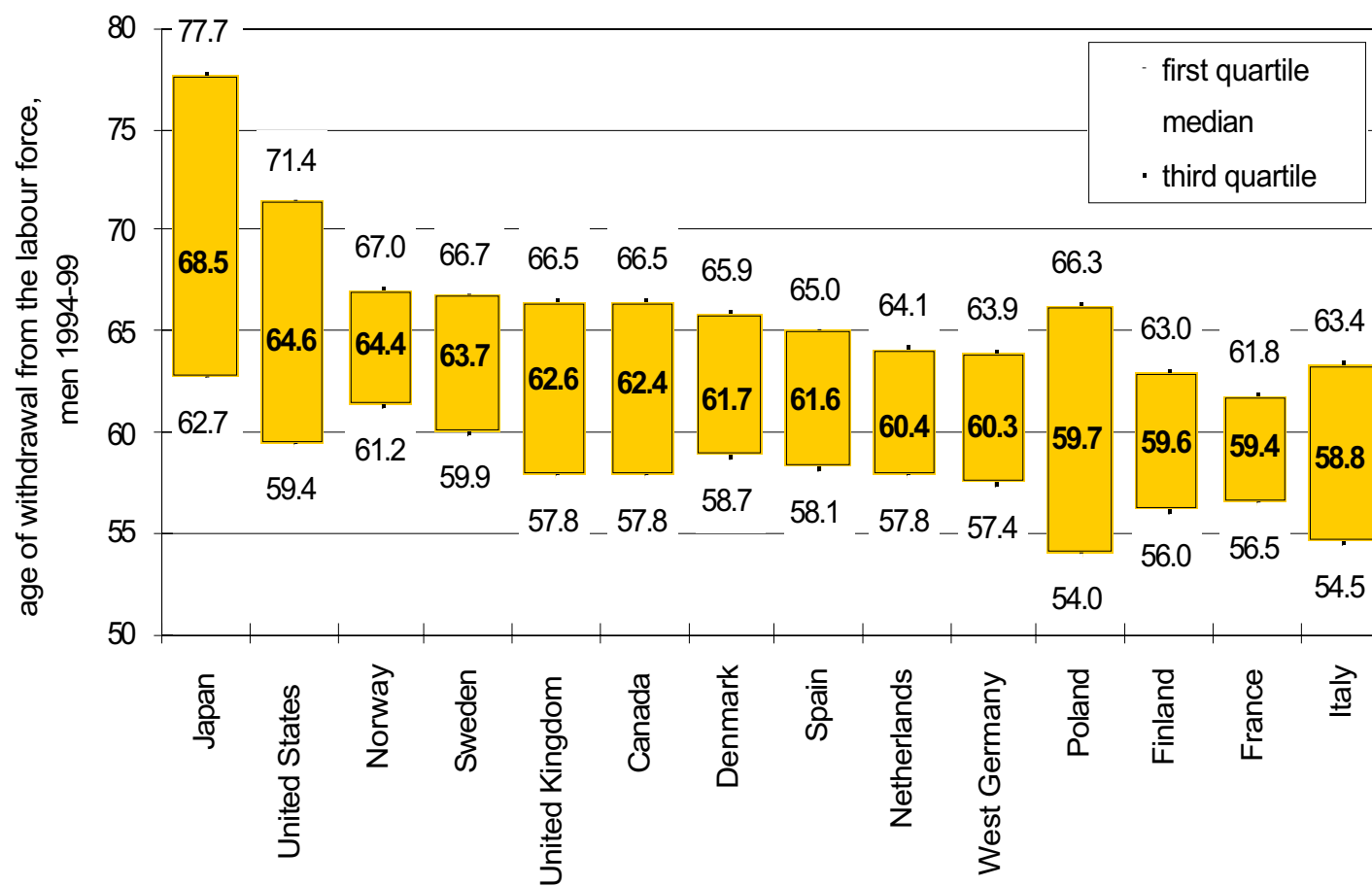
Comment: Estimations based on a probability model considering the relative changes of activity rates from one year to another at a specific age. The activity rate reflects the labour force (employed and unemployed population) as a percentage of the total population for a given age.



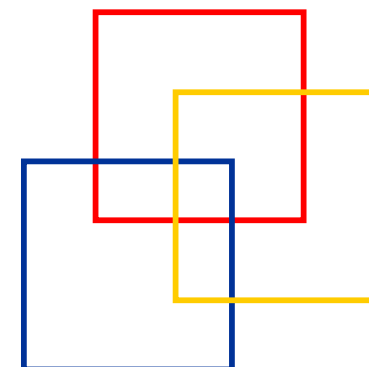


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Average effective retirement age for men



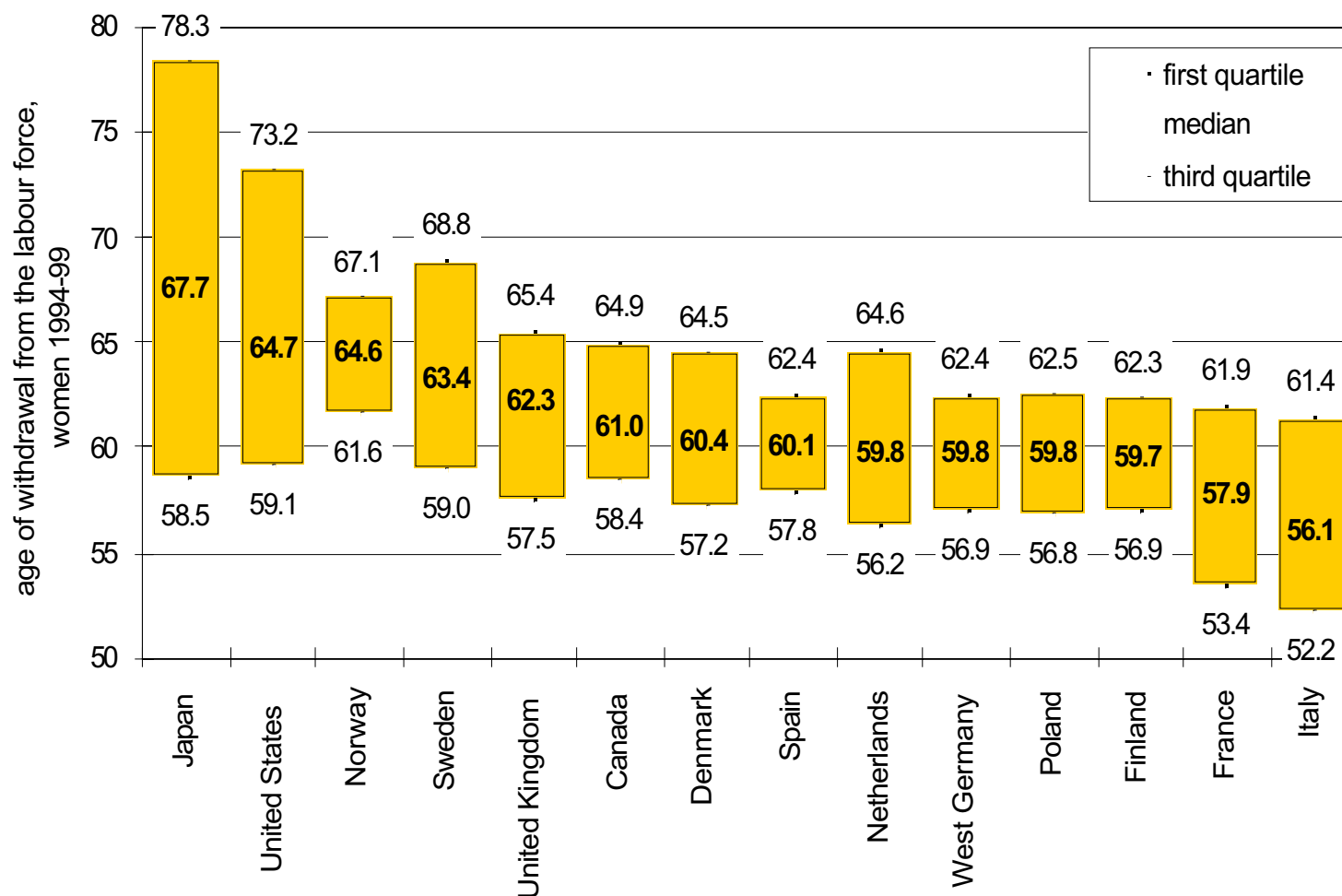
Source: Based on Scherer (2002).



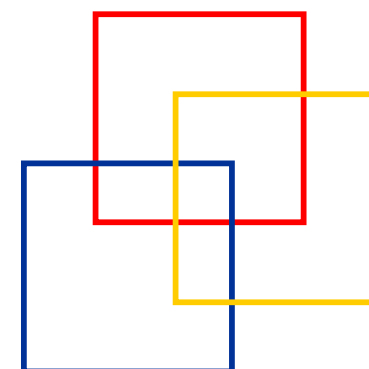


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Average effective retirement age for women



Source: Based on Scherer (2002).





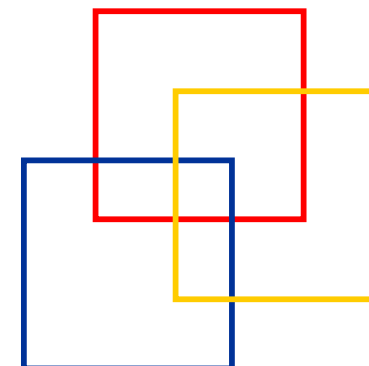
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Old age pension coverage ratio

Construction: Proportion of the population aged 65 and older who receive an old-age pension. Gender breakdown possible.

Data Source: EUROSTAT, household surveys, in the future also ILO Social Security Inquiry.

Comment: Definition of “old age pension” should be wide in order to take account of different institutional settings in each country. Relatively easy for current pensioner generation, «prospective» indicator on future pensioner generations more problematic.





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Conclusions

- Indicators are important policy instrument, but it is important to be aware of their limitations
- Main challenge is to define a set of indicators that is flexible enough to reflect countries with different institutional structures in a consistent way
- Realistic and pragmatic approach that largely builds on existing data collection efforts

