

AGING OF THE POPULATION AND EXTENDING THE WORKING LIFE OF PENSIONERS

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ABSTRACT: *The Slovak Republic, as a member state of the European Union, actively participates in the promotion of active ageing and prolonging the working life of people of retirement age, which it declares at the same time as a permanent political priority of the National Programme for Active Ageing. Demographic changes, the evolution of the current population and, in particular, economic incentives are forcing pensioners to participate in the labour market beyond retirement age. This article provides a general perspective on the issue of extending working life and the individual motivation of pensioners to remain in the labour market. The aim is to define what incentives motivate retirees to remain active in the labour market and how public policy makers can influence these individual decisions.*

KEY WORDS: *active ageing, retirement, demographic trends, ageing population, employment of pensioners, prolonging working life.*

INTRODUCTION

In terms of socio-political, cultural and economic influence on the composition of the Slovak population, a significant representation belongs to residents of retirement age. As a member state of the European Union, the Slovak Republic participates in the systematic and political approach of a permanent political priority in the support of active aging, which it simultaneously declares in the commitments of the government's Program Statements. Together with other European, industrially developed countries, it actively participates in extending the working life of workers at retirement age and thus positively influences the national economies of individual countries. States are conditioned to such decisions mainly by the economic situation and current and predicted demographic changes in the development of the population structure of the population, in order to prevent problems caused by the aging of the population. There are a number of factors affecting the participation of retirees in the labor market, but we can certainly consider demographic factors, health status, lifestyle, economic incentives and, finally, the conditions at the workplace, or the motivation of employers to adapt working conditions to the structure of the workforce, as the most important indicators conditioning the extension of working life .

National programs under the auspices of the European Union declare, as part of the permanent political priority of supporting active aging, the maximization of the potential of older persons on the labor market, thereby contributing to sustainable economic growth and reducing pressure on public finances, especially in the areas of health care and social security.

The article contributes to the definition of a general view on the issue of employment of the elderly in order to extend working life. The aim of the contribution is to define what aspects motivate pensioners to remain in employment even after reaching retirement age and drawing a pension allowance at the same time. The current economic situation and the demands of society also force many retirees to work even at the time when they should draw their retirement pension, but their economic situation does not allow them to stay at home.

In order to evaluate which indicators affect the possibility of extending the working life of persons transitioning from productive to post-productive age, it is also necessary to evaluate which health, socio-demographic and work factors influence the individual decisions of retirees to work even in post-productive age and how these individual decisions can be influenced by the creators of public politician.

AGING OF THE POPULATION IN THE SLOVAK REPUBLIC

Prosperity and well-being, as qualities of individual human life, cannot be measured only in the context of the lifestyle and individual decisions of that person, but it is necessary to look at these aspects in the context of the conditions of public policies affecting the individual sphere of individuals. Aging is a natural physiological process of human life. A significant achievement of current generations is that never before has a person lived to such a great age as today's aging population. Available statistical metrics confirm an increase in the average life expectancy of both sexes by approximately 10 years. A positive aspect of this trend is also a considerable increase in the number of the population in productive age (Green Paper on Aging 2021).

One of the dynamic elements increasing employment in the labor market of the European Union is the employment of older people, and it is up to the makers of public policies, in terms of the guarantee of the constitutional right to work, to create conditions that allow citizens to work even in the post-productive age, when they are expected to retire (Škvarková, Mihálik 2018). The creators of public policy strategies in the National Program of Active Aging for the period 2021-2030 emphasize the need to apply the full potential, possibilities and abilities of the elderly population, not only in the interest of the well-being of the whole society, but especially for their own health, quality of life and independence. However, the target group of the national program is not exactly only people who have reached retirement age under the conditions of the Slovak Republic, but all older people who are actively preparing for the aging process, but especially those who, for various socio-economic reasons, could be at risk of being disadvantaged in their old age, inability to ensure a basic standard of living, or their access to income from public sources would be blocked. The interest is thus to ensure the use of the potential of all people,

regardless of age, even in the process of aging, which is a natural physiological part of human life. In terms of the fulfillment of goals and strategies at the global level, the Slovak Republic ensures the institutional, value and resource conditions of this vision (NPAS 2021) within the framework of the National Program of Active Aging.

Within the framework of the active aging strategy, the European Union, together with public policy makers at the national level, responds to the opportunities of the aging population of European countries, and in the document Green Paper on Aging (2021), with the support of intergenerational solidarity and justice between the younger and older generations, points out the challenges in the health and social field. One of the challenges is also the relative increase in the population of older age groups, and within this category the strategy emphasizes the possibilities of valorizing opportunities by the participation of the elderly in the labor market, the support of social justice and prosperity, as the support of active aging is a human-rights issue and thus every person has the right to respect and dignity in the sense of social support in every phase of life.

In its Policy Framework, the World Health Organization defines active aging as "the process of optimizing opportunities for health, participation and safety in order to support people's quality of life as they age" (WHO, 2002, p.12). Another aspect affecting the ratio of working pensioners is the fact that for persons undergoing the transformation from productive to post-productive age, a natural termination of the employment relationship is expected, which pensioners are not prepared and used to after decades of service. Within this category, there are individual decisions of seniors to remain in employment for pragmatic reasons, especially in the interest of preventing social exclusion or changing the usual stereotype. Therefore, many retirees naturally tend to remain in the working relationship and everyday stereotype. However, the very decision to continue working is influenced by a complex of socio-economic, health, and work factors affecting motivation, and thus looking at this issue requires a complex perspective.

AGING IN THE CONTEXT OF DEMOGRAPHIC CHANGES

One of the political priorities of the European Commission declared in the Green Paper on Aging (2021) is the demographic development, changes and their expected consequences in Europe, as well as their impact on the situation on the labor market. Due to the influence of the political and socio-economic situation, the aging of the population in terms of demographic development has become one of the barriers to the current development in the labor market, despite the fact that the population of the European Union enjoys the positive phenomenon of life extension and an increase in average life expectancy, on average by 10 years more than previous generations, but most prominently in persons of pre-retirement age (Zaccagni et al. 2024). One of the available alternatives to mitigate the effects of adverse demographic development and changes in the reproductive behaviour of the population is the extension of the working life of the population in the post-productive age (Bucher 2009).

Population aging can be defined as the continuous growth of the post-productive part of the population, which includes the population aged 65 and over. From the point of view of economic theories, the aging of the population is the decrease of workers due to reaching retirement age and thus leaving the labor market itself. The development of the population in terms of the decline in the labor market upon reaching retirement age can also be defined through the population aging index, which the Statistical Office of the Slovak Republic specifies through the number of inhabitants aged 65 and over per 100 inhabitants aged 0-14. The increasing number of seniors in the total population causes the disparity between the two components of the aging index to increase and at the same time creates a growing tendency of the index of the economic burden of residents in the productive age (Statistical Office of the Slovak Republic 2023). The forecasted development until 2030 assumes a growing burden on the productive component due to the aging of the population, and the Slovak Republic will thus belong to the category of countries with the highest prevalence of senior citizens (NPAS 2021).

Demographic changes, especially the increase in the elderly population as a result of the increase in average life expectancy, affect the need for states to actively take measures in order to expand the workforce. Professional studies

agree that the trend in the development of economic activity of the population is directed towards the overall decline of the economically productive population. Public policy representatives are thus forced to constantly shift the retirement age limit, which in the conditions of the Slovak Republic was also contributed to by the reform of the pension system and the growing average life expectancy. Prolonging the working life of an aging population has a fundamental impact on the state and structure of public finances at the same time and contributes positively to the sustainable growth of the economy. It is therefore in the interest of public policies to support the active aging of the population to adopt such measures and legislative adjustments that support the possibility of employment on the labor market. From the point of view of the projection of the structure of the able-bodied population, according to the available statistical data of the Social Insurance Agency, in 2023 more than 7% of old-age pension recipients were active on the labor market (Social Insurance Agency 2024). A beneficial side effect of extending the working life and economic activity of the aging population is also the relief of public resources, which at the same time does not lead to an additional increase in resources covering health care and thus also contributes to the relief of social security systems (Škrovánková et al. 2019).

ECONOMIC INCENTIVES FOR EXTENDING WORKING LIFE

The aging of the population in the 21st century places increased social and economic demands that older people often cannot manage on their own. The economic gap was deepened even more by the Covid-19 pandemic and it hit the most vulnerable groups of the population, including the elderly (Lachytová 2019). With the transition to a pension, there is a change in the economic status at the same time, and the amount of the pension drawn is often no longer sufficient to cover the basic needs of life or the current standard of living of a working person. In many cases, within the individual decisions of pensioners to continue working, economic incentives are decisive. Professional literature confirms that a higher tendency to continue working is more characteristic of persons in an unfavorable financial situation. Since the legislation allows for the simultaneous drawing of a pension with an employment relationship, such

an option is attractive for pensioners from this point of view (Zaccagni et al. 2024).

Due to the loss of previous economic status and the decrease in income due to retirement, retirees are often at risk of poverty in old age. The risk of poverty is often caused by a combination of low pensions, rising costs of living and additional health care costs. For women, the risk of being at risk of poverty is even greater, as they often earn less than men for the same or similar work over the course of their lives, or are more often employed in industries with lower average salaries. On average, women's pensions in European Union countries are 29.5% lower than men's pensions. By adopting active aging strategies, the countries of the European Union participate in ensuring fair and adequate pensions sufficient to ensure a decent standard of living (Green Paper on Aging 2021). Member countries adapt their pension policies and systems to the needs of their public policies, as a central pension system has not yet been introduced within the Union. Statistical data confirm that the Slovak pension system protects the absolute majority of people of retirement age from material deprivation and provides the income necessary to ensure basic life needs (Škrovánková et al. 2019).

We can gain a clearer understanding of the motivation of retirees to stay in employment from other than economic incentives by looking at studies conducted in the prosperous countries of Scandinavia, in the north of Europe. These countries are known for their prosperous social system, services, high level of general health care, and the primary motivation for staying in employment is not even economic incentives, which are often a decisive indicator in the conditions of the Slovak Republic. The Danish pension system allows residents to draw a pension through a multi-source system made up of three basic pillars. The first category includes statutory pensions paid by the state, whose main income is taxes. This also includes public old-age pensions paid to residents after reaching the retirement age set by the state, while the amount that the resident receives depends on the citizenship status, which includes the obligation to be a resident of the country for at least 40 years. This category also includes disability pensions intended for residents who are physically handicapped and therefore unable to work. Persons born in 1953 and earlier attain the state-determined retirement age after reaching 65 years of age, and for persons born

in 1967 and later, the retirement age is from 69. Based on the available statistical data, it is known that for 50% of Danish pensioners the only income is a pension within the coverage of the first pillar. The second pillar consists of the private pension system made up of contributions from income in the framework of employment, which is available to the majority of the Danish population. The trio of the pension system is completed by individual and voluntary pension savings beyond the scope of employee contributions (Zaccagni et al. 2024).

EMPLOYMENT OF PENSIONERS

The current state of the labor market will deal with the challenge of a decrease in qualified labor force, the phenomenon of brain drain, and the growing economic costs of countries also condition emigration to Western countries. In the last ten years, there has also been a continuous drop in the number of the population of productive age within the European Union, despite the fact that there is no change in the population. The challenge at the level of national economies is to maintain production and provided services. The overall lack of labor forces creates space, but also pressure to use the aging population of the population also in the sense of covering these deficiencies (Grmanová 2018).

Employing pensioners is one of the attractive options for employers and brings many benefits not only to companies, but also to states and their national economies. Despite the benefits of employing older workers, statistics confirm that the risk of unemployment increases after the age of 50. The right to work in retirement and thus in post-productive age is also a constitutionally guaranteed right. In practice, however, we encounter many situations where this right is not available to everyone due to age, and thus forms of invisible discrimination occur. However, the role of the state policy is to allow anyone who shows an interest to enter into an employment contract in the sense of guaranteeing free choice of profession (Škvarková, Mihálik 2018).

Individual decisions of employers in the selection of applicants are also a special category, when the employer considers all options in terms of the needs of the organization. Indirect discrimination is currently manifested mainly in the tendency of employers to give preference to younger job seekers

on the labor market, and pensioners are thus denied work. It can therefore be concluded that pensioners belong to a disadvantaged group of citizens (Škrovánková et al. 2019).

In the field of work and employment, old age is perceived as an obstacle to work skills or a loss of strength, and the selection of an older applicant in a post-productive age is often accompanied by prejudice. However, due to their many years of experience in the labor market, people of retirement age can attract employers in comparison to younger employees mainly due to their experience and professionalism acquired during their years of service. On the contrary, the disadvantage, in which the younger generation has a stronger representation, is the absence of technical skills. This fact is often decisive when choosing a candidate. In the same way, after years of work, pensioners are often not in good health, and therefore it is more appropriate to choose a physically undemanding or rather sedentary job. In addition, today's young applicants for a place on the job market have university education, which was not so easily available in the past (Zaccagni et al. 2024).

In the case of applicants of retirement age, for employers, a stronger attribute of attractiveness is precisely the experience and practice acquired during the mostly forty-year period of productive age. Also, many such applicants do not have the necessary qualification of another foreign language, which is a problem especially for international organizations. On the contrary, the strengths that pensioners can offer employers are mainly flexibility due to less dependence on family responsibilities, or loyalty and dedication (Zaccagni et al. 2024). Professional studies confirm that the tendency to remain in employment even after reaching retirement age is more common among retirees who were satisfied with their work and whose work made them happy. Similarly, for workers who were at work in a higher job position, or felt satisfied at work in terms of favourable working conditions (Zaccagni et al. 2024).

However, the employer does not have any obligation within the limits of the law when choosing between a younger and an older applicant of retirement age. It is therefore up to the employer to create within the organization conditions adapted to the structure of his workforce, as well as to personal consideration of what qualities of the applicant he prefers when filling the job. In 2018,

the Slovak Republic had a 5% drop in employment of people over 55 compared to the average of other European Union countries. However, from the point of view of legal regulation, pensioners do not belong to a group that would be specifically regulated within labor relations, and their rights and obligations are not legislatively different from other categories of workers (NPAS 2021).

Education also has a special influence on the trend of extending working life. Research carried out in Denmark confirmed that the educated part of the aging population showed a higher tendency to remain in employment after reaching retirement age, and at the same time such persons were also easier to apply or more attractive to employers. In the Green Paper on Aging (2021), the European Commission emphasizes the need for continuous education, which contributes to the active participation of older people in society, helps deepen skills, advance professionally, manage the current demands of employers and thus find employment in the labor market even in retirement.

The benefits that the extension of working life brings are, in addition to mitigating the effects of unfavorable demographic development, also individually increasing the quality of life of retirees, strengthening their mental health by integrating into the collective, which is associated with an overall improvement in health status. Whether or not a pensioner remains employed is primarily determined by his health and strength. The tendency to remain in an employment relationship is confirmed mainly by retirees in good physical and mental condition (Zaccagni et al. 2024). Advances in medicine and individual decisions by people to practice healthier lifestyles allow today's retirees to live to a longer age. At the same time, these statistical data are changing the habits of pension policies that have been used so far. In an effort to predict the consumer behaviour of the elderly, the European Union emphasizes the need to anchor the silver economy, which reflects the specific needs and preferences of the elderly, i.e. the so-called of the silver generation, at the national level and expresses the potential of using innovations that increase the quality of life in old age, leading to economic growth, thus increasing competitiveness at the national level. (Green Paper on Ageing 2021).

CONCLUSION

The current European generation of people of retirement age is enjoying a long life expectancy and an increase in average life expectancy. Despite the fact that aging is a natural physiological process of human life, it becomes one of the barriers to predicted demographic development and the labor market. As part of the active aging strategy, the European Union solves these shortcomings at the national levels of the member states by supporting the employment of people of retirement age and extending their working life. The need to use the potential of the older population, not only for the sake of their own health and quality of life, but also for the well-being of the entire society, is reinforced by the strategy of active aging within the National Program as a permanent political priority.

Due to the aging of the population, there is an expected burden on public finances at the level of the national economy, and forecasts up to 2030 also assume a growing burden on the productive part of the population. Extending the working life of persons who use the possibility of simultaneous drawing of a pension while employed contributes to the sustainable growth of the economy and the relief of public resources, especially in the area of health care and social security.

However, the conditions of life in the 21st century bring increased social and economic demands, which elderly people often cannot manage on their own, and based on an unfavorable financial situation and growing economic costs, they are forced to work against their will, often even in times of poor health. The tendency to continue working after retirement is higher among persons in an unfavorable financial situation, and the transition to retirement leads to an unsustainable change in economic status. The possibility of employment on the labor market for older people is not always easy, despite the fact that the market itself faces challenges such as a lack of qualified labor, emigration to Western countries, or a general lack of workers. In the workplace, old age is often perceived as an obstacle to work skills and a loss of strength, and the selection of an older applicant in a post-productive age is often accompanied by prejudice. In fact, older people involved in the work process of an organization can be a catalyst for many benefits that positively affect

not only organizations, but also the national economy itself. However, it is up to the personal consideration of employers to create attractive working conditions in terms of the needs of the workforce structure at the workplace.

Through a systematic review of the literature dealing with the issue of population aging and the extension of the working life of pensioners, we can conclude that the extension of the working life and the involvement of older persons in the work process is a necessary step for maintaining the overall stability and growth of the economy due to unfavorable demographic developments and the growing burden on the productive part of the population. It is therefore up to the makers of public policies, within the framework of participation in the strategy of the European Union, to introduce measures at the national level that will motivate employers, but also future potential employees of retirement age to participate in the labor market.

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