ACTIVE AGING IN POLAND
Directions for Policy

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The World Bank
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Outline

Key Labor Market Challenges: the Aging lens

Why Early Exit?

Some Directions for Policy (and two thoughts on “how to”)
Big picture: aging individuals now, aging societies tomorrow

<table>
<thead>
<tr>
<th>Areas of focus</th>
<th>Aging individuals (short-term)</th>
<th>Aging societies (long-term)</th>
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<tbody>
<tr>
<td>Health</td>
<td>addressing cardiovascular diseases; rehabilitation</td>
<td>growing older more healthily</td>
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<tr>
<td>Education</td>
<td>Upgrading skills</td>
<td>learning how to learn</td>
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<tr>
<td>Labor market</td>
<td>facilitating labor market transitions; realigning incentives for participation</td>
<td>Age management</td>
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LABOR MARKET PARTICIPATION: A KEY CHALLENGE FOR OLDER WORKERS IN POLAND
While labor market participation of the 50+ increased since 2007…
Labor market participation is still low among older Poles, especially women, compared to other EU countries.
Employment rates

Unemployment rates

Source: World Bank staff based on LFS data for Poland
WHY EARLY EXIT FROM THE LABOR MARKET?
Key barriers to a longer working life

- **Low participation**: Poor health, limited incentives to stay in the labor market, care responsibilities
- **Low employability**: Inadequate skills and lack of lifelong learning
- **Low demand for older workers**: Ageism, lack of incentives to hire and insufficient age management in firms

Early exit from labor market
... and only 20% of older Poles leave the labor force due to poor health

Own health / disability as the main reason for quitting work (2012)

- Iceland: 47%
- Norway: 43%
- Estonia: 38%
- Portugal: 37%
- Finland: 32%
- Germany: 31%
- Romania: 30%
- Croatia: 30%
- Austria: 29%
- Spain: 29%
- Latvia: 29%
- Luxembourg: 27%
- Ireland: 25%
- EU-15: 23%
- Lithuania: 21%
- Netherlands: 21%
- United Kingdom: 21%
- Sweden: 20%
- Poland: 20%
- Hungary: 20%
- Belgium: 18%
- Slovakia: 17%
- Cyprus: 17%
- Switzerland: 17%
- France: 16%
- Italy: 15%
- Bulgaria: 13%
- Slovenia: 13%
- Czech Republic: 10%
- Malta: 6%
- Greece: 6%

% of inactive 50-69 y.o. pensioners
Most of the healthier older Poles are retired...

Labor Market status of respondents aged 50+ who self-report as “not hampered in daily activities” (2008)

Source: European Social Survey (ESS 2008).
Financial incentives matters for early exit

Table 1: Determinants of employment among elderly: regression-based evidence for Poland (2011)

<table>
<thead>
<tr>
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<th>If Working</th>
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<tr>
<td></td>
<td>Men</td>
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<tr>
<td>Old age and early retirement pension eligible</td>
<td>-0.505***</td>
</tr>
<tr>
<td>Other pension eligible</td>
<td>-0.557***</td>
</tr>
<tr>
<td>Education: low</td>
<td>Reference</td>
</tr>
<tr>
<td>Education: medium</td>
<td>0.063**</td>
</tr>
<tr>
<td>Education: high</td>
<td>0.127***</td>
</tr>
<tr>
<td>Number of HH members between 60 and 80</td>
<td>-0.029</td>
</tr>
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</table>

*Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1
**Other explanatory variables include age, age squared, number of household member in different age categories, number of ADL and IADL disabilities, log housing wealth per capita+1, and dummies for enrollment in pension interacting with age>60 and age <=60

**Other pension includes disability, unemployment, survivor and war pensions

Source: World Bank Staff based on SHARE 2011 data
Polish grandmothers are the “sandwich generation” providing care to their parents and grandchildren.
The difference in education profile between young and older generations is especially pronounced among women.

Share of men and women with certain education level (in %)

Employability constraints?
Polish youth are performing well internationally in literacy and numeracy, but the 50+ are not.
Employers are not keen to hire older workers

Focus groups report negative attitudes towards older workers and animosity

Older workers are perceived as not flexible and costly

Older Worker Labor Force Participation and Employment – Poland. Qualitative Research. World Bank/MillwardBrown SMG KRC.
SOME DIRECTION FOR POLICY
Key barriers to a longer working life

- **Early exit from labor market**

  - **Low participation:**
    Poor health, limited incentives to stay in the labor market, care responsibilities

  - **Low employability:**
    inadequate skills and lack of lifelong learning

  - **Low demand for older workers:**
    ageism, lack of incentives to hire and insufficient age management in firms
Developing the care sector: an intervention with multiple benefits

A large potential to develop a long term care and child care sector …

…which can offer employment opportunities for older workers (especially women) with limited education …

… and can also improve labor force participation of younger women
Formal child care: room to extend access

Figure 2: Children in informal child care by age group (% over the population of each age group with at least 1 hour of formal care a week)

Source: EU-SILC 2012
Key barriers to a longer working life

- **Low participation:** Poor health, limited incentives to stay in the labor market, care responsibilities
- **Low employability:** Inadequate skills and lack of lifelong learning
- **Low demand for older workers:** Ageism, lack of incentives to hire and insufficient age management in firms

**Early exit from labor market**
ALINGING INCENTIVES TO HIRE OLDER WORKERS

- **Eliminating the restriction to dismiss workers in the 4 years before statutory retirement.** The Polish labor code envisages a restriction on dismissal in the 4 years before retirement age, which is intended to protect older workers.

- **Maintain some flexibility in employment forms**

Age management: health-related workplace interventions pay off

<table>
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<tr>
<th>Germany (BMW study)</th>
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<td>• Small cost-effective ergonomic changes reduced health-related absenteeism from 7% to 2%</td>
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<th>Netherlands</th>
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<td>• Randomized health consultations with occupational physicians in a large company resulted in lower odds of early retirement and short-term effects on work ability, burnout, and quality of life</td>
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<th>Finland</th>
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<td>• Randomized health consultations with occupational physicians resulted in reduction of sickness absences by 11 days, which was more than offset the cost of the intervention</td>
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<td>• A randomized lifestyle education program resulted in fewer sick days, lower BMI, blood pressure, heart rate, cholesterol and smoking prevalence</td>
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Polish companies are aware of the benefits of employing older workers...

- More than 46% of older workers involved in mentoring and care about the company where their work, but...

- Special programs aimed at employing people aged over 50 were implemented in less than 10% of the enterprises

- Less than half of older workers declared to have possibility of flexible working hours

- Only 25% of the 50+ workers declared that special trainings addressed to older workers are offered in their companies

TWO REFLECTIONS ON "HOW TO"
An integrated approach

Source: World Bank
The role of evaluation

ESF-financed projects allow significant experimentation

Evaluating with counterfactual helps understand what is the causal impact of projects...

...this can inform scaling up decisions and guide implementation
Thank you!

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