

Given the context of rapid changes in the age structure of European populations two areas of particular policy concern are health care and labour market regulations, with clear important overlaps due to the close relationship between health status and employment. With this in mind, this project focuses on the analysis of labour market dynamics with the aim to improve the understanding of the role of labour market regulations for continued employment prior to reaching retirement age. Two specific areas of labour market policy constitute the background of the project: support through disability benefits and pre-retirement employment protection legislation. The policy challenge in the first case is to provide financial support to those who are not able to work, but at the same time ensure that those who find it possible can continue to be active on the labour market. In the second case, governments have to balance out employment protection for the vulnerable groups of older workers against flexibility for firms to allow efficient allocation of resources.

The first part of the project will be based on comparative international data from the Survey of Health, Ageing and Retirement in Europe (SHARE), and will focus on the experience of countries of the Central and Eastern Europe at the time of the socio-economic transition from central planning to market economy. The variation in policy response with regard to the ease of access and generosity of disability support in different countries of the region will serve as a form of “social laboratory” to examine individual labour market dynamics in varying policy contexts. For the analysis we shall use recently collected retrospective data from the SHARE survey, which in wave 7 was conducted in 27 countries including all of the so-called new EU member states. The SHARE-Life interview included detailed family, mobility and health history and recorded information on the entire labour market histories including individual job spells and changes in labour market status as well as several main characteristics of all declared jobs. As a result the data allows us to reconstruct details of labour market histories and examine them against macroeconomic trends and changes in socio-economic policy.

In the second part of the project, which will be based on the Polish Labour Force Survey data, we shall analyse the consequences of employment protection legislation (EPL) which operates in Poland. This policy places significant restrictions on layoffs of individuals in the period of up to four years prior to reaching retirement pension eligibility. The aim of this part will be to analyse the implications of this legislation for employed individuals covered by this EPL as well as for those just below the age-specific protection threshold. We shall also examine how the legislation affects employment prospects of unemployed individuals who are above or close to age eligibility. In the evaluation of the policy we will take advantage of two specific policy changes: the 2004 extension of protection from two to four years, and the October 2017 reform which reduced the statutory retirement age and, as a result, automatically made an additional cohort of individuals eligible for employment protection.

Both parts of the project address questions of growing relevance at the time of rapid ageing of the populations, and aim to improve the understanding of consequences of labour market policy with a special focus on older workers. Results of the project can serve as background for discussions on improvements in the design of socio-economic policy aimed, on the one hand, at protection of vulnerable groups of the population and, on the other, at ensuring continued employment among those who can be active on the labour market.