

## Commentary of the Union of Entrepreneurs and Employers: Activation of seniors as an opportunity to fill supply gaps in the labour market

- The analysis of demographic trends, conducted based on the Statistics Poland data, indicates that persons at the age of 50 and over will constitute approximately 50% of Polish society in 2050. This means the necessity of professional activation of that group, with special emphasis on persons of retirement age.
- In Poland, approximately 90 % of people reaching retirement age decide to leave their jobs. Experts point out that retirement is too often treated as a compulsion rather than an option.
- In the coming years, the average age of an employee will increase and so will the average age of a customer. Activation of seniors in the labour market may be a response to the inevitable change in consumer trends.
- Shaping the senior policy in relation to the labour market should be preceded by a thorough diagnosis of the needs of the diverse group of people aged 50+.

In Poland, the number of persons receiving a pension is growing. Based on the Statistics Poland data, approximately 5.98 million persons were receiving pension in the period from January to April 2021. After a slight decline in the period from May to August, the number of beneficiaries increased to 5.999 million in September and was growing. In October 2021, 6.02 million persons were receiving pension, 6.03 million in November and 6.04 million in December of the same year.

Conclusions drawn based on the Statistics Poland data make it necessary to analyse the forecasts related to the number of senior citizens in Poland. Statistical data analysts have calculated that the number of persons aged 60+ is expected to increase to approximately 10.8 million in 2030, reaching 13.7 million in 2050. This means, taking into account other demographic data, that persons aged 50 and over will constitute approximately 50% of the Polish population. Polish residents at the age of 60 and over will constitute just over 40% of the population in 28 years' time. This data involves an unprecedented increase in the burden on the pension system and a sharp reduction in the working-age population but not only. On average, the group of professionally active persons will be much older than today.

The issue needs to be addressed now. In Poland, approximately 90% of persons who reach retirement age resign from work. This is related to the perception that reaching the retirement age is a sort of compulsion to retire and not one of the possibilities. Based on the Statistics Poland data, only 39% of persons aged 60-64 and only 6% of persons over 65 will be professionally active in 2020. Although companies recognise the problem, the percentage of

employed senior citizens is still significantly low in Poland, compared to most Western European countries.

The situation is partly made better thanks to the inflow of economic immigrants and refugees - especially from the territory of Ukraine. However, in any case, the scale of that phenomenon must not obscure the consequences of the ageing of the society, which will be of key importance for shaping the labour market in Poland. At the same time, one should not forget that, in addition to a larger number of older employees, there will also be a greater number of older customers in Poland. This correlation may have a positive impact on the already existing trend of employing senior citizens. In Poland, in the first quarter of 2021, the number of working women at the age of 60 and over and men over 65 years old was 687,000. In the second quarter, it was already 721 thousand persons, and 754 thousand persons in the third quarter. This is a positive trend; however, it does not compensate for the persistently low fertility rate, which will amount to 1.4 children per woman in 2022. The economic indicators, which are worrying the society, will not bring a demographic miracle.

Adapting the labour market to the needs of older workers is becoming a great challenge. Shrinking down of the group of people in the traditionally-understood working age will translate into changes in the employment model in companies in the near future, and increase the number of senior citizens in professions where their representation is currently low. In addition to the increase in the average age of employees, the aforementioned increase in the average age of customers will also be a challenge for the market, which will translate into an evolutionary change in consumer trends.

There is no doubt that employers will have to implement certain methods to activate senior citizens in their enterprises, organizations or institutions. Actions making the workplace more accessible to persons at the age of 50 or over should be subject to special supervision. The methods of implementing those measures should include special activation programmes, retraining courses (including language courses) and better use of flexible forms of employment.

The analysis of demographic and macroeconomic trends leaves employers no choice. Already today, companies are forced to implement measures to build an inclusive organisational culture that takes diversity into account, i.e., a *diversity and inclusion* strategy. State structures - both at the central and local government levels - must also become more involved in the process of activating senior citizens in the labour market than they are today. Although initiatives such as "A skilful worker has no age" and other related initiatives are being implemented in the country, their scale and the response of the labour market still remain too small. In the meantime, although many companies still do not want to accept it, Generation X will be retiring in 15 years' time.

Senior policy strategies must not take on the form of coercion. As practice shows, activation "with the use of force" does not bring the expected results. The real needs of senior citizens must be taken into account and correlated with the needs of the labour market. It should not be forgotten, and many initiators of programmes addressed to the oldest citizens have fallen into this generalising trap, that the group of senior citizens is diverse in terms of age and



territory - the perspective of the residents of large cities is different from that of medium-sized agglomerations and inhabitants of rural areas. It also seems economically justified - within a rational framework - to institutionally support forms of care for the elderly and children to increase the participation in the labour market of people who also have caregiving responsibilities.

Measures to increase the participation of professionally inactive senior citizens in the labour market can reduce the non-wage burden on salaries and increase the profitability of taking up work. The estimated number of persons at the age of 50 and over who could supply the labour market is 2 million. A bold move, albeit politically difficult, would be to raise the retirement age. Such a decision would certainly increase the efficiency of the pension system, which will face an increased disproportion between the number of professionally inactive seniors and those of working age soon. Based on the Personnel Service report, professional activation of persons aged 50+ and bringing the level of participation of senior citizens in the labour market closer to the level in Western European countries "could, in the long run, bring an increase in GDP of up to USD 66 billion".

Activating senior citizens in the labour market is not only an opportunity but also an obligation of employers. More effective integration of employees aged 50+ in the labour market is an opportunity to increase the economic and social well-being of Poles - all the more so that their health condition and life expectancy increase year by year.