

ABSTRACT

Potential older employees in South Tyrol

This report of the IER – Institute for economic research of the Chamber of commerce of Bolzano-Bozen analyses the potential of workers aged 55 and older in the South Tyrolean labour market. Given the growing shortage of labour, the key question concerns how to motivate and convince these workers to be active for longer. The analysis is based on secondary data of senior employees in South Tyrol and on the results of a representative survey of 1,200 employees in this age group.

Currently, South Tyrol has 39,000 employees older than 55. This data is equivalent to one fifth of total employees. A representative survey shows that 44% of these employees would be willing to keep working even after retiring. Based on the total population, this is estimated to correspond to a potential of approximately 17,000 people. Given forecasts that the shortage of qualified workforce could reach 30,000 people by 2040, this group represents an important reserve that has been used inefficiently so far.

The reasons why some would continue to work are mainly intrinsic in nature. The main reasons include enjoying one's job, feeling useful, the wish to maintain social contacts and the bond with one's company. Financial considerations play a secondary role in this matter. Those unwilling to continue working mostly report a desire to enjoy their retirement. Health problems or having experienced discrimination due to old age are rarely decisive factors.

Job satisfaction is a decisive factor in the willingness to continue working. Having a good relationship with one's superiors, a high salary, opportunities for personal growth and an adequate work-life balance have a particularly positive effect on job satisfaction.

On the other side, high physical and mental workloads have a negative effect.

In addition to job satisfaction, there are further factors that affect the willingness to keep working after retiring. Being in good health and a solid financial situation are worthy of mention. Furthermore, differences emerge based on sector, gender, and company size. Women and public sector employees are less inclined to working longer. Instead, employees in smaller firms tend to be the more willing.

To exploit the potential of employees over 55 in the labour market, measures must be implemented to leverage intrinsic motivation and the main factors of influence. Recommendations to boost the employment rate of older workers are, therefore, based on the following fields of action.

- > An important starting point concerns the **adaptation of the legal framework**: the restrictions on working after retirement in the public sector should be abolished and the population should be better informed about the opportunities to continue working after retiring. In the long run, a gradual increase in the effective age of retirement also appears inevitable.
- > Furthermore, **financial incentives** are necessary. These include tax breaks and exemptions from social security contributions for those who decide to continue to work after retiring. A first step in this direction was the introduction in Italy, starting in 2023, of the "new vouchers" for small occasional jobs, which are particularly attractive to pensioners, as income up to an annual limit of €5,000 is

tax-free and can be added to their pensions. Measures of this kind need to be better advertised and expanded.

- > Increasing **job satisfaction** is particularly important. Companies can achieve this by establishing a management culture that creates values, offer attractive salaries and keeps an area of interesting and development-oriented activities open for elderly employees.
- > At the same time, it is crucial to draw attention on **reducing heavy workloads**. For this purpose, in addition to preventive measures against stress, it is important to promote greater use of ergonomic workstations and technical support tools to reduce physical strain.

- > A further essential aspect concerns increased **flexibility** particularly through the provision of part-time work models with reduced weekly hours, for example between ten and twenty, in order to preserve the work-life balance of older employees.