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The *Silver Economy* in the context of Corporate Social Responsibility*

Abstract

Corporate social responsibility is a concept responding to climate change, environmental problems and the needs of stakeholders. Business makes an effort to act in the changing conditions, thus adapting to the expectations of the stakeholders and following the principles of sustainable economic development and social responsibility. One of the changes taking place in the current economic and social world is the change in the demographic structure of the population. The subject of the ageing population is often discussed, usually as a negative aspect in the context of changes in the pension system, health care costs or the employment conditions of older people. The principles of corporate social responsibility, such as social inclusion, anti-discrimination, and facilitating access to products and services create the basis for the development of the economy, focused on the use of the purchasing potential of older people. Thus, the perception of the demographic changes in this context becomes the ground for the formation of perspective solutions and the development of the silver economy. This model of the economy can be understood as a system which is based on adapting the production and distribution of products and services to older people. The main aim of this article is to present the challenges for companies in terms of the problems connected with an ageing population, as well as to present the main features of the concept of the silver economy in the context of corporate social responsibility. Moreover, considering the development of the silver economy, characteristics of older people as consumers should be taken into account. In this context, there are many stereotypes associated with the activities of the elderly. The article also notes the profile

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of potential customers of the silver economy, with a particular emphasis on the approach of the elderly to innovation, tradition and a broadly understood sense of security.

Keywords: ageing, senior citizens, corporate social responsibility

JEL Classification: J14, M14

1. Introduction

Demographic structure and the shape of the population regarding gender and age have a big influence on socio-economic life, culture and politics. A significant improvement in the conditions and quality of life, and innovations in medicine and healthcare have led to a decrease in mortality and, consequently, to increased life expectancy in the population. Beside these factors, the ageing of society is also affected by income, quality of social care, proposed family models or the quality of education. The economic dimension of society ageing is often highlighted. Demographic transformations result in a modified consumption structure, decreased professional activity, modified workforce structure or increased spending on supporting a growing number of people of post-productive age (Dragan, 2011, p. 4). The increased number of the elderly is connected with the need to provide them with institutionalised care, especially necessary for those with a low level of independence. The process of population ageing is a global phenomenon and seems one of the most important challenges that the entire European Union is facing. It is estimated that in 2030, for every four people in their productive age there will be no fewer than three pensioners (Mering, 2012, p. 40). This necessitates increased spending on pensions, which will result in a decrease in investment and slower economic growth.

The ageing of society is discussed mainly as a process with negative consequences for economic growth and as a burden for the state's budget (Dragan, 2011, p. 5). However, we should note the development of the concept of corporate social responsibility and the growing awareness regarding the role of entrepreneurs in solving social and environmental issues. CSR creates conditions for and presents good practices regarding the active inclusion of the elderly in the socio-economic life of society. Changing business models to become more ethical and responsible makes companies more willing to act in domains such as fighting social exclusion, diversity policies in employment or providing goods and services that help solve social problems.

The main goal of this article is to define and analyse the challenges that companies are facing in ageing societies in terms of their social responsibility. This analysis focuses on the premises of corporate social responsibility, which are a foundation for creating an environment that would be friendly to the elderly.

Based on selected resources and documents on CSR, we find solutions which, if applied by companies, can mitigate the negative economic consequences of demographic changes. We also characterise the sector of the silver economy, whose main goal is to coordinate the requirements of business and economic growth with the needs of ageing communities. Our goal is to verify the relationship between the concept of CSR and the silver economy. We will use a practical example of business actions directed at the elderly.

2. Ageing societies

The dynamics of society ageing is different in different parts of the world, and its severity depends on their stage of social and economic development. Table 1 presents changes that took place in the Polish population structure in the years 1990–2015. The data clearly show that the percentage of the population below 20 years of age was highest in 1990, when it reached 31.8%, and decreased gradually until 2015, when it was 20.1%. In the case of the population aged 65 and older, the situation was the reverse; in 1990 the percentage of people aged 65+ was 10.2% and gradually increased to reach 15.8% in 2015. The changes in population structure in pre-productive, productive and post-productive age show similar patterns. Since 1990, the percentage of the population in pre-productive age continuously decreased—from 29% to 18% in 2015, and the percentage of the population in post-productive age rose—from 12.8% in 1990 to 19.6% in 2015. The percentage of people in productive age also grew continuously and reached 62.4% in 2015. It means that in 2015, for every working person there was more than one person of non-productive age (~1.66).

Table 1. Changes in population structure in Poland between 1990 and 2015

Year	Population of given age (in %)				
	Under 20	65 and older	Pre-productive	Productive	Post-productive
1990	31.8	10.2	29.0	58.2	12.8
1995	29.7	11.3	26.6	59.6	13.8
2000	27.8	12.4	24.4	60.8	14.8
2005	23.7	13.3	20.6	64.0	15.4
2010	21.5	13.5	18.8	64.4	16.8
2015	20.1	15.8	18.0	62.4	19.6

Note. Adapted from "Demographic Yearbook 2016," by Central Statistical Office, 2016b, Warsaw, p. 58.

The above data confirm that Polish society is ageing. Table 2 shows predictions about life expectancy for men and women in the years 2020–2050. The table also presents data for 2013 and 2015. We can see that the predicted average life expectancy for men and women will steadily grow. It is estimated that in 2030, men will live on average four years longer and women three years longer than in 2015. According to the estimate for 2050, life expectancy for men will be 82.1 years and 87.5 years for women, so nine years longer than in 2013 for men and

more than six years longer for women. It is worth noting that, according to the predictions, the difference between the average life expectancy of men and women is going to decrease, which means lower excessive mortality for men.

Table 2. Life expectancy of men and women in the years 2013–2050

Years	Men	Women
2013	73.1	81.1
2015	73.4	81.2
2020	74.6	82.1
2025	75.9	83.0
2030	77.3	84.0
2035	78.4	84.8
2040	79.5	85.6
2045	80.8	86.5
2050	82.1	87.5

Note. Adapted from "Population projection for the years 2014–2050," by Central Statistical Office, 2014, Warsaw, p. 105.

Such projections regarding the age structure of the population present certain challenges to the Polish economy. On the one hand, longer life expectancy and society's ageing generate burdens for the economy. On the other hand, we should bear in mind the increasing well-being of society and take advantage of the potential and abilities of the elderly. It has been observed that we should pay more attention to increasing the employment of people over 50, health-promoting and digital education, developing care services, creating safe and functional housing, and providing access to means of public transport.

The elderly are perceived as having low economic status or as being most susceptible to poverty. It should be noted, however, that although they do have lower incomes (usually from pensions), they also spend less than salary workers with higher incomes (from employment). Pensioners usually do not spend money on (Jurek, 2012, p. 158):

- (1) supporting offspring—their children (if they have any) are already mature and financially independent,
- (2) financial obligations (e.g. mortgage)—pensioners usually already own their house or flat equipped with necessary amenities,
- (3) work-related goals—commuting, education.

In 2015, the average household income for pensioners was 1366.47 PLN per person (pensioners' income—1433.24 PLN, disability pensioners'—1063.77 PLN). In comparison to the previous year, their real income in 2015 grew by 4.5% (in pensioners' household by 3.9%, in disability pensioners' by 4.6%). It should be noted that the average income of pensioners' households was 95.37 PLN higher than the average of all households in Poland, which was 1337.87 PLN (Central Statistical Office, 2016a, p. 31).

Chart 1 shows the percentage share of specific spendings in pensioners' households per person in 2015. The total average spendings in pensioners' households in 2015 amounted to 1180.53 PLN per person (Central Statistical Office, 2016a, p. 78). Expenses on food and non-alcoholic drinks, and housing, including

bills, were the biggest share and amounted to 26.6% and 23.1% respectively. By comparison, all households' average spendings amounted to 24% of income spent on food and drinks and 20.1% on housing. The bigger share of spendings among pensioners is connected with the lower density of their households. Much less money in pensioners' budgets was spent on clothing and shoes (3.5%), stimulants, i.e. alcoholic drinks and tobacco (2.4%), restaurants and hotels (2.8%) or education (0.2%). However, they spent more on health (8.1%). A large share of the budget spent on, among others, medical and pharmaceutical products and medical equipment is peculiar to pensioners' households (in all households these spendings amounted to 5.3%). Much less money was spent on transport (5.6%), communication, including the Internet (4.6%) and culture and recreation (5.2%).

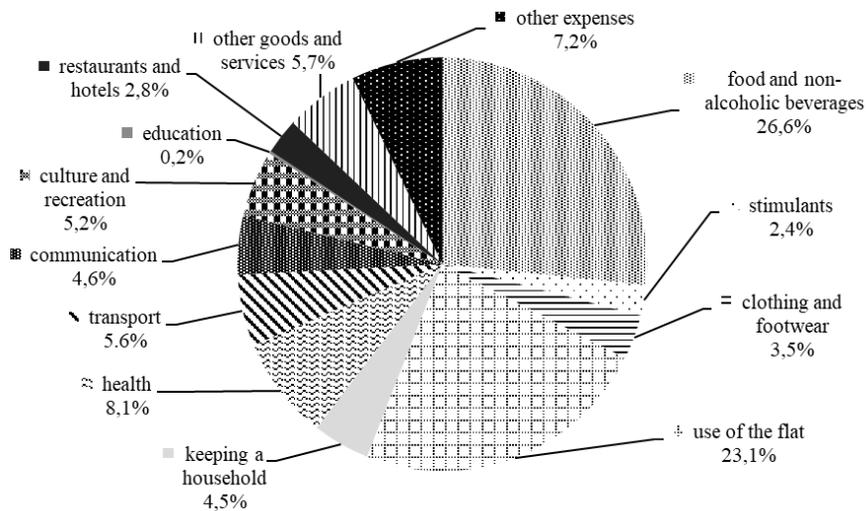


Chart 1. Average monthly spendings per person of pensioners' households in 2015

Note. Adapted from "Pensions and disability pensions in 2015," by Central Statistical Office, 2016, Warsaw, p. 78

Pensioners spend around 25% of their budgets on the consumption of goods and services connected with culture and recreation, education, transportation, clothing and shoes, restaurants and hotels. It shows that despite this group's specificity, pensioners still have large purchasing potential. It should also be noted that they are a group with a stable monthly income from pensions.

3. Challenges for CSR in ageing societies

CSR is a concept that assumes the “responsibility of companies for the effects they have on society” (European Commission, 2011, p. 6). A holistic approach to corporate social responsibility is expressed in ISO 26000, which delineates the scope of companies’ actions within social responsibility. Its key areas are organisation governance, human rights, fair operating practices, consumer issues, social involvement and the development of local communities (International Organization for Standardization, 2014, p. 9). The idea of corporate social responsibility highlights that companies are responsible for the environment they operate in, considering the effects of their actions on the natural environment and society. It is important to contribute to sustainable development by means of following good practices in the mentioned areas. Among the most important matters in the face of an ageing society, we can name practices that are connected with creating jobs, employment policies, respect for social justice, providing appropriate goods and services, honest information policies and market education, and enabling access to goods and services for sensitive consumers and the socially underprivileged. Business practices based on such assumptions can positively affect the solving of problems related to demographic changes and increasing life expectancy. The private sector in ageing societies faces a number of challenges. According to how they work, we can divide them into internal, which pertain to the organisational rules and management forms within the company, and external, which are legal and institutional regulations and the directions of socio-economic development. Companies’ internal challenges in the face of society ageing include primarily (Klimczuk, 2013):

- (1) harmonising the needs of the elderly with the needs of employers,
- (2) adapting workplaces to the needs of the elderly,
- (3) realising the experience and potential of older employees,
- (4) combating stereotypes related to employees’ age (intergenerational differences and conflicts),
- (5) age management,
- (6) adapting companies’ offers to the needs of their clients and more effective ways of reaching out to the elderly with new technologies.

Some of the internal challenges include (International Organization for Standardization, 2014, p. 9):

- (1) combating the negative stereotype related to old age,
- (2) realising the diversity of consumer habits and behaviours of various generations,
- (3) overcoming barriers related to ageing and activity in old age,
- (4) adapting companies to their environment and their responsibility towards ageing societies,
- (5) promoting good practices towards older employees seen as communicative and experienced.

Any business that operates based on ethical values and the rules of social responsibility will aim to take actions directed at including the ever-growing number of the elderly in social life and will also attempt to cater for their needs as consumers. For this reason, companies can approach the issue in a twofold manner. Firstly, appropriate practices conducted by companies can result in the professional development of the elderly. A suitable company policy regarding the employment of people over 50 can increase the numbers of professionally active elderly citizens, simultaneously helping the company develop due to how experienced such employees are. They can also be a valuable source of know-how and skills-training for younger employees. Secondly, companies can provide goods and services specially targeted to the elderly to meet their needs. They can include many areas, such as housing adaptation, i.e., products and services that facilitate everyday life, including those based on new technologies and IT, medical products, financial and insurance services, as well as goods and services related to leisure time, travelling, entertainment, culture and many more.

Taking responsibility and adopting such an approach by the business sphere to the challenges resulting from demographic changes creates a new sector in the economy—the so-called *Silver Economy*.

4. The Silver Economy and the silver market

The silver economy is understood to be the sum of economic chances that appear because of increased consumption expenses related to society ageing and specific needs of people over 50 years of age (Bran, Popescu & Stanciu, 2016, p. 131). It is then a comprehensive form of adaptation of business and economic development to ageing societies. The term *Silver Economy* is used interchangeably with *silver market*. It is the market of goods and services targeted to wealthy individuals aged over 50 as well as trade agreements between business entities that let them adapt to an ageing workforce. It is emphasised, however, that the silver economy should not be treated as a separate market sector but rather as a set of goods and services in many already existing sectors (Niewiadomska & Sobolewska-Poniedziałek, 2015, p. 84). Nevertheless, it is possible to name several silver market sectors. The most important of these areas are (Klimczuk, 2013):

- (1) information technologies used in in-patient and outpatient treatment,
- (2) an elegant lifestyle, adjusting housing and life-facilitating services, including those based on IT,
- (3) popularising independent life, also with increasing support from IT,
- (4) gerontological areas important for health economy—technologies enhancing hearing, sight, prosthetics and orthopaedics,
- (5) education and culture,
- (6) mobility and promoting its elements, e.g. road safety,
- (7) leisure, travelling, communication and entertainment,
- (8) fitness and *wellness*—increasing awareness of a healthy lifestyle,

- (9) clothes and fashion—an attempt to facilitate social integration,
- (10) insurance services—connected especially with risks characteristic of old age,
- (11) financial services—protecting capital, keeping wealth and preventing the loss of savings.

Most of these areas are based on new technologies and assume that steps will be taken to adapt to the needs of people of various physical conditions and different ages. Therefore, the concept of the silver economy is based on designing universal goods and services that would contribute to the social integration of all groups. It is important that the silver market is not based only on marketing targeted to the elderly to increase consumption of selected goods. It should genuinely contribute to creating goods and services that are intergenerational in character, and so avoid ageism. Many works emphasise the key importance of gerontechnology as an element of the new silver economy. Gerontechnology is described as a new research and development perspective, related to research on technologies created for ageing societies. The model is based on the body of knowledge about human biological and psychological development and involves interdisciplinary work in accordance with the idea of sustainable development (Klimczuk, 2011, p. 64). Using gerontechnology means paying attention to equality in access to innovative technologies in the social dimension, supporting the implementation of facilities in everyday life.

According to the rules of the silvereconomy, the elderly are perceived as an active, productive and socially useful group. This highlights the profits of utilising the professional experience of older groups in the society. Taking action within the scope of the silver economy in Poland can be a positive economic stimulus that can result in the expansion of goods and services offered to the elderly, especially those who have appropriate financial means to participate. It should be noted, however, that adopting an appropriate attitude to the silver economy means letting go of the stereotypes about the elderly. The success of the silver economy implementation may depend on correctly perceiving the target groups of silver market segments. It is assumed that most of the goods and services offered by the silver economy are based on new technologies. However, we might get the impression that marketing practices used towards the elderly are based on a deeply rooted stereotype that assumes, among others, their lack of willingness to familiarise themselves with innovative solutions and their attitude to life being based on tradition and old habits. According to this stereotype, people over 50 are treated as a group with low consumption potential, characterised by a passive lifestyle, with very limited financial resources. Moreover, the elderly are very often seen as ill, weak, with few passions and little will to live (Badowska & Rogala, 2015, p. 13). Because of this, they are often attributed with low expectations regarding the goods and services they buy. The modern elderly are, however, a much more diverse and complex community. Factors that influence the honest representation of elderly consumers include a wide range of characteristics such as age, where they live, their physical condition, income, accumulated material resources or social status. Developments in healthcare result not only in longer life expectancy but they also

affect the quality of life. The modern elderly are not always seriously or chronically ill. In the age group of people over 50, there are more and more individuals who are active and willing to develop. More and more often the elderly want not only to actively participate in social life but also follow the development of technologies. Because of it, they are learning to shop online, set up accounts on social media platforms and actively use the Internet. The elderly are not only mature individuals but also mature consumers. Contrary to their appearance, they are demanding clients, often valuing the quality of offered services, elegance, class and comfort much more than younger consumers.

5. The Silver Economy and CSR in practice

It is highlighted that among the sectors of the silver market, clothing and fashion contribute to the social integration of the elderly. Examples of socially responsible actions of companies in this area are not common. However, in a poll commissioned by Allegro (one of the largest e-commerce platforms in Central and Eastern Europe), it was found that it is the elderly (aged 64 or more) who are one of the most active groups when it comes to following fashion in Poland (Mobile Institute, 2015, p. 16). We can also find isolated cases of fashion and clothing initiatives targeted to the elderly. One of them was undertaken by Kamil Owczarek and Michał Gilbert Lach, designers and owners of the brand Bohoboco. In one of their campaigns advertising their summer collection, they cooperated simultaneously with a young model, Magdalena Jasek, and a mature actress, Helena Norowicz—the age difference between them was 60 years. In the campaign photos, the clothes are presented by both models. In this way, the company overcame the stereotype that fashionable clothes are designed only for young people and it also emphasised that in modern fashion, age differences should be disappearing. By doing so, the brand declared their protest against discriminating against and excluding the elderly from the consumption of clothes. The designers themselves underlined that their clothes can make any woman feel good. By hiring an 81-year-old actress, the company highlighted their departure from the image of the common archetype of a young, slim model with perfect skin. Moreover, the company also claims that the clothes they designed are comfortable and look good on people. In the case of the elderly, the comfort and safety offered by appropriate clothes is very important.

Such practices implement the premises of the silver economy and the idea of CSR. In the mentioned case we can clearly see intergenerational differences even at the early stage of designing the product and adopting the directives of the silver economy in an already existing sector. The clothes offered by the company can be worn by young and old individuals. Therefore, it can be seen as a socially responsible practice, which emphasises generational diversity, fights the social exclusion of the elderly and shows equality between the role of the young and the older model.

6. Conclusions

The ageing of society is a challenge to the economy, especially for the private sector. It is necessary to support the professional development of the older part of society and to create intergenerational goods and services, also targeted to the elderly. The silver market is a response of businesses and the economy to demographic changes connected with growing life expectancy. The silver economy emphasises the importance of the elderly as consumers and defies ageism, i.e., age discrimination. Practices within the silver economy paradigm meet the requirements of CSR—both concepts are based on the same premises and complement each other. Both CSR and the silver economy assume economic growth and respect for ethical principles towards their stakeholders. Therefore, breaking barriers and stereotypes associated with the elderly is a vast area for development. One of the values at the foundation of CSR is honesty and transparency of actions. These qualities are especially important for creating businesses targeted to the elderly. The elderly—a growing group of stakeholders—expect honest information, without any small print. A key to success of silver economy enterprises is not only appropriately designing goods and services targeted to the elderly but also building their image using language that is familiar to them, on the basis of ethical practices, honesty and transparency. The development of the silver economy based on the concept of CSR can result in changing business strategy to a more competitive one by focusing on one of the market niches. Better adaptation to consumer needs and credibility-building communication can lead to a better return on investment. Changing business attitudes and adapting the silver economy can be stimulating for economic growth and neutralise the negative socio-economic consequences of society ageing.

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