

ESADE

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LABOR STUDIES



Regulatory framework and practices: Evidence from Spain

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Regulatory context of elders in Spain (1)

- **Forced** retirement age is **65** years (since 1919), partial at the age of **60**
- Pension is tied to contribution years and tenure in the same company is socially promoted
- Complete pension: 35 years (since 1974), min 15 years
- This forced retirement age was re-established in the Collective Agreement between industry confederation and most representative labour unions
- Hitherto they continued to encourage/sponsor the **early retirement** as the most suitable measure for adaptations of staff emerging from restructurings.
- **Seniority** is the criterion for applying promotions regime (Article 24.1 of Workers Statute, the basic labour norm)

Regulatory context of elders in Spain (2)

- Work contract termination: no legal norms or criteria; incompetence of the worker of age or his/her lack of adaptation to changes in technology (Article 52, a) and b)) are mentioned among the suppositions of contract cessation.
- Unemployment subsidy for workers over 52 (until the retirement if necessary); also for those older than 45
- The national courts don't recognize the restructuring intentions affecting a significant number of older employees, as the situation of discrimination. With relation to psycho-physical health and well-being, there are no such laws or precedents (Esther Sánchez Torres, ESADE Dept. of Law)

Regulatory context of elders in Spain (3)

- Attempts to change - reduced pension for early retirement, increased pension for late retirement
- Employment Promotion Program (2008): Special contracts for 52-year-olds – bonuses in social security tax rates; also for those older than 59 or 60 with minimal org. tenure of 4-5 years; also for 45 y.o. with indefinite contracts
- Late retirement implies: (a) pension rise, (b) bonuses in social security tax rates, (c) special reduction of income tax
- Bonuses awarded to the employer for training and converting contracts into permanent

Social context of elders in Spain (1)

- Still, 67% of Spaniards aged 50-59 express their wish to retire as soon as possible (compared to 60% in Italy, 57% in France, 43% in Sweden and Germany and 31% in the Netherlands (SHARE, 2004))
- Labour activity level among those between 55 and 64 years old is below 50 points compared to 63.3 in total.
- The activity level of those older than 65 years is minimal: 4%.
- During the last 30 years the period of stay in retirement has doubled (from 11 to 20 years).

Social context of elders in Spain (2)

- Spain is the country with the highest level of low or medium-low qualified staff,
- the pension reaches the level of 85-90% of the average worker's salary.
- Yet, the activity level of older than 50 top graduates is twice as big as the activity level of those elders who have primary education.
- Labour market mobility of those over 50 is very low.

Social context of elders in Spain (3)

- The level of vocational training of elders is the lowest in Spain, when compared to other European countries. This can serve as a basis for distinguishing two large groups of elder employees:
 - low qualified;
 - highly qualified but with no or little vocational training.
- The general attitude of elder workers towards life-long learning is passive, and due to culture there is little initiative and creativity in this group.

Social context of elders in Spain (4)

- Spanish companies don't have strategies to retain elder workers or recruit ones, moreover,
- compensations are given to companies that in the process of restructuring in various sectors have allowed expelling all more than 50 years old from the labour market. An implicit imposition for cessation of work was actually created
- A regime for early retirement has been established
- Confusion of age with incapacity for work, and further, with incompetence for work.

Prospects for improvement (1)

Yet, the labour market is developing in the direction that should favour employment of elders:

- The employment grows in the service sector and falls in the agriculture and industry (less manual, especially laborious or dangerous jobs and more intellectual jobs)
- Favours factors for continuity of employment in services, such as part-time jobs and flexible working hours, although it is not certain that these improvements will go hand in hand with working conditions (for instance, work stress is increasing).

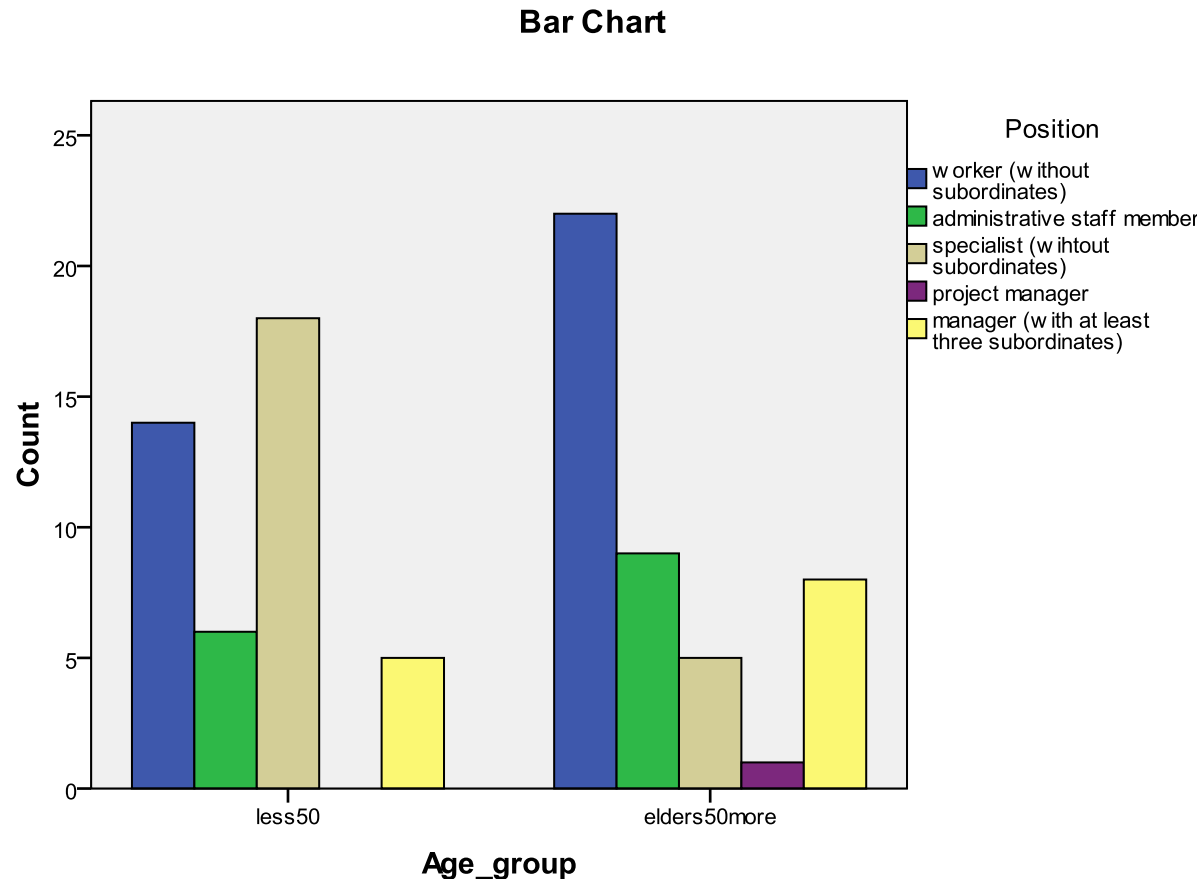
Prospects for improvement (2)

Also work demand evolves in a favourable way:

- a) the significant increase among working women between 25 and 49 years should be transformed in the increase among older women, especially in the countries with the wide gap in the activity of men and women, like in Spain.
- b) The future cohorts of elder people will have much better education than those of today. In Spain it is foreseen to diminish the share of low qualified from 70 to 35% by 2025.
- c) Health conditions have improved and are expected to be improving. The greatest life expectancy includes also healthy life without labour invalidities.

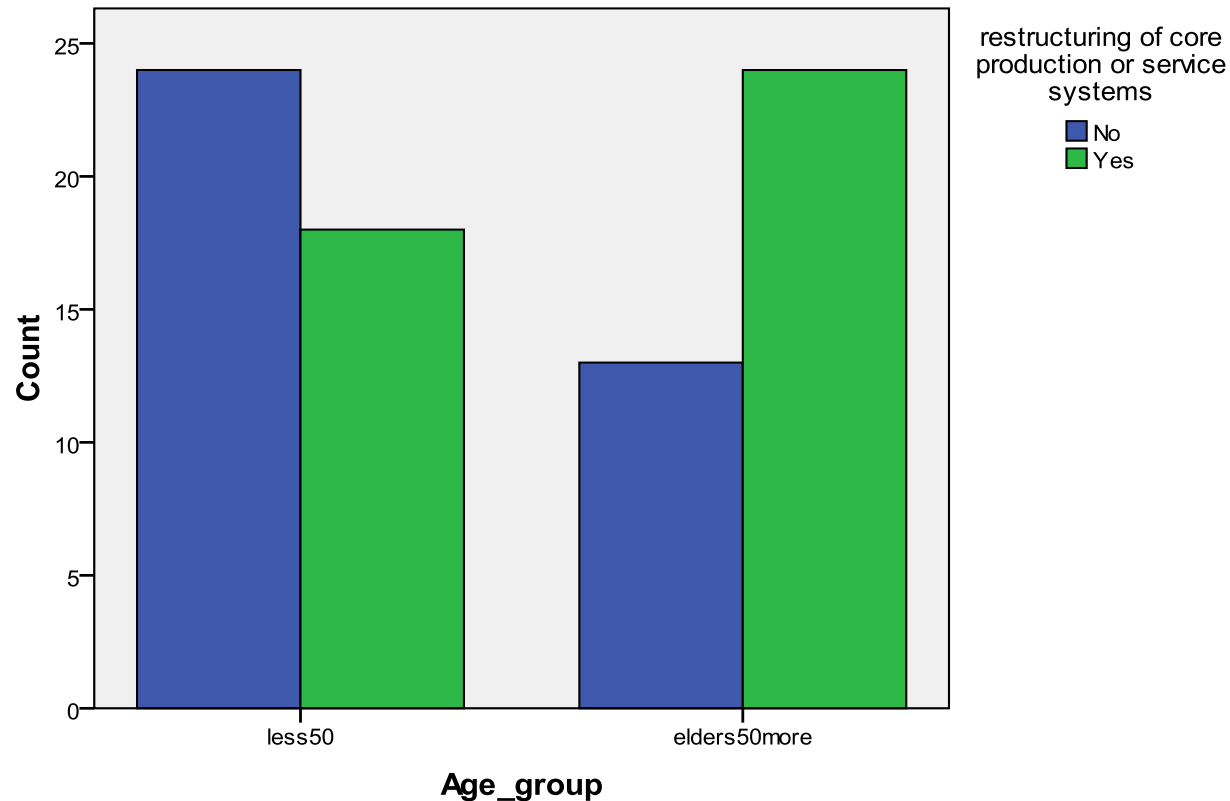
Survey in Spain

- 89 respondents: 46 resp. of 50+ y.o. (26M, 20F), 43 resp. of <50 (19M, 24F)



Restructuring (1)

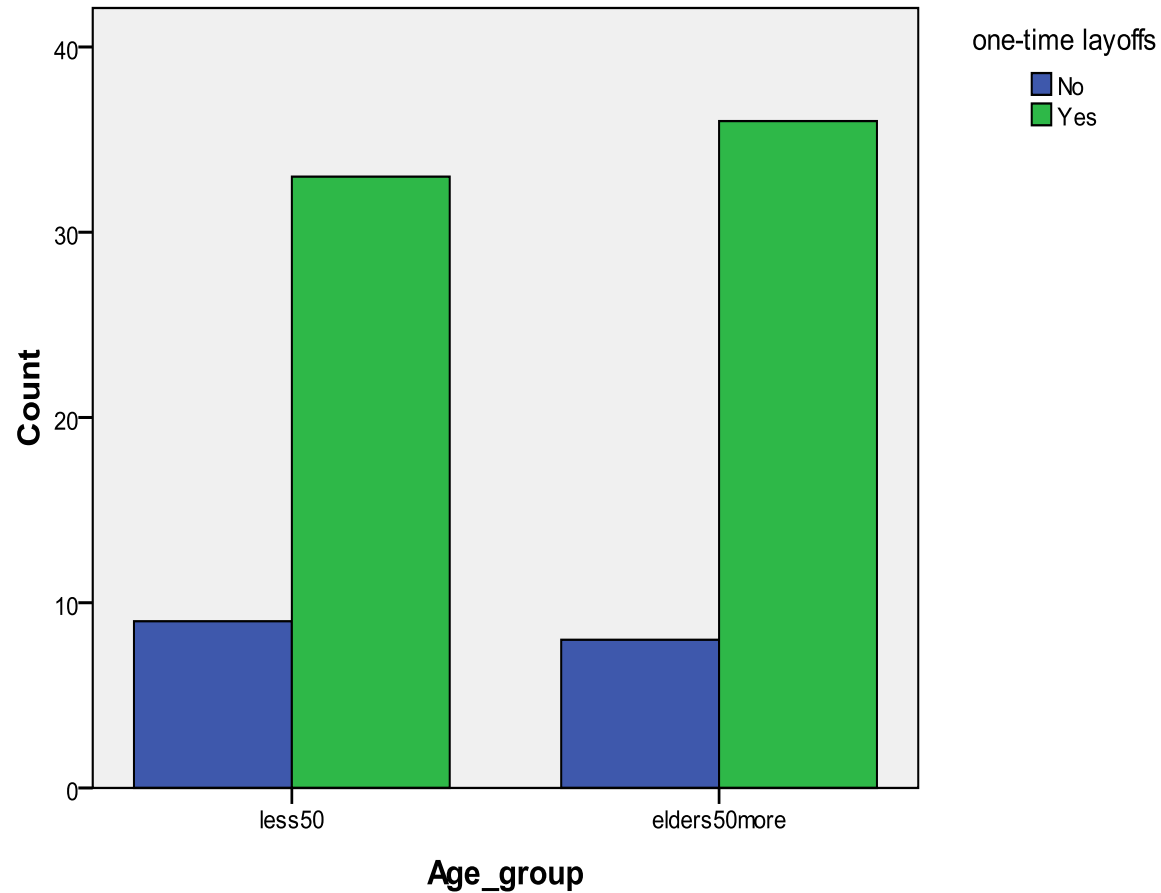
Bar Chart



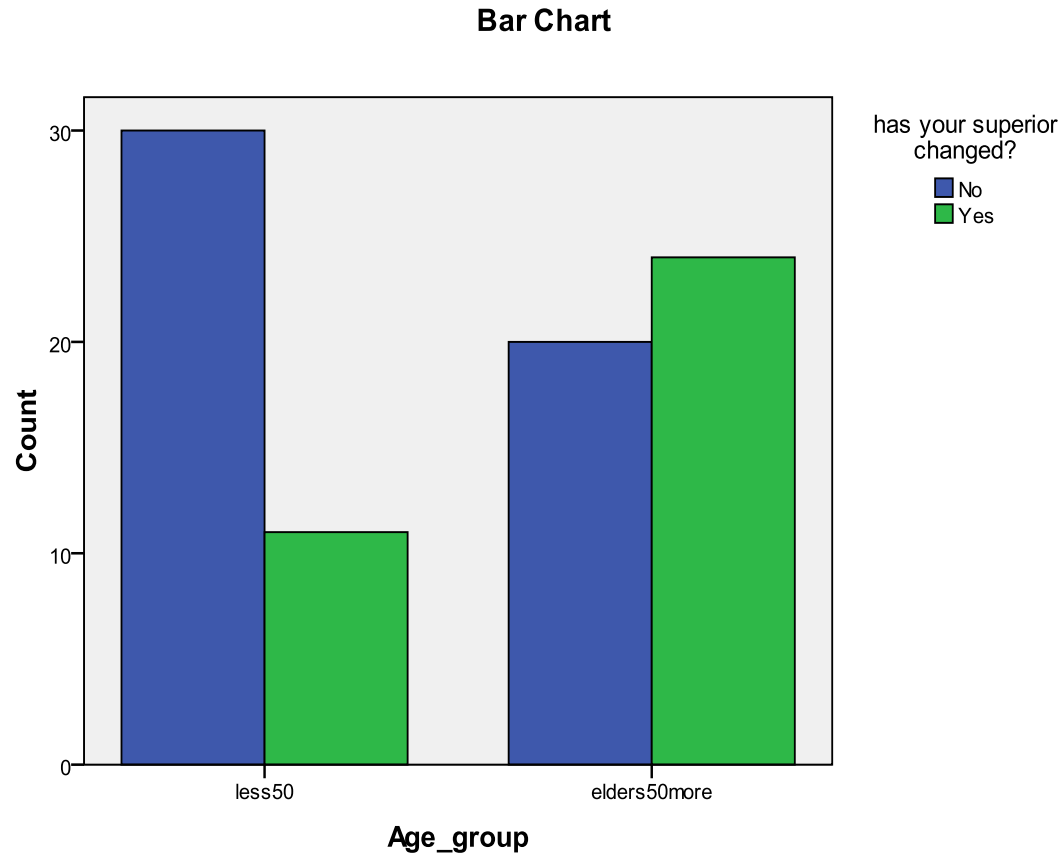
Similar pattern for combining or separating units or divisions, production cut-offs, outsourcing of work, changes in management system, in the hierarchical structure of the enterprise

Restructuring (2)

Bar Chart

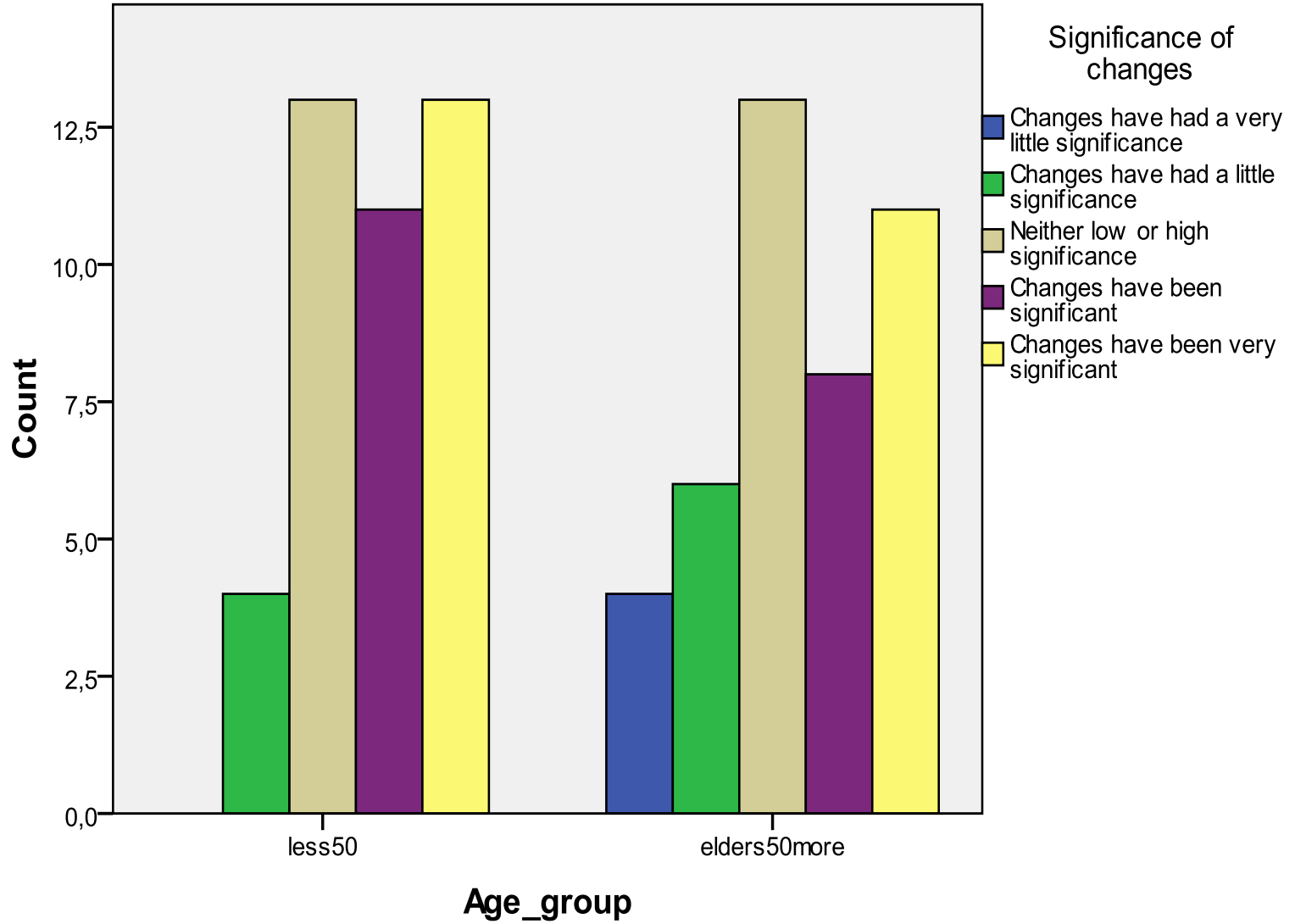


Restructuring (3)

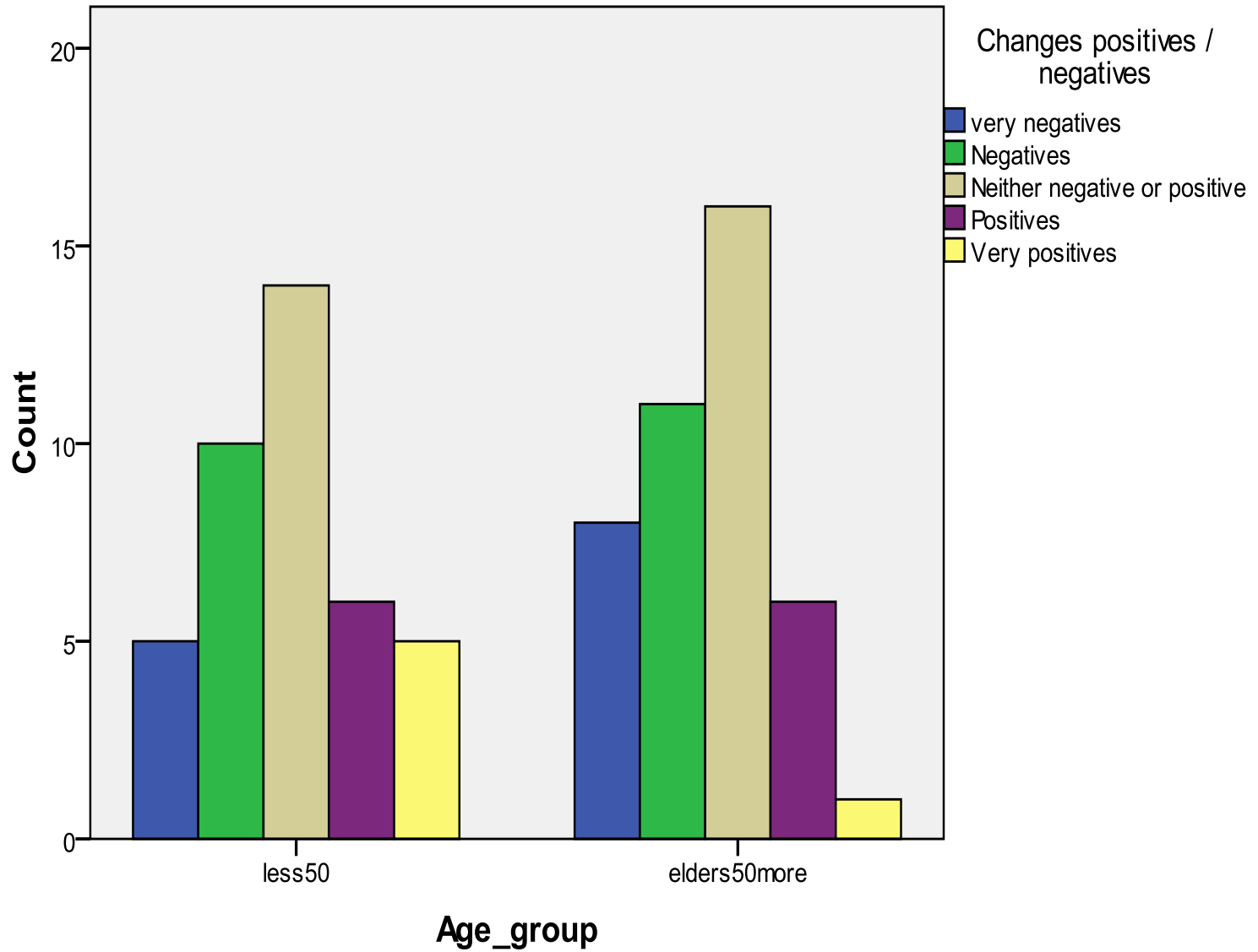


Same for change in work tasks!

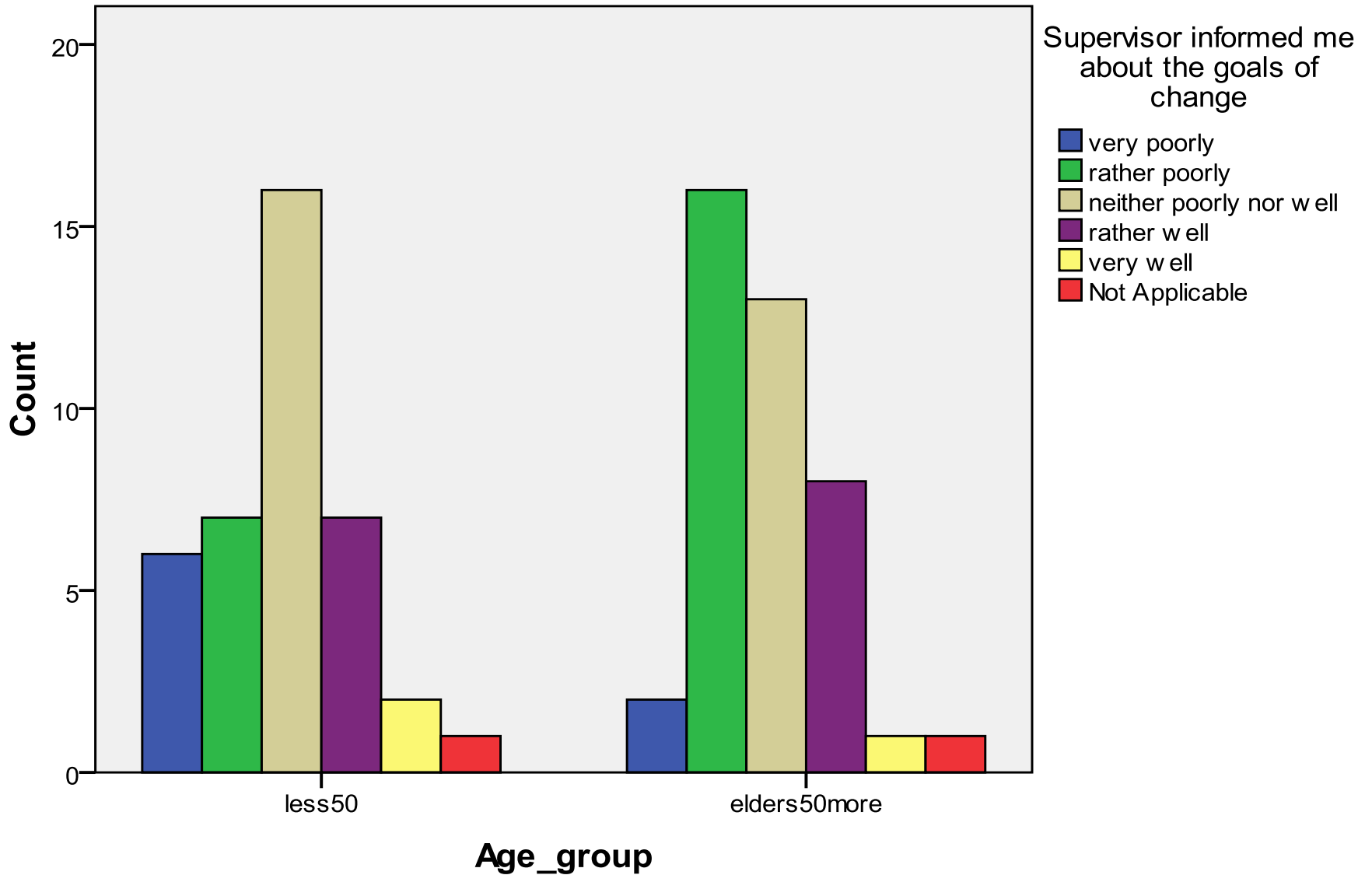
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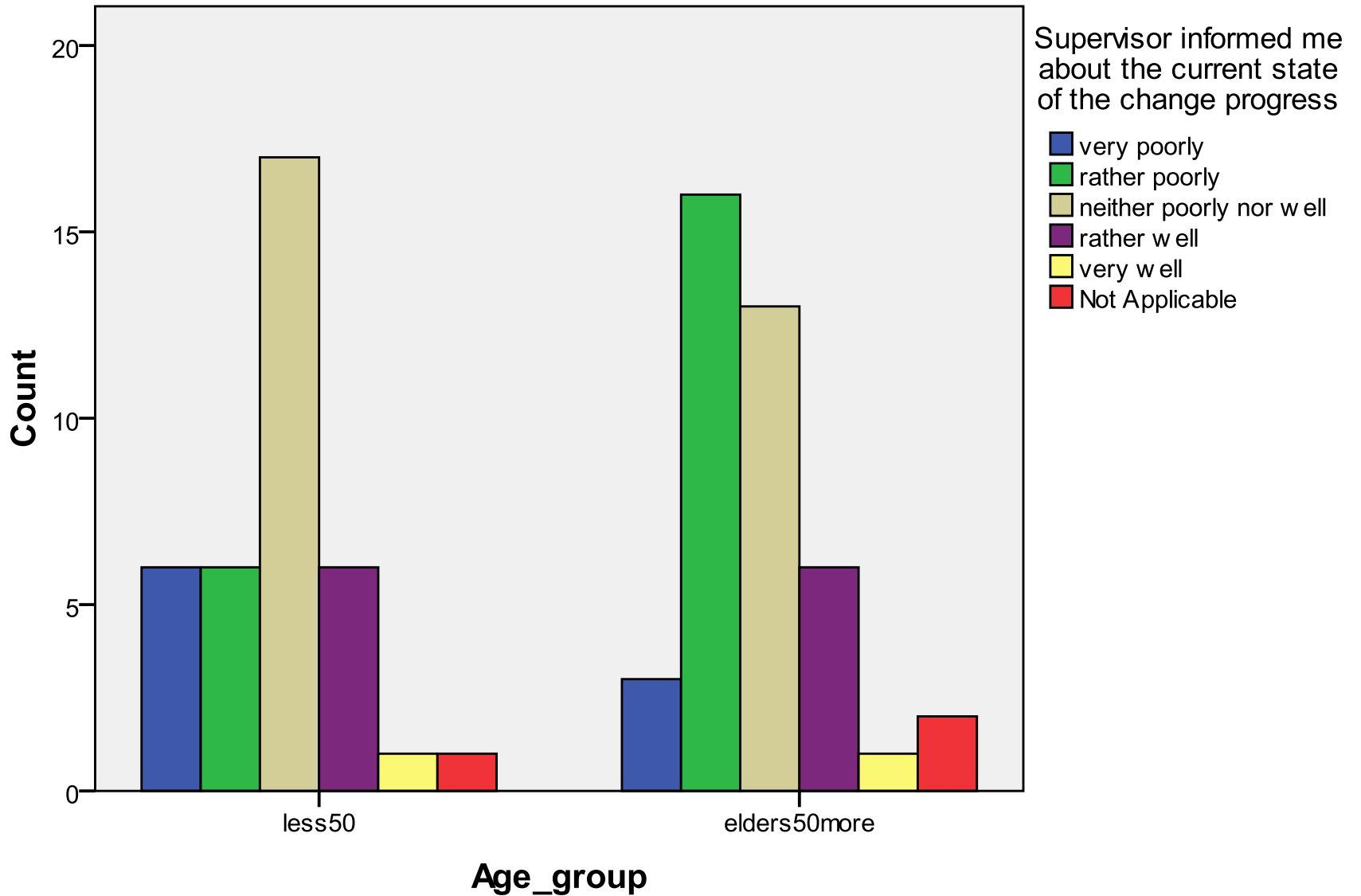
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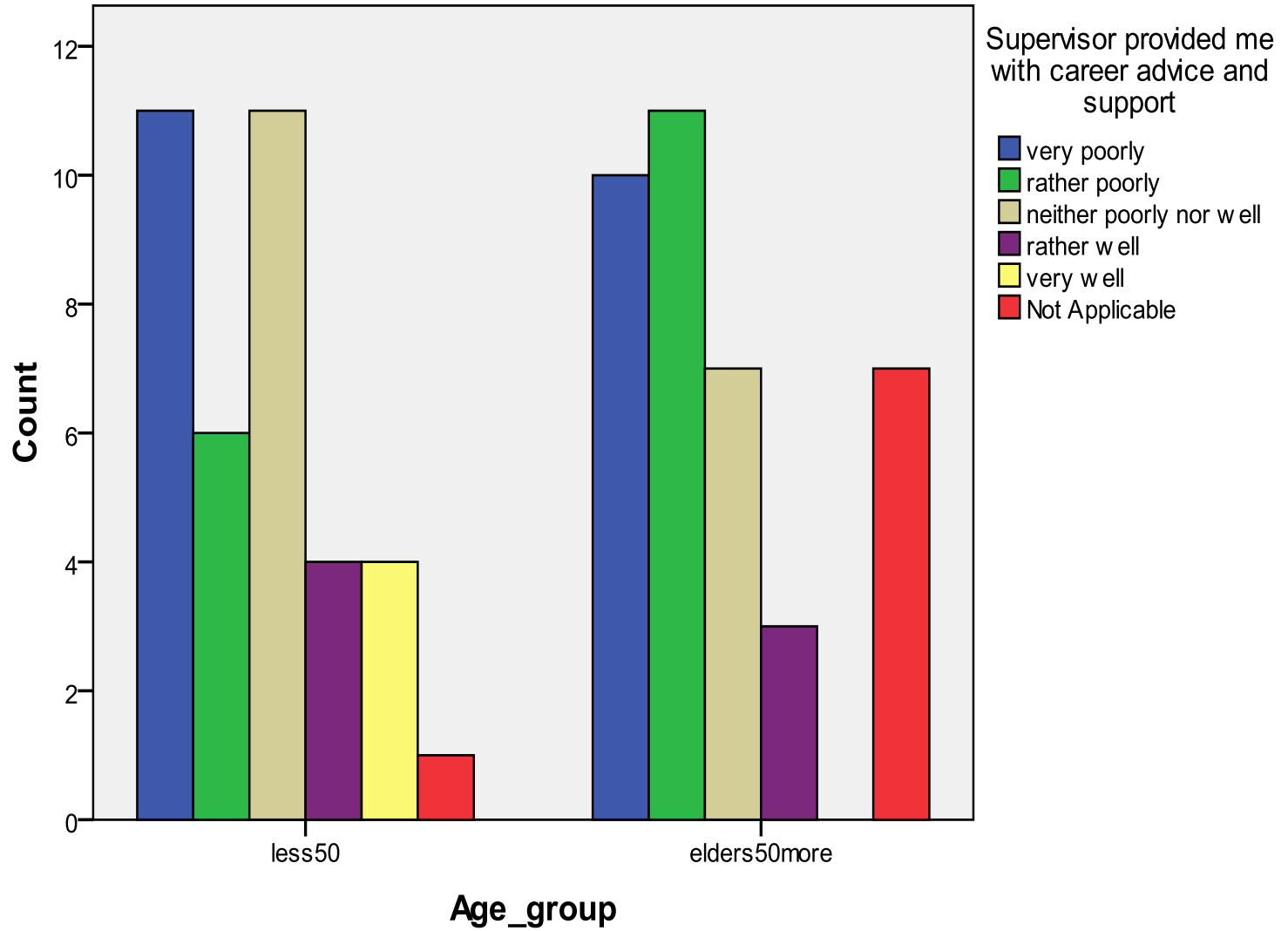
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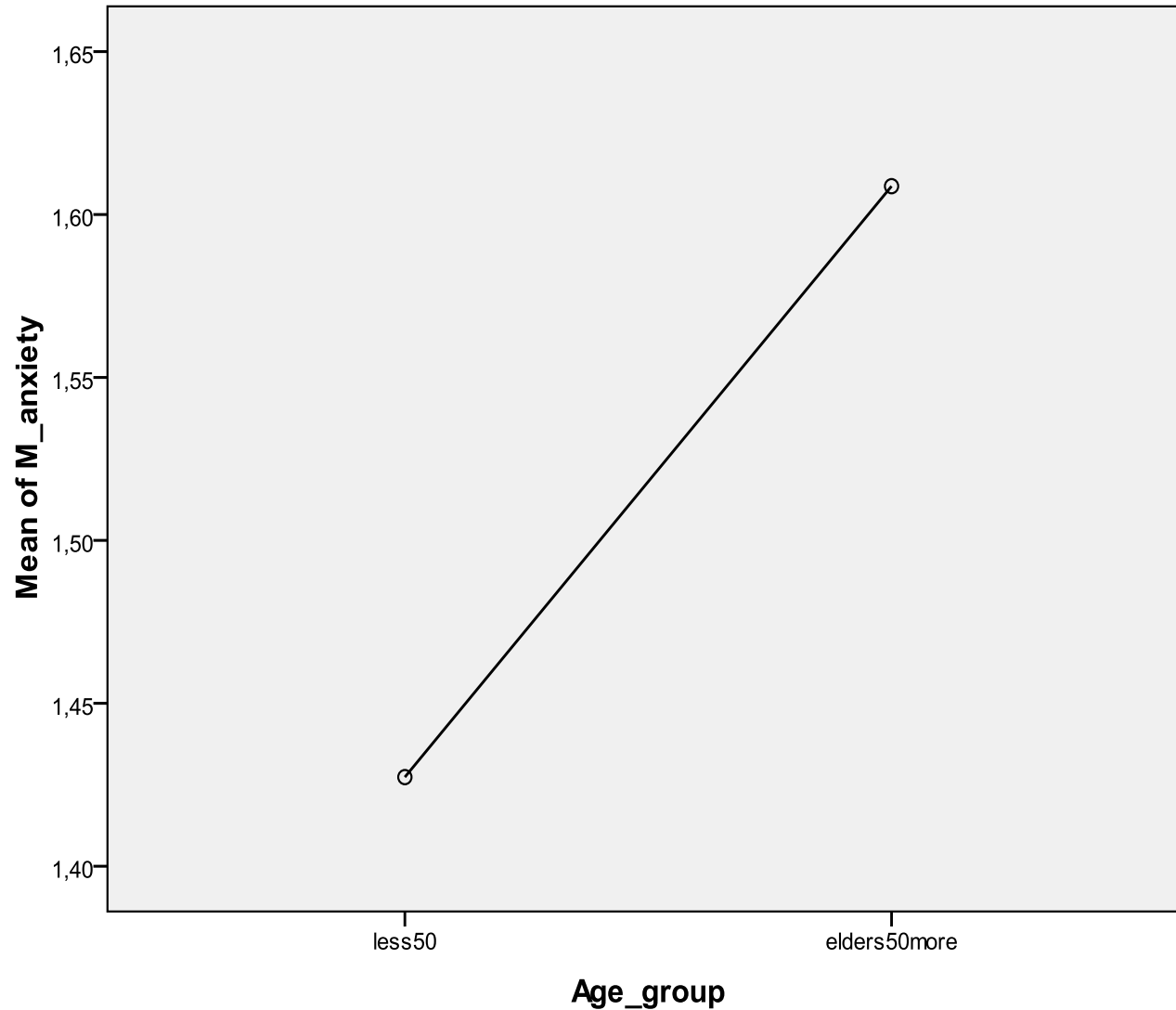
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Bar Chart



Burnout, anxiety and depression



Correlations (1)

- The whole sample: one-time layoffs correlated positively with emotional burnout, cognitive burnout and depression (correlations are around 0.4, $p < .01$)
- Among elder employees only (N=46) staff employed on a fix-term basis also positively correlated to all burnout types and depression (r -s above 0.37, p -s less than .05).

Correlations (2)

- “Supervisor solved problems that have emerged during the change process” was negatively correlated with emotional burnout ($r=-0.27, p<.05$) and depression ($r=-0.31, p<.05$)
- “Supervisor provided me with reskilling training” with physical and emotional burnout ($r=-0.29, p<.05$ and $r=-.35, p<.05$, respectively) and with depression ($r=-0.26, p<.05$)
- “Supervisor made sure that individual preferences have not had disturbing impact on its decisions” correlated negatively with depression ($r=-.32, p=.01$).

Workplace factors among 50+ only

- co-workers have provided me with assistance and support
- co-workers have embraced the changes
- HR personnel support
- being well-informed about decisions affecting directly
- I am able to participate in the decision process when changes are made that directly affect my work
- Employees older than 50 years can better enjoy their work since their children depend less on them
- Since I reached the age of 50 my professional life has begun to take major relevancy due to the fact that my personal (family) charges allow it to me

Spanish team, ESADE-IEL

- Rebekka Vedina – project manager
- Xavier Suriol – local contacts promoter
- Monica Grau Sarabia – budget issues, assistance
- Zahra Souluqi – assistant

Local social partners:

- 2 trade unions – contacts with enterprises
- Spanish Institute of Health and Safety at Work – provided data of the National Survey on Work Conditions (9000 respondents)
- Edad & Vida, NGO