

Labour Market and Labour Market Participation

Commitment 5: "To Enable Labour Markets to Respond to the Economic and Social Consequences of Population Ageing"

According to Commitment 5, four main policy objectives should be met, through related specific measures. Between brackets are listed the indicators proposed to monitor these measures and objectives:

- 1. Seek a significant reduction in rates of unemployment, especially for older persons** (LM03)
Measures to promote access to employment opportunities and reduce unemployment rates, especially for older persons, are necessary
 - To implement active labour market policies (LM03a)
such as job matching, job-search assistance, training, vocational guidance, counselling, and so on
 - Efforts aimed at shaping educational curricula to respond to labour market needs and at easing the transition between formal education and work can help promote employment (LM03b)
 - Measures to reduce non-wage labour costs while protecting workers' rights (LM03c)
 - Other factors weakening the demand for labour, such as barriers to new business start-ups and regulations imposing heavy administrative costs on employers should be carefully scrutinised and, where possible, eased (LM03d)

- 2. Improve the employability of older workers** (LM04)
 - Through vocational guidance and vocational training, based on life-long learning (LM04a)
Employers should be encouraged to enable their employees to retrain and reskill through life-long learning
 - Other measures should focus on improving working conditions (LM04b)

- 3. Raise participation rates for all women and men** (LM01)
 - Improve care facilities and introduce arrangements, which make it easier for all workers, women and men, to combine work and family responsibilities (LM01d)
 - Remove barriers and disincentives to work longer, including the incentives that encourage early retirement (LM01a, LM01b, LM01c)
 - Promote the rehabilitation of workers with disabilities and their re-integration in the labour force (LM01e)
 - Promote better training of older workers, and take measures against age discrimination (LM01f, LM01g)
 - Review financial and other disincentives to the participation of retired persons in part-time or temporary employment (LM01h)
 - Increase through economic policy and incentives employment opportunities for persons living in rural and remote areas, in particular encouraging their distance learning and training (LM01i)

- 4. Take steps to raise the average effective age at which people stop working and make retirement more flexible and gradual** (LM02)
Labour market structures and economic policies should be promoted together with social protection systems that offer incentives for the participation of older workers, so that workers are not encouraged to take up early retirement and are not penalised for staying in the labour market as long as they wish and that pension systems and working arrangements facilitate the option of gradual retirement. In the case of those who opt to retire, every effort should be made to promote a smooth and gradual transition from one type of life to another.

Additional discussions / suggestions mentioned in Commitment 5:

- Particular emphasis should be made on incentives for engaging older persons in SMEs (LM01j)
- To increase the awareness of the benefits of including older persons in the workforce and eliminating age barriers and discrimination in recruitment and employment of older workers (LM01f, LM01g, LM06)
- Concerted measures are needed to increase labour force participation of women (**rationale for generalised gender breakdown**).

These measures should aim to

- further broaden their job opportunities,
- better reconcile the professional and family responsibilities (see also future Care indicators)
- and avoid discriminatory situations with regard to pension benefits or personal income experienced by many women. (see also SUS11)

Important ways to achieve this are suitable education and training, including on-the-job training, job counselling and allowing for flexible work arrangements.

- Special needs of ageing migrants should be taken into consideration (LM05), as appropriate, and consistent with national laws in the design and implementation of integration programmes to facilitate their participation in the social, cultural and economic life of countries of destination.



Group	Subgroup	Definition	Source/ Availability	Type	Notes	
LM01	Participation Rates	LM01a	i) Labour force participation rates of workers aged 55-64 compared with total population and other reference age groups (prime age: 25-54)	EUROSTAT, OECD, ILO	Core	1980-2004
			ii) Employment rates for workers aged 55-64 compared with total population and other reference age groups (prime age: 25-54)		Core	1980-2004
			iii) Share of workers aged 55-64 in the total labour force (and in the employed population) and its growth rate(e.g. comparing decades)		I	1980-2004
			iv) Median Age of the Labour Force, compared to the median age of the population	ECHP	I	
		LM01b	Unemployment and inactivity rates by age groups: 55-64 in comparison to the total population and other reference age groups (prime age: 25-45 or 25-54)	EUROSTAT, OECD, ILO	Core	
		LM01c	Long-term unemployment rates for people aged 55-64 in comparison to the total unemployed population		I	1985-2005
		LM01d	Time spent in paid vs. unpaid work activities (e.g. volunteering vs. household production) by age groups *) This policy measure will also be addressed at a later stage (see Care indicators)	ECHP (EU15) LIS OECD (Willem Adema), Babies and Bosses, Time use survey (Society at a Glance)	I	2001 (or latest year available)
		LM01e	i) Disability rates by age groups	EUROSTAT, ECHP, OECD	II	
			ii) Outflow rates from disability benefit recipient status to work, by age groups		II	
			iii) Share of non-employed disability benefit recipients at ages younger than the statutory retirement age and above age 50, as % of the population aged between 40 and 65 years, and as % of the retired population aged between 40 and 65 years	ECHP (EU15), OECD (see Scherer)	I	
		LM01f	Earnings comparison between age groups (by education)	EUROSTAT, ECHP, OECD (Live Longer, Work Longer)	II	
		LM01g	i) Existence of mandatory retirement age	National sources, OECD (Working conditions)	Core	Instrumental, same chart as LM02h
			ii) Existence of age limits to the application of dismissal laws			
			iii) Existence of age-related reasons to force people out of work			
iv) Existence of protection laws against forced retirement						
LM01h	Part time employment rates for mature-aged workers (55-64) compared to part time rates in the total population or in other population subgroups (prime age, e.g. 25-45 or 25-54)	OECD	II			
LM01i	Employment and labour force participation rates of mature-aged workers (55-64) by regional breakdown and urban vs. rural areas distinctions	ECHP / Newcronos (EU15)	II			
LM01j	Share of mature-aged workers (aged 55-64) on the total workforce at the firm level by firm size	ECHP, ILO	II			



Group		Subgroup	Definition	Source/ Availability	Type	Notes
LM02	Average Effective Retirement Age and Flexible Retirement	LM02a	i) Average effective labour market exit age *) Presentation needs to be footnoted with a caveat: “difficulties might arise when computing the retirement status variables from microdata using self-defined status”	<i>EUROSTAT, complemented if necessary with ECHP (EU15), OECD (see Scherer)</i>	Core	same chart as LM02b and LM02c + *)
			ii) Alternative: expected time spent in employment	<i>See Hytti & Nio (2004)</i>		Not enough data available yet
		LM02b	Effective retirement age for 25% and 75% of the labour force	<i>See LM02a</i>	Core	same chart as LM02a and LM02c
		LM02c	“Early Exit”: difference between the average effective retirement age and the statutory retirement age	<i>See LM02a</i>	Core	same chart as LM02a and LM02b
		LM02d	“Early / Late Retirement”: people retiring in a certain year: % before and after 65 (or % before and after legal retirement age)	<i>National administrative sources</i>	I	
		LM02e	Average age of entry into employment (age of getting the 1 st job)	<i>EUROSTAT, complemented if necessary with ECHP (EU15), OECD (see Scherer)</i>	I	
		LM02f	Lifetime allocation of work and non-work (one point in time)	<i>OECD</i>	I	
		LM02g	Implicit tax on work (accrual of benefits if retirement is delayed after the first eligibility age)	<i>OECD (Ed. Whitehouse), National sources</i>	I	
		LM02h	<u>Instrumental</u> i) Existence of flexible retirement corridors at the national level; ii) Spread (or “generosity”) of the retirement corridor. Operationalisation: youngest, statutory and oldest eligibility age for old-age benefits take up, by gender, under the current system (or “currently”) and the fully operational system after eventual reforms	<i>National sources, OECD Pensions at a glance</i>	Core	Instrumental, same chart as LM01g



Group		Subgroup	Definition	Source/ Availability	Type	Notes
LM03	Unemployment Reduction	LM03a	Participants in ALMP (<i>Active Labour Market</i>) programs targeted to workers aged 55+	<i>EUROSTAT</i> → <i>National sources</i>	II	
		LM03b	Employment rates and labour force participation rates of workers aged 55-64 by educational attainment	<i>EUROSTAT,</i> <i>ILO,</i> <i>OECD (Education at a glance)</i>	II	
		LM03c	Non-wage Labour Costs as a % of Wages over time	<i>Carone et al.</i>	II	
		LM03d	Indicators of employment protection legislation (inverse), possible tax schemes	<i>OECD database on employment protection legislation</i> + <i>ILO's Social Security Inquiry</i>	II	
LM04	Employability of Older Workers	LM04a	Share of workers aged 55-64 involved in (re)training activities as % of both the population aged 55-64 and of the labour force aged 55-64	<i>ECHP,</i> <i>SHARE</i>	II	
		LM04b	Days of sickness or absence for workers aged 55-64 vs. other reference groups (e.g. 25-54)		II	
LM05	Ageing Migrants	LM05a	Employment and labour force participation rates of native born vs. foreign born: both in working age and after 65	<i>OECD,</i> <i>ECHP</i>	II	
		LM05b	Actual retirement age of foreign born vs. native born		II	
		LM05c	Existence of residence rights for foreign born after retirement		II	
		LM05d	Average wage for foreign born vs. native born, overall and at retirement age		II	
LM06	Eliminating Age Barriers and Discrimination in Recruitment and Employment of Older Workers	LM06a	Existence of national public campaign or awareness campaign for anti-discrimination of older workers	<i>National sources</i>	II	
		LM06b	Related expenditures		II	
		LM06c	Existence of any assessment measure of the effectiveness of the campaign		II	



Sources:

Labour Market Indicators

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