Introduction
With an increasing life expectancy and the decline of the birth rate, population ageing has become a real challenge for European countries at both a social and an economic level. This challenge is emphasized by the arrival of the baby-boom generations at retirement age which leads to inevitable repercussions for the active population. Basically, the difference in the number of workers between the different age groups – baby-boom generations and the ones that followed – leads to a risk of “old generations” of workers being partially replaced by “young generations” of workers. This labour shortage’s risk will pose problems in the long, or even in the medium term. This is why, for many years, the consequences of population ageing on the labour market got to the heart of the matter within the European policies’ discussions. Furthermore, active ageing has become for the European Union its main concern in its employment strategy recommending an increase in the employment rates of the older workers, as well as a decrease in early-retirement incentives. At a national level, each of these European directives should be translated in the different Member States, and this is the role of national policies.

In Luxembourg, in the medium term, the problem of the ageing of the economically active population is less serious than in other European countries (Leduc, 2006). Nonetheless, the country appears to be one of the mediocre “pupils” in Europe in relation to the objectives fixed by the European Union, and especially in relation to the employment rate of 55-64 year-olds. The objectives of the first two sections of this paper will be to explain why the atypical situation of Luxembourg allows it to have a delay compared to its bordering European countries concerning the labour shortage risk, to identify the measures of public policies taken to raise the employment rates of older workers (55-64 year-olds) and to consider the situation of Luxembourg according to the objectives to be achieved.

The measures put in place to encourage the employment of older workers are different from one country to another. The priority given to one or other measure depends on the approach taken by the authorities. Whilst some countries have adopted a global approach without tackling the question of older workers specifically, but including it in the more general framework of the employment policy’s reform, in Luxembourg priority is given to more specific measures helping older workers. Nevertheless, the promotion of active ageing cannot be developed without a major change of mentalities, amongst both workers (culture of early retirement), and firms. However, up to now the attitudes of firms towards issues related to the ageing of the labour force have not been very well investigated. Based on an original survey carried out in Luxembourg on this subject1, the third section will therefore focus on assessing firms’ awareness of the labour force ageing issues, on their knowledge of public policies that exist to encourage the maintaining of older workers in employment, and finally, on the different practices they have implemented in their firm for older workers.

1/ Luxembourg’s delay concerning the labour shortage risk
The objective of this section is to describe the demographic characteristics of the economically active population in the Grand Duchy between 1994 and 2008. In addition to that, we will also show that the question of active population ageing is not raised with the same acuteness in Luxembourg and its labour market as in other European countries (France, Germany …).

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1 The survey entitled “Maintien des Travailleurs âgés en Activité” (MTA) was taken in spring 2004 within firms of the private sector based in Luxembourg with at least ten employees. This survey was taken by CEPS/INSTEAD at the request of the Ministry for Work and Employment.
1.1. A global population ageing of the economically active population …

Whilst, in 9 years (1994-2003), the mean age of the active population\(^2\) has raised by 1.6 years (Leduc, 2006), between 2003 and 2008 (i.e. 5 years) the mean age of workers increased by 2 years and therefore rising from 36.9 years to 38.9 years (see table 1).

**Table 1: Key demographic indicators of the economically active (or working) population (private sector) of Luxembourg in 1994, 2003 and 2008.**

<table>
<thead>
<tr>
<th>Luxembourg</th>
<th>1994</th>
<th>2003</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of women</td>
<td>34.8%</td>
<td>36.0%</td>
<td>38.1%</td>
</tr>
<tr>
<td>Proportion of men</td>
<td>65.2%</td>
<td>64.0%</td>
<td>61.9%</td>
</tr>
<tr>
<td>Mean age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>35.3</td>
<td>36.9</td>
<td>38.9</td>
</tr>
<tr>
<td>Male</td>
<td>36.5</td>
<td>37.6</td>
<td>39.3</td>
</tr>
<tr>
<td>Share of “50 years old or more”</td>
<td>10.7%</td>
<td>12.9%</td>
<td>16.7%</td>
</tr>
<tr>
<td>Share of “35-49 years old”</td>
<td>34.3%</td>
<td>42.7%</td>
<td>46.9%</td>
</tr>
<tr>
<td>Share of “35 years old or less”</td>
<td>55.0%</td>
<td>44.5%</td>
<td>36.4%</td>
</tr>
<tr>
<td>« Young-old » dependency ratio</td>
<td>5.1</td>
<td>3.5</td>
<td>2.2</td>
</tr>
<tr>
<td>Female</td>
<td>9.0</td>
<td>5.1</td>
<td>2.6</td>
</tr>
<tr>
<td>Male</td>
<td>4.0</td>
<td>2.8</td>
<td>1.9</td>
</tr>
</tbody>
</table>


The evolution of age groups clearly shows the decline of the younger generations. In 1994, the active population\(^3\) of the Grand Duchy was mainly made up of young workers of less than 35 years old (55.0%) and workers who were 35 to 49 years old (34.3%), whilst older workers (50 years old or more) were only represented 10.7% of the population. But since then, the proportion of young workers has dropped sharply: 44.5% in 2003 and 36.4% in 2008. This decrease has led to a rise of 35-49 year-old workers (46.9% in 2008), and, to a lesser extent, of older workers (16.7% in 2008).

Consequently, the ratio between young workers and older workers, based on the number of workers of less than 35 years old for one worker aged of 50 years old or more (called the “young-old” dependency ratio\(^4\)), has changed. In less than 15 years, the number of young workers for each old worker has been divided by more than two and therefore has decreased from 5.1 to 2.2.

The shape of the age-sex pyramids has therefore changed between 1994 and 2008 and the shrinking of generations of young workers under the age of 35 (30 for women) is clearly visible (see graph 1). Their share became proportionally less large than their elders, whilst older generations have more and more workers.

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\(^2\) The population of reference taken into account for our issue is the total economically active population on 31 March of the years 1994, 2003 et 2008 in Luxembourg within the private sector (the unemployed and civil servants being, as a result, excluded). CEPS/INSTEAD thanks the IGSS for having made these files available. The files are the IGSS files of March 1994, March 2003 and March 2008.

\(^3\) Throughout the article, it always refers to the economically active population of the private sector.

\(^4\) The ratio is equal to workers aged 35 years old or less divided by the workers aged 50 years old or more.
During this period, women appear to be more concerned on average by ageing than men. In fact between 1994 and 2008 an increase of 4.9 years in the mean age of women was recorded (compared to 2.8 years for men) and the dependency ratio was divided by more than 3 (compared to 2.1 for men). However, this is essentially due to the fact that more and more women are working in general\textsuperscript{5}, and that many older women are getting a job after some years of inactivity (getting a job after a divorce for instance).

1.2. … but which is experienced to a lesser extent than in other European countries

If we compare the age structure of Luxembourg’s active population to that of its three bordering countries (see table 2), we can see that Luxembourg has, in all years, a relatively younger age structure of its population.

### Table 2: Evolution between 1994 and 2007 of the active population of Luxembourg (L), France (F), Germany (G) and Belgium (B) by main age groups

<table>
<thead>
<tr>
<th></th>
<th>1994</th>
<th>2003</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F (%)</td>
<td>B (%)</td>
<td>G (%)</td>
</tr>
<tr>
<td>15-29</td>
<td>25%</td>
<td>27%</td>
<td>25%</td>
</tr>
<tr>
<td>30-49</td>
<td>58%</td>
<td>58%</td>
<td>51%</td>
</tr>
<tr>
<td>Over 50</td>
<td>18%</td>
<td>14%</td>
<td>24%</td>
</tr>
</tbody>
</table>

This is partly due to the high share of foreign national residents and especially to cross-border people (borderers) who are working in Luxembourg.

In fact, compared to most of European countries, the Luxembourg’s labour market has the particularity of not being mainly made of Luxembourg national residents. Indeed, between 1994 and 2008, foreign national residents workers were represented roughly 30% of the population, and an increasing number of French, Belgian and German cross-border workers were coming to work in the Grand Duchy. In fact, the country has known a strong economic growth in the 90s, and to deal with the national labour shortage, it needed external labour (cross-border workers) to come and work. The arrival of these borderers has increased over time: in 1994, they were already represented almost one third of the working population of the

\textsuperscript{5} In 1994, they were represented 34.8% of the active population compared to 38.1% in 2008.

\textsuperscript{6} These results are different from the one of the first part for Luxembourg because the data source is different in order to be able to compare results to other countries, and because this data source takes into account the private and the public sector.
private sector (31.8%), compared to 48.5% in 2008\(^7\) (see table 3). The Luxembourg national residents workers, on the other hand, were represented 35.6% of the active population in 1994 and dropped to 23.6% in 2008 (see graph 2).

Graph 2: The age-sex pyramids of the economically active population (private sector) of Luxembourg in 1994 and 2008 according to the categories of workers.

Since 1994, cross-border workers have therefore played a dominant role on the Luxembourg labour market, and this strong increase was all the more important as they tend to arrive when they are young\(^8\), and as they are also on average younger than the Luxembourg national residents workers. In 2008, half of the workers who were Luxembourg national residents were less than 41.7 years old, whilst half of the cross-border workers were less than 38 years old. Even though the cross-border and the foreign national resident workers became older between 1994 and 2008, they still remained younger than the Luxembourg national workers, and thereby the mean age of the total active population is lower than it would be without them. The mean age of cross-border workers has increased from 34.1 in 1994 to 38.3 in 2008 (respectively 34.8 and 38.5 for foreign national resident workers) compared to respectively 37.0 and 40.4 years for Luxembourg national resident workers (see table 3).

Previously, we have also observed that young workers were the largest group of workers on the labour market in 1994. This trend was even more marked amongst the cross-border workers and, to a lesser extent, amongst foreign national resident workers. In fact, more than 60% of the active cross-border population and 56% of the foreign nationals resident workers were less than 35 years old compared to 48.6% amongst the Luxembourg national resident workers. In 2008, the number of younger workers dropped considerably amongst both cross-border

\(7\) Within the total active population (private and public sectors), the percentage of cross-border workers is 26.6% in 1994 and 44% in 2008.

\(8\) Cross-border workers in Luxembourg are in fact younger than the labour force of their country. In 2003, whilst workers in France had a mean age of 40.8 years (40.4 years for Belgium and 40.8 years for Germany), French cross-border workers in Luxembourg were on average 35.7 years old (36.1 years for Belgian cross-border workers and 37.2 years for German cross-border workers).
workers (37.8%) and foreign national resident workers (38.0%), but still remains even higher than the number of Luxembourg national residents’ young workers (31.7%). With regards to older workers, they were about 15.4% among the Luxembourg national resident workers in 1994, whilst they represented only 7.2% within the group of cross-border workers and 9% amongst foreign national resident workers. Between 1994 and 2008, their proportion has increased within the three categories but remains lower amongst the cross-border workers and the foreign national resident workers. Respectively, there were 14.0% and 15.9% of older workers within the population of borderers and foreign national resident workers and 23.3% among the Luxembourg national resident workers.

Table 3: Key demographic indicators of the economically active (or working) population (private sector) of Luxembourg according to the categories of workers in 1994 and 2008.

<table>
<thead>
<tr>
<th></th>
<th>Luxembourg national residents</th>
<th>Foreign national residents</th>
<th>Borderers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of this category of workers</td>
<td>35.6%</td>
<td>23.6%</td>
<td>32.5%</td>
</tr>
<tr>
<td>Proportion of women</td>
<td>36.6%</td>
<td>45.7%</td>
<td>37.6%</td>
</tr>
<tr>
<td>Proportion of men</td>
<td>63.4%</td>
<td>54.3%</td>
<td>62.4%</td>
</tr>
<tr>
<td>Mean age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>34.0</td>
<td>40.2</td>
<td>33.1</td>
</tr>
<tr>
<td>Male</td>
<td>38.5</td>
<td>40.6</td>
<td>35.8</td>
</tr>
<tr>
<td>Share of “50 years old or more”</td>
<td>15.4%</td>
<td>23.3%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Share of “35-49 years old”</td>
<td>36.0%</td>
<td>45.0%</td>
<td>34.7%</td>
</tr>
<tr>
<td>Share of “35 years old or less”</td>
<td>48.6%</td>
<td>31.7%</td>
<td>56.3%</td>
</tr>
<tr>
<td>« Young-old » dependency ratio</td>
<td>3.2</td>
<td>1.4</td>
<td>6.2</td>
</tr>
</tbody>
</table>

Source: IGSS files, March 1994 and 2008, calculation CEPS/INSTEAD

As a result, these variations in these age groups also change the “young-old” dependency ratios. In 1994, strong differences were observed in this ratio between Luxembourg national residents and other categories of workers; and, to a lesser extent, this is still the case in 2008. In fact, it was possible to count 8.5 times more young workers than older workers amongst the borderers in 1994, whilst in 2008 they were only three times more as older workers. For the Luxembourg national resident workers, these ratios were respectively 3.2 in 1994 and 1.4 in 2008.9

In this way, the permanent supply of this foreign and external labour force allows Luxembourg, unlike its bordering European countries, to slow down the ageing of its active population. For this reason, Luxembourg enjoys a certain delay with regard to the labour shortage.

However, this statement must be put into perspective. Firstly, even if the issue of working population ageing arises with a lesser burning issue in Luxembourg, it remains that some firms, and even some sectors, are already affected by the ageing of their labour force (Zanardelli, 2006). Furthermore, in the long-term, the particularity of Luxembourg could no longer protect the country from the effects of an increasing life expectancy and of the “young-old” dependency ratio levels. Finally, with regards to the policy led by the European Union in terms of active ageing, Luxembourg is still far from achieving the objectives related to the employment rate of 55-64 year olds and the mean age of retirement.

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9 The ratio of foreign national resident workers is between the two extremes and has been divided by three between 1994 and 2008: a worker aged 50 years or more is represented by more than 6 workers aged under 35 in 1994 compared to 2.4 in 2008.
II/ From European objectives to national public policies

In this section, we will start by reminding the objectives fixed by the European Union related to active ageing. Secondly, we will classify the different measures taken in European countries in order to reach these objectives. Following that, we will focus on the measures taken by authorities of Luxembourg. And finally, we will observe the evolution of Luxembourg’s situation in relation to the objectives within the framework of the Lisbon strategy.

2.1. The response of European countries to the challenges of population ageing

Having been used for quite some time within the scientific community\(^\text{10}\), the concept of active ageing became more significant in the middle of the 90s and 2000s at a political level. In response to the challenges created by population ageing, keeping older workers in employment was and still is one of the priorities of European countries in their employment policy\(^\text{11}\). Firstly considered from a global point of view in the guidelines of the European Employment Strategy (EES) in 1999\(^\text{12}\), the empirical transposition of the objectives has been decided during the European Councils of 2001 and 2002. In this way, as part of the Lisbon strategy, the Stockholm European Council (2001) has recommended to reach by 2010 a 50% rate of professional employment for the population aged between 55 and 64 years. An additional objective (by 2010 too) was fixed during the Barcelona European Council (2002): to lengthen the working period by extending the current retirement age by five years. In 2005, following the assessment done by the EES and the revision of the Lisbon strategy, active ageing became one of the main topics in the guidelines within the strategy of European countries (see box 1).

<table>
<thead>
<tr>
<th>Box 1 : Extract of integrated guidelines for growth and jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Guideline No 2</strong></td>
</tr>
<tr>
<td>To safeguard economic and fiscal sustainability, Member States should, in view of the projected costs of ageing populations, (…) take measures to increase labour market participation and labour supply especially amongst women, young and older workers, and promote a life-cycle approach to work in order to increase hours worked in the economy.</td>
</tr>
<tr>
<td><strong>Guideline No 17</strong></td>
</tr>
<tr>
<td>Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion. Policies should contribute to achieving an average employment rate for the European Union of 70 % overall, of at least 60 % for women and of 50 % for older workers (55 to 64) by 2010, and to reduce unemployment and inactivity. Member States should consider setting national employment rate targets.</td>
</tr>
<tr>
<td><strong>Guideline No 18</strong></td>
</tr>
<tr>
<td>Promote a life-cycle approach to work, through (…) support for active ageing, including appropriate working conditions, improved (occupational) health status and adequate incentives to work and discouragement of early retirement.</td>
</tr>
<tr>
<td><strong>Guideline No 23</strong></td>
</tr>
<tr>
<td>Expand and improve investment in human capital, through (…) efficient lifelong learning strategies open to all in schools, businesses, public authorities and households according to European agreements, including appropriate incentives and cost-sharing mechanisms, with a view to enhancing participation in continuous and workplace training throughout the life cycle, especially for the low-skilled and older workers.</td>
</tr>
</tbody>
</table>


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\(^{10}\) In the 60s and 70s, the concept of active ageing was mainly used in gerontology, firstly recommending the importance for elderly to make some activities (Kleemeier, 1961). Then, the concept was no longer focused on the activities of retired people only but was extended to economic activities. In this way, some specialists on the issue proposed a progressive reduction in working hours for seniors rather than an premature exit from the labour market (Mayence et al, 1977). At the end of the 90s, the WHO adopted the concept and defined it as «the optimisation of opportunities in terms of health, participation and security of people with a view to improving their quality of life as they become older». The term “active” is no longer only linked to the basic ability to perform a physical activity or to jobs but extends to a constant participation in social, economic, cultural, intellectual and civil life (Avramov, Maskova 2004).

\(^{11}\) The European Employment Strategy, launched during the Luxembourg European Council in 1997, has the objective of fixing approaches and ensuring the coordination of priorities of the employment policy which should be applied by member states at an EU level.

\(^{12}\) Guideline 4 states “it is important to update, in the framework of a policy aiming to extend the active life of older workers, measures which enable, for example, the maintaining of the ability to work, life-long learning and other flexible working solutions, so that older workers can also participate actively in working life» (Jolivet, 2002).
To reach the objectives, the member states were asked to develop policies to promote active ageing. These policies can be classified in four main themes.

The “defensive” policies of keeping people in employment, which are basically implemented through regulations related to retirement. The aim of the various reforms is to modify the parameters of legal or complementary retirement plans in order to balance retirement systems in the long term. The different reforms include postponing the age of legal and complementary retirements as well as restricting the right to early retirement. There are also other reforms such as developing flexible or progressive retirement or even implementing restrictions on the use of invalidity pensions and unemployment benefits as means of early retirement.

The “active” policies recommend the maintaining of older workers’ skills. These policies directly concern firms which are requested to take measures to allow older workers to remain in employment. In this case, it concerns working hours adjustments, working conditions adjustments, as well as the development of continuous professional training.

Then, a range of measures concerns the return to work of older unemployed people. Nowadays, activation policies also target older unemployed people. For example, the benefits for older unemployed people are paid only on the condition that they try actively to find a new job. They can also benefit from personalized support program, or from work experience or training which is fully financed by the national agency providing services for the unemployed. Policies to raise public and firms awareness on the older people employment are also taken in order to reduce age discrimination and to fight against the stereotype that people and firms have on older workers, thanks to communication actions and legislative measures.

2.2. Luxembourg’s responses

If the recommendations and objectives are decided at an European level, each country takes different measures to reach them. The priority given to one or other measures depends on the approach of the authorities. Some countries, like Finland and Denmark, adopt a more global approach without focusing on the question of older workers specifically, but including it in a more general framework of employment policy reforms. On the contrary, in Luxembourg, priority is given to specific measures concerning older workers. The aim here is to set out the main measures (not an exhaustive list) taken in Luxembourg in the framework of the recommendations of the European Union on keeping in employment older workers.

2.2.1. “Defensive” policies

First, there was the modification of the legislation on early retirement with the law of 22 December 2006 which changed the rate of firms’ participation to the cost of early retirement-adjustment. The law thereby fixed the rate of firms participation between 30 and 75% without going below 30%. Nonetheless, this rate can be less than 30% if a plan to keep people in employment exists according to the article L-513-3 of the Labour Legislation and approved by the Ministry of Work and Employment.

Another measure aims at promoting the retention of older workers in the workplace. The law of 28 June 2002 have introduced, within the general and the special pension schemes, an incentive for workers to remain in activity more longer by “rewarding” them by increasing the rate of proportional allowances for additional insurance years.

Finally, in 2002 and 2005, the invalidity pensions system was reviewed, in a more restricted access, in addition to an obligation of internal or external professional placement.

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2.2.2. “Active” policies
There have been, for example, reforms introducing part-time jobs in the civil service instead of the retirement, and the possibility for civil servants to work beyond the age limit established by the regulation of 5 March 2004 which fixes the conditions and methods of keeping people at work beyond the age limit.

There has also been the implementation of a law encouraging the lifelong learning (LLL), with both a collectively and an individually access, which allowing workers to increase their employability while they are getting older. Thus, concerning collective access to training, the law of 22 June 1999 introduced a support system for continuous professional training in firms. Moreover, since this law was introduced, it has been a great success. In order to make procedures easier, a law (in effect the 1st January 2009) enables a better implementation of the lifelong learning policy, especially thanks to an administrative simplification of the request procedures.

Concerning the access to individual training, it is made more accessible through the “individual training leave”, program settled by the law of 24 October 2007. Each employee is given a maximum of 80 days of training leave during their professional career, allowing them to participate in classes, revise and participate in exams, without loss of salary (covered by the State) and also accessible thanks to the implementation of flexible working hours.

2.2.3. The return to work of older unemployed people
The “labor code” or “code du travail” provides to firms, in its chapter on the placement of workers, assistance for the recruitment of older unemployed people (22 December 2006). In this way, the L-541-1 to 541-4 Articles tell that “the employment fund reimburses employers of the private sector for the social security contributions with both employer and insurance share for unemployed people who have been recruited, whether they receive compensation or not, on the condition that they are 45 years or over and that they have been registered as job-seekers at a placement office of the Employment Administration for at least one month”. This reimbursement applies up until the day when the employee is entitled to a retirement pension.

In the same way, if a firm hires an unemployed person of at least 40 years old, the reimbursement for social security contributions applies for 3 years.

2.2.4. Awareness-raising policies
Some initiatives to make people and firms more aware about the elder have been taken by Luxembourgish organizations since 2006.

For instance, between 2006 and 2008, the Jean-Baptiste Rock Centre for social training has led a national awareness-raising campaign, financed by the Ministry of Work and Employment and the European Social Fund, targeting both employees and firms. The objectives of this campaign were to make people and firms involved in the perceptions of the elderly and to mobilise them around the theme of the age of the labour force to encourage them to take action. The communication strategy was based on two main principles: firstly, the promotion of the elderly, the focus on their ability to work, and their importance on the labour market, and secondly, the promotion of «best practices» within firms.

Although the campaign has ended, this Centre continues, via its web site (http://www.45plus.lu/), to provide information on new measures taken for older workers at both a political and a business level.

Another example is the one of the «Perspective45 asbl» organization. In April 2008, this organization was created by several Luxembourgish entrepreneurs in order to support and promote the fact to keep workers of 45 years old and more in employment. Since then, this organisation “has the objective to deal in a different way subjects such as: keeping people of 45

years and over in employment, thanks, to the recognition and the promotion within the firms of experienced employees, the loss of skills when people leave, training, financing retirements, age management, etc.". In practice, one of the first projects launched by this organisation was «MENTORING» which targets the knowledge or skill transfer of experienced employees (the Mentors)\(^\text{17}\). Information sessions are therefore organised with firms to show them the advantages of keeping elderly and more experienced workers so they can transfer their knowledge and know-how to young workers.

Finally, at a legislative level, the anti-discrimination law of 28 November 2006 encourages the equal treatment of people and fights against any discriminatory act based on, amongst others, age\(^\text{18}\). This law reflects directive 2000/43/CE of the Council of 29 June 2000 leading to the creation of a general framework for equal treatment in terms of employment and work.

This set of measures taken at a national level is therefore targeting both employers and older workers. Although, at the moment, it is not possible to evaluate the effectiveness of each action, Luxembourg’s performance can nonetheless be evaluated with regards to the objectives of the Lisbon strategy and be compared to other European countries.

### 2.3. Luxembourg and the European objectives in figures

#### 2.3.1. A review of the situation of the EU27 member countries in 2001

As we have seen before, the Lisbon strategy advises the member countries to raise the employment rate of their older workers (55 to 64 years old) to 50\% by 2010 as well as to increase the age of retirement by 5 years.

In 2001, not all the countries were in the same position in view of this situation. There are those for instance, that had already exceeded the objectives like Sweden, Denmark, Portugal and UK (see graph 3). Others were below the level of the objectives but relatively close to them and above the European average (Finland, Netherlands, Ireland…). Finally, some were at very weak levels and below the average of the member states, like Luxembourg: employment rate of older workers were about 25.6\%.

**Graph 3: Evolution of older workers’ employment rate between 2001 and 2008 of the UE27 countries.**

![Graph 3: Evolution of older workers’ employment rate between 2001 and 2008 of the UE27 countries.](Image)

**Source:** EUROSTAT, Labor force surveys

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\(^{17}\) This programme is supported and co-financed by the Ministry for Work and Employment and the European Social Fund. See [http://www.perspective45.hu](http://www.perspective45.hu) for more information

\(^{18}\) [http://www.lexi Lux hu](http://www.lexilux.hu)
Furthermore, other countries joined the European Union in 2004 and 2007. And, as before, some had already exceeded the 2001 Lisbon targets, even if they were not yet member states, like Cyprus, Estonia, and Romania. Others were at the same level as the European average (Lithuania...), and others were below this average (Bulgaria, Hungary...).

Concerning the second objective on increasing the mean age of retirement by 5 years (cf. Table 4), the countries recording the lowest levels in 2001 were Poland (56.6 years), Belgium (56.8 years), and Luxembourg (56.8 years). On the contrary, this retirement age was the highest in Sweden (62.1 years), Cyprus (62.3 years), Latvia (62.4 years) and Ireland (63.2 years).

2.3.2. The results in 2005 and 2008?
Eight countries have managed to exceed the 50% employment rate of older workers (Ireland, Finland, Estonia... see graph 3). Others, like the Czech Republic, Bulgaria, and Spain have known a strong increase in their employment rate and are now not far from reaching the required level: respectively 47.6%, 46% and 45.7%. And, finally, there are also countries, and Luxembourg is one of them, which are still very far from the 50% employment rate of older workers despite a significant increase: **34.1% for Luxembourg in 2008.**

Concerning the mean age of retirement, the countries whose levels were the lowest in 2001, like Luxembourg¹⁹, now appear to be the good “pupils” of Europe. In fact, in 2005, it was recorded that Luxembourg had an increase of 2.6 years on the average departure age for retirement (i.e. 59.4 years). This age increased by 2.9 years for Poland, by 3.2 years for Romania and by 3.8 years for Belgium. On the other hand, for countries with the highest mean age of retirement in 2001, we have noticed a weak increase in 2005 and in some cases a decline. For example, in Ireland, the mean age has increased from 63.2 (2001) to 64.1 in 2005 (+0.9 years), and in Denmark from 61.6 years to 61 years (-0.6 years).

**Table 4: Evolution, between 2001 and 2007, of the mean age of retirement.**

<table>
<thead>
<tr>
<th>Countries</th>
<th>2001</th>
<th>2003</th>
<th>2005</th>
<th>2007</th>
<th>Countries</th>
<th>2001</th>
<th>2003</th>
<th>2005</th>
<th>2007</th>
</tr>
</thead>
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<tr>
<td>Greece</td>
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<td>62.7</td>
<td>61.7</td>
<td>61</td>
<td>Romania</td>
<td>59.8</td>
<td>62.7</td>
<td>63</td>
<td>NA</td>
</tr>
<tr>
<td>Slovenia</td>
<td>NA</td>
<td>56.2</td>
<td>58.5</td>
<td>NA</td>
<td>UE27</td>
<td>59.9</td>
<td>61</td>
<td>61.0 (e)</td>
<td>61.2 (e)</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>NA</td>
<td>58.7</td>
<td>60.2</td>
<td>NA</td>
<td>Spain</td>
<td>60.3</td>
<td>61.5</td>
<td>62.4</td>
<td>62.1</td>
</tr>
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<td>57.9</td>
<td>59.5</td>
<td>59.3</td>
<td>Germany</td>
<td>60.6</td>
<td>61.6</td>
<td>NA</td>
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<td>60.5</td>
<td>61.5</td>
<td>63.9</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>56.8</td>
<td>57.4 (b)</td>
<td>59.4</td>
<td>NA</td>
<td>Estonia</td>
<td>61.1</td>
<td>60.8</td>
<td>61.7</td>
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</tr>
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<td>62.2</td>
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<td>58.8</td>
<td>NA</td>
<td>Portugal</td>
<td>61.9</td>
<td>62.1</td>
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<td>United Kingdom</td>
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<td>NA</td>
<td>Sweden</td>
<td>62.1</td>
<td>63.1</td>
<td>63.6</td>
<td>63.9</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>58.9</td>
<td>60.1</td>
<td>60.6</td>
<td>60.7</td>
<td>Cyprus</td>
<td>62.3</td>
<td>62.7</td>
<td>NA</td>
<td>63.5</td>
</tr>
<tr>
<td>Austria</td>
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<td>60.9</td>
<td>Latvia</td>
<td>62.4</td>
<td>NA</td>
<td>62.1</td>
<td>63.3</td>
</tr>
<tr>
<td>Italy</td>
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<td>61</td>
<td>59.7 (b)</td>
<td>60.4</td>
<td>Ireland</td>
<td>63.2</td>
<td>62.9</td>
<td>64.1</td>
<td>NA</td>
</tr>
</tbody>
</table>

Source: EUROSTAT, Labour force surveys
Remark: NA= Not available e= Estimated value b= Break in series

¹⁹ Just like Belgium, Romania and Poland.
The results for Luxembourg remain quite ambivalent despite the measures or policies. Firstly, the country is still far from reaching the 50% older worker employment rate. And, even if the mean age of retirement has increased significantly during the period 2001-2005, it still remains one of the lowest of the EU27, by not exceeding 60 years. We can therefore wonder whether firms are aware of the challenges due to demographic population ageing, and also, to what extent they use the assistance proposed by the policies to keep in employment their older workers.

III/ The awareness of firms and their behaviour

As we have seen, Luxembourg, in line with the recommendations of the European Union, has implemented some measures to prevent the seniors from discrimination and to encourage the maintaining of older workers in employment. However, implementing these measures seems more complex. In fact, to have a real impact, the promotion of active ageing will need a complete change of mentalities, amongst both employees and firms. As for employees, for years, the early retirement systems put in place by many firms have encouraged the culture of “premature” exit from the labour market. The objective today is to progressively postpone this culture which is deeply anchored in mentalities. On the side of firms, the approach is more complex. Even if they affirm that stigmatization towards the elderly does not exist, a large number credit older workers with the same criteria or defaults, and therefore penalising them within their firms or when they are looking for a job. Nonetheless, in practice, the global attitude of firms towards active ageing issues is not well known, even though, for roughly 17% of them, older workers represent at least a fifth of the labour force. The data collected in the framework of the MTA survey done in 2004 (see box 2) will provide some answers.

Box 2

« Maintien des travailleurs âgés en activité » (MTA)
“Maintaining of older workers in employment” survey

This face to face survey was carried out in the framework of a research program on the ageing of the active population and the maintaining of older workers in employment in Luxembourg. It was launched by the “Ministère du Travail et de l’Emploi” and the “Observatoire des Relations Professionnelles et de l’Emploi”.

The main objectives are to draw up the effects of demographic ageing in Luxembourg and to know the point of view and the preparation done by human resources manager within firms facing this phenomenon.

The target population is composed of 1517 legal units of the private sector which were in activity in March 2003 and with at least 10 employees (declare within one of the health insurance offices of the private sector). The response rate is 90%.

The survey is composed of five modules. The 1st module aims to position the company in its environment and the 2nd module focuses on the global management model of the labour. The 3rd module concentrates on the actions of the firm with regards to older workers in terms of recruitments, departures, adjustments (hours, positions...) and training. The 4th module contains questions related to the anticipation or management of an ageing labour force. Finally, the 5th module concerns the European objectives aiming to promote «active ageing». After a brief reminder of these, the aim is to gather the opinion of decision-makers on this subject, as well as the solutions proposed to maintain or increase the employment rate of older workers.

20 They generate salary costs that are too high and do not adapt as well as younger workers to new technology (GENEVOIS, 2006).
3.1. Firms and the European objectives
The objective here is to establish to what extent firms are aware of the issues concerning the ageing of working population in general and of their own labour force in particular.
According to the MTA survey, in 2004, 56% of firms did not know the specific objectives related to the employment rate of older workers fixed by the European Union (Hausman, 2006). In addition, concerning a more concrete measure related to the 2002 pension reform, which introduced a financial incentive to maintain senior workers in employment above the age at which they are entitled to retire, the results are hardly more encouraging. In fact, only 37% of all firms are aware of this reform and this rate increases to 50% for firms with more than 100 employees. Finally, concerning the extension of the legal retirement age, almost 25% of firms stated that this would be a bad, or a very bad thing for them, compared to 15% who think that this would be a good or very good thing. Therefore, firms do not seem to express a real interest concerning these issues of active ageing at both a European and a national level.
This is why we wonder if firms were, at their level, aware of the ageing of their own labour force. In this way, among the 15% of firms, which declare that they will be confronted with a problem resulting from departures of lot of people due to retirement in the next 5 to 10 years, more than six out of ten are already making some arrangements to face this problem. Moreover, whilst a third of firms expect a rise in the number of their older workers in the coming years, 18% have already noticed an increase between 2001 and 2004. At the same time, 12% of firms declare to carry out an anticipated age management and 27% to have engaged discussion within their organization about the question of ageing. Finally, in Luxembourg, we have therefore more than 60% of firms that seem to show an awareness concerning the problem of population ageing and older workers. As a comparison, in France, firms seem to be a bit more concerned by the issue of ageing: 25% of them expect lots of departures of older workers, 19% carry out an anticipated age management and 38% have already engaged discussion on the ageing issue.
Despite these results the link between the actions of firms and the awareness of the phenomenon does not seem so evident. Basically, if it is clear that the share of firms carrying out anticipated age management and leading discussions on ageing is higher among those which expect lots of departures than among other firms, it remains that most of the firms expecting many departures do nothing to overcome the problem. Amongst these last, 72% do not have any anticipated age management and 54% have not engaged any discussion within their organization about the question of ageing.
From a general point of view, for the moment, firms seem not to be concerned by the problem of ageing of the active population or of their labour force. This is maybe due to the gap it exists between their private interests and the collective issue at European level or even to their lack of interest in the question of ageing, knowing that for the moment the labour pool of the “Grande-Région” produces a constant reserve of young cross-border workers. However, it remains that firms have and will have more and more older workers within their labour force. Beyond the overall view, are firms ready to make some arrangements to avoid the exclusion of seniors from the labour market?

3.2. What practices are done by the firms?
Keeping older workers in employment requires in most cases some working conditions adjustments (schedule, positions…) and training to keep them up-to-date with the latest technology for example. The next objective of this paper is to identify the measures already taken in firms in favour of the maintaining in employment of their older workers.

21 Sources: ESSA Survey, DARES (2001)
22 Respectively 28% and 46% of firms faced with the problem of many departures proceed to anticipated age management or consider the issue of ageing compared to respectively 13% and 24% of those which are not expecting such departures.
23 “Grande-Région” is composed of Luxembourg (the country), a part of Belgium (Wallonia and the German-speaking Community of Belgium), a part of France (Lorraine) and a part of Germany (Sarre and Rheinland-Pfalz).
3.2.1. Working conditions adjustments

Making working conditions adjustments is one of the ways of applying the principles of active ageing. In fact, many surveys, both international and those done in Luxembourg, have already shown, for example, that the main condition on which individuals would be ready to continue to work is if they can obtain more flexible working hours (Leduc, Brosius, 2005). Other adjustments, like the development of tutorial programs, give older workers the opportunity to increase the value of their professional experience that come with their age, and constitute a sort of “second career”.

In the MTA survey, the firms were questioned about two types of adjustments: working conditions adjustments concerning all employees regardless of their age, and adjustments concerning older workers more specifically.

The adjustments made for all employees focus essentially on working hours (part-time or other) and the tasks or position. For each of them, the MTA survey gathered the opinion of the firms on whether adjustments concern older workers less, as much or more than other age groups. In this way, among the firms implementing such adjustments, roughly a quarter affirms that these last concern the older workers less than the other age groups24. Besides, it should be noted that, the lower the share of older workers, the lower the number of firms making adjustments for them (Zanardelli, Leduc, 2006).

Concerning the adjustments directly aimed at older workers, these were not widely used between January 2003 and April 2004. Less than 17% of firms claim to have made at least one adjustment directly affecting seniors. More precisely, 8% of firms have made changes in the job or work station of their older employees, and 8% have made transfers to less difficult jobs. Regarding the end-of-career adjustments, they are even less common: 4% of firms have allowed the development of punctual missions, and 4% the development of tutoring (training of the young). Some firms can decide not to offer that kind of adjustments to their older workers if they believe that it is not necessary but there are nonetheless firms that have not taken any measure although it seemed necessary. For example, among the firms who had not made any changes in the job of older workers during the period observed (92%), 70% believe that it was not necessary whilst 22% state that it was not possible.

3.2.2. Continuous training

As it helps to maintain their employability and it prevents older workers from disqualification, continuous professional training is another measure that enables access to active ageing. In Luxembourg, more than half of the firms (56.3%) have offer professional training to some of their employees since January 2003.

With this in mind, how are older workers considered in these training plans? In the MTA survey, each firms had to declare if their older workers were more, equally or less trained than the other age groups, or even if they were not trained at all. So, during the period observed, among the firms having workers of 50 years old or more, 78% claim to have trained older workers as much (or more) than the others, 12% less than the others, and 10% had not trained them at all. The reasons the most commonly given to justify these two last results are, on one hand, that firms believed that these workers do not need such training as much as the other workers, and on the other hand, that the older workers themselves have shown less or no interest in these training offers.

But these results need to be moderate if we compare them to the overall effort of training’s offer (Zanardelli, Leduc, 2006). In fact, the more intense the training’s effort of firms is and the more it affects a large proportion of their labour force, the more older workers also seem to benefit from it. In this way, among the firms having older workers and, having offered training

24 32% of firms claim that part-time job concerns older workers less than other age groups. This proportion is about 20% for flexible working hours and 17% for job or position modifications.
to more than half of their workers, only 8% claim to train older workers less or not at all. On the contrary, they are more than 40% to affirm this if less than 5% of the labour force have benefited from training. In other words, it is as if older workers are the last to be considered for access to continuous training.

Conclusion
The atypical composition of the active population makes Luxembourg a special country in Europe from the point of view of demographic ageing. In fact, the importance of a young foreign national resident population and the massive arrival of a young external labour force allow the country to have a delay with regards to the problem of labour shortage compared to its bordering European countries. However, the situation could get worse in the coming decades, and this for two main reasons. On one hand, the labour force stock from the “Grande-Région” labour pool could not be sufficient in the future or even could not exist anymore. On the other hand, like its bordering countries, Luxembourg has an increasing life expectancy and an insufficient fertility rate to ensure the renewal of generations. The problem to ensure the durability of social protection systems and the labour shortage will therefore affect the country too. In this perspective, the country has already implemented some public policies to promote the active ageing according to the guidelines adopted by the EU member states in the framework of the European Employment Strategy.

Nonetheless, with regard to the European objectives to be achieved by 2010, Luxembourg is not one of the good “pupils” in Europe. In fact, the measures taken to encourage firms to keep in employment their older workers, for example by working conditions adjustments and training, are not being so often implemented within firms. The survey on “Keeping older workers in employment” (MTA) taken in spring 2004 in Luxembourg shows, through three main results, that firms are not so interested by the issue of active ageing. Firstly, most of them ignore the specific objectives imposed by the Lisbon strategy. Furthermore, most of them seem not to be concerned by the problem of ageing of the labour force yet. In addition, amongst those who expect to be confronted with many departures for retirement in the medium term, less than one out of two claims to take into consideration the question of ageing and less than one out of three has implemented an anticipated age management. Finally, with regard to practices being implemented in favour of the maintaining in employment of older workers, like working conditions adjustments or continuous training, they are still not widespread enough. However, this survey was made in 2004. For this reason, the perception that firms have of active ageing has maybe changed since the implementation of new policies. It would therefore be interesting to bring these results up-to-date in future research in order to report the evolution of entrepreneurs’ practices and mentalities. Furthermore, a comparison with other European countries running surveys on this topic could be interesting to get a better view of the situation in Luxembourg.
REFERENCES


