

EXTENDING WORKING LIFE IN POLAND - REASONS, MEASURES, RECOMMENDATIONS

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Abstract

Various economic and social consequences of the ageing of communities, which all Europe has to take into account as well, make the economic activity of people over 50 in the labour market one of the most significant issues raised in labour market research. In many EU countries measures have been taken in order to maintain the employment rates of this group of workers or to include them in the labour market.

The aim of the paper is to evaluate of the situation of people aged 50+ in the labour market in Poland in the context of the possibility of extending their economic activity. The analysis will be based on survey data conducted on representative national samples of people aged 45+ and employers in Poland. The analysis was conducted with the application of basic descriptive statistics, as well as chi-squared test and logistic regression.

Keywords ageing, economic activity, extending working life, social policy, Poland.

JEL classification: *J10, J50*

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Introduction

In recent years in Poland, as well as in other European countries, more and more stress is put on the issue of increasing economic activity of the 50+ generation, and on extending the period of employment. This is due to the fact, among others, that potential labour resources are decreasing, as well as aging, life expectancy is growing, while the health status of the older generation is improving, etc. Despite the clear improvement in recent years, the economic activity of the older generation remains at a low level in Poland, which - especially in the face of raising the retirement age - implies the need for intensified efforts in the labour market and social policy. Interest in this subject is broad, and Poland in no exception in this regard. Numerous studies confirm the need to take conducive measures aimed at keeping older workers in employment (see for example: *Akademia ...*, 2010; Jaros, Krajewski and Mackiewicz (eds.), 2011; Karpovich, 2011; Liwiński and Sztanderska, 2010; Urbaniak, 2007; Urbaniak and Wiktorowicz (eds.), 2011; Conen et al., 2011). From the perspective of this paper, the results of the 'Diagnosis of current situation of females and males 50+ on the labour market in Poland' will be the key⁵.

The subject of this study is the evaluation of the situation of people aged 50+ in the labour market in Poland in the context of the possibility of extending their economic activity. The analysis is based on quantitative results of researches, at the same time the remaining, qualitative components of the 'Diagnosis of current situation of females and males 50+ on the labour market in Poland' have been omitted.

1. Data and methods

This paper presents mainly the results of the research conducted in the framework of quantitative researches of the 'Diagnosis of current situation of females and males

⁵ Full details of all components of the research are presented in: Kryńska, E., Krzyszkowski, J., Urbaniak, B., Wiktorowicz, J. (2013), Diagnosis of the current situation of men and women 50+ in the labour market in Poland. Final Report, The University of Lodz, Lodz.

50+ on the labour market in Poland' (further Diagnosis 50+). Questionnaire survey of people aged 45+ and employers were used. Both components of the Diagnosis were realized on representative samples – respectively 3,200 persons aged 45-69 and 1,011 employers. The first study provides representative results also for the three age groups: 45-49, 50-59/64 and 60/65-69 years. These intervals are different for men and women because of the different statutory retirement age in Poland (in 2012 - 60 years for women and 65 for men). In this paper the analysis has been limited to people aged 50+. Additionally the opinion of employers has been presented. As a result of non-proportional sampling, weights were applied in both cases. Finally, the estimation error is max 1.8% for survey „people 45+” and 3.1% for survey “employers”. Research among people aged 45+ was carried out with the CAPI method (Computer Assisted Personal Interviewing), while the research among employers – with the application of CATI method (Computer Assisted Telephone Interviewing). The field part of the research was carried out in the first half of 2012.

The analysis was conducted with the application of basic descriptive statistics, as well as chi-squared test and logistic regression analysis. Chi-squared test will be applied to assess the relations between qualitative variables. Relation was considered statistically significant, when the p-value was lower than the level of significance. The logistic regression analysis will in turn allow to assess the probability of work ('being working') of people in the immobile working age. The formula of the logistic regression equation is as follows (Szymczak, 2011, p. 171):

$$P(Y = 1) = \frac{1}{1 + \exp(-(B_0 + B_1 X_1 + \dots + B_n X_n))}, \quad (1)$$

where: B_i – regression coefficients, and demographic characteristics of people aged 45-59/64 were adopted as independent variables x_1 – sex (reference group – women), x_2 – highest level of education (reference group – primary and lower education); x_3 – place of residence (reference group – rural area); x_4 – self-assessment of health (reference group – poor or very poor); x_5 – age (in years).

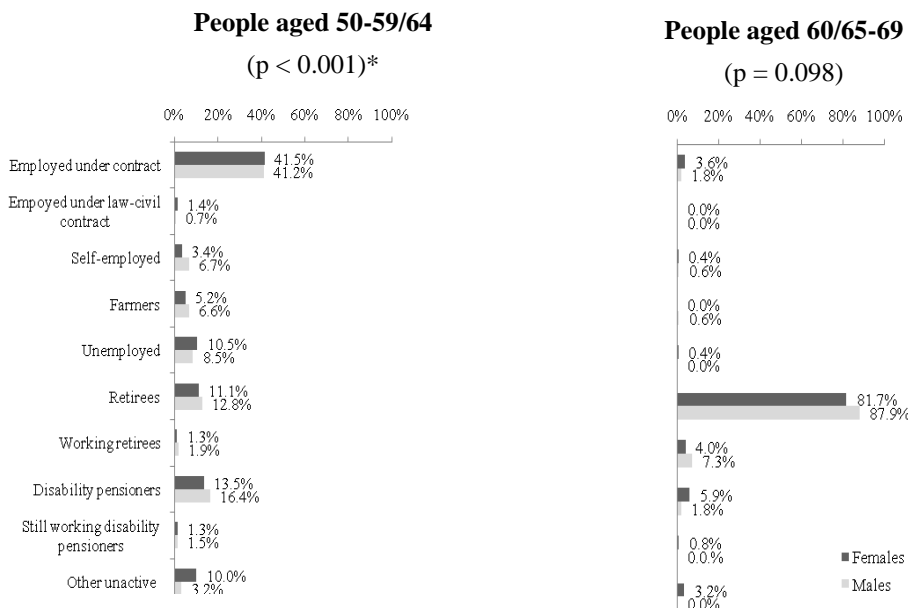
The significance of influence of specific factors was evaluated with the Wald test. The Wald test verifies the following hypotheses: $H_0: \exp(B_i) = 1$ while $H_1: \exp(B_i) \neq 1$. The test is checked by the Wald statistics calculated with the formula (Szymczak, 2011, p. 189-192):

$$W = \left(\frac{B_i}{S(B_i)} \right)^2. \quad (2)$$

In the analysis the standard level of significance ($\alpha = 0.05$) was adopted. The calculation was made in IBM SPSS Statistics 22.0.

2. Economic activity of people aged 45/50+

In the light of ‘Diagnosis of the current situation of women and men aged 50+ in the labour market in Poland’, approximately 65% of women and men aged 50-59/64 identified themselves as economically active. Most of them are employed under a contract of employment (mostly for an indefinite period). One person in ten aged 50-59/64 is unemployed, while unemployment is a bigger problem for women than men (10.5% vs. 8.5%). As many as 37% of women and 36% of men aged 50-59/64 are economically inactive (Fig. 1). The statutory retirement age determines the turning point of employment for the majority of Poles - about 86% of women and 95% of men aged 60/65-69 and approximately 12% of women and 15% of men aged 50-59/64 are retired. Given the statutory retirement age (60 years for women and 65 for men), the rates are high. Some pensioners - 4% of women and 7% of men aged 60/65+ respectively, and 1-2% of people in their pre-retirement age work in order to get extra money to the retirement pension. It is worth noting that approximately 4% of women and 2% of men aged 60/65+ do not take advantage of pension rights and continue gainful employment. The effective retirement age in Poland is among the lowest in the EU - according to Eurostat data for 2010 for Poland the average age of withdrawal from the labour market amounted to 59.3 years of age, including 61.4 years of age for men and 57.5 years of age for women and was comparable only with Slovakia, Slovenia and Hungary. Citizens of the poorest EU countries - Bulgaria and Romania, as well as Ireland and the Nordic countries retire the latest (average at the age of 64) (Eurostat, lfsi_exi_a). In light of the Diagnosis 50+ research, retired people aged 50-69 have taken advantage of this privilege at an average age of 56.9, while the average is only slightly lower for women (56.3 years) than for men (57.9 years). The effective retirement age in Poland is therefore lower than the statutory retirement age, which is not only specific for Poland - in all Member States, the trend is similar.

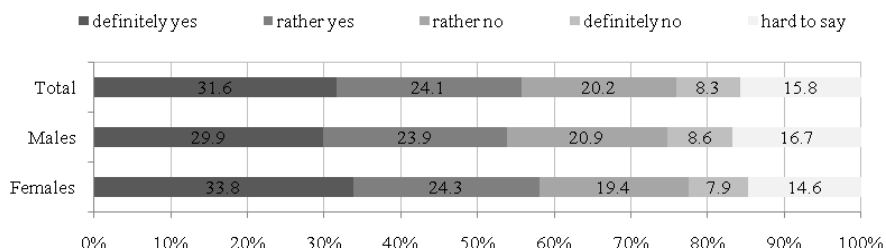


p – probability in chi-squared test; * - differences statistically significant

Fig. 1 Declarative situation of people aged 50+ on the labour market in age groups by sex in Poland in 2012

Source: own calculations on the basis of “Diagnosis of situation of females and males 50+ on the labour market in Poland” (survey of people aged 45+).

According to the Diagnosis 50+ research, the trend of retirement at a relatively young age will also continue in subsequent years. When asked "Are you going to retire as soon as possible?", more than half of employees aged 50+ confirmed that they had such plans. 30% of men and 34% women definitely think about ending their career as soon as possible, and about 24% of people (of both sexes) are rather planning it. On the other hand, almost 30% of women and men aged 50+ are of the opposite opinion - they want to continue working, and about 16% (slightly more often men) do not have an opinion at this moment.



$p = 0.673$; p – probability in chi-squared test of independence

Fig. 2 Distribution of answers to the question "Are you going to retire as soon as possible?" by sex (in%)

Source: as in Fig. 1 (survey of people aged 45+).

What factors determine that the employed aged 50+ wish to remain in employment? In order to obtain answers to the above mentioned question, logistic regression was used, in which features defining demographic-social characteristics of workers ($x_1 - x_5$) played the role of independent variables. The output variable (y) takes the value of 1 for those employees who wish to remain in employment (do not want to retire as soon as possible). The estimation results are presented in Table 1. Among the characteristics taken into account, only age was not a significant factor of employment continuing, other variables (place of residence, sex, level of education, health) have a significant impact on the chance of continuing employment (p -value for the Wald test is less than α).

Table 1

Results of estimation of the logistic regression model for probability of working continuing of people aged 50+

Independent variables	B	Wald statistics	df	p-value	OR
Place of residence ^a		31.837	3	<0.001*	
urban area, less than 50 thousands	0.730	11.461	1	0.001	2.074
urban area, 50-200 thousands	0.251	0.972	1	0.324	1.285
urban area, over 200 thousands	1.095	27.494	1	<0.001	2.988

Sex ^b	0.387	5.794	1	0.016*	1.472
Level of education ^c		22.920	3	<0.001*	
basic vocational	1.083	5.106	1	0.024	2.954
secondary	1.435	9.092	1	0.003	4.202
tertiary	1.926	15.215	1	<0.001	6.861
Self-assessment of health ^d		61.616	2	<0.001*	
medium	0.756	2.347	1	0.125	2.129
good or very good	1.963	16.585	1	<0.001	7.124
constant	-	46.751	1	<0.001*	0.012
	4.462				
n	811				
R ² Nagelkerke	0.240				
R ² Cox and Snell	0.168				

Reference groups: ^a rural area; ^b women; ^c primary and lower education; ^d poor or very poor. OR – odd ratio. * - relation statistically significant ($\alpha = 0.05$).

Source: as in Fig. 1 (survey of people aged 45+).

Assuming *ceteris paribus*, in the case of people aged 50-69, the chance for a longer stay in the labour market: (1) is 1.5 times higher for men than for women; (2) compared with rural inhabitants, is almost three times higher for large cities, about twice as high as in the case of those living in small towns and nearly 1.3 times higher in the case of medium-sized cities; (3) compared with people with an at least lower secondary education, is almost three times higher in the case of basic vocational education, more than four times higher for those with secondary education and nearly seven times higher for people with higher education; (4) compared with people assessing their health as low or very low, in the case of an average assessment the chance grows more than two times, and in the case of a good or very good assessment - more than seven times.

Taking into account other characteristics, the following are more likely to continue their career: (1) the self-employed rather than those performing other forms of economic activity, (2) managers and specialists rather than blue-collar workers, (3)

individuals doing lighter work, (4) with higher competences, such as "hard" competences - IT, language, as well as "soft" competences, (5) working in their place of residence, and therefore not having to commute to work, (6) employed in medium and large companies, (7) satisfied with their pay in their workplace, (8) with stable employment, (9) those whose physical conditions of work are satisfactory, (10) whose employer provides such a good development environment. The employer's form of ownership (public as opposed to private) is not significant, as well as the quality of co-operation - with superiors, co-workers, recognition from the supervisor.

3. Determinants of economic activity of people aged 45/50+

What are the main reasons for the planned continuation of employment, or early retirement (Table 2)? First of all financial conditions persuade people aged 50+ to continue working, but most people do not want to retire as soon as possible for the value of work, which gives them satisfaction, fulfilment of professional ambition. People aged 50+ are concerned with their health, and it is poor health, fatigue with work, life with working conditions which are inadequate to the health conditions that are the most important reasons for people aged 50+ who are planning to retire as soon as it is possible.

Table 2

The most important reasons for the employed at the age of 50+ to positively or negatively perceive plans to continue their economic activity in the future (in%)

The reasons for further employment	The reasons for the planned deactivation
Job satisfaction, I like what I do, I'm professionally fulfilled (57%)	Fatigue with work, life, the need for rest (39%)
The economic conditions which are provided by my job (27%)	Poor health (37%)
Medical reasons ("I am healthy and I can continue working", "I want to stay healthy") (25%)	Work which is too hard physically / mentally aggravating (18%)
The level of retirement benefits ("too low retirement", "I want to earn a higher	The desire to devote time to the closest family, themselves (13%)

retirement") (14%)

Source: as in Fig. 1 (survey of people aged 45+).

What actions could persuade a person at the pre-retirement age to continue their career? Employers and people aged 50+ have essentially similar view - the flexibility of employment and change of work organization are important. As many as half of the employed focus on better pay, however, even employers (although rarely) appreciate the significance of this condition of employment, financial support in the form of tax reliefs is also important for them (Table 3).

Table 3

The main directions of actions favourable for continued employment for older workers, in the opinion of people aged 50+ and employers (in %)

People aged 50+	Employers
- higher salaries (50%)	- flexible working hours (27%)
- reducing the number of working hours (25%)	- reducing the number of working hours (25%)
- moving to a position requiring less physical effort (22%)	- moving to a position requiring less physical effort (20%)
- flexible working hours (20%)	- moving to a less stressful work (20%)
- more convenient organization of work (15%)	- or less mentally aggravating (6%)
- moving to less stressful (13%) or less mentally aggravating (6%) work	- additional benefits, better wages, tax reliefs for employers (17%)
- adaptation of the workstation to the needs of older workers (13%), including special equipment (9%)	- the possibility to perform work at home from time to time (16%)
	- more convenient organization of work (9%)
	- adaptation of workstation to the needs of older workers (4%), including special equipment

Source: as in Fig. 1 (survey of people aged 45+ and survey of employers)

First of all, the working population at the age of 50+ most frequently mentioned higher salary (27%), moving to a position requiring less physical effort (13%) and flexible forms of work (reducing the number of working hours, flexible working hours – about 10%). The same reasons were mentioned as the most important by employers. On the other hand, every twelfth working person at the age of 50+ and one in six employers believe that nothing would convince them to stay in employment. The implementation scale of these solutions is, however, marginal.

4. Conclusion

The professional situation of Poles aged 45/50+ is varied, nevertheless the high degree of deactivation of people aged 50-59/64 should be noted. Given the demographic trends, particularly the least expected positive changes in the age structure of the population, there is need for more decisive measures increasing the economic activity of people aged 50+ in Poland. Activities in this area have been implemented since 2008 under the "Solidarity of the Generations". The multifaceted program provides support for the economic activity of people in pre-retirement age, so that by 2020 the employment rate for people aged 55-64 reaches 50%. As is clear from research cited this paper i.e. "Diagnosis of the current situation of men and women 50+ in the labour market in Poland", the tendency to pursue a professional career is varied in different groups, the demographic characteristics of persons aged 50+ - their sex, education level, health status, place of residence play an important role. However, Poles rather lean towards a rapid deactivation than towards longer employment period. What would persuade Poles to pursue a professional career at the pre-retirement age? Employees and employers are in agreement on this issue - these are mainly good conditions of employment (high wages, moving to a less physically and mentally burdensome work) and flexible time and work organization solutions (reducing the number of hours of work, elastic working hours, more convenient organization enabling work at home).

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