



Employment and labour market policies for an ageing workforce and initiatives at the workplace

National overview report: Cyprus

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Situation of older workers in Cyprus

Development of employment/activity rates of OW by gender

Cyprus has high and increasing rates of employment: the overall participation rate was 72.4% (2005) with the employment rate for older workers aged 55-64 increasing by 0.5% since 2000, reaching 50.5% in 2005. The largest difference in male-female participation rates is for the age group 55-64 with a 36.1% difference in 2005 with just 30% of women employed. Overall numbers in unemployment have increased since 2000, with the percentage rising to 5.3% in 2005 and dropping to 4.7% in 2006. Older men's unemployment rate rose from 3.2% in 2000 to 4.3% in 2005 and women's was 7.3% in 2000 and 6.5% in 2005. (NSSC 2006)

The average exit age is 62.7 years with many older workers retiring prior to the statutory retirement age of 65 in the private sector, mainly through early retirement schemes. Trimikliniotis (2003) states that one third of those applying for redundancy were aged 50 plus according to 1999 - 2001 data.

In the civil service the official retirement age was 55 years, with compulsory retirement at 60, but from 2005 this was gradually increased, rising to 63 years by 2008. This also covers those in semi-government organizations. In the private sector people may retire at 65 without legal compulsion to do so though rights to protection from unfair dismissal are lost if people continue to work. After 65 people may work and receive their pension.

The Labour Force Survey 2005 reported very low participation rates by older people in life long learning: 1.5% for those aged 55-59, and 0.9% for those aged 60-64 compared to the EU 25 overall figures of 6.0 and 3.6%. Statistics on life long learning overall indicate a rate of 5.9% for persons aged 25-64 in 2004 rising to 8.7% by early 2006.

Role of public actors in fostering active ageing in Cyprus

In 2002 the government faced by the projected high increase in public spending on pensions between 2004 and 2050 (12.9% of GDP) and population ageing, initiated a body chaired by the Minister of Labour and Social Insurance, to provide comprehensive advice on policies for the elderly including a further increase in their employment rates. Initially tackled through the National Action Plan for Employment 2004-2006, the recent National Reform programme (October 2006) stated there had been some limited progress in improving older people's employment with the development of a 10 year Action plan for Older persons. A national target of 53% of older workers employed was set for 2010. Amongst 45 measures set of relevance to older workers were the continuation of the self employment programme¹ for those over 63 and the enhancement of computer literacy through the Human Resource Development Authority. Importantly, a consultancy was commissioned which is currently examining how to improve employment for older workers including: the expansion/ updating of the Employment offices; the evaluation of existing policies and practices for older workers, of good/ best practices in the EU and of the National Strategy that includes linking training to employment, encouraging enterprise/self employment, flexible work, limiting early retirement, rethinking methods of estimating pension levels, etc.

¹ The only operational public policy is one supporting the self employment of those aged 63 and over with a grant of 15,000 CY pounds for the purchase of equipment, granted to those with an income of less than 400 CYP.

A 2002 report on Cypriot Managers (Austin, Droussiotis 2004) indicated their perceptions of older workers e.g. less educated, respectful of authority, strong beliefs in age-old values and loyalty to their employers. Age discrimination was common, particularly evident when employers try to reduce labour costs, and various legal cases are cited. The study suggests half of the Cypriot managers interviewed (66) were unlikely to discriminate on the basis of age. Another report by the University of Cyprus (2006) based on research (interviews with 10 employers, 10 unemployed older workers in 2005) was clear that older workers experienced discrimination.

The labour market operates in an environment with a well established dialogue between the social partners, who have been involved with discussions on older workers and retirement ages, with the trade unions keen not to see the erosion of gains won by workers while the government and employers believe that retirement ages have to be increased to 65. The considerable worry about the viability of the pension funds, given the need to improve pension levels and cover the steady increase in the numbers eligible for pensions, is a discussion occurring amongst the trades unions as well as the government, and is reflected in the media. The relevant trades unions have agreed to the postponement of retirement amongst the civil servants, though there are debates about extending this to all sections employed directly or indirectly by the public sector, e.g. teachers. Some argue for the increases in pension levels to be covered from the State budget, rather than the Social Insurance Funds.

It is recognised that the low educational level of many older workers and the low labour market participation of older women make immediate and rapid improvements in participation rates difficult.

An apparent lack of flexibility in the labour market is affected by the high proportions in self employment which is more common amongst older workers.

Public initiatives for fostering active ageing

The past year (2006-7) has seen a significant move by the government to develop public policy specifically for older workers. The Department of Labour in the Ministry of Labour and Social Insurance announced a tender for consultants to advise on the “Development of policies to extend working life” (No. 12/2006) in August 2006, the results of which are awaited.

Social dialogue is firmly established in practice though not institutionalised in the law. Industrial relations are based on tripartite cooperation amongst the social partners with collective agreements tending to be limited to wage levels and not covering conditions of employment, and issues such as gender, age, training, mobility, stress at work etc. Soumeli (2003) discussed how the four main national trade unions, linked ideologically to the political parties, work together with a major part of labour force enrolled. In six occupations where trade union representation is weak there are minimum salaries and wages e.g. sales staff, clerical workers, auxiliary healthcare staff and auxiliary staff in nursery schools, crèches and schools set by the government.

The largest employers’ organization OEB is a major social partner (51 professional associations, 4,500 enterprises and 600 direct members) employing 57% of the labour force.

A comprehensive life-long learning strategy based on four pillars is being elaborated under a Coordination Committee (September 2006 with completion by December 2007) involving enhancing lifelong learning and one specific element involving the enhancement of the computer literacy of the unemployed (540 persons target) threatened by social exclusion including older unemployed people, in order to improve their employability. In addition a National Lifelong Learning Committee is to be set up and a relevant proposal is under preparation for submission to the Council of Ministers.

Conclusions

The difficulty of the Cypriot labour market in increasing employment amongst older workers relates to the fact that older people are less educated and have participated less in training and vocational qualification courses; this has consequences for productivity and their ability to stay/enter in the labour market. Older women are involved in providing unpaid social support (child and elder care). The development by the government of a comprehensive lifelong learning strategy to respond to the shift towards a knowledge-based economy represents a significant recognition of this lack of training and education for older people. The expansion of university studies and the development of vocational qualifications and certification represent two significant moves of potential benefit to some older workers, but the difficulties of ensuring that the majority of employers (rather than the enlightened few) or the self-employed participate in lifelong learning/training schemes are considerable given the small size of businesses. Arranging suitable and systematic training and ensuring that certificates of vocational competence are valuable will be important key elements for older workers. Additionally media campaigns are required to inform all Cypriots of the benefits of training and learning. The low levels of participation in life long learning is the result not only of employers' attitudes but also of older workers themselves. Changing attitudes will have to part of the brief of the HRDA.

Overall approximately 30,000 people are in part-time employment, 52% by choice, 29% because they could not find full time employment. 22,000 have a second job – 54% in agriculture. No data is available on the age of those in part-time jobs or with a second job.

Self-employment is an important dimension of employment amongst older workers. Overall in Cyprus 23.6% of the labour force are self employed (29.2% male,16.3% female) but the differences in the self-employment rates are noticeably different by age and gender (20.9% for those aged 30-49 versus 34.9% for those aged 50-65 (women 20.5%, men 41.6%). Even allowing for the 7% in agriculture (who tend to be self-employed), self-employment is noticeably high especially among men. Against a background of fairly high rates of employment, it appears that many older people do choose to become self employed yet little is known of the reasons for this preference e.g. cultural or age related preference, lack of alternative employment opportunities. Though government policy supports self-employment for older workers, in fact there is no research on the subject; in this Cyprus resembles many other countries where self-employment amongst older workers is little examined though sometimes mentioned as a 'solution' to increasing employment rates amongst older workers.

The implementation of the new age discrimination legislation has to be monitored to stop age based discrimination.

Increasing employment rates amongst older workers will gradually occur as the work force becomes better educated and older, since the more educated tend to stay longer in the labour market.

This also reflects the fact that older unskilled or manual workers tended to start work much earlier and thus have completed more pension contribution years.

The identification of sectors where employment is likely to increase e.g. services in tourism or for the dependent elderly, may also enable the authorities to consider ways of making such work more attractive to older workers, both in terms of pay and conditions of work.

Review of relevant literature including grey literature and other relevant documents

Aliaga C. , and Romans F. (2006) The employment of seniors in the European Union. Statistics in focus. Population And Social Conditions, Eurostat. 15/2006. *Data on employment by age, gender, and levels of education. Useful in examining self employment.*

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European Profiles report – ‘Transnational exchange for active ageing’ 2005

Workshop- February. National Report Cyprus, University of Cyprus, Department of Social and Political Science. March 2006. *Small study on older workers in the Cypriot Labour market plus background data. Suggestions on how to develop an age management strategy.*

Υπ.Εργασίας και Κοινωνικών Ασφαλίσεων (2004) Εθνικό Σχέδιο Δράσης για την Απασχόληση 2004-2006. (National Action Plan for Employment 2004-2006,) *National Reform Programme Of Cyprus Draft Progress Report, Min of Finance October 2006*

National Statistical Service Cyprus. 2006 ‘Labour Force Survey’

Soumeli, E. 2003 “The evolving structure of Collective Bargaining in Europe 1990-2004. National Report Cyprus European Foundation. *Discusses the role of Cypriot Trades Unions.*

Trimikliniotis, N. (2003) “Report on Measures to Combat Discrimination in the 13 Candidate Countries (VT/2002/47) Country report Cyprus”. Mede European Consultancy in partnership with Migration Policy Group.

Fortuny, M, Nesporova, A., Popova, N. ‘Employment promotion policies for older workers in the EU accession countries, the Russian Federation and Ukraine.’ Employment Sector. ILO Geneva. Employment Paper 2003/50. *Shows that in Cyprus the share of workers aged 50-64 in total redundancies was 33 per cent in 2000 while their proportion in employment was only 17 per cent.*

Web pages referred to and of relevance:

<http://www.oeb.org.cy> – The employers’ federation web site.

<http://kypros.org/CIO/oeb/oeb.html> employers

<http://www.mlsi.gov.cy> – Ministry of Labour and social insurance

<http://www.hrdauth.org.cy> - Human resources development Authority

<http://www.lex.unict.it/eurolabor/documentazione/altridoc/pnr2006/Cipro06.pdf> - legal documents on labour in Cyprus.

<http://www.activeageing.org> – European Profiles web site for the Art.6 project.

<http://www.b.shuttle.de/wifo/vet-hrd/cy06.htm> Outlines the professional research associations related to VET/HRD

<http://www.stop-discrimination.info/index.php?id=6017> –general pages on actions concerned with combating discrimination

<http://www.einclusion-eu.org/showCase.asp?CaseID=2238&LevelCodeID=85&print> - Vocational Training, e-skills and Ageing. Statistical data for Cyprus.

<http://www.delcyp.cec.eu.int/en/news/061106b.htm> - background to Cyprus accession to the EU

<http://www.eurofound.eu.int/ewco/2006/06/CY0606019I.htm> - Foundation's report covering findings from the Economic Research Centre of the University of Cyprus, on the subject of labour market participation and retirement decisions.

<http://www.eiro.eurofound.ie/2004/country/cyprus.html> - Reports on industrial labour developments

http://ec.europa.eu/employment_social/employment_strategy/national_en.htm - NAP for employment

http://ec.europa.eu/growthandjobs/pdf/2006_annual_report_cyprus_en.pdf

<http://www.inek.org.cy> –Cyprus Labour Institute

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