Gradual retirement as part of economic inclusion of elderly in communities

Dr Franz Josef Gellert

iAge April 19, 2012
“Hypothesis“

“Gradual retirement and (e) inclusion of elderly are two different pairs of shoes.”
Introduction  Franz Josef Gellert

Professional experience

Educational experience

Hanze University, Groningen

Tilburg University, Tilburg
• Introduction to the topic
• Current situation of ageing population
• Effects of retirement and (e) inclusion on: retirees, employers, society, communities and labour markets
• Outcome expectation of our project
• The next months to come
• Summary
• Discussion
Introduction to the topic

Current situation

employment

Lifespan

65-67

retirement
Introduction to the topic

A more natural situation

Gradual retirement

Lifespan

65-67
What can gradual retirement mean?

1. Reduction of working hours (employees)

2. Simultaneous reduction of responsibility and remuneration (employers)

3. More freedom to do other things (employees)

4. More flexibility in recruitment and maintaining knowledge (employers)

5. Installation of new communities or entrepreneurship (employees, society)

6. Participation in regional communities (employees, society)
Effects of gradual retirement on:

**Labour markets**: overcoming the expert gap, recruitment of experienced people

**Retirees**: motivation-demotion

**Employers**: knowledge, experience, productivity

**Society**: development, sustainability, recognition

**Communities**: social exchange, proactive people, strengthening regional networks, matching interests in the neighbourhood, senior care campus*

* Wessing (2012)-Living Care Campus.
### Examples of worldwide proportion of people aged above 65/80 (percentage of total population)

<table>
<thead>
<tr>
<th></th>
<th>1975</th>
<th>1997</th>
<th>2025</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Europe</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>65 years</td>
<td>10.7</td>
<td>12.9</td>
<td>18.1</td>
<td>25.2</td>
</tr>
<tr>
<td>Americas</td>
<td>6.9</td>
<td>7.9</td>
<td>13.2</td>
<td>19.1</td>
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<tr>
<td><strong>Europe</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>80 years</td>
<td>1.6</td>
<td>2.7</td>
<td>4.5</td>
<td>8.8</td>
</tr>
<tr>
<td>Americas</td>
<td>1.2</td>
<td>1.7</td>
<td>2.9</td>
<td>5.7</td>
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</tbody>
</table>
Demographic changes up to 2015

European Predictions about Demographic Changes up to 2015

(Source: Eurostat, 2009)
Labour force by age in Europe

Skills forecast: Labour force by age (in 000s), EU27+

Source: Cedefop | Skills Forecasts | Data published in 2012
Employment rate in the EU

Older Worker employment rate EU and Germany

(Source: Eurostat, 2009)
Current employment situation in selected countries*

<table>
<thead>
<tr>
<th>Country</th>
<th>Employment rates 55-64</th>
<th>Employment rates 65 plus</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2000</td>
<td>2010</td>
</tr>
<tr>
<td>Germany</td>
<td>36.8</td>
<td>57.7</td>
</tr>
<tr>
<td>Netherlands</td>
<td>29.7</td>
<td>54.1</td>
</tr>
<tr>
<td>Denmark</td>
<td>53.6</td>
<td>57.6</td>
</tr>
</tbody>
</table>

(E) conomic (ex) inclusion of older people

Current situation:
Low level of (e) conomic inclusion of older people in communities
Low participation in social networks, usage of online tools
Loss of social functions and relations
Social and psychological problems*
Lifestyle and behavioural changes: beliefs, values, thinking, attitudes

Future:
Social engagement in communities; matching individual and societal interests, applied experience for active communities
Knowledge presence in society and companies helping with startups, doing incubator work, and playing roles as business angels
Productivity transfer to companies, communities and society

What can be expected when gradual retirement and (e) inclusion takes place?

• A tool for stress reduction
• Stimulus for lifelong learning
• Tool for preservation of older employees' employability
• Neutralizer of negative feelings such as being excluded from others, injustice or discrimination
• Ensure knowledge transfer over generations
• Increased level of lifestyle quality
## Productivity of older people

<table>
<thead>
<tr>
<th>Age</th>
<th>Voluntary activities</th>
<th>Personal care</th>
<th>Child care</th>
</tr>
</thead>
<tbody>
<tr>
<td>55-69</td>
<td>14%</td>
<td>14%</td>
<td>26%</td>
</tr>
<tr>
<td>70-85</td>
<td>8%</td>
<td>9%</td>
<td>15%</td>
</tr>
</tbody>
</table>

* Bond et al (2007). Ageing in Society*
Current situation of ageing workforces (international)

Applied research approach:

**Automotive industry**
When older workers joined teams then the productivity and quality increased (car producer in Sweden)

**Health care sector**
Age did not play a role in a health care team because the capability to treat a patient well was of high importance (residential homes for elderly in Germany)

**Various industries**
Age did not play a role with regard to learning (80 companies in Germany)

Source: Gellert (2010)
Employers do not want older workers, Tuesday 14 February 2012

- The days of long-term permanent jobs are over and employers are not enthusiastic about retaining staff once they reach 65, according to a report published on Tuesday by the government's social policy advisor SCP.
- A growing number of employers are filling permanent jobs with staff on temporary contracts in order to create the flexibility lacking in the current collective labour agreement (CAO), says the report.
- According to the SCP, 13% of all workers are on a temporary contract.
- Older workers are not appreciated, says the report. Despite the greying of the population, just 55% of employers want staff to work until they reach 60 and only 15% are happy to keep them on after they reach retirement age.
- The government is planning to increase the state retirement age from 65 to 67 by 2020.

The Netherlands

2.5 million people are over 65 in 2010 =15.3% of the population. In 2038 it is expected to be over 20%.*

People above 65 with mental health: 78 % (CBS statistic, 2009)

Income of people above 65: 25,000 €

Social situation after 65:
- 20% are single households
- 6% randomly have social contacts with friends
- 2% randomly have social contacts with family members

* Garssen en Van Duin, 2007
Current situation of ageing workforces (regional)

**Regional-provinces** (people above 65 in percent)

- Drenthe 17.3 %
- Groningen 15.3 %
- Friesland 16.0 %

(people who still work above 65 in cities)

- Assen 11%
- Groningen 10%
- Leeuwarden 8%

* Garssen en Van Duin, 2007*
Why (e) inclusion of elderly in communities?

Capabilities of older workers:

- Productivity and quality increases
- Relationship quality on a higher level
- Learn less fast but can remember things better
- Memory = foundation of wisdom*
- Motivation is high
- The power of mindfulness

Compared to younger colleagues, older workers are often……

- More willing to learn
- Resilient to psychological effects
- Aware of delivering good quality*

*Gellert, F.J. (2008). The effects of ageing workforces on international organizations
The usage of elderly social networks and online surroundings

**Current:**
60% of people above 50 are online users (Bitkom, 2012).
Of those, 38% are on social networks like Facebook, etc.

**Future:**
Increasing number of online users and participants in social networks
What?

• Room for gradual retirement arrangements as part of labour agreements because of an increased number of older workers remaining in companies
• Increased number of older workers who network with other workers or citizens. Active online community.
• Gradual retirement schemes for employers and employees
• Increased number of older entrepreneurs
• Expand the link of older people with communities
• Increased number of Match-makers (combining mutual interests)

How? Mixed method approach

• Surveys/interviews (attitudes, wishes, desires) of employees
• Surveys/interviews (attitudes, wishes, desires) of employers
The next months to come

<table>
<thead>
<tr>
<th>Period</th>
<th>Activities</th>
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<tbody>
<tr>
<td>Jan-Dec. 2012</td>
<td>Gradual retirement schemes</td>
</tr>
<tr>
<td>July-Dec. 2012</td>
<td>Involvement of stakeholders in the survey development</td>
</tr>
<tr>
<td>July-Sept. 2012</td>
<td>Pre-test, final decision on the instrument and start distribution</td>
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<tr>
<td>Sept.-Dec. 2012</td>
<td>Reception of gradual retirement schemes</td>
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<tr>
<td>Dec. 2012</td>
<td>Report writing</td>
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<td>Dissemination of results</td>
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<td>Submission to an academic journal</td>
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Summary

- Population and workforce are growing older
- Gradual retirement schemes can convince partners involved
- Late careers possible
- Communities help connect people and include them in society
- Employability of older workers helps companies overcome expert shortage in the near future
- Older workers value economic inclusion with high motivation and high level of productivity.
“Gradual retirement and (e) inclusion of elderly are two different pairs of shoes.”

„Hypothesis is not confirmed“
“Does being old exclude every opportunity for happiness?

No, happiness excludes being old.“

Franz Kafka (Austrian Writer)
References


Discussion/Questions
Thank you!