

management

**age
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strategy**



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Preface

This publication is a product of the “Transnational exchange for active ageing” [exchAnGE] project which is co-funded (80%) by the European Commission - Employment, Social Affairs and Equal Opportunities DG within the framework of the Community Action Programme to Combat Social Exclusion 2002-2006.

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The “Transnational exchange for active ageing” Project

The “Transnational exchange for active ageing” project falls within the framework of the Commission strategy to combat social exclusion. Despite progress made in recent years, older people remain part of the population that are most at risk of poverty and social exclusion. Employment is a key factor not only because it generates income, but also because it can promote social participation and personal development; and further contribute to maintaining adequate living standards in old age. The project aims to design an integrated strategy for active ageing that will improve the labour market situation of older workers (55+) and enhance the capacity of, and incentives for, older workers to remain in or to re-enter the labour market. The project will also promote transnational exchange and co-operation in order to address some of the crucial aspects of demographic change management at European level. It will also facilitate the exchange of best practices and experiences among transnational partners.

The main objectives of the project are the following:

- Policy co-operation and exchange regarding demographic change management at European level and more specifically age management strategies that promote the retention of older workers (in risk of exclusion) in employment or their re-integration into work
- Exchange of best practice examples regarding active ageing;
- Co-operation of national organisations with social partners to reform the legal and institutional framework, and promote changes in behaviour;

- Transnational networking and sharing of experience in order to spread knowledge on age management;
- Design and promotion of an integrated age management strategy that will promote the retention of older workers in employment. This will be in addition to their re-integration into work, by introducing positive measures to maintain their working capacity and skills;
- Sensitisation of trade unions and other employees authorities, in order to support the project's initiatives and participate actively in the framework of social dialogue.

The dissemination of information has been achieved through two international conferences, four workshops for exchange of good practice, the project website and this publication of the "Age Management Strategy".

The project partnership has been formed on the basis of involving existing Member States (Greece, Germany, Finland) and new Member States (Cyprus and Bulgaria), thus ensuring a wide (geographic) dissemination of the project results. The partnership also involves a mix of relevant stakeholders from different sectors (public, private, NGOs, trade union, universities).

The project promoter European Profiles, Greece, provides consulting services to national and international organisations and public sector institutions in: Planning of integrated development programmes, programmes monitoring and evaluation, institutional strengthening, regional development, human resources development, information technology.

The project partners are:

- NGO Anti-Poverty Information Centre (BG);
- University of Cyprus, Department of social and political sciences (CY);
- Adult Education Centre of Kuusankoski/ Kuusankosken työväenopisto (FI);
- FIM-NeuesLernen, Friedrich - Alexander - Universität Erlangen-Nuernberg (DE);
- Bayerisches SeniorenNetzForum (BSNF) e.V. (DE);
- Athens Network of Collaborating Experts (EL);
- Labour Institute / GSEE - ADEDY Region of Western Hellas (EL).

The results of the project are available in the project web-site: www.activeageing.org.

Introduction

This Age Management Strategy is designed in the framework of the project “Transnational Exchange for Active Ageing”. One of the main objectives of the project is the design of an integrated age management strategy that will promote the re-integration and the retention of older workers in employment, by introducing positive measures to maintain their work capacity and skills, as well as the transfer/dissemination of information and good practice examples regarding active ageing. The age management strategy, presented below, is based on reviews, recommendations and proposals of the project partners, as well as on the relevant studies and bibliography on this issue.

Demographic ageing has been recognised as a major issue for the European Union and is being addressed in the European Employment Strategy, because Europe’s population is ageing rapidly. This development will have considerable negative effects on growth and prosperity, if no action is taken because the relative size of the labour force will diminish. Age-related public expenditure will increase, implying higher tax rates and fewer incentives to work. Productivity growth may decline because a larger share of the working population will be employed in caring activities and because of the ageing of the working population. On a more positive note, this situation may offer job opportunities for groups that are not yet active in the labour market. Although, this has already been known for quite some time, in most countries their governments have only recently become fully aware of the implications. As such the development of policies to deal with the ageing process is still at an early stage.

On the other hand, older people face a range of work disincentives and barriers to employment. Employers are often reluctant to hire older workers or retain them in their jobs for a variety of reasons. Older workers themselves often can find it difficult to stay in their jobs or to find new ones. The employment rates of the ageing workforce are lower in the most of the European countries and the unemployment rates are higher than the overall unemployment rate. The older part of the labour force has a greater risk of becoming long-term unemployed, especially the unskilled and/or semi-skilled. The educational level of the older workers is lower than the overall labour force,

and the participation of the older workers in vocational training programmes is limited. The employment opportunities for the ageing workers are also limited, and there are difficulties in reintegrating into the labour market. As a result, the employment rates among older people are low, which is partially due to the fact that their employability is low.

However, the existing evidence shows that the ageing process poses considerable challenges to society and that policy measures are needed to ensure that the European countries can keep to a moderate level of income growth. Over the past decade, the challenges arising from the increased ageing of the Europe workforce has triggered a range of different policy responses from governments and social partners. The increased participation of ageing workers in the labour market is seen as a major factor in achieving more sustainable economic and social development in the EU. Concerns about pensions, economic growth and the future labour supply have provisioned a range of policy initiatives to support the retention of older workers in employment.

The aim of the age management strategy designed in the framework of the project “Transnational Exchange for Active Ageing” is to define the main directions for further development and implementation of suitable actions. This strategy will therefore promote the re-integration and the retention of the ageing people into the labour market and to improve their employability and working conditions in general. The strategy also aims to optimise the exchange and transfer of information, experience and good practice on active ageing amongst all partners.

This strategy is aimed at national and enterprise level and is intended to be a practical tool to assist all responsible employment professionals, such as managers, employers, employees, social partners and policy makers in ensuring that the ageing workforce is managed successfully and that age does not become a barrier to employment. The strategy has been presented in such a way that key actors in age management can easily access the information. Furthermore, they will be more readily able to design, adapt and introduce appropriate policies/measures in their countries/organizations, according to the country specific policy priorities and the socioeconomic situations.

The strategy consists of two parts. In the first part the methodological framework for carrying out the project is provided. Accordantly, the main results from the national reports prepared by the project partners from the participating countries are presented. This is in order to reveal the main challenges of the ageing process and the arguments for widening the scope of policy at national and enterprise level.

The main factors (problems, disincentives and barriers) which appear to drive work and retirement decisions and play an important role on the labour market situation of the older workers are then summarized, as these are identified in the national reports of the project partners and the existing bibliography.

The second part of the strategy presents the main fields and priorities for intervention. Initially, (as a result of the recommendations and the proposals of the project partners) the conceptual framework and the main basic principles of an integrated age management strategy are provided. The proposed age strategy is structured around four pillars. These include a number of key measures in order to support the retention of ageing workers in the labour market, to combat age discrimination in employment and to maintain and upgrade their ability and employability. Each measure is completed by existing policy tools and other interventions at national level, good age management practice examples and specific models on employment issues related to ageing workers implemented in each partners' country.

The framework of this strategy has adopted a widespread concept of 'good practice' interventions, from very specific initiatives/measures to other general employment and human resource policies. They aim to directly or indirectly:

- ◆ Overcome age barriers;
- ◆ Promote age diversity;
- ◆ Provide an environment (in general) in which each individual is able to achieve his or her potential without being disadvantaged by their age, by simultaneously promoting the interests of both older workers and organizations.

Background and framework of the project

PART

1. Methodological framework of the project

The working methods that were used for the achievement of the main project objectives, namely the design of an integrated age management strategy, as well as the transfer/dissemination of knowledge, information and good practice identified in participating countries, included the following stages:

- 1) Desk and field research were carried out in each of the participating countries in order to identify the facts and figures of the ageing workforce, as well as tools, measures and other interventions implemented at national level regarding the active ageing issues;
- 2) Good age management practices implemented in each participating country were identified as a result from the desk and field research;
- 3) The integrated age management strategy was designed in order to support the retention and redeployment of older employees. This strategy is based on the results of the desk and field research, as well as on the good practices identified;
- 4) Transnational exchange activities have been organized.

Initially, **desk research** by the partners was carried out, which includes literature review and gathering information on policies and experience regarding the ageing workforce and its participation in the labour market. Information regarding legislative interventions, collective agreements and other official policy measures that were implemented in each country was also gathered. Further, information of non-statutory activities was selected, such as relevant studies/research that were carried out, as well as national or European programmes and their respective projects implemented in each country. Finally information on existing practices in the enterprises (for example, training programmes or other measures to promote employment of the older workers) was gathered.

Moreover, **field research** in the participant countries was carried out, aiming at collecting information on the attitudes and specific measures

within enterprises/organizations regarding the ageing workforce. Also, the field research included gathering of qualitative information on the needs, problems and attitudes of the ageing unemployed through involvement of a small group of unemployed. The methodology used for the field research was based on two types of questionnaires (common for all participant countries). These questionnaires were designed for interviewing enterprises/organizations (from both public and private sector), as well as unemployed people using the employment services. The questionnaires were addressed to enterprises/organizations, as well as to unemployed people (55 to 64) through the employment services in each country. The sample comprised of about 10 enterprises and 10 unemployed people for each country respectively.

The identification of good practice examples was based on the information and results selected through the desk and field research. Good practices in the management of the ageing workforce consists of both specific measures and other general employment or human resource policies that provide an environment in which individuals are able to achieve their potential without being disadvantaged by their age. Good practice should be regarded as a range of possible interventions, from minor to major, that contribute to promoting the interests of both ageing workers and organizations, and not as a once-and-for-all achievement. It is therefore possible to implement very specific initiatives, such as the abolition of age limits in recruitment advertisements, without altering the approach to age management in the organization as a whole. However on a cautionary note, it is also possible to develop a large scale of interventions in the human resource managing, that can have a holistic and preventive approach in addressing all age groups.

The next step of the project working method was the **identification of the main points/ingredients for the design of an integrated age management strategy**. The main results of the desk and field research were summarized in a national report, prepared by the partners for each country¹. These national reports include information on:

- 1) Main demographic trends in the country;
- 2) Facts and figures of an ageing workforce (employment, unemployment, level of education, participation in training programmes etc);
- 3) Legislative interventions, and other specific policy issues, maintaining older workers in employment;
- 4) Tools, measures and other non-statutory interventions implemented at national level, as well as at level of enterprises/ organizations

1 The national reports are available in the project web-site: www.activeageing.org

- 5) The ageing challenge and the arguments for widening the scope of national policy, as well as for changing attitudes and policies at enterprises' level;
- 6) Good practices identified, which are proposed for further dissemination and incorporation into the age management strategy.

Finally, the partners provided their main proposals for the design of the integrated age management strategy. The design of the present age management strategy was based on these national reports, taking the existing studies/literature on active ageing issues into account.

2. Main challenges of the ageing process and arguments for design and promotion of policy measures in Bulgaria, Cyprus, Finland, Germany and Greece

The challenges of the ageing process besides the common negative effects considered for all European countries, are focused on growth, productivity and employment. The details differ between the participating in the project countries, as this comes out from the national reports.

In **Bulgaria**, the achieved level of natural population reproduction is greatly limited. The average age of the country's population in 2003 was 40.8 years of age. This level will have its influence upon the future development of the number and structures of the population. The impact of external migration should be added to this influence, which, both directly and indirectly, will also change the demographic situation in the country.

The coefficient of economic activity of the age group 55-64 was 34.8 in 2003 and 38.1 in 2004 (third quarter), while this coefficient was 43.7 in EU on average. The number of the unemployed people over the age of 50 decreased in 2004, although at a slow pace. 26 out of 100 unemployed people were over 50 years of age, versus 24 for the first nine months of the year 2003.

The percentage of the primary and lower education graduates was 62.1% of the unemployed aged over 50. The unemployment among people over the age of 50 has a long-term nature (57.0% of them are continuously unemployed). Because of that, the programmes for the inclusion of the continuously unemployed into the labour market are largely oriented to older people, although this does not constitute an explicit (specially defined) purpose of the governmental programmes.

As far as the age group 55-64 is concerned however; it is not very easy to differentiate the measures targeted at it. Firstly, because Bulgaria has very

serious problems with the unemployment of young people (up to 29 years old), ethnic minorities (especially the Roma minority) and long term unemployed. In the previous years the main active labour market policies have been targeted at long-term unemployment and disabled people. In 2006 the main priorities were identified as unemployment of people up to 29 years old and those over 50.

The improvement of actions with respect to the encouragement of the labour activity of the ageing workforce is carried out gradually within the context of the general employment policy and the measures for the impaired groups of the workforce. The improvement of the workforce's fitness for employment is a major factor for the improvement of the employment levels and for decreasing unemployment. Therefore, numerous measures and programmes for improvement of the professional qualifications of employed and unemployed individuals have been developed and are now being implemented.

However, the ageing unemployed have difficulty finding jobs, due to the negative attitude of the employers, and their low qualifications and educational level. A frequently occurring problem is the lack of sufficient motivation among the employees of a relatively old age to participate in re-education and training. Frequently there are no habits for such practices. The older workers usually strive to improve their skills in the process of work. This is really possible, as far as the skills are concerned.

However it is often an issue not only of skills, but also of new knowledge. Such knowledge however cannot be acquired in the process of work; it requires special training, but more often than not there is a lack of readiness or even desire for that. Additionally it needs to be noted that there is no system for assessment and acknowledgment of self-training. Its introduction is therefore of utmost significance, because the citizens must be stimulated to make efforts themselves into improving their knowledge and skills. And if the investments in the human capital of a nation are a priority of the national governments, the final results benefit both the economy and the individuals. That is why there must be a stimulating environment so that each and every party in the learning cycle "government – business – citizens" makes its contribution.

On the other hand, if the programmes are successfully utilized and higher qualifications are acquired, there is another problem. Workers, who have acquired the relevant qualifications may easily leave and find other jobs, including those abroad. The resources and efforts for the training of each respective workforce may easily turn to a production resource for others, and

not for those who invested in them. Thus, when improving the qualifications, the employer faces the problem of how to retain the workforce. Of course the employers understand and accept that as a value of the freedom of movement of the workforce, there are potential economic benefits for everybody. The big problem is that these benefits are allocated unevenly, at least in the current situation.

The lifelong learning principle in general, is not very popular among the Bulgarian citizens. According to data of Eurostat, in 2003 as little as 1.4% of the population aged between 25 and 64 years participated in education and training. In direct comparison, the average value for the 25 EU member states is 9.0%, and the goal for 2010 (set by the Lisbon Strategy) is 12.5%.

Despite the fact that the enterprises are the major performers of continued vocational training, the motivation of the employers in Bulgaria remains low when compared to that in other countries. Many small- and medium-sized companies, especially the micro-companies (the dominating type of economic organization) have difficulties participating in such training, because (most often) their sole care is to survive in the environment of severe competition. Hence investing in technologies and human resources remains almost dormant.

Most employers usually provide training only in cases of utmost necessity, for example when introducing new technologies or equipment in the respective company. Another reason for the passive attitude of employers is their unawareness and non-utilization of the professional qualification contracts, stipulated in the Labour Code. Such contracts allow vocational training to be linked to the engagement of the employee to continue working for the respective employer for a certain period of time after the training. They also make provisions for indemnities, in case of non-fulfilment of that obligation. As a result of that, some workers who have gained higher qualifications go to work for other employers who have proposed better conditions to them.

The continued vocational training, organized and financed by the Employment Agency, is focused mainly on the unemployed and people who have impaired positions on the labour market. A very small part of the resources are already designated for employed individuals, especially in the small enterprises, which have most difficulties carrying out such training. There are a range of obstacles for implementing lifelong learning policies such as:

- ◆ Insufficient adaptability of the social systems and the demands of an organizations economic development;
- ◆ Considerable lack of financing;
- ◆ Insufficient and unstable motivation for learning;

- ◆ Considerable lack of updated equipment;
- ◆ Insufficient information for all actors at all levels regarding the lifelong learning, etc.

The results from the field research conducted by the project partners reveal quite clearly that none of the companies have implemented any special policy regarding the ageing employed. In a few cases training is mentioned, however it is not specifically targeted at ageing employees. The most important reasons behind the low employment of older workers in the country, according to the field research information are:

- ◆ The weakening working capacity of ageing workers;
- ◆ The legislation and the general attitudes favouring early retirement;
- ◆ Ageism and prejudices, as well as the lack of information in society on ageing in general;
- ◆ The situation of ageing workers.

Summarizing, a relatively large part of the ageing workers are outside the labour market and the risk of unemployment is higher for this group of the population. The reasons are structural and personal. Structural reasons include: the branch structure of the economy where dominate branches with specific requirements for the labour apply – low qualification, significant physical efforts, and high level of intensity.

Under such conditions older employees have difficulties to adapt and are usually dismissed in these enterprises and branches. When branches provide better labour “context” – requirements for higher qualification, more knowledge and experience and less physical intensity and efforts, the share of the older workers is higher – they have more chances to continue their working carriers and very often employers prefer these workers. On the other hand, it is evident that the problems of the Vocational Education and Training (VET) system in Bulgaria is very complex. That is why the approach to their solution may not be unilateral. The policies, strategies, measures and plans must take into account the opinions of all direct/indirect involved parties. This means active participation of the social partners in the process of development and modernization of the VET systems.

According to the project partners, the Bulgarian experience of social transformation provides some basic principles concerning the design and implementation of an age management strategy. Thus, some of the components of an age strategy had been implemented during transformation and have produced different results, even opposite to those that were expected.

A suggestion that seems to be important for policy development is that an accent on more “holistic” approach is possible and even necessary. This is in order to avoid discrepancies between the strategy and its environment, as well as between the different components of the strategy. Some suggestions are possible, in order to avoid these internal and external inconsistencies of a strategy (respectively – the unexpected and undesirable results) or at least to alleviate the risk of them.

- ◆ To include some additional components into the Strategy in Bulgaria. For instance, a large preliminary public discussion that is based on preliminary SWOT analysis of the existing socioeconomic situation. This should also include the existing policy priorities, as well as on estimation of the effectiveness/efficiency and impact of the different policy measures on active ageing, which have the potential to be implemented;
- ◆ It is possible to identify the preferences of the older population before the preparation of a strategy. In this way the voices of this larger group will be perceived;
- ◆ Increasing opportunities for choice should be supported through institutional (legislative) changes.

In **Cyprus**, people aged 55-64 increased by 6.35% in a three-year period (2000-2003). The total population of the country, however, only increased by 4.13% during the same period. It is estimated that the percentage of the total population over 60 years of age will increase from 15.7% in 1998 to 23.1% in 2028, with a more rapid increase of those over 68. The employment of older workers has increased by 0.5% since the year 2000 and remains very close (49.9%) to the Stockholm target of 50% by 2010. Yet the Cyprus Government has set a strategic target of 52 percent employment for the people aged 55-64 by 2006. The total unemployment rate reached 5.2% in 2004. Although the total unemployment rate in Cyprus was relatively low – it was only 57.7% of the EU average (25), it was higher by 0.7% in comparison to the year 2003 and 1.3% for 2002. The rising unemployment trend signals risks for the older workers, particularly in view of the additional migrant workers in the labour force of the island. Older workers’ participation in education and training was low, only 2.3% in 2003. Women had a greater role, 2.8% comparing to 1.8% for men. Workers in Cyprus exit from the labour force later in life, in comparison to other European countries. The average exit age in 2003 was 62.7%, while in the EU (25) the average exit age was only 61.

It should be noted however, that the Council Recommendations and priorities for Cyprus was that “preventive and active *labour market programmes*

should be strengthened to address individual needs and cover a larger share of unemployed and disabled people, older people and women. Strengthening and modernising the public employment service is also a priority.” It should be noted also that the Human Resource Development Authority, the semi-governmental body responsible with setting the necessary prerequisites for the development of Cyprus’s human resources, for meeting the economy’s needs, does not indicate any steps towards the employment of older workers within in its Strategic Plan 2004-2006.

On the contrary (for first time), it has initiated steps towards the training and employment of the inactive female population. In terms of the state, the ageing challenge in Cyprus is currently viewed in terms of increasing the retirement age. No consideration is given to the situation where older workers may have to switch jobs, are laid off, and in both scenarios their age becomes a barrier in finding employment. At the enterprises level, employing older workers is not even an issue for consideration. As older workers, lack know-how of new technology and viewed as high cost employees, the enterprises are not willing to employ them.

The results from the field research conducted by the project partners show that none of the companies has implemented any special policy regarding the ageing employed. The most important reasons behind the low employment of older workers in the country, identified through the field research are: the discrimination against older workers, the decreased productivity of older workers, the lack of information in the society for the older workers, as well as the early retirement of the older workers.

According to the recommendations by the project partner, a gradual establishment of a new age management policy can be achieved by an integrated, preventive and life-course oriented strategy. This strategy has to include a three level action:

- ◆ On the part of the government, financial incentives are needed by companies to hire older workers. In addition, laws should prohibit hiring new employees based on age and the implementation of “equal opportunities” should be monitored;
- ◆ On the part of companies - each company can undertake to improve its working environment, offer training to its ageing employees, and as well as utilising the knowledge and experience of the ageing employees by transferring it to younger employees;
- ◆ On the part of society, a greater awareness and sensibility is needed towards the ageing population and its needs by implementing, provisions

of equal opportunities in job positions, abolition of the social exclusion that older people encounter, as well as preparing citizens for old age.

The priority measures recommended include the following:

- ◆ Financial incentives to companies to employ older workers (either in the form of subsidies or tax break);
- ◆ Provisions in law that prohibit the hiring of new employees based on age as well as monitoring the implementation of the “equal opportunities” laws;
- ◆ Support to life-long learning and special training measures for older workers;
- ◆ Opportunities for personal development;
- ◆ Support for equal opportunities;
- ◆ Making better use of the capacities of older workers;
- ◆ Enhancing the significance of individual preparation for ageing and old age;
- ◆ Integration of part time work and old age benefits.

In **Finland**, the age structure of the employed labour force is the oldest in Europe. The age groups born 1945-1951 are considerably bigger than the age groups born after that. Finland has faced the challenges concerning this issue earlier than most European countries. This age structure means that just before and after 2010 there will be more workers than ever nearing the pension age or retiring from the working life.

The number of people aged 55-64 in 2003 was (for the first time) bigger than the number of young people aged 15-24. From thereon the influence of the age structure on the labour market has further increased. In the recent years the employment growth rate in Finland amongst the 55-64 year age group has clearly been more significant than in any other European country. In order to prepare for the demographic change, Finland has created a national age strategy, which has already produced clear results.

According to the employment statistics, the employment rate of people aged 50-64 was 59.4 % in 2003, whereas a year earlier it was 58.6 %. The development of the Finnish labour market has since the recession of the early 1990s been bipartite. On one hand employment has increased clearly since the rock bottom of the recession, but on the other hand unemployment has decreased very slowly. Ageing people suffer hardest from unemployment, since long-term unemployment, which has in fact increased since the recession, is Finland's unique problem. About 60 % of the long-term unemployed are over 50. Up until the present the ageing people have not been considered

in the active labour force policy as much as younger people, even though they should have the same rights and duties as younger people have. The final report of 2004 on the vocational education and training, mentions that 54 436 learners attended schooling, of which only 1 935 or 4.30 % of them were over 55.

Usually older people leave working life for pension life, which is more than twice as common as becoming unemployed. However, retiring on the early old age pension decreased in the 1990s. The retirement age continued to rise in 2000, when it was 59.1 years, which is higher than ever in the 1990s. The new age policy in Finland, as well as the pension reform of 2005, aim at solving ageing people's labour market problems by encouraging them to stay longer in working life.

Since 1996 the Finnish Government has designed the National Working Life Development Programme, aiming at improving the productivity and working life quality in working places. The government programme also takes a stand on ageing people's situation through the National Age Programme (1998-2002) aimed at improving the possibilities of people over 45 to get work and manage better in working life.

The age programme was carried out as a co-operation amongst: the Ministry of Social Affairs and Health, the Ministry of Labour and the Ministry of Education, the Ministry of Commerce and Industry, the Ministry of Treasure, employers and employees' organisations, the Association of Finnish Local and Regional Authorities and the Finnish Institute of Occupational Health and pension companies.

The National Age Programme had a central goal of creating possibilities for growing a human capital in working life and of strengthening the trust between employees and employers. The programme was carried out by reforming the working life structures and legislation, by organising education and research and by supporting the projects by the means of communications. The situation of ageing people in working life is being improved by general provisions in the labour legislation and by collective agreements on the terms of work. Ageing unemployed people are protected by unemployment acts. People leaving working life have their income protected by pension provisions. Ageing people who are still in working life have legal rights, which secure their position, occupational safety and occupational health. There are laws on adult education, which aim at improving the ageing people's skills. Furthermore, the government aims at: securing people's full-scale participation in working life, improving the combining of work and family life, improving

the equality and the possibilities for lifelong learning and strengthening the allure of work life in general.

Special development targets within the occupational safety are managing at work, mental well-being at work and the prevention of violence in workplaces.

The development and research programmes benefiting ageing workers, which have been carried out in Finland, can be divided in groups according to their goals and aims.

- ◆ The aim of the first development programme group has been to improve the productivity and working life quality in Finnish workplaces as well to develop the procedures in workplaces;
- ◆ The second group's programmes have aimed at managing personnel and continuing at work, the strengthening of work abilities and improving the well being of personnel at work;
- ◆ The third group consists of programmes promoting the improvement of education level;
- ◆ The fourth group consists of a programme aiming at increased equality at work;
- ◆ The fifth group's research programmes have concentrated on the changes and good practices in working life. The sixth group consists of university researches on ageing, elderly people's employment and working life experiences.

Finland was amongst the first EU countries to change its policy towards ageing which was the reason for talking about the so-called "Finnish model". The central goal of this new policy is that the ageing process problems should be solved through increasing the participation of ageing people in the employment.

The results from the field research conducted by the project partners show that a range of measures focused on older workers were implemented in the enterprises, such as: encouragement and support for education, rehabilitation activities, support for cultural interests, flexible working time, part-time pension arrangements, arrangements of working shifts, rotation of work and occupational health service, etc.

Note: All the above measurements were not used in all companies interviewed.

The wide scope of the list shows, however, that the selection of tools is quite comprehensive nowadays. On the other hand, there still exists a general

attitude favouring early retirement and this is considered to be the biggest reasons for the low employment rate and early exit from labour market of older people. Moreover, the weak re-integration of ageing workers, the low education level of ageing workers and the weakening working capacity of ageing workers are considered as other factors for the disadvantaged situation of the older workers in the labour market.

The challenges of ageing in Finland will mainly be seen in the development of the labour market. In the future there is a threat of diminishing labour force resources in Finland. Therefore the ageing workers should be encouraged to stay in working life as long as possible. On the other hand the ageing of the population will increase the unemployment rate, which brings on the challenge of improving the employability of ageing people. From the working life's viewpoint the challenge of ageing can also be seen in the controversial attitude towards ageing workers and in the improvement of their situation.

The main challenges were identified in the following areas:

- ◆ **The labour market development.** Since the ageing population of Finland is increasing, ageing people's share in the labour force and in employment will rise. In the near future work organisations will have to build their know-how on the existing labour force in the labour market. Strong skills will help ageing people to manage at work and encourage them to stay longer in working life. Companies and work places should therefore invest more than they are at the presently doing, in educating qualified labour force;
- ◆ **Diminishing of the labour force resources.** The problems in the Finnish labour market are emphasised when the so-called baby boomers leaving the labour market are more than those entering it. The diminishing of labour force resources may become a labour market problem. This unfavourable development will be relieved by lengthening the working career both at the beginning and at the end of it, and by securing the employment of the unemployed and unused labour force resources and reserves;
- ◆ **Encouraging managing at work.** Early retirement from working life is still in the plans of most Finnish workers both in the private and public sector. Almost half of the employees are planning to retire at the age of 60, at the latest, and only one quarter plans to continue working until the age of 63. Entrepreneurs are the only ones who in most cases plan to continue working until the new maximum age of 68. It would be important to improve Finnish workers' possibilities of influencing their own work and also to support managing at work by various actions;
- ◆ **Long-term unemployment among ageing people.** In Finland the employment rate decreases after 55. Unemployment increases (especially) at

the age limit of the unemployment pension stage, and one fifth of people aged 60-64 are on unemployment pension. It is still cheaper for employers to pay unemployment pension than to pay working disability pension, because the risk for working disabilities increases with the years, and the pension insurance payments also rise;

- ◆ **Difficult employability of the long term unemployed.** The obstacles for older unemployed people for re-employment are usually because of a low education level, weakened work abilities and motivation, and a remote place of living far away from the growth centres. The multi-problematic situation of older unemployed means that the active labour force policy actions and changes in the encouragement to work or other factors for increasing the labour force supply and demand have not helped in employment. That is why unemployment of older people has decreased mainly by retirement;
- ◆ **Attitudes towards ageing people.** The attitudes towards ageing workers are still controversial nowadays, despite the attempts for changing the situation in the past decade. In work places, both superiors and older people themselves should revise their own attitudes towards ageing.

Regarding the age management strategy, which is already implemented in Finland, the debate must continue so that it also reaches the workplace level. The aim of the debate is to prevent age discrimination in workplaces and the exclusion of ageing people in working life, to make their return from unemployment back to work easier and to lengthen their ability to manage work until the old pension age. Also, the information already produced by the development programmes must be implemented better than it currently is in the workplace and at organisational level by educating the management and supervisors and also by making voluntary company development strategies.

The Finnish working life legislation, social security and contract systems are progressive. However, the fast changes in society and working life call for their continuous updating. The legislation and contracts must support the flexibility needed by working life, employers and workers. The legislation must not prevent the ageing populations employment or encourage retirement from working life. On the other hand, the threshold for employment from the employers' viewpoint must not be raised too high. Finally, at working community level, a person must be taken into consideration as whole and support his or her development as an individual and as a member of the working community. The main emphasis must be on preventive rather than on healing actions. Accordingly, the worker must be encouraged to take personal responsibility for his/her own working abilities.

In **Germany**, two long-term demographic trends can be detected which are turning the German population into an ageing population and have a fundamental impact on the structure of the labour market. The first trend is the continuously increasing life expectancy and the second, the declining fertility rate. It is assumed that the age ratio - which defines the ratio between the proportion of the population aged 65 and over and the proportion of the population of working age (20-65) – will increase to 48.4% by 2040. This is twice the figure in 1995. The share of workers aged 30 to 49 will decline from 55% in 2000 to 45% in 2020, whereas the share of older workers aged 50 to 64 will rise significantly from 22% in 2000 to 34% in 2020. Thereafter the percentage of older workers will decline only slowly. This is an issue of major concern. On one hand, the projected demographic development will have serious financial consequences for the social security systems; whilst on the other hand the increased proportion of older people in the German working population will probably lead to labour bottle necks.

According to figures published by the Federal Statistical Office (2005), the workforce of the German population aged 55-64 reached a value of 47.6% in 2004, composed of 41.2% employed and 6.4% unemployed. EUROSTAT (2005) indicates a similar employment rate of 41.8%. Compared to the employment rates of the whole working population (15-64), the employment rate of the older group is substantially lower – it was 23.2 percent in 2004. According to German national report prepared by the project partner, the unemployment rate of older workers was higher than the overall unemployment rate, and once older workers were unemployed they had a greater risk to remain unemployed for a long period of time.

For many years, the need for qualifications for the ageing population has been claimed by educational policy, trade unions and employer's associations. It should be noted that the participation rates of the age group 50 to 64 are markedly lower than the participation rates of the younger age groups. However, it should also be noted that the participation rates relate to all people of an age group and not only to the workforce itself. The lower participation rates of ageing people are partially caused by their lower labour participation. In general, the labour market situation of older workers is characterised by a substandard level of employment, high and solidified unemployment, and remote chances of reintegration into working life. The average exit age from the labour force is 61.3 years.

Current employment policies and initiatives are trying to cope with the demographic challenges of an ageing workforce by various interventions, such as the extension of working life, partial retirement law, remuneration of

assurance, professional training, contribution bonus, structural adjustment measures and employment-creation measures etc. As far as the impact of the labour market measures is concerned, pensions before the age of 65 are widely more drawn upon than active measures. Among the active measures, the recently launched instruments play a minor role when compared to the established programmes such as employment-creation measures, structural adjustment measures or integration benefits. The low practical impact of the new labour market measures probably traces back to the fact of limited publicity among the target groups and the partial difficult administration. Partial retirement has gained in importance and increasingly takes over the function of an interim pension programme. _

Policy has taken action in most of the federal states. Besides policies of increasing the retirement age and/or decreasing retirement benefits, the strategies include incentives/disincentives for companies maintaining/dismissing older workers, partial retirement and company plans for the employment of older workers. Thus, a number of federal programmes and initiatives have been launched. Some examples are the following:

- ◆ **Federal Programme** “Perspective 50plus – Employment Pacts for the Older People in the Regions” (since 2005), launched by the Federal Ministry of Work and Social Welfare. It serves to improve the employability chances of older long-term unemployed people. For a period of two years, 62 innovative pre-operating studies of 93 involved ARGs and communal bodies will be promoted;
- ◆ **Initiative** “Experience is Future” (since 2005), launched by the Federal Government, which aims to initiate a societal debate about the chances of the demographic change and to actuate the necessary change processes;
- ◆ **Federal Programme** “Know-how for Initiatives” (since 2002), initiated by the Federal Ministry of Family, Seniors, Women and Youth. It aims to create a new responsible role for the older people whereby they will actively contribute to passing on of their know-how. The potential of older people, their contribution to the societal life as well as their creativity and innovative strength shall become more acknowledged;
- ◆ **Federal Enquete-Commission** on Demographic Change (since 1992). Since the 12th legislative period (1992), the German National Parliament has appointed an Enquete-Commission dealing with the challenges of the demographic change. The Commission consists of 16 representatives from all parliamentary parties and ten researchers;
- ◆ **The New Quality of Work Initiatives (INQA)**. This is a result of cooperation between business, trade unions, social security institutions, founda-

tions, the federal government and German provinces. The range of the INQA activities reaches for proposals for innovative work design. It does this through concepts and measures designed to strengthen flexible working conditions and lifelong learning, and measures for sustainable company health policy to holistic sector-specific, which offers to improve the working environment;

- ◆ **INQA Campaign:** “30, 40, 50 plus – Working healthily as you get older” (since 2002), which aims to support enterprises to prepare themselves for the demographic change.

The results from the field research conducted by the project partners shows that several measures regarding the ageing workers are implemented in the majority of enterprises interviewed, such as: further education and always new tasks, flexible working time models, work-life balance, active enhancement for good working atmosphere, company intern health management, programmes for continuing education and sport events, dialogue network and work-life-balance, etc.

Some organizations that answered claimed that they don't have their own strategies. However workers are free to make their own suggestions and wishes if they want to apply for further education or special courses; and this will be promoted. Regarding the main reasons for the low employment of older workers at national level, the early exit age from the labour force and the low re-integration rates are considered the most important factors by the organizations interviewed. The problem of age discrimination in general, is also mentioned.

According to the German national report, despite the policies and initiatives developed, the integration of older workers into the labour market is still quite dissatisfactory. This can be largely explained by the general employment conditions of the older workers. Despite the important changes in the legal framework, the possibilities for early retirement still exist. The necessary paradigm shift towards longer gainful employment and life-long learning has not been implemented yet. Furthermore, the instruments of the labour market policy still do not sufficiently improve the employment outlooks of older people. The evaluation of the recently launched single labour market measures shows the following problems:

- ◆ Practical programmes for older workers lack substantial take-up. On the one hand, this can be explained by implementation problems, whilst on the other hand it also makes it obvious that there is very little demand for older workers. This is especially so in lower-paid jobs with high physical stress;

- ◆ The cutbacks in the social security system for long-term unemployed people will especially affect older workers negatively due to their surpassing risk of staying unemployed once they have become so;
- ◆ Despite the various individual labour market measures that are offered, their effectiveness is insufficient due to the fact that they are not bundled systematically in terms of tailor-made measures on an individual level.

According to the national report of the project partner, the ageing challenge is identified in the following areas:

- ◆ The demographic developments will lead to formidable cost pressures on the social security systems connected with severe repercussions on the labour market;
- ◆ By 2010 the size of the middle-aged labour force will be significantly reduced and older workers will quantitatively represent the most important employment segment. Nevertheless, for the present older workers are still rather dismissed, and early retirement is a very popular practice;
- ◆ The older workers appear to have a greater risk of illness and a greater qualification risk. The risk of illness results from permanent vocational strains, such as high physical job requirements, straining or dangerous working environments and inadequately organized working practices. Qualification risks result from: age-related performance change, existing and deepening inter-generative discrepancies in the level of qualification (generation effect, cohort effect), radical rationalization processes and/or the introduction of new technologies and/or new organizational concepts (de-qualification risk), and the consequences of operating specific qualification processes.

It seems that higher integration rates of older workers into the working life can only be achieved by an integrated and consistent middle and long-term strategy. On the one hand, such a strategy must restrict the possibilities of long-term transfer benefits explicitly. On the other hand, it must support the employment of older workers by adequate instruments. A key element for a long-term increase of the working life is the continuous maintenance and advancement of vocational qualifications. A rapid abolishment of all options on early retirement must be accompanied by a consequent mobilisation, consultation and placement of older workers. Suitable and easy manageable active-integrative measures have to be co-ordinated in a networked approach, following a preventive and life-course perspective. Socially acceptable pathways for early exit of special risk groups must kept open. Advanced training must be preventive and address all age groups.

This is a common task of labour market policy, companies and employees. Adequate state-aided incentives can support the investments of employers and employees. While public policy can set incentives and disincentives, the social partners have to support their constituents accordingly. Enterprisers should be guided in developing pro-active policies of changes in the work organization, working time and training to allow older workers to remain in productive work; and older workers should be motivated to participate longer in the world of work.

In **Greece**, there are a number of factors affecting the ageing of the population. The continuous decrease in birth rates and the preservation of the fertility rate below the population replacement rate as well as the increase of life expectancy, are speeding up the increase in the numbers of older people (>65) for the total population. Greece did not experience a “baby boom” phenomenon in contrast to other countries. This was mainly due to the large outward migration from Greece between 1947 and 1973, which has contributed to the acceleration of the ageing population. Also the return of a number of these immigrants since the 1980s back to Greece compounded the phenomenon of ageing population.

In 2001 the estimated number of people in Greece aged 55-64 was 10% of the 15-64 age group. According to the ageing indicator, Greece occupies one of the highest ratios between aged and young people, with 114 older people corresponding to 100 young people 0-14 years old. The EU average was 80-100 older people corresponding for 100 young people. Demographic ageing appears to affect Greece to a larger extent than most other EU states. Taking 2000 as a base year, the old age dependency ratio (i.e., population aged 65 and over as a percentage of the working-age population, 15-64) it is estimated at 25.6 and is projected to climb to 29.2 by 2010. In comparison, the equivalent estimates for EU-15 are 24 and 27 respectively. Greece is one of the three member states, which are expected to have an old age dependency ratio of almost 30% by 2010. Rapid demographic ageing has raised concerns on the viability of the pension system and has brought to the forefront the need to cater for the elderly to a greater extent than in the past.

Employment rates in Greece are low, compared to the European average, while unemployment rates have remained high for a number of years. Although the total male and female employment rates for the 15-64 year olds have been improving significantly over time, the employment rate for those between 55-64 years of age dropped between 2003 and 2004 from 41.3% to 39.4%. The most noticeable characteristic of the indicators for this age group (55-64) is the significant difference between men and women, where the cor-

responding percentage of men in employment is more than double of that of women. So there is a very significant gender imbalance in employment, which is due mainly to the lower labour force participation rates of women and their earlier retirement from the labour force under Greek law.

However, the issue of “ageing” has entered in the Greek political and academic debate primarily as a “threat” to the viability of the pension system, to be remedied either by raising the employment levels of women and the young people, or legalising illegal immigrants or raising the statutory retirement age limits (restricting the amount of pensions is not considered as a viable option, as pensions are rather low in Greece). Yet, apart from entailing a higher economic cost to society, demographic ageing has a number of other serious implications, both economic and social, such as a negative effect on the size of labour force and the level of employment, on innovation and productivity, and also on the macro-economic output and income.

It is expected that in the future the ageing process will result in a great increase in the old age dependency ratio (i.e. the number of people over 65 divided by the number of people of working age), a rise in the share of the very old (80+) and a decrease in the share of young people. These impacts will lead to an upward pressure on age-related public expenditure, negative effects on macro-economic productivity and higher tax rates (which may, in turn, generate a vicious circle reducing incentives to work and thereby pushing tax rates up even higher). Finally, an increased number of very old people (80 and over) raise the issue of health and care policy planning and have implications for housing services, transport and other public infrastructures.

On the other hand, relevant studies that have been carried out have shown ageing people in the Greek labour market to be at a distinct disadvantage. Fewer employment opportunities for ageing people and the difficulties involved in reintegrating them into the labour market are the main problems of the employment situation of the older people in Greece. Further, the combination of low incomes, has a negative impact on their physical and mental health, thus accelerating their biological decline. In addition, older people have more trouble understanding changes in the production process. As a result, they experience difficulties involving the need to adapt to different working models, which cast doubt on or overturn old equilibrium in the labour market.

The results from the field research conducted by the project partner shows that none of the companies interviewed has any age specific measures. However, some of the companies implement policies and measures that target all their employees, which include training/educational programmes and seminars, as well as promotion schemes. Two main reasons are consid-

ered as the most important for the low employment rate of older workers in the country and their early exit from the labour market: the general attitudes favouring early retirement and ageism - the negative attitude towards ageing people which creates a serious problem in the society. Moreover, the low educational level and the weakening working capacity of ageing workers are mentioned as other factors.

In general, there is currently a lack of awareness into the wider implications of ageing among the public. Although older people are seen to be at a disadvantage in the Greek labour market, neither the government nor the social partners have paid much attention to the question of their continuous employment. This is not very surprising because Greek social policy has historically focused more on pension issues, rather than on other redistributive tools of the welfare state towards the working or non-working population, e.g. family benefits.

The fears and concerns on the demographic situation are commonly acknowledged and frequently mentioned in both academic and political discussions in Greece. Yet at the moment, there appears to be no consensus among the dominant socio-political actors on appropriate political initiatives and, as a result no concrete measures aimed at addressing the issue have been taken so far. The Greek policy makers and all relevant actors (social partners, enterprises, NGOs etc.) have to confront the following main challenges:

- ◆ Lack of information in society on ageing in general and the situation of ageing workers. The issue of “ageing” has entered in the Greek political debate primarily as a “threat” of the pension system. There is a certain lack of awareness of the wider implications of ageing among the public in general and among the social partners, in particular.
- ◆ Low educational level of ageing workers and as consequence, the limited possibilities for (re)training and skill acquisition. In addition, life long learning activities are not very well developed in Greece. Further, life long learning exclusively involves young people (25-34) and well educated workers, a finding which is partially explained by the low educational level characterized by older workers;
- ◆ Difficulties to apply a uniform policy for retaining older workers in employment, because of the sectional and occupational structure of ageing workers. The structure of economic activity in Greece is characterized by a large share of agriculture and around half of the older workers work in agriculture, either as self employed or as unpaid family workers. Of the remaining older people still in employment, a sizeable

part works in traditional and declining sectors (e.g., traditional manufacturing), as a manual workers and technicians in physically demanding jobs;

- ◆ Early retirement of ageing workers and general attitudes favouring early retirement. As a policy, early retirement was popular in the 80's and 90's, when it was viewed as a means of paving the way for the younger generations. This situation resulted in great numbers of healthy prematurely retired workers, many of whom continued working in the informal sector of the economy. In theory, employment of the retired workers in the formal sector of the economy is not prohibited by Law. In practice however, the various insurance funds impose restrictions, thus severely limiting incentives;
- ◆ Lack of effective legislative or other interventions from the government, which would facilitate older people access to the labour market and safeguard in practice their right to employment, as well as would regulating restrictions imposed by the insurance funds;
- ◆ Fragmented nature of the measures taken for employing older people and pensioners, mainly due to a lack of appropriate legislative regulations for older workers. This is coupled with a lack of cooperation involving different actors, as well as a lack of formation of integrated policy/strategy, comprising of a variety of instruments and actions, including preventative actions and more generally, proactive approaches;
- ◆ Lack of incentives for enterprises to employ older workers, as well as for older workers to stay in employment not only at national level, but also at enterprise level.

Given the fact that the active ageing policy is still restricted in Greece, an age management strategy should include a mixture of incentives and disincentives, i.e. 'sticks' and carrots'. The policy needs to be:

- ◆ Integrated and strategic;
- ◆ Active ageing is also more than just about work. What is needed is "combined policy-making" in which the different strands of government are drawn together;
- ◆ A more holistic life-course approach to active ageing is the way forward rather than an age-specific approach;
- ◆ A preventative approach is also better than a remedial one, although, given the current situation, the latter is now also necessary;
- ◆ Localised, bottom-up initiatives should also be encouraged, e.g. outreach and community work;

- ◆ Enterprises/firms need tailored solutions, and sector bodies and trade unions should be encouraged to come up with such initiatives.

This integrated strategy should include the following main elements:

- ◆ Awareness raising initiatives aiming at changing attitudes for older workers;
- ◆ Promoting the cooperation between different actors; conducting research in problems associated with ageing;
- ◆ Policy solutions through the introduction of flexible, effective, integrated legislative arrangements, facilitating older workers' access to the labour market and safeguard in practice their right to employment;
- ◆ Incentives to older workers with aim to enhancing/ensure the employability/maintaining the working capacity and to encourage their participation in the labour force, as well as incentives to employers/ enterprises to employ ageing workers.

3. Factors and barriers restricting the participation of older workers in the labour market – summarizing the facts

A considerable number of studies have examined the factors driving work and retirement decisions. Many studies examine the complexity of the work and retirement decisions and the range of institutional settings and socio-demographic characteristics of the people, that are correlated with work end retirement decisions and explain the diversity in the labour market situation across and within countries. There are also a number of factors which have a more general impact on participation in the labour market. Well-functioning labour markets and favourable macroeconomic conditions are especially important for the higher participation rates among older people.

According to a recent OECD study, basic distinction is often made between “push” and “pull” factors driving work and retirement decisions. Pull factors: these primarily consist of financial incentives which are “pulling” older workers into retirement. Early retirement schemes and other de facto early retirement schemes such as unemployment and long-term sickness and disability benefits have played an important role in some countries in facilitating early retirement. Push factors: these consist mainly of factors which restrict the available set of attractive job opportunities open to older workers and thus “push” them into retirement.

On the side of employers, these factors include negative perceptions about the capacities of older workers, the age profile of labour costs relative

to productivity and the difficulties firms face in adjusting employment as a result of employment protection rules. On the side of older workers themselves, as a result of technological change and other structural changes in labour demand, they may experience a depreciation of their human capital and obsolescence in their skills and experience. Older workers may also not get much help via active labour market programmes to either train or find new jobs. The importance of working conditions is reflected in strong differences in retirement behaviour according to various socio-demographic characteristics of older workers. Finally, changing working hours maybe “pushing” workers into early retirement.

According to the OECD study, as well as the reviews of the project partners, the key barriers and restrictive factors related to the participation of older workers in the labour market are identified in the following areas:

- ◆ Existing legislative interventions and policy issues;
- ◆ Barriers on the side of employers;
- ◆ Barriers on the side of older workers.

Regarding **the existing legislative interventions**, pension systems can affect retirement decisions in a number of ways, all of which interact with each other, as it is mentioned in the recent OECD study. Firstly, the age at which retirement benefits become available can exert a powerful influence on retirement behaviour. Secondly, the generosity of pensions is also important: high levels of pension benefits, by increasing lifetime future income for older workers, encourage earlier retirement through the income effect. Thirdly, retirement decisions can be affected by the degree of flexibility in combining income from work and pensions. In addition, in the past most of the countries introduced large-scale, publicly-subsidised early retirement schemes in response to rising unemployment, especially amongst the youth. Even where there are no formal early retirement schemes, other publicly supported pathways to early retirement have been extensively used in a number of countries, including: unemployment benefits, disability benefits and long-term sickness benefits.

In general, pension systems and other parts of the tax and welfare system often provide financial incentives for older workers to leave the labour market and disincentives for them to return to or remain in work.

From the employers perspective, often they are part of the problem in terms of restricting job opportunities for older workers mainly because of the negative attitudes on the older workers issues. However, they are also a very important part of the solution in terms of improving job prospects for older workers. Employers play a key role in determining how easy it is for older

workers to remain in their existing jobs or to shift to new ones. As summarised in the recent OECD study and as it is appeared from the national reports of the five participating countries, three main types of barriers have been identified, which may make employers reluctant to hire or retain older workers:

- i) Negative attitudes and perceptions about the employability, adaptability and productivity of older workers;
- ii) Labour costs that rise steeply with seniority or age;
- iii) Strict employment protection rules.

Except for the negative attitudes, one objective factor that may be driving employer's hiring and firing decisions with regards to the seniority of wages and productivity with respect that older workers is that they usually cost more to employ than younger workers. This may reflect the fact that the productivity of workers initially increases as they gain on-the-job experience, but then flattens off or declines after a given age. It needs to be mentioned that a basic distinction has to be made between the individual productivity of workers as they age and the changes over time in the value of their skills.

In general, the evidence from different studies suggests that individual productivity does decline in some dimensions with age. Obviously, this decline can be partly compensated for by experience and suitable workplace adjustments. On the other hand, one might argue that taken over the worker's whole career, costs and benefits are in balance for the employer. The fact that at older age wage costs exceed productivity is compensated by relatively low costs at a young age. However, there is some evidence of a negative impact of seniority wages on employment opportunities for older workers, because the seniority of wages could lead to lower hiring and retention of older workers. There is also no sufficient incentive for employers to offer training to older workers.

Employment protection rules can also make it more costly to hire and retain older workers. In some countries for example, it may be more expensive for firms to lay-off older workers because of longer notice periods or higher severance pay. As discussed extensively in a recent OECD study, strict employment protection legislation (EPL) can have two opposing effects on labour market outcomes for workers. On the one hand, it can lead to greater retention of workers since it raises firing costs; whilst on the other hand it also raises the effective costs of hiring workers and so may reduce the number of hires.

Improving financial incentives to remain in work longer and encouraging employers to be more receptive to an age-diverse workforce is only a part of the incentives stimulating the increase in the employment rate of older work-

ers. **From the ageing workers perspective**, if they lack the skills required by employers, suffer from poor health or face onerous working conditions, they may still be pushed into early retirement. A lack of access to good employment services and career advice will also reduce their options in terms of continuing to work longer. These aspects affect an older worker's "employability". They are likely to become increasingly important as the number of older workers rises and more of them seek to continue working for longer.

As a result of technological and organisational change, and the ongoing shift out of manufacturing and into services, job requirements are continually changing. This means that workers are increasingly being required to acquire new skills and upgrade their existing ones. Hence, it is vital that workers of all ages have good access to vocational training and lifelong learning activities. Adult learning and training can play a fundamental role too in addressing the lack of formal education or acquisition of basic skills that may be a source of persistent labour market disadvantage for workers as they age.

Improving training opportunities and the take-up of these opportunities have been identified in all EU countries as a key area for strengthening the employability of ageing workers. However, the incidence of training declines with age in all countries. Following the same reasoning as for employers, older workers do not have a strong incentive to invest in human capital - the pay-off period is too short to get positive returns. To some extent a decline in the incidence of training with age may simply reflect fewer expected years left in the workforce and hence fewer years to recoup the returns on investment in training by both workers and employers.

Ageing people appear to face a number of obstacles in obtaining adequate employment services to help them find a job. Moreover, the level and type of support given to older jobseekers is not always the same as is given to younger jobseekers.

Poor working conditions are another important factor that may be pushing older workers into early retirement. Occupational health and safety also continues to be an issue in many countries, despite improvements over time in the number of work-related injuries and fatalities. A lack of flexibility in working-time arrangements for older workers is also an issue in most countries. Long working hours may be particularly onerous for older workers and may be a factor pushing them into retirement. More generally, inflexible working-time arrangement may discourage older workers from continuing to work longer.

Policy Response: Integrated Age Management Strategy



PART

1. Towards a broader perspective: Basic principles for an Integrated Age Management Strategy

1.1. Conceptual framework

Managing human resources in a period of a demographic decline and increasing life expectancy is one of the challenges European countries face today. Population demographics in Europe are showing clear signs of workforce ageing. This is occurring in parallel with a decline in numbers of younger workers entering the workforce. The challenge for EU Member States is to retain a competitive position in the world market and to maintain current standards of living. While this requires long-term investment from governments and enterprises, it also means mobilizing what is arguably its greatest asset – the experience and wisdom of its ageing workforce. Investing in an ageing workforce provides benefits in the short term, but even more so for the long term. The challenges arising from population ageing raise also a number of issues.

The attitudes towards employability and productivity of ageing workers are negative; thus, attempts to change this situation must continue and awareness-raising is a necessary measure to reduce discrimination against older workers. Furthermore, greater attention needs to be devoted to facilitating labour mobility among older people. This includes providing better employment services to help older workers find new jobs and start up their own businesses, as well as greater provision of career advice at all stages of workers' careers. Clearly the experience of workers at younger ages will have an impact on their labour market decisions and outcomes when older. For example, workers who have ample opportunities mid-career for upgrading their skills or for learning new skills may have better labour market prospects when older than those with fewer opportunities. Similarly, improv-

ing occupational health and safety for workers of all ages will assist future generations of older workers to remain in employment longer. Thus, some policy interventions to encourage later retirement should, in fact, focus on workers at younger ages.

Moreover, it is important to recognise that older people are a very diverse group in terms of their work and retirement preferences and labour market prospects. Therefore, age should be preferably one factor only and not the defining factor in deciding who should be targeted by a specific labour market policy. Otherwise policy interventions risk being ineffective and costly and may give the wrong signal that older workers are generally less productive than younger workers. Age diversity should be a key objective of measures by governments, employers and trade unions.

It has to be also recognized that a large part of the older workers may prefer retirement than staying in employment. The size of this group differs between countries depending mainly on the significance of early exit policies and the relative generosity of social benefits. There are the dangers of a policy which forces older people to stay in employment, either directly through raising pension ages or indirectly through stigmatizing early exit. These could put undue pressure on ageing employees, particularly those suffering from ill-health. Thus, socially acceptable and formal pathways for early exit must keep open. Moreover, one objective of every reform in general, should be to give older workers greater choice about when they retire and whether this is done abruptly or progressively (for example, through the introduction of part-time pensions or other flexible pathways that whichever one can choose).

In general, given the fact that older workers often face a wide range of work disincentives and employment barriers covering both the demand side and the supply side of the labour market, it is clear that action is required on many fronts. European governments have taken various forms of action at a macro and micro levels. However, much of the reform effort in the most of the European countries has focused on the pension system and early-retirement schemes. This has generally been followed by more limited and ad hoc measures to increase employment opportunities for ageing workers.

But there have been notable exceptions. The research and studies carried out, as well as the experience of the participating in this project countries show that in some European countries a wide variety of practices ranging from limited and narrowly focused measures to more comprehensive ones have been implemented. The experience of some countries shows that a coordinated and comprehensive package of age-friendly employment measures and policies is required, which should be developed and implemented

jointly by government, employers, trade unions and civil society. In these countries policies directed at fostering greater labour participation by older workers have been incorporated within a broader strategy to increase equality at work and to tackle population ageing. This is accomplished through the implementation of a wide-ranging measures directed at changing employer attitudes and practices, strengthening the employability of older workers and in general, at improving working life quality in workplaces.

This could be a useful approach for other countries to adopt since it may help to ensure that policies to cope with population ageing are more coherent and better coordinated. It can also serve to raise awareness more generally about the challenges and opportunities arising from population ageing and broaden the public debate about the appropriate public policy response beyond just the implications for pension reforms. If greater job growth can be achieved through appropriate production and labour market reforms, as well as through sound macroeconomic policies, this will improve job prospects for older workers and may help to gain acceptance for more specific reforms to encourage older workers to retire later. For example, by strengthening the labour market attachment of women at younger ages, family-friendly employment policies may serve to raise participation rates of future cohorts of ageing women.

This suggests that rather than focusing only on the latter part of an individual's working life, an integrated policy would encompass the whole career. Thus, instead of a series of one-off or ad hoc measures, this perspective calls for a new holistic human resources strategy on age and employment. Such a strategy would include both preventive measures (such as lifelong learning) and remedial ones (training for older workers lacking specific skills, for example, in new technology). This sort of strategy would also help to avoid intergenerational frictions. In order to maintain a balanced labour market policy and to avoid intergenerational conflict, it is important not to excessively target initiatives on older workers. There is an important issue such as the danger of focusing policy and practice exclusively on older workers and this may stigmatize the group.

Thus, someone might usefully conceive of good practice in age management as a dynamic process that should, ideally, be moving the continuum towards an integrated age management strategy in the European countries. In general, reactive good practice aimed at problem solving ought to be replaced by a holistic approach designed to prevent the occurrence of age discrimination, unemployment and age management problems, as well as to implement an overall better human resources management, providing benefits

for all age group and all employees. According to recent study of European Foundation for the Improvement of Living and Working Conditions, good practice in integrated age management approach is characterised by:

- ◆ An emphasis on preventing age management problems;
- ◆ A focus on the entire working life and all age groups, not just older workers;
- ◆ A holistic approach that encompasses all dimensions of age management;
- ◆ In the short term, remedial provisions for older workers who are already affected by age-specific occupational problems such as skill deficits as a result of deskilling or poor health resulting from heavy workloads.

The main factors for the success of age management measures and practices according to the same study, as well as the experience of the participating in the project countries and the recommendations of the project partners, are:

- ◆ Age awareness, particularly among human resources managers and staff representatives at all levels;
- ◆ Management commitment and competence;
- ◆ Careful preparation and planning;
- ◆ Continuous ongoing evaluation in addition to continuous communication, cooperation between all actors involved in employment issues and social dialogue.

It is important to note however, that the success of any action in favour of ageing workers will depend crucially upon government's abilities to set and reinforce new rules. Such rules should include guidelines and appropriate incentives/disincentives targeted at companies and their respective managers who will be asked to adapt their behaviour accordingly.

1.2. Basic principles of an integrated Age Management Strategy

According to the recommendations and proposals of the national reports of the project partners, as well as from the discussions at the project work workshops, the basic principles of an integrated age management strategy have been formulated as being:

- ◆ The policy needs to be integrated and be strategic. A more holistic life-course approach to active ageing is the way forward, rather than an age-specific approach. A preventative approach is also better than a

remedial one although, given the current situation, the latter is now also necessary;

- ◆ Debate on age strategy and age management must be encouraged and continue in all countries, so that it reaches also the workplace level. The aim of the debate ought to be to prevent age discrimination in workplaces and the exclusion of ageing people from the working life. It should also focus on making their return from unemployment back to work easier and to ensure their participation in work until the pension age;
- ◆ The age issue must be dealt with (equally by employers and employees) as a part of the whole work community and its personnel. Overall better human resources management should be designed and developed. Also practical actions aimed at organisations' and workplaces' personnel, for example occupational health care, education and incentives. An approach that is equal and directed simultaneously at various age groups, guarantees that also ageing people's issues are in order. In addition, ageing workers do not wish to be set apart or stigmatised and policies should not be exclusive to older workers. Both younger and ageing employees can share knowledge and experience by working together.
- ◆ The fast changes in society and working life call for continuous updating of working life legislation, social security and contracts systems. The legislation and contracts must support the flexibility needed by working life, employers and workers. The legislation must not prevent ageing people's employment or encourage retirement from working life. On the other hand the threshold for employment from the employers' angle must not be raised too high.
- ◆ An age management strategy for promoting the retention of an ageing labour force in employment should not reduce the possibilities, the opportunities and the freedom for choice (in particular, variety of possible choices) about the length of working life of this labour force. Prolonging working life expectancy is only a part of the larger circle of activities, which constitute active ageing and, in this framework a larger set of options could be formulated. Furthermore the strategy should seek to promote the active participation of the older people in the social life, including participation in the decision making process, in different voluntary activities, etc.;
- ◆ The information already produced by the implemented programmes and measures in the different countries must be better used in the workplace and at organisational level than it is now. It should do this by educating management and supervisors, and also by making own, voluntary

development strategies in companies. Enterprises/firms needed tailored solutions, and sector bodies and trade unions should be encouraged to come up with such initiatives. Employers also have the responsibility to create the conditions in which employees can manage their own careers and ageing;

- ◆ At the working community level a person must be considered as an entity and support his/her development as an individual and as a member of the work community. A person is a psychological, physical, social and mental entity, which functions in many fields of life, working life being one of them. Working abilities develop with age and it is necessary to maintain them in order to stay in working life. The main emphasis must rather be on preventive than on healing actions;
- ◆ Accordingly, the worker must take personal responsibility for his/her own working abilities. The change of age-related attitudes at the individual and working community level is needed. Continuous encouragements of ageing workers to develop themselves are also needed. Older workers outside employment need support and encouragement to take some responsibility for improving their own employment prospects;
- ◆ Ageing people's exclusion from working life is often permanent and returning back to working life is the more difficult the longer a person has been away from working life. An integrated strategy has to include short interruptions, more efficient actions before a person's contract ends, otherwise unemployment starts or the working disability rate gets worse;
- ◆ An integrated strategy should include the organising of work enabling good performances and guarantees workers' health and work abilities, as well as flexible reaction in fitting together the needs caused by the workers' situation of life and the needs brought on by work;
- ◆ Active ageing is also more than just about work. What is needed is "combined policy-making" in which different strands of government are drawn together. The policies regarding the ageing of population should include both measures for the working life and policies for the maintenance of their autonomous and independent participation/integration in the society;
- ◆ Accordingly, suitable active-integrative measures have to be co-ordinated in a network approach, following a preventive and life-course perspective.

2. Main fields and priorities for intervention

Summarizing the evidence from the related literature and the reports of the participating in the project countries, ageing people face multiple problems, barriers and disincentives to carry on working or to rejoin the labour force if inactive. Thus, if work is to be an attractive and rewarding proposition for ageing workers, it will require action on a number of fronts. Firstly, there must be strong financial incentives to carry on working. Secondly, wage-setting practices and employment protection rules must be adapted to ensure that employers have stronger incentives to both hire and retain older workers. Thirdly, in the face of substantial technical and organizational change, older workers must be given appropriate help and encouragement to improve their employability. Finally, a major shift in attitudes towards working at an older age will be required by both employers and older workers themselves, especially in those countries where the legacy of substantial recourse to early retirement schemes during the 1980s and 1990s has been an entrenched early retirement culture.

The proposed age management strategy tries to address these multiple problems and barriers. It consists of four pillars, where each pillar includes main measures related to the objective of the corresponding pillar. Initially, each measure contains an introduction note, based on the experience in EU and OECD countries in general. Accordingly, a presentation of policies and interventions implemented in each of the five participating in the project countries is provided. Finally, in each measure are included some good practice examples identified by the project partners. It needs to be noted that there was a difficulty to classify the good practices under a concrete pillar (especially, measure) because the majority of the practices serves different fields (for example, not only managing at workplace but also improving employability and/or working quality and/or health etc.). For this reason some of the examples are included in more than one pillar/measure.

Pillar I

Limiting work disincentives and increasing choice in work-retirement decisions:
Legislative interventions on work-retirement schemes

Pension systems, as well as other welfare benefits and tax systems, can influence the relative incentive for someone of a given age to retire or to remain in the labour market, as mentioned above. Pension reforms can alter the incentives to work and influence workers' decisions on the timing

of retirement. Appropriate measures include reforms making early retirement less attractive, reducing the road to unofficial early retirement and adjusting pension systems. More flexibility in combining work and pensions could also help to increase labour-market participation of ageing people. Finally, while pension systems are being reformed, it is essential to ensure that other welfare benefits are not used unjustifiably as paths to early exit from the labour market.

Policies affecting incentives in the transition to retirement have to strike a delicate balance between different policy aims. On one hand, pensions should be sufficient to provide adequate standards of living in retirement, while on the other hand their cost should be affordable and they should not give undue incentives to leave work early. Another balance is between helping workers with diverse needs and preferences to pursue diverse pathways into retirement, while creating some absolute limits to their choice of retiring early. Thus, the policy directions need to be interpreted in the context of the priorities, the strengths and the weaknesses of the current systems, as well as economic and social situation in each country.

Measure 1 Pension reform: Making early retirement less attractive. Adjusting pension systems

Measure 2 Reducing the road to unofficial early retirement through social security benefits

Measure 3 Arranging flexibility of working life

Measure 1 Pension reform: Making early retirement less attractive. Adjusting pension systems

During previous periods of high unemployment, early retirement was seen as a means to reduce unemployment and to improve the job entry chances of young people. One might argue that this was not based on sound economic reasoning, as reducing labour supply also tends to reduce the level of employment. Therefore, the positive effects of early retirement are questionable. However, given the ageing of the population, early retirement ought to be made less attractive. This will not be an easy process because today early exit from working life is an important component for most employees in planning their future lives. It will not be easy to change these expectations.

Most of the EU countries have substantially reformed their pension systems over the past two decades. The main motivation for these reforms has

been a fiscal one - to improve the sustainability and affordability of public pension systems. But improving work incentives has also been a goal. The most common change affecting work incentives directly has been the closure of pathways to early retirement or restriction of access to them.

On the other hand, the timing of people's exit from the workforce depends not only on the incentives to work or retire at a single moment, but on the unfolding of individual working lives over a period of time. Many do not wish to have a single abrupt departure from a full-time career job, but would prefer to wind down work commitments over a period of time. Their opportunities to do this will depend to a considerable degree on the willingness of employers and the capacity of individuals to negotiate new forms of working, whether through different employment contracts or through consultancy or temporary working arrangements. However, governments can play a role in facilitating and possibly encouraging a flexible transition to retirement.

Moreover, continued working after the pension age is more attractive if a postponement of pensions is rewarded by higher pension income provision at a later date. Sometimes flexibility is also mentioned as a way to stimulate this. If people can work part-time in combination with a ("part-time") pension, this could make this option more attractive. Flexibility by offering part-time options as a way of (early) retirement could also avoid that these people choose the full-time (early) retirement option because the workload is too heavy, or because they want to have more free time.

However, flexible pathways depend on a changing culture, in which individuals face a range of options and see the financial consequences for themselves of whichever one they choose. Each country needs to carefully work out these comparative incentives and take them into account if it wishes to design flexible pathways to retirement that are well taken up at the same time as remaining affordable.

There are many roads to pension reform and each country needs to find the appropriate one that corresponds to its own circumstances and choices in terms of striking the appropriate balance between providing for adequate incomes in retirement, maintaining work incentives and ensuring affordability. However, any measure to promote a more phased transition between work and retirement should be carefully evaluated in terms of the prevailing economic, labour market, legislative and collective agreements context in each country. Moreover, retirement policy and practice should be considered not merely as a way of adjusting to changes in economic conditions, but also as a means of improving the welfare of individuals and society by mitigating the social consequences of early retirement.

Measure 1: Policies and other interventions at national level

Gradual extension of the retirement age in Cyprus

In Cyprus, the ageing challenge is currently viewed in terms of increasing the retirement age. The maintenance of older workers in employment is envisioned mainly (if not solely) through the gradual extension of the retirement age from 63 to 67, and no measures are foreseen exclusively for the older workers.

Earnings-related pension reform in Finland

Early retirement from working life is still in the plan of most Finnish workers both in the private and in the public sector, although there are some changes in the attitudes favouring longer careers.

Before the pension reform the average retirement age was 59. In 2005 Finland carried out an extensive pension reform in which one remarkable goal was to prevent ageing workers' early retirement and on the other hand to support them by certain benefits and arrangements in order to lengthen their careers. In other words this reform has both the stick and the carrots. Preventive measures are for example the removal of some earlier pension types or the raising of their age limits. Incentives are for example, a flexible retirement age between 63 and 68. This includes an economical incentive - if a person continues to work after the age of 63 the future pension accrual is 4.5 % annually which is three times more than before. One incentive is also the possibility for a part-time pension. A person can become a part-time pensioner after turning 58. The idea is that people, who might burn out in full-time work and would therefore retire, can continue working with the help of the part-time pension. However, the reform will apply gradually.

Experiences of the effects of the reform are so far fairly limited and new but they seem indicate that many people are going to postpone their retirement if they maintain their health and their work is meaningful and they can exert an influence on it. The flexible retirement age is considered a positive reform and also financial incentives may have influence. Also the possibility for a part-time pension is considered a good feature, although there are some critics claiming that part-time pension has lured "too healthy" people. All in all it seems that if a system offers a person an option, a backdoor for exiting working life, and if a person feels tired and weary this option alone may get him/her to stay longer in employment.

A remarkable challenge in the development of the pension system and the working life is good co-operation. According to the national report, blocking

the routes to early retirement is not effective, especially if the organisation and its working conditions are not sufficiently developed so that ageing people find it meaningful to stay longer in employment.

Since 2005 pension is also accumulated on parental leaves. For example from the children's home care support for children under three years old, as well as salary based maternity, paternity and parental allowance periods. Likewise pensions are also accumulated from other salary based social benefits like the unemployment, education, rehabilitation and sickness allowances. Also graduation-oriented studies will accumulate pensions for 3-5 years.

Good example of pension reform: The results of the earnings-related pension reform **in Finland** in the first quarter of 2005 showed that the employment rate of people over 60 in all age groups several percentages higher than in the previous year. For example only 28 per cent of 62 year olds were in employment during the period January-June in 2004, whereas the percentage in 2005 was almost 35 per cent. When those participating in the Flexible Pension Age Research, carried out by the Finnish Centre for Pensions and the Finnish Pension Alliance TELA, were asked whether the annual accrual rate of the earnings-related pension will increase their willingness to continue at work after turning 63, one in four wage earners in the private sector said yes.

Good example of work pension rehabilitation possibilities: **In Finland**, ageing people are encouraged to continue in employment not only by a raised accrual, but also by developing rehabilitation possibilities. In the beginning of 2004 a rehabilitation reform entered into force with the aim of ante-dating the prognosis and commencement of rehabilitation needs. The aim of the rehabilitation reform is to create possibilities for extending longer periods of employment which in turn will lead to the possibilities for benefiting from the future incentives in pension reforms. The most important presupposition for earnings-related pension rehabilitation is the diagnosed threat of working disability pension and the fact that this threat can be minimised by professional rehabilitation. The meaning of professional rehabilitation is that the individual could, despite an illness, continue in employment or return to employment. Professional rehabilitation can be for example guidance, work experiments, work training, re-education or occupational support.

Extension of the working life and partial retirement in Germany

While an early retirement policy had been promoted since the early 1970's to relieve the labour market, in the beginning of the 1990's, the first initiative to stop early retirement had been launched. Since then, it has been reinforced three times, namely in 1992, 1996, and 1999. Today, the statutory retirement age is 65 years, while a further extension of the working life up to 67 years is currently being discussed by the Federal Government. However, early retirement is still possible if workers accept a reduction of 0.3% from their pension per month if they retire earlier. Depending on the circumstances, this sum could be up to a maximum amount of 18%.

In addition, a partial retirement law, which was released in 1996, allows older workers to reduce their working time without substantial loss of income. Primarily the law should alleviate a flexible and gradual transition into retirement for workers aged 55 plus. They could downsize their working hours to half for five years, while the employer would pay up to 70% of the previous income and national insurance contributions at a level of 90% of the previous income. However, it should be considered critically that its use is predominantly made of the so-called block model. That is to say after a phase of full-time employment a phase of full-time release follows without any gradual transition into retirement. That practically equals with advanced retirement.

An effort at reforming pension system in Greece

The Greek pension system consists of a variety of pension schemes mainly based on occupational groups and sectors of economic activities. General retirement limits are set at 65 for men and 60 for women, and for those who began working after 1993 at 65 for both men and women. However, according to the Greek Report on pension Strategy (2002), "the complexity of the legislative framework makes these general limits as something of purely theoretical significance".

The pension system in general, is characterised by a number of structural problems, which are partly related to the current demographic ageing problem, partly due to issues of poor management and partly due to lack of consistent long-term policies. The structure of benefits is such that usually individuals decide to retire officially as early as possible and then continue to work unofficially. Also, as a result, current policies towards people aged 55-64 who may have retired earlier and want to re-enter the workforce, are inconsistent, restrictive and ambiguous. With respect to premature retirement and the minimum retirement age, current insurance legislation foresees a

gradual increase in the age limits for large categories of people working in sectors with lower retirement ages (public sector, “special funds”).

Measure 2 Reducing the road to unofficial early retirement through social security benefits

Any efforts to alter incentives for early retirement by reforming pensions cannot succeed if they are undermined by other tax and benefits conditions that encourage people to leave work prematurely. In particular, long-term sickness and disability benefits or unemployment benefits can provide alternative routes into effective early retirement, especially where they are relatively easy to access and to continue receiving people who have drifted to the margins of the labour market. In addition, tax regimes influence the reward for working versus retirement, with people who are taxed relatively heavily in work having a greater incentive to take up a given level of pension.

Social security schemes like sickness and disability arrangements, as well as unemployment benefits can act as pre-retirement schemes. According to the existing bibliography, the policy options to prevent and counteract this are to:

- a) Cut in benefit levels;
- b) Periodically review the “state of” sickness and disability;
- c) Maintain the obligation to try to find a job;
- d) Interview and advice them regularly;
- e) Use “bonuses” for finding a job;
- f) Give them the opportunity to try to work in a new job without the risk of losing their entitlements, if things do not work out;
- g) Shorten the period of entitlement to a benefit.

Measure 2: Policies and other interventions at national level

National Programme “Retirement Aid” in Bulgaria

In 2004, the Social Security Code (art. 68), was amended to allow unemployed people lacking 10 points to form the required sum of social security length of service and age to claim a pension, to participate in it. Since the beginning of 2005 3,995 individuals have submitted certificates issued by the National Social Security Institute to the “Employment Office” Directorate, certifying the insufficient social security length of service. 951 were employed and 1,289.942

BGN were spent. Increased interest in the programme is observed, due to the presence of a great number of individuals meeting the requirements for participation in the programme (3,995), and the provision of financial resources for salaries and social security payments until the retirement of the individuals.

The programme has a major economic and social effect. The employers are able to employ experienced unemployed individuals, until they obtain the right of pension.

Acts securing the unemployed job seeker's position in Finland

In Finland, the legislation emphasises the development of the Finnish working life. The situation of ageing people in working life is being improved by general provisions in the labour legislation and by collective agreements on the terms of work. Ageing unemployed people are protected by unemployment acts.

If an older worker becomes unemployed, *the Unemployment Security Act (30.12.2002/1290)* secures his or her economic possibilities for seeking work and for improving his or her abilities so that he or she can get or return to the labour market by compensating the losses caused by unemployment. However, *the Act on the Public Employment Service (30.12.2002/1295)* issues that the labour administration must provide or buy employment services, labour force related adult education and other occupational improvement services as well as promote the employment of unemployed people by employment support.

These statutes have been changed so that since July 2005 a new action model is taken into use in lays-off and redundancies. This action model includes a salaried leave for the worker for seeking a new job, increased communication on the employer's part, actions plans made together with the personnel and employment programmes made together with labour force agencies. *The Employment Decree (30.12.1997/1363)* says that in order to fulfil the employment act it is necessary to provide the job seeker a possibility to work on employment support, unless he/she has found work through labour force administrations or a place of study.

Employment support is mainly meant for the employment of young people, the long term unemployed people and people with reduced working abilities and for the prevention of long-term unemployment and regional differences in unemployment. *The Act on Rehabilitative Work (2.3.2001/189)* is a decree on the measures aimed at improving the employment possibilities of those who have received labour market support and alimony support for long-term unemployment and their possibilities for participating in education and other actions aimed at improving the possibilities for employment in the open labour force.

Good example of preventing early retirement through social benefits: In **Finland**, after the work pension reform of 2005, the passages for retirement are decreasing since some pensions are gradually abolished. The individual early pension that belongs to the working disability pension will be abolished, except for those individuals who were born in 1943 or earlier. However, those who have turned 60 will find it easier to get on the actual working disability pension. Also the unemployment pension will be abolished, but it will still be available for those who were born before 1950. Those born in 1950 or later will instead get the unemployment pension; for example unemployment benefits and labour market support.

Remuneration assurance in Germany

In 2003, the measure of remuneration assurance (Entgeltsicherung) was launched in order to increase the incentives for the older people to accept also lower paid jobs. If unemployed people accept a job that is lower paid than the job exerted before the unemployment, then they receive from as early as the age of 50 an allowance to their remuneration as well as an increase to the contributions to the pensions insurance. The benefit additionally to the remuneration amounts half of the difference between the former net income and the net income of the new employment. At present the effectiveness of this measurement cannot be judged yet. In 2004, solely about 6.500 people drew on this possibility.

An effort at reducing the road to unofficial retirement in Greece

With respect to premature retirement and the minimum retirement age, current insurance legislation foresees a gradual increase in the age limits for large categories of people working in sectors with lower retirement ages (public sector, “special funds”).

Measure 3 Arranging flexibility of working life

A lack of flexibility in working time arrangements for ageing workers as a factor discouraging older workers from continuing to remain in employment is also an issue in the most countries. According to different studies at European level, ageing people need more possibilities for organising their work by breaks, re-organisation of the task order, choosing the methods and practises in work and adjusting to the pace of work. Special attention

should be paid to the length of the work phases, shift and night work, rush management and to the flexibility of working hours.

Job sharing, job alternation leaves and part-time systems are also important ways in maintaining ageing people's working abilities. The objective of flexible working time practices, according to study of European Foundation for the Improvement of Living and Working Conditions, is both a more productive alignment of working times and work demands and a better reconciliation of work with personal interests and commitments (work-life-balance). This may include study leave, raising children or, as is the case with many older employees today, family care responsibilities. Working time flexibility may be an important instrument for retaining older workers in employment.

There are reservations concerning flexible working time arrangements, on the part of both employers (e.g. cost arguments, practical implementation problems, additional administration effort) and employees (e.g. loss of income and/or status, new workloads due to organizational changes). These reservations can be overcome by means of a careful and participatory approach to implementing such measures. However, a number of benefits for both the organizations and the ageing workers derive from introducing flexible working time practices, according to the existing experience. Thus, flexible working time has positive effects on the state of health, motivation and off-the-job quality of life for all employees, particularly older staff. From the organisation's perspective, flexible working time leads to the optimal utilisation of labour resources. Good practice in this area can accommodate the often complementary working time requirements of older and younger employees.

Flexible working time is an important instrument for 'humanising' working life, particularly in demanding activities such as night shift work. Lower numbers of early retirements and incapacity pensions have also resulted from flexible work practices. Moreover, the work-life balance of individuals improves; in particular this applies to (older) female employees who often have care responsibilities for elderly family members. Also, flexible working time arrangements facilitate other measures that enhance workers' employability, such as training initiatives, career planning and knowledge transfer.

Measure 3: Policies and other interventions at national level

Flexibility in working life in Finland

According to the Finnish concept, workers' productivity is not age-related, but mainly related to how the work is organised. The Finnish working life

legislation, social security and contracts systems are progressive. Thus, *the Working Hours Act* supports ageing workers' managing at work (9.8.1996/605) in its chapter 3 in section 15 which deals with reduced working hours.

This section says that if a worker chooses to, based on social or health reasons, he or she must have the possibility for reduced working hours in a part-time job. *The Annual Holidays Act (18.3.2005/162)* defines the minimum rest and revival time, which increases by the age and service years. *The Act on Job Alternation Leave (30.12.2002/1305)* aims at promoting managing at work with the help of short-time leave from work and also at improving the unemployed job-seekers' possibilities for employment by offering them work for a given period of time. At the end of August 2005, there were a total of 6 034 people who had been employed as substitutes for people on job alternation leaves.

Good example of flexible arrangement of working hours: According to the regulations of the national age programme **in Finland**, when talking about people over 45, the supervision of occupational safety must pay special attention to the quality of the employment contract and to the organising of working hours, the appropriateness of the working environment and the possibilities for making age-related changes.

On the basis of their health, educational or other needs, ageing employees should have shorter and more flexible arrangement of working hours. Ageing shift workers should have a possibility to change into day work, if they choose to. Ageing employees should also have a possibility to gradually decrease their workload by part-time work. Job sharing and job alternation leave should also be more available to ageing employees.

The results of the flexible arrangements in working life have shown that the development targets in the working community and environment as well as the actions aimed at individual health, functional capacities and skills contribute to the fact that work ability can be maintained until the old age pension age. However, the extensiveness and success of the arrangement of ageing workers' working hours and for combining working life with personal life is clearly related to the contracts between the employee and the employer and to the atmosphere of the workplace.

Promoting flexibility in working life in Germany

Some of the Federal Programmes in Germany contain measures aiming at introduction of flexible working conditions. For example, the **New Quality of Work Initiative - INQA** – offers a very broad range of activities for companies and individuals with aim of promoting a ‘new quality of work’ for older workers. One of the main programme components regards activities for promoting flexible working conditions for older workers.

Good example of flexible arrangement of working life: The “**New Brose Organizational Model**” of Brose Company (system supplier of the international automotive industry) in Germany aims to look for possibilities to make the working environment for white collar workers as attractive as possible to prevent high employee turnover. The company designed the “New Brose Organizational Model” in order to keep its leadership and use the best human resources it can get.

Changing conditions in the automotive industry, continually increasing performance requirements and challenges caused by the labour market were the main points. Objectives of the “New Brose Organizational Model” are: the increasing of flexibility, the adjusting of employees’ time and work to the international activities; the increasing of efficiency and performance in the administrative areas and making Brose more attractive, both to new and current employees.

Pillar II

Increasing the incentives to enterprises/employers

Employer reluctance to hire and retain older workers partly reflects on age discrimination; thus, there is a need for information campaigns, guidelines and age-discrimination legislation. Regarding the age-discrimination legislation, this has in part been spurred by the EU directive of 2000 on equal treatment in employment and occupation (2000/78/EC). This requires EU countries to put in place age-discrimination legislation in conformance with the directive by 2006 at the latest, although with considerable latitude as to how to transpose the directive into national law.

Generally speaking, age-discrimination legislation as a way for stopping all forms of age discrimination has its strength and weakness. On the one hand, it raises the effective costs of firing older workers since employers must

ensure that they are complying with age-discrimination legislation and so may lead to greater retention of older workers. On the other hand, this may lead them to reduce their hiring of older workers, especially since it may be more difficult to prove discrimination in hiring rather than firing.

However, there are also a number of other, more objective factors driving employer behaviour. Often, external market conditions, industry shifts, demographic factors, internal management skills and needs to maintain the skills base. This is in addition to public policy – among a wide range of influences – interacted to influence organisation policy, with the result that it is difficult to isolate particular factors as being more influential than others. The governments occupy a crucial role with regard to increasing the incentives to employers/enterprises to employ ageing workers.

For example, this may include:

- ◆ Directly finance or subsidize initiatives;
- ◆ Reducing separation costs in combination with tax bonuses for employers;
- ◆ Increasing government support for training and mobility,
- ◆ Subsidized development/implementation of age management activities at enterprises
- ◆ Introducing flexible, effective legislative arrangements.

All of these policies will need to be tackled in order to encourage employers to provide older workers with more job opportunities. This will also require a change of attitudes on the part of trade unions and older workers themselves.

Measure 1 Changing Employer Attitudes. Supporting age management activities at workplace

Measure 2 Reducing separation costs, subsidizing wage cost

Measure 3 Increasing government support for training and mobility. Improving productivity of work

Measure 1 Changing Employer Attitudes. Supporting age management activities at workplace

Two broad approaches can be identified to tackling age discrimination and changing negative employer attitudes towards older workers. The first consists of a voluntary approach through public information campaigns and guidelines. The second relies on legislation to ban age discrimination in

employment. A number of EU countries have carried out large-scale government-sponsored information campaigns to tackle ageism in the workplace and to promote good practices.

Involving employers and the trade unions in the process of raising awareness about the labour market implications of demographic change appear to be particularly important given the diversity across older workers and in their workplaces. This is especially so for the employers who have an important role in discouraging the retention of older workers in employment in terms of restricting job opportunities for older workers. They conduct their business in this manner because of their negative attitudes and through their use of early retirement schemes and mandatory retirement to get rid of older workers well before the official age of retirement. Well-articulated information campaigns with strong employers' participation in their conception and implementation together with appropriate age-discrimination legislation can help to change employer attitudes and make them more receptive to employing older workers.

Moreover, in the recent years ageing has been raised as the new challenge in the management activities at the workplaces. According to study of European Foundation for the Improvement of Living and Working Conditions, gaining the commitment of human resources managers and staff representatives is of primary importance for the development of a corporate climate sensitive to demographic change and with a positive attitude towards ageing, as well as for the success and sustainability of any initiatives at enterprise level. The basic question is what superiors and directors should know about ageing and how that information should be adopted in management in practise.

Age management or recognising the strengths of people at different ages and benefiting from them moulds work into a more pleasant direction and produces both economic advantages and welfare for employees. Longitudinal studies have shown that supervisors' improved attitude towards ageing workers has improved the seniors' working abilities. In order to be able to have a right attitude towards the ageing workers the supervisors should master the basic knowledge on ageing and its forms of manifestation and their effects in practise.

The supervisors should know at least the main facts about ageing, such as:

- ◆ The modern concept of work abilities and factors influencing on them;
- ◆ The connection between work abilities and the economic results of the company;
- ◆ The connection between ageing and productivity;
- ◆ The link between ageing and health;

- ◆ The connection between ageing and functional capacities;
- ◆ The factors influencing ageing and learning;
- ◆ The age management principles in practise as well as the existing age attitudes and the prevention of age discrimination.

Measure 1: Policies and other interventions at national level

Recognising and preventing age discrimination in Finland

There are still some attitude problems towards age in the Finnish working life. The direct age discrimination does not show in great numbers in the statistics, but the statistics show that there is more age discrimination towards ageing women than towards ageing men. Age discrimination may show for example in recruiting, possibilities for education, advancing in career and in appreciation.

In the framework of the National Working Life Programme in Finland had started a total of 278 projects by the end of 1998. The projects were either small-scale basic analyses mapping out the development needs of work communities or actual development projects. The most active participants in the project were industrial and construction companies and municipalities. About one quarter of the projects aimed at employee's managing at work, strengthening work abilities or improving older workers' situation at work. Examples of projects aiming at changing employment attitudes and supporting workplace's management activities are the following:

- ◆ Fundia Wire Ltd carried out a survey in its Koverhar steel factory and in Taali factory on the development needs of the company's present activities as well as on the organisation's readiness to move on to new process management and team work, where attention was also paid to the special needs of people at various ages and of older workers;
- ◆ The town of Hämeenlinna carried out a project called "PORE - personnel's positive resources", which was directed to the whole town personnel and aimed at for example improving the older workers' managing at work and at improving the personnel's resources and skills;
- ◆ The town of Jyväskylä carried out a development project within the town's education department and the social affairs and health department's food service personnel. Alongside with other goals the project aimed at supporting the older personnel's managing at work;
- ◆ The towns of Kouvola, Kuusankoski and Anjalankoski and the municipalities of Elimäki and Iitti carried out a basic analysis, which mapped

out the problems and development needs in food service personnel's occupational management and work abilities. With the help of the project the aim was to develop coach-like supervision of work as well as to adopt team and process work. The ageing of the personnel and the diminishing of work abilities were balanced for example by developing work processes so that the workload was diminished and by strengthening the personnel' skills;

- ◆ The city of Tampere carried out a project, which aimed at the redefining of work and teamwork. Attention was also paid to age-management and to the development of actions maintaining work abilities as well as to the starting of supplementing vocational training;
- ◆ The town of Vaasa carried out a food services development project in its social affairs department, whereby an action network was created and the self-guidance of workplaces was supported as well as the development of teamwork. The project also paid attention to older people's managing at work by creating possibilities for work rotation.

Moreover, in the beginning of 2000 programme on managing at work has started as a second government's project with aim to promote work abilities and maintain well-being at work. The Ministry of Labour and the Ministry of Social Affairs and Health carried out the programme together with employees and employers' organisations. Also entrepreneurs, agricultural producers, sport organisations and the church participated in it. Under this programme, 173 projects were started with the participation of municipalities, foundations and representatives of service and industry.

In addition, and as a part of the National Age Programme, the Ministry of Social Affairs and Health started an education project called "**Various Ages as a Management Challenge**" or "**Age Management**". The Finnish Institute of Occupational Health was responsible for carrying out this project. The aim of the project was to support various organisations in such development of management and leadership projects, which promote both the success of these organisations and ageing workers' work abilities and employability.

Another important National Programme was **Veto Programme**, carried out by the Ministry of Social Affairs and Health, as continuation for projects aimed at developing the Finnish working life, for example the National Age Programme and Managing at Work Programme. The aim of the project is to maintain and promote the pull of work and working life. Also labour market and entrepreneurs' organisations, the Ministry of Labour, the Ministry of Trade and Industry and Finnish Institute of Occupational Health are participating

in this project. This action programme will be carried out in 2003-2007 and it concentrates on managing at work and in lengthening work careers. Thirteen projects were started in 2004 with the funding from Veto Programme.

Good example of public information campaign: The Age Management Project in Finland aimed, through appropriate means of education:

- ◆ At spreading information on ageing issues among decision makers;
- ◆ At strengthening attitudes and practises in order to promote ageing employment, lifelong learning and co-operation between people at various ages;
- ◆ At increasing management's abilities in workplaces, as well as at increasing the understanding of the age theme in central institutes and to create a basis for future management knowledge.

The education project of age management achieved these goals by organising education for supervisors and personnel professionals and by producing teaching material for them.

Interventions aimed at changing attitudes and supporting enterprises in Germany

INQA Campaign: 30, 40, 50 plus – Working healthily (since 2002) aims to support enterprises to prepare themselves for the demographic change. This initiative offers an information exchange platform for enterprises, institutions and people, who want to share their experiences and are interested in the improvement of the employability of older workers. Under the motto "30, 40, 50 plus – Working in Health until Old Age", INQA has published a brochure that deals extensively with this topic and offers numerous tips for the operational practice.

In 2002, the Confederation of Employers' Association published a ***Guidelines for Employers*** ('Successful with older workers - strategies and examples for in-company practice'), which presents arguments and proposals for a better integration of older workers into employment. The main emphasis was on raising the employers' awareness concerning the benefits of hiring older workers, such as experience, motivation and reliability. Furthermore, the following measurements were suggested: flexible working-time arrangements, training, health promotion, teamwork of both younger and older workers and, job-rotation.

Mastering Future by Experience – Competitive With Older Employees (since 2005) is a Bavarian project promoted by the Federal Ministry of Economy and Work funded by the EU. Conducted by the ‘Research Institute for In-House Training’ in Nuremberg, the project aims to promote Bavarian enterprises in the development and implementation of personnel and work policy, which assures productivity and competitiveness in spite of ageing staff.

Since the challenges are still inadequately perceived in many enterprises, and particularly in medium-sized enterprises, the following targets were set:

- ◆ Sensitisation of the enterprises for the topic;
- ◆ Revealing the operational benefit of a demography-oriented personnel policy and highlighting possible approaches;
- ◆ Identifying inhibitory and adjuvant legal conditions;
- ◆ Presenting examples of best-practice.

Good example of managing age-based personnel’s development:

The **“Hope Old Age – Precisely Tailored Consultancy for the Maintenance of Competences in the Area of Care”** is one of four projects of the tenth Innopunkt-Campaign of the state Brandenburg **in Germany**. It addresses older workers, executives and women in small and medium enterprises that are employed in the sectors of health care and welfare.

The enterprises can obtain lower-cost consultancy, qualification and coaching offers for the purpose of an age-based personnel development. At first, 70 organisations located in Brandenburg are sensitised for an age-based personnel development. Then together with ten of the small and medium enterprises, specifically tailored concepts are developed. These are tested and evaluated afterwards.

Good example of creating public awareness: **“Fifty up – Employment Pact Erlangen – Innovation Network for the Integration of Ageing People into the Labour Market”** was developed as part of the national initiative “Perspective 50 plus – Employment Pacts for the Elderly in the Regions” **in Germany** by the GGFA – Public Institute for the Promotion of Employment and Qualification in Erlangen.

Some of the main objectives of the network are:

- ◆ Creating public awareness in favour of older seeking jobs;
- ◆ Influencing public views positively;
- ◆ Arranging employment for ageing job seekers;

- ◆ Increasing enterprises' willingness to employ ageing workers i.e. through financial incentives, as well as analysing demand for integration;
- ◆ Creating new instruments and refining existing means for integration.

Limited efforts towards reducing age discrimination in Greece

Pensioners have the right to work under Article 5 of the Constitution. However, in practice the right to employ pensioners depends on the regulations of each social insurance fund. This is because some of them impose restrictions on pensioner employment, and as a result a majority of early retired people are employed in the informal part of the economy. In collective bargaining, any relevant initiatives are restricted to the national level. Interventions of a non-statutory nature have been fragmentary, limited at scope, and have not formed part of an integrated policy on employment.

Measure 2 Reducing separation costs, subsidising wage cost

In all countries wages are highly dependent on age and this fact discourages the employers from hiring or retaining older workers because they may cost too much relative to their productivity. Typically, wage levels go up with age, which can make older workers less attractive, because productivity does not increase in the same way. Wage subsidies or changes in wage-setting practices and making wage formation more flexible have been adopted by the most countries in order to reduce the costs of older workers' employment. However, wage subsidy and job creation schemes that are predominantly targeted on older workers raise a number of issues in terms of their effectiveness.

Firstly, they may involve substantial deadweight loss (i.e. a large proportion of subsidised workers would have been employed even without the subsidy) and substitution/displacement effects (i.e. subsidised jobs for eligible workers lead to the loss of jobs or job opportunities for other groups of workers ineligible for the subsidy). Secondly, subsidies for older workers as a group may lead to stigmatisation and reinforce negative attitudes on the part of employers to hiring and retaining older workers. Thus, a wage subsidy that is granted solely on the basis of age may not be a very effective measure as opposed to a subsidy that is targeted more narrowly at the older long-term unemployed or at low-income older workers.

Generally speaking, public measures play a limited role in changing employer practices since in a market economy they cannot directly force

employers to hire or retain older workers but must instead rely on more indirect levers to encourage employers to do so. Given that some of the barriers to the hiring and retention of older workers such as seniority wages and a mandatory age of retirement have been put into place through collective agreements; it is also important to obtain the active involvement and co-operation of both employers and trade unions in adopting more age-friendly employment practices.

Measure 2: Policies and other interventions at national level

Subsidising wage costs in Bulgaria

Encouragement measures for training and employment are taken under the provisions of the Law on Employment Promotion (LEP) and enjoy the great interest on the part of both the employers and the unemployed. It is through these measures that employment in the economy is subsidized. Under the separate regimes, financial stimuli are provided, either individual or group ones, regarding the following:

- ◆ Labour remuneration and additional remuneration on the minimum amounts set forth in the Labour Code and the acts of its application;
- ◆ Contributions payable at the expense of the employers into the social insurance funds;
- ◆ Funds for training for the acquisition of professional qualification (and the expenses connected with it – scholarships, daily allowances, travelling allowances);
- ◆ Motivation training and literacy training, etc.

Employers are encouraged to maintain and improve the qualifications of their workers and employees (Art. 44 of the LEP). As far as the age group 55-64 is concerned, it is not very easy to differentiate the measures targeted at it. Bulgaria has very serious problems with the unemployment of young people (up to 29), ethnic minorities (especially the Roma minority) and long-term unemployed. In previous years the main active labour policies have been targeted at long-term unemployment and disabled people. In 2006 the main priorities were identified as the unemployment rates of people up to 29 and those over 50.

The measures under the LEP have a strongly expressed economic and social effect. They give the employers the opportunity to receive direct financial subsidies, and on the other hand, they provide employment for unemployed people of specific groups, such as unemployed women over the age of 50

and men over the age of 55 (Art. 55a of the LEP). This measure is of great interest, because it solves the problem of employment similarly to the Retirement Assistance National Programme.

Subsidising self-employment of ageing people in Cyprus

The government promotes the employment of older workers through a plan for the self-employment of people over 63. This plan grants up 1500 Cypriot Pounds - approximately 2500 Euros- for the purchase of equipment for people 63 and over and whose income is no more than 400 Pounds - approximately 650 Euros per month.

Measures aimed at subsidising wage costs in Germany

Integration Benefits: From 1998 to 2003, employers received employment subsidies for the engagement of older workers aged 50 plus. An allowance of maximum 50% of the remuneration was granted, inclusively the employer's contribution to the national insurance for 24 months at most. The measure of 'employment subsidies' has been replaced by the measure of 'integration benefits' since 2004. Now the group of workers with placing difficulties in general is addressed. Employers receive employment subsidies of 50% of the remuneration for 12 months at most. For workers aged 50 years and older, special conditions are obtained. Benefits can be granted up to 36 months, whereas the amount of the allowance is decreased yearly.

The contribution bonus exempts employers from the contribution to the unemployment insurance, if they engage an unemployed person aged 55 and older for the first-time. Otherwise, if employers release workers aged 57 years and older, they have to reimburse costs of the unemployment benefit to the Federal Employment Office for 32 months at most. However, this measurement will expire simultaneously with the reduction of the period in which the so called 'unemployment benefit' can be obtained.

By means of **structural adjustment measures**, the Federal Employment Office can temporary fund the employment of unemployed people with productive wage subsidies. The activities are in the fields of environmental protection, social services, youth welfare service, popular sports, culture, preservation of ancient monuments, urban development, enhancement of residential districts and infrastructure. Furthermore the measurement serves the employment of older workers aged 55 plus in commercial enterprises.

Employment-creation measures are jobs subsidised by the Federal Employment Office in times of high unemployment. In this way, job-seeking

people are supported in their efforts to become reintegrated into the working life or to assure a little income. These jobs are temporary (few days up to several months) and usually comprise only activities with low or without any qualification requirements. After the German Unification, the employment-creation measures were vigorously applied in the economically underdeveloped newly-formed German states. However, the transition of long-term unemployed succeeded only rarely. Since the so-called “unemployment benefit II” was launched, the funds are widely switched from employment-creation measures to the low cost so called “1 Euro jobs”.

Despite the various interventions of the current “older workers promotion policy”, several cutbacks in employment protection and social security are counter-productive. These are especially the expansion of the possibilities for fixed-term temporary employment of older workers, and the merging of unemployment assistance and social assistance and creation of the so-called *unemployment benefit II*. Additionally, from 2006 onwards, receipt of *unemployment benefit I* for older workers will be limited to 18 months (from the current 32 months).

Subsidized self and salaried employment in Greece

While there is currently lack of awareness of the wider implications of ageing among the public in general, some specific measures having an impact on the employment of old people have been developed. The majority of initiatives on ageing rest with the Greek Manpower Employment Organisation (OAED). OAED implements a series of projects for the reinforcement of employment and the fight against unemployment: training projects, stage projects, projects of subsidised self-employment and projects of subsidised salaried employment.

Regarding the ageing workers subsidised salaried employment for unemployed individuals who are close to retirement are implemented through Account for Employment and Vocational Training (LAEK). The programme began in 1999 and covered 1500 job positions until 2004, when an additional programme for 250 more positions was introduced. In July 2005 the Co-ordination Committee of the Account for Employment and Vocational Training decided to organise a new programme for the employment of 1800 unemployed people.

The programme concerns unemployed people who have not fulfilled the requirements for being entitled to receive a pension because they need up to 1500 social security stamps and up to five years before they reach a pension age limit. It is addressed to all private enterprises and those of the

wider public sector. The duration of the subsidy is from a minimum of one month to a maximum of sixty months.

Measure 3 Increasing government support for training and mobility.
Improving productivity of work

Reforming wage-setting practices to reflect more closely individual performance and providing wage and employment subsidies are two measures that can reduce the cost to employers of employing older workers. However, a closer match between productivity of ageing workers and their costs can also be achieved by raising the effective productivity of ageing people by helping them to acquire new skills and update old ones.

Companies are confronted with fluctuations in demand and the need for regular internal reorganisations. In these circumstances, situations occur in which these processes of adaptation are partly carried out by the expulsion of older workers in all kind of arrangements. Representatives of companies admit that as long these routes are open without large cost consequences, there is less incentive to adapt to changed circumstances by investing in older workers. Measures like experience rating might induce employers to invest more in their workers in order to avoid separations. However, training and mobility can also be stimulated in different ways. Examples of policy options for stimulating training investments by companies are tax incentives, levies and subsidies.

When workers retire from the working life at constantly growing speed, new workers do not replace all the retiring people, but the tasks are re-organised amongst those who still remain in the workplaces. The contents of work are changed and this calls for special attention. Through good managing and re-organisation of work must avoid a situation in which productivity is increased by efficiency only; in other words the same amount of work is done by old methods, but by a smaller number of workers than before. This false kind of efficiency may wear out workers and the whole working community.

The constant demand of increased productivity and the re-organisation of work mean that there is a need to encourage, especially ageing workers to upgrade their working skills so that meaningful work entities and good work input can be maintained until the pension age. Ageing workers' formal education is clearly lower than that of younger workers and they are not as used to acquiring further education as younger workers are. It will be a remarkable challenge to provide education and to guide workers to it.

Measure 3: Policies and other interventions at national level

Increasing government support for training in Bulgaria

Measures supporting training and employment are taken under the provisions of the Law on Employment Promotion, as it is mentioned in the previous part. Especially, financial stimuli are provided for maintaining professional qualification and training, as well as for supporting employment opportunities of unemployed people of specific groups, such as unemployed women over the age of 50 and men over the age of 55.

The legal framework for establishment and functioning of the national system for career guidance for adults (and students) is regulated in the Law on Vocational Education and Training. According to this Law, the career guidance provides information, consulting and advising for students, unemployed and for other people concerning the choice of profession and career development and is realized by professions and specialties enlisted in the List of Professions for VET. The institutions for the accomplishment of this activity are the Centres for information and career guidance. In the system of National Employment Office the activities on career guidance and consulting for unemployed and all other people who need these kinds of services are organized to the Labour Offices. A network of informational-consulting units has been established (the total number is 49) to these Labour Offices.

Good example of establishing national system for career guidance and network of informational-consulting units for adults:

The national system for career guidance for adults in Bulgaria provides information, consulting and advise for students, unemployed and for other people concerning the choice of profession and career development.

Example of good practice is the collaboration with the Federal Labour Office of Germany (information packs for 357 professions, videos, leaflets). Main sources for financing of the career guidance activities are the state and municipal budgets as well as the Fund “Professional Qualification and Unemployment”. Indicator for the successful functioning of the system for information and career guidance is the increased number of people who have made a single investment in education with consecutive professional realization and career development.

Increasing government support for lifelong learning and improving productivity in Finland

The policy of lifelong learning has a central role in the execution of the educational policy in Finland. The basic education and vocational skills can be improved by adult education, which in Finland is organised by over one thousand public institutions. In order to raise their vocational skills adults can have education in transformation schooling, tailored education programmes, work-based diplomas, apprentice training and continuation studies in poly-technic courses, which are in close connection to working life.

The labour administration has continuation and supplementing education, which aims at improving the possibilities of people at working age to stay in the labour market or to return it. Most of this education aims at vocational graduation. The labour administration's education aims also at improving the employment of the long-term unemployed, the ageing and those with working limitations and also at the prevention of exclusion. Adults can also develop themselves in liberal education institutions without aiming at diplomas or vocational skills. Such institutes are for example folk high schools, adult education centres, study centres, sport institutions and summer universities. They have a large supply of studies in general culture, hobbies and society. A fundamental feature for these institutions is that the courses are optional.

Regarding the improvement of work productivity, since 1996 it is one of the main aims of the National Working Life Development Programme, which at the moment has its third programme season under way. The First National Working Life Development Programme (1996–99) aimed at improving the productivity and working life quality in Finnish working places. The Ministry of Labour together with labour market and entrepreneur organisations carried out the programme. The second season of the Working Life Development Programme was in 2000–03, and is aimed at improving the results of the work and the quality of working life by developing the procedures within workplaces. The third season of the Working Life Development Programme will be in 2004–09. The development programme supports the development of the procedures in Finnish workplaces. The goal of the programme is to simultaneously improve both the productivity and working life quality.

Good example of self-motivated lifelong learning: **Finland**, has a wide and diverse range of adult education. Each year more than a million adults start **self-motivated studies**, which supplement education provided or ordered by employers as well as the labour policy training ordered by the labour administration. Education is available in about one thousand public institutions and also in the workplaces as well as in private education institutions.

Most adult students study in combination with their working lives. Face-to-face teaching is the most common mode of teaching. It is usually scheduled for the evenings or weekends or carried out as intensive modules alternating with work. Education arrangements are also developed so that they benefit from independent and distance education. Important decisions concerning the development of adult population's skills are made at workplace level where participation in education can be made an obligation and thus create interest in more continuous participation. Finnish adult education is funded mainly from public money, from the state's and municipalities' assets.

Professional Training in Germany

Since 2002, employers have been receiving a reimbursement of costs for in-house courses for workers aged 50 years and older. Furthermore the employers could receive an employment subsidy during the training time of the older worker as compensation for the time without efficiency. However, this possibility had rarely been used.

Increasing government support for training and mobility in Greece

The Greek Manpower Employment Organisation (OAED) implements policies for the reinforcement of employment and the fight against unemployment, amongst others, through training and stage projects.

Pillar III

Increasing the incentives to ageing workers to stay in work longer

Upgrade skills, good access to employment services and better working conditions are three key aspects of employability that will affect the ability of older workers to find and keep a job and that will influence their retirement decisions. These three aspects will become increasingly important as larger

cohorts of workers move into the older age groups and more of them stay on longer at work. Again, the responsibility for change needs to be shared between governments, employers, trade unions and older workers themselves.

In the past most incentives for training were targeted towards employers. With the growing awareness that employees also have self-responsibility for employability, instruments have been developed targeting individuals. Examples on those instruments are the individual learning accounts and the learning vouchers. The (limited) evaluations available for these types of instruments seem to indicate that they are quite successful.

Measure 1 Improving Employability. Changing worker's attitudes. Improving personnel's development

Measure 2 Improving working life quality, promoting equality in working life. Providing better employment services for ageing workers

Measure 3 Promoting better working conditions and health, maintaining work ability

Measure 1 Improving Employability. Changing worker's attitudes. Improving personnel's development

An important requirement for improving the employment prospects of older workers is to upgrade their skills. Older people in the workforce tend both to have lower prior levels of education and to engage in less training than younger workers. Tackling this double disadvantage is difficult and yet countries are starting to develop some measures both to improve adult training overall and to make learning more attractive and accessible to ageing people. The existing evidence shows that participation rates tend to be lowest among the low educated. Moreover, the decline in participation with age is much stronger for the low-educated than for the high educated. In contrast, higher educated people tend to engage more in continuous training during their work life. Therefore, it is important to reduce the number of low-educated by improving initial education and by offering low-educated adults the opportunity to increase their educational level.

One effect of the rapid expansion of initial education systems in recent decades is that older generations of workers, educated in an earlier era, are on average much less well qualified than younger ones. The other side of this equation, however, is that the number of people over 50 with a weak educational background is certain to fall. Nevertheless, improvements in

attainment are of their nature slow to arrive. Thus, much can be done, and needs to be done in order to improve the human capital of less well educated adults, through a variety of forms of lifelong learning.

In general, schemes to improve training rates across the adult population appear to have had lowest take-up among older workers. One approach of improving participation among these groups may be to give added incentives to take up training. However, the experience confirms evidence from some countries that it is not enough to raise financial incentives to participate – one also needs to address the conditions under which training takes place, and some of its characteristics. This can include adapting accreditation and teaching styles to suit the profiles of older workers. It may also be important to address different time-horizons when thinking about training for workers who have shorter-than-average expected working life. This points to a need for flexible, short or modular courses to be made available – and in particular courses that recognises and builds on existing skills and competencies, some of which have not previously been recognised. Finally, it is important to note that vocational training should be based on a precise knowledge of current as well as future skill requirements and on the educational status and potential of all employees.

Measure 1: Policies and other interventions at national level

Improving employability in Bulgaria

The improvement of actions with respect to encourage the labour activity of the older workforce is carried out gradually within the context of the general employment policy and the measures for the impaired groups of the workforce. However, individuals aged 45-50 and older occupied a special place within the measures and actions for education and professional qualification. Individual projects and models are developed. The principle of equal access of those individuals to education and training is actually guaranteed and being implemented. Within the context of encouraging the individual employment, equal possibilities for starting independent business are provided to the individuals aged 45-50 and older, and their participation in the provision of services to the population, as well as in the area of trade, agriculture, ecological projects.

The Bulgarian experience insures the concept that more attention and motivation regarding the participation in vocational training, have to be given on the ageing workers with low education. According to the Bulgaria concept,

life long learning and especially changes of the qualification of the old workers seem to be closely related to the level and the type of their former, initial education (in the youth period). Studies emphasize that workers with larger and higher education received during their youth have better attitude towards education at all and especially towards the complementary training courses at the end of their working life and possess higher capacities to participate in such courses.

The lower level of unemployment of older workers with higher education is largely due to this relationship, but not to the more intensive demand of labour force with higher education. These people are not more suited, but more adaptive, to the needs of the labour market – the labour market needs mainly “modest” education and qualification, and namely people with “modest” education and qualification have more difficulties to find jobs. In general, that is why it seems important to have in mind the above described aspect of the relationship: initial education – life long learning, when strategies for life long learning and active ageing are elaborated in the different countries.

Improving employability and personnel managing in Finland

According to the Finnish concept, education philosophy based on lifelong learning emphasises the personnel as the companies’ most important capital and taking care of the personnel’s management and skills as the ethic code of the work community. Also, when talking about ageing people’s education someone should take into consideration that ageing people’s learning and education demand special attention and investment, whatever the field is. It is also important that ageing people get positive learning experiences and believe in their own abilities to learn. More attention should be given to ageing people’s learning attitudes, to the planning of their studies, to the learning techniques and to their own styles of learning.

In the framework of the **National Working Life Development Programme** in Finland, about one quarter of the 278 projects that had started were aimed at personnel’s managing at work, strengthening work abilities or improving older workers’ situation at work. Additionally, a number of projects aimed at strengthening of employability. Examples of projects benefiting the ageing workers are the following:

Berner Ltd carried out at its three production plants a wide development project concentrating on work contents, management, work ability and collective responsibility of work. The goal was to make work contents more versatile and to develop production group activities, self-guidance and production technology, which also took into consideration the need for developing older workers’ work as well as the need for decreasing the work load.

- ◆ Opintoluotsi (Study Pilot), is an on-line information and instruction service supporting workers' education by giving information on various education possibilities;
- ◆ TUKEVA is a research, development and training programme carried out by Vocational Adult Education Centre and aimed at personnel in the education and other fields. This programme was carried out in 1999–2003 and aimed at raising the know-how and qualifications of participants in these fields;
- ◆ The municipality of Kestilä carried out a project, which was directed at developing and re-organisation of old people's care. The project increased the personnel's self-guidance and multi-skills and developed the contents of work as well as improved the co-operation and relationship between various personnel groups. In 2000 a further education and development programme, VSOP, was started, and was aimed at improving the know-how and qualifications of the teaching personnel in liberal education;
- ◆ "Information technology society skills for everybody" was a project which had a central role in the education and research information strategy in 2000–2004 and which was carried out by the Ministry of Education. The basic skills of the information technology society are in conjunction with the technical skills. It also includes the skills for communication, information seeking and using, consumer skills, as well as the understanding and management of impacts. In the pilot phase the Ministry of Education supported adult education by giving out education vouchers for learning the basic information technology skills;
- ◆ Noste programme is a programme carried out in co-operation between the Ministry of Education, labour market organisations and the Ministry of Labour and is aimed at raising the qualification level of adults. The programme is carried out in 2003-2007 and it concentrates mainly on raising the qualification level of those adults with the lowest education level. The aim is to improve the target group's to stay at work and further their career development. Within the frame of Noste programme 64 projects have been started.
- ◆ *AIKOO Project* is a group of projects created by the Ministry of Labour's team called Developing and Guiding Labour Force. The project aims at developing guidance, information and education services for adults. The goal is to raise the qualification of adults and to intensify adults' guidance and motivation for education. The projects have been grouped in the following themes:

- Adult education;
 - Know-how surveys;
 - Guidance and motivation for education;
 - Personalising and support of studies;
 - Student selection; learning abilities;
 - Information on education and on-line guidance
 - Information services;
- ◆ *Lifelong Learning Enforcement and Empowerment of Older Workers (LLEEO)* was a project belonging to the Leonardo da Vinci programme, which was carried out in 2000–2001. The co-ordinating country was Italy and other participating countries were Bulgaria, Spain, Rumania, Sweden and Finland. It aimed at researching ageing workers' situation and the possibilities offered to them by lifelong learning, as well as at finding good practises in using lifelong learning for improving older workers' situation.

Good example of lifelong learning for low educated ageing people:

The most important goal of the National Age Programme in Finland is to meet the needs of middle-aged adults, especially those with a lower basic education and limited learning abilities. **Special attention is given to the management of information technology skills, the handling and processing of information, the ability to learn and adopt new things and the tolerance for changes.**

The National Age Programme included several projects, which aimed at improving the ageing people's willingness to get education and to update their vocational skills. The concrete suggestions on the middle-aged people's level of skills in the **Noste programme** were included in the statement made by the parliamentary adult education committee. The possibilities of adult learners to participate in education have been promoted for example by improving their social benefits in education.

Good example of mentoring as a tool supporting the adult learners' vocational development:

Mentoring as practice is clearly increasing **in Finnish** workplace. Mentoring worked well with the changing needs of adult learners' development by offering them discussion, experiences, expert knowledge and precision guidance for their needs. Mentoring produced positive things to learners, such as vocational development, managing, job satisfaction, coping with crisis, reduced stress, positive attitude, strengthening, integration, and career development and analysing the future career.

Their attitude towards other people also improved. They also better understood what impact their actions had on their working community. Strengthening was shown in their increased self-confidence, increased belief on their own skills and in the strengthened feeling of managing their work and changes.

Improving employability of ageing unemployed people in Germany

Federal Programme „**Perspective 50 plus – Employment Pacts for the Older People in the Regions**” (since 2005) launched by the Federal Ministry of Work and Social Welfare, serves the improvement of the employability chances of older long-term unemployed people. For a period of two years, 62 innovative pre-operating studies of 93 involved ARGEs and communal bodies will be promoted. These were chosen in the beginning of September 2005 by an independent jury within the framework of a nationwide ideas competition.

During the biennial implementation phase, the pre-operational studies will be technically accompanied and evaluated. The main target is the formation and consolidation of regional networks as well as the supra-regional exchange of information and experiences between the projects. Regional workshops and a common communication platform support this process. Thus structures can develop, which are meant to support a long-lasting integration of older workers into the labour market also after the biannual promotion period. Furthermore, extra-ordinary successful projects shall become a basis for nationwide strategies and solutions (“best practice”).

Good example of improving employability of ageing people: Among the main objectives of the initiative **“Fifty up – Employment Pact Erlangen – Innovation Network for the Integration of Older into the Labour Market”** are the improvement of the employability of ageing people by means of assessment centres and further vocational training, as well as the improvement of the work conditions for older workers (i.e. special arrangements of places of work, further vocational training within the company).

Good example of deploying knowledge of ageing personnel: In the framework of the **“Hope Old Age – Precisely Tailored Consultancy for the Maintenance of Competences in the Area of Care” in Germany**, one of the participating organisations was the senior centre **“Martha Piter”**. Its initial situation is characterised by a staff including numerous older workers and a recently launched restructuring process that is meant to secure the professional and economic competitiveness. In spite of the challenging situation, the management supports the reorganisation of work together with the staff so that the experiences of each employee can be deployed optimally and gaps in knowledge can be overcome in time.

Good example of improving personnel’s development: **The Deutsche Telecom in Germany** has implemented the pilot project **“TK West and PK Nordost”** aiming development of age management activities. In the framework of the project, actions are taken regarding statistical description of older workers, appropriate instruments for the personnel development, health strategy, health conditions, professional competence, etc.

Improving employability in Greece

The Greek Manpower Employment Organisation (OAED) implements policies for the reinforcement of employment and the fight against unemployment, among others, through training and stage measures which aimed at improving the employability of the unemployed people and other vulnerable groups.

Good example of improving employability and personnel age managing:

Athens Network of Collaborating Experts (ANCE) in Greece is an independent, non-governmental, non-profit organisation based in Athens, which has undertaken a number of projects involving ageing people.

Two examples are:

- ◆ The Project “Promoting Intra-European Mobility for Older” funded by the ENEA Programme - DG Employment & Social Affairs, implemented in Greece, Finland, Germany and Italy
- ◆ ANCE is also a partner in the project “ACTION-L.IN.C. (Action for Leather Integrated Cooperation)” financed under Article 6 of the ESF, which deals with innovative human resource age management techniques for SMEs in a traditional sector such as leather production and manufacturing, where most of the workforce is aged and has a lack of new skills.

Measure 2 Improving working life quality, promoting equality in working life. Providing better employment services for ageing workers

Incentives to enterprises, well-articulated information campaigns and appropriate legislation should be seen as some elements in a broader strategy for promoting the benefits of an age-diverse workforce and encouraging employers to adopt practices that will help to improve the working atmosphere and the working life quality. Many studies suggest that older and younger workers have relative strengths and weaknesses. The most obvious strengths of older workers are those that derive from maturity and experience, whereas younger worker may have more up-to-date skills and may be more able to carry out more physically and mentally demanding work. This can give rise to positive externalities in the workforce between generations of workers.

Older workers can share the benefits of their greater work experience with younger workers and younger workers can share their knowledge of new production techniques and ways of working with older workers. Thus, they may mutually reinforce each other’s productivity. There are potential benefits of an age-diverse workforce that can draw on a range of strengths from different groups. At the same time, as workers age, they have different needs and family responsibilities. It is not just older workers who may have special needs in terms of they work arrangement, but also younger work-

ers who may have their own specific needs in terms of balancing work and family life. Emphasising age diversity rather than just concentrating on the needs of older workers also reduces the risk of older workers becoming a stigmatised group or reinforcing the myth that they are less productive and require special protection.

It needs to be noted that ineffective organising and managing of work cause illnesses for the workers and weaken their work abilities, according to relevant studies. Ineffective organising of work can be seen for example in ambiguities of roles in workplaces in the following:

- ◆ Unnecessary supervision and interference of work;
- ◆ Fear of failure and mistakes;
- ◆ Hurry and unnecessary confinement in work;
- ◆ Lack of influencing possibilities;
- ◆ Underdevelopment of employees' vocational skills;
- ◆ Lack of recognition by the employers and employees.

Ageing causes changes in central sensory functions. Changes in balance and in controlling the body position are typical for the ageing. Speech comprehension and directional hearing may be weakened. In workplaces the changes of sensory functions should be compensated as well as possible by auxiliary means and ergonomic solutions. Ergonomic threats that should be removed involve also the prevention of hazards of dangerous working environment (for example temperature conditions, work in hot and cold places).

Another current problem is that older workers that become unemployed find it exceptionally difficult to find a new job. The improving of the employment services may become increasingly important as larger cohorts of older workers stay longer in the workforce. It may also help to foster greater job mobility among older workers in the context of ongoing structural changes in the labour market. Furthermore it may also be a way of giving older workers better opportunities to switch jobs as they approach retirement, especially if their current jobs are particularly onerous.

Measure 2: Policies and other interventions at national level

Improving the employment services in Bulgaria

As mentioned above the Centres for information and career guidance are responsible for activities regarding the career guidance provide information, consulting and advising for students, unemployed and for other people

concerning the choice of profession and career development. In the system of National Employment Office, the activities on career guidance and consulting for unemployed and all other people who need these kinds of services are organized in the Labour Offices. A network of informational-consulting units has been established (the total number is 49) to these Labour Offices.

Good example of employment services: Indicator for the successful functioning of the system for information and career guidance **in Bulgaria** is the increased number of users. An example is the functioning of three Bulgarian-German Centres for Vocational Training established with the active collaboration and the financial support of the Federal Government of Germany. The three Centres in Stara Zagora, Pleven and Pazardjik are functioning according to the principles of continuous nature of life-long learning.

Improving working life quality and well being at workplace in Finland

A great number of projects have been carried out aiming at improving working life quality and promoting equal opportunities between different generations at workplace in Finland. Some of these programmes are developed in the framework of the National Working Life Development Programme and/or of the National Age Programme. Examples of such projects are the following:

- ◆ *Kainuu Electricity Ltd* carried out a project, which aimed at creating a functioning system and at developing the effectiveness and quality of work as well as the considerations concerning environmental aspects. The project included a part, which aimed at maintaining work abilities, and dealt with factors weakening work abilities. It also made a statistics based survey on reasons for being away from work, being sick and for predated retirement from work;
- ◆ *Helsinki Sokos* carried out a development project, which aimed at developing services and co-operation, as well as at improving the economic result by paying attention also to the promotion of interaction between workers of various ages;
- ◆ *Pohjola Tourist Coach Ltd* carried out a project, which aimed at increasing customer satisfaction and well being at work as well as at decreasing sickness leaves. With the help of the project the aim was to increase sharing of experiences and knowledge between two generations;
- ◆ *The municipality of Kestilä* carried out a project, which was directed

at developing and re-organisation of old people's care. The project increased the personnel's self-guidance and multi-skills and developed the contents of work as well as improved the co-operation and relationship between various personnel groups;

- ◆ *The towns of Kouvola, Kuusankoski and Anjalankoski and the municipalities of Elimäki and Iitti* carried out a basic analysis, which mapped out the problems and development needs in food service personnel's occupational management and work abilities. The aim was to develop coach-like supervision of work as well as to adopt team and process work. The ageing of the personnel and the diminishing of work abilities were balanced for example by developing work processes so that the workload was diminished and by strengthening the personnel's skills;
- ◆ *The municipality of Pulkkila and Siikalatva Federation of Municipalities* carried out in their health centres a development project, which touched the ageing workers' situation in the decreased resources and increased pace of work;
- ◆ *The city of Tampere* carried out a project, which aimed at the redefining of work and teamwork. Attention was also paid to age-management and to the development of actions maintaining work abilities as well as to the starting of supplementing vocational training;
- ◆ *The town of Vaasa* carried out in its social affairs department a food services development project, in which an action network was created and the self-guidance of workplaces was supported as well as the development of teamwork. The project also paid attention to older people's managing at work by creating possibilities for work rotation;
- ◆ *Karl Fazer Ltd, Enso Ltd Imatra Factory, the town of Jämsä, Nokia Tires Ltd,, Orion Group Ltd, Tieto and Uusimaa Federation* carried out a development project, which aimed at creating the concept of good and equal work community. Equality was defined widely to cover gender equality and also equality between workers of different ages;
- ◆ *Everyone in Shape project (2002-2004)* aimed at establishing well-being at work activities as a part of management and everyday life in working places and supporting ageing workers to continue longer in working life. The programme was aimed at state offices and institutions;
- ◆ *Into Working Shape Special Project (2002-2004)* aimed at improving the quality of working life. Ageing workers were especially encouraged to continue in their work by organising education, by arranging good occupational health care and by dealing with problems in work abilities. The growing number of pensioners was also seen as a skilled labour force reserve.

The renewed earnings-related pension rehabilitation was seen as a successful action, which benefited both the workers and the employers. Earnings-related pension rehabilitation is in practise based on the co-operation between the individual, the company, and the occupational health care and work pension insurance companies. The project's role was to ensure that all parties understand the meaning of the rehabilitation reform and the threat of working disability in the same way.

Good example of promoting equality and diversity in workplaces:

Mosaic Project in Finland (2001-2004) was wide-based equality and diversity project with the participation of all Finnish labour market organisations, eight work communities, two universities and private experts. In the framework of the project the equality was understood not only as equality between sexes, but also between different age groups and ethnic origins.

Mosaic dealt with the diversity in working life and how to benefit from it by diversity management and knowledge. Diversity management meant appreciating the skills of different people and the know-how to use this diversity in workplaces. Labour market organisations think that benefiting from diversity is one of the future challenges also in Finland, since labour force will continue to diversify for example due to immigration and the growing number of ageing people.

Good example of using mentoring as an instrument for promoting equality in working life:

The use of mentoring on the organisational level **in Finland** showed that learning together with different generations, respect for each other and ensuring equal treatment at work, serves not only work management and individuals managing at work in the constant changes, but also the transferring of information and experiences from one generation to another. Through mentoring, the 'silent' knowledge of ageing people is therefore passed on younger people.

Good example of labour service functioning: The Kouvola Region Labour Centre in Finland is a co-operative action model. The Centre has co-operation with:

- ◆ Companies, societies and employers in the region;
- ◆ Various organisations and service producers;
- ◆ Other labour service centres.

The task of the Centre is to offer customers support in job search and in life management, as well as to offer versatile rehabilitation and activation services. The objectives of the Centre are:

- ◆ Reducing structural unemployment;
- ◆ Increasing customers' working abilities and functionality as well as increasing active life and participation;
- ◆ Reducing income support and labour market subsidy costs based on unemployment.

The municipalities and the labour administration fund their own personnel's wage costs. At present the Labour Service Centre has 810 customers and 34.3% of all are over 50.

Promoting equal opportunities for ageing workforce in Germany

The majority of the Federal Programmes and other interventions launched in Germany, as it is mentioned in previous part, contain measures which directly or indirectly contribute to equal treat of the ageing workforce and to improve their situation in the labour market.

- ◆ *The Federal Programme "Perspective 50 plus"* serves the improvement of the employability changes and the professional integration of the older long-term unemployed people.
- ◆ *The Federal Programme "Know-how for Initiatives"* aims to create a new responsible role for the older people facilitating the passing on their know-how.
- ◆ *The Federal Enquete-Commission on Demographic Change (since 1992)* dealing with the challenges of the demographic change, was appointed with the enhanced request of processing and evaluating the social key data beyond the year 2030. In its reports, additional topics were presented: migration and integration, health, care and social services, and old-age provision. The older generation is considered as human capital, on which the whole society lives. Therefore the negatively accentuated image of

older people should be revised in economy and industry, as older people play an important role as consumers and high performers.

- ◆ *The 5th Federal Commission for Reporting on the Situation of the Older People (2003 – 2005)* follows and analyses the situation of the older people in each legislative period.
- ◆ *The Public Relations and Marketing Strategy (1999 – 2003)* served the purpose of sensitising and mobilising the public and local labour market actors for the problems of older workers in the regions. Initiatives for the unemployed and people threatened with unemployment were encouraged and accompanied.
- ◆ *The project Proage – Benefit From Experience (2001-2003)*, conducted by the Confederation of German Employers' Associations in association with:
 - The Bertelsmann Foundation,
 - The Danish Employers' Association,
 - The General Employers' Association Netherlands,
 - The Irish Business and Employers Confederation.

The project examined the fundamental questions of how to retain older people in the workforce, how to ensure the employability of older people and enhance their employment opportunities, and how to address the skills' shortage.

- ◆ *FAIR plus network of regional players in the field of employment policy in the Nuremberg region* aims to support new and innovative solutions for eliminating inequalities and discrimination in the labour market, including enterprises, employees and unemployed people alike.

Good examples of an integrated action for improvement of working life quality:

Siemens AG in Germany has developed its model “**Competence Development and Health – The Most Important Fields of Activities Facing Ageing Staff**”. According to the Works Committee of the company, employees and company have to reach upon the challenges of ageing of the workforce in the company in order to maintain competitiveness, performance and productivity. Economic success and individual employability (well-being, good communication, work-life-balance and “up-to-date qualification”) depend on each other, according the company’s concept. This casual connection was considered to be of vital importance.

From the point of view of the works council, the aim of this concept must be a health and competence management, which helps to maintain, improve, enhance and encourage managers and employees. The fields of actions (based on INQA-Memorandum), which are designed, are related to: health and work ability for all employees; labour organization and job design according the needs of the age of the employees (working time, career planning); leadership and adjusting corporate culture; qualification, continuous education and lifelong learning, as well as knowledge management; personal policy and recruiting policy and corporate culture regarding corporate communication, corporate policy and mission statement.

Good example of improving working life quality through inclusion and reshuffle of older employees:

In 2001, **The Ford-Werke plc in Germany** has launched a programme called **FILM** in order to utilise the skills of 500 employees, who could no longer be deployed at their positions at the assembly line due to health reasons. A range of actions were taken into the framework of the programme, such as:

- ◆ Constitution of an integration team with representatives of all concerned groups (disability management team);
- ◆ Integral studies of work and employees with the profile comparison practice IMBA;
- ◆ Occupational medicine checkups with functional performance tests and partly with the work simulation practice ERGOS;
- ◆ Implementation of the findings into the technical workplace design.

Employee surveys (questions concerning the personal opinion about the state of health, social support and general satisfaction) and foreman surveys (concerning the personal development) identified additional integration problems. These facts resulted in appropriate measures for about 100 employees (work accompanying exposure training, gradual reintegration according to the so-called Hamburg model etc) and consulting of the employees by a social worker. As a result, two thirds of the 500 employees were re-integrated into the production line whereby the remaining employees could also casually benefit from the pre-emptive measures.

Good example of a holistic approach for improving working life quality:

The ‘**Sanitary Heating Climate Enterprise Rolf Kirchgäßner Ltd.**’ in **Freudenberg, Baden-Wuerttemberg – Germany**, intended to deal in time with the risks of an ageing staff. The crafts enterprise was ready to maintain the work performance of the employees by several measures combined in a bundle. At first, a workshop was conducted to sensitise the employees for health risks. Central question was how stresses and strains could be reduced and how the prevention of accidents could be improved.

The workshop was the kick-off meeting for a new suggestion scheme. Even grounded routines were put on the test bench. One of the direct results was the introduction of suction cups for carrying glass walls. But also profound changes were induced, such as the implementation of a weekly back exercise as well as nutritional consulting by the health insurances. The joint back training programme was especially attractive, even though the activity was offered in spare time.

Another key instrument was continuous training in order to employ older workers successfully until retirement. The enterpriser introduced a training bonus for the purpose of increasing the motivation of employees, who had not been learning for a long time. The bonus is disbursed when an employee has upgraded themselves at least twice per year. As result, the working conditions were improved, absences reduced and the working atmosphere in general was improved.

Good example of promoting equality in working life: **The Metro Group in Germany** has implemented the programme called: “**Integration management**” aimed at the integration of severely handicapped people in the employment, as well as in the prevention of diseases facing an ageing workforce by the implementation of appropriate workplaces and constitutional working conditions.

Among the actions taken are:

- ◆ Integration arguments managing the collaboration between employer, staff association, representative of handicapped people and integration office;
- ◆ Training of executives in the practical implementation of the integration measures; development of health promotion guidelines, etc.

Good example of providing better employment services: In order to support the employment of senior people and to reduce the prejudices among employers, **Zeit-sprung - recruitment agency for people aged over 40** was established (2003) **in Germany** through a private initiative. The agency consists of 3 pillars: recruitment, business start-up consulting and franchise brokering.

In addition, the agency caters for the further education and qualification of its customers. The agency has developed a special selection process with aim to achieve the optimal result for the job-seeker, carrying out a multi-mode interview and creating a requirement profiles in close collaboration with the customer.

Measure 3 Promoting better working conditions and health, maintaining work ability

Given that many older workers cite health problems as one of the reasons for withdrawing from the labour market, improving working conditions will play a key role in encouraging longer working lives. All countries have in place regulations and procedures to ensure that minimum standards in terms of working conditions are respected. Increasingly, measures are focusing on the needs of older workers and ways to improve working conditions for this group.

All EU and OECD countries are striving to improve occupational health and safety standards as well as to disseminate best practice and to carry out research to identify areas where further improvements can be made. Prevention is also another important avenue for promoting longer working lives, not just by reducing the risk of occupational injuries and diseases but also by tackling those factors outside of work which may be leading to poor health.

In this framework and according to the context of Finnish National Programme on Ageing Workers; the concept of work ability is introduced as a sum of factors relating to both the individual and work that are important for the individual's ability to perform in working life. In this sense, the views on factors influencing on work abilities have become more diversified. Although work abilities are individual characteristics, they include:

- ◆ Physical health;
- ◆ Psychological and social functionality;

- ◆ Vocational skills;
- ◆ Factors influencing on values and attitudes towards work;
- ◆ The contents and demands of work;
- ◆ Work conditions;
- ◆ Work community;
- ◆ The organising of work as well as supervision and management of work.

Actions maintaining work abilities have been started at European level as a result of different longitudinal studies, which have recognised the factors influencing on ageing workers, improved and weakened work abilities. The goal is an early prevention of those factors and conditions at work, work environment and in employee's health and functional capacity, which, if continued, would lead to working disability. This is a way of supporting ageing workers' work abilities so that the predated working disability pension would not be the only alternative. Hence if work abilities have for some reason weakened or if the demands of work have increased, then the threat of overload is clear.

By influencing working conditions it is possible to maintain and promote health, security and work abilities and reduce occupational hazards, occupational illnesses and other work-related health problems. According the experience, this can be reached by strengthening the abilities, knowledge and willingness of workplaces to take care of the occupational safety issues on their free will so that also the workers' job satisfaction and productivity increases.

Measure 3: Policies and other interventions at national level

Improving occupational safety and maintaining work ability in Finland

The activities maintaining working abilities are a Finnish innovation. The activities maintaining working abilities were started when the central labour market organisation agreed on a recommendation for organising activities maintaining work abilities in workplaces alongside with the 1989 income policy agreement. Actions maintaining work abilities were also involved in the occupational health care legislation in the early 1990s and thus it became a part of the statutory contents of occupational health care. From then on, these activities have also been carried out as a part of occupational safety and personnel's development programmes.

In 2004, the Ministry of Social Affairs and Health produced *the Occupational Safety Strategy*, which aims at maintaining and improving people's work and functional abilities so that untimely retiring from working life decreases.

The Occupational Safety and Health Act (23.8.2002/738) concentrates on improving working environment and conditions in order to secure and maintain work abilities as well as to prevent physical and mental health problems related to work or work environment. The law says that employers must consider all factors connected to work, work conditions and work environment as well as those connected to workers' individual qualifications. Employers must have programmes, which promote occupational safety and health and maintain workers' work abilities, and these programmes must cover work conditions development needs as well as the factors influencing the work environment. Employers must take into consideration the work and nature of tasks and based on these find out possible hazards and dangers and evaluate their significance to occupational safety and health. Therefore, the law obliges employers to take into consideration workers' ages for example. Chapter 5 of this act refers to work and work conditions and their ergonomic conditions as well as the physical, mental and social load.

The Occupational Health Care Act (21.12.2001/1383) issues the employers a duty to provide occupational health care to prevent health hazards and problems caused by work and working conditions, to protect and promote occupational safety, and abilities and health. The Act aims at promoting, by the co-operation of the employer,

- ◆ The worker and the occupational health care,
- ◆ The prevention of work-related illnesses and accidents,
- ◆ Improvement of healthy and secure work and work conditions,
- ◆ Workers' health as well as work and functional abilities during the various phases of the work career and the functionality of the workplace.

The National Working Life Programme in Finland promoted a number of projects aimed at strengthening work abilities of ageing workers. Examples of such projects are:

- ◆ *Nokia Footwear Ltd*, which developed work methods for assembling work and hand tools in order to decrease the workload and sickness leave and for promoting ageing workers working abilities;
- ◆ *Oras Ltd* carried out a development project which searched new solutions for maintaining the personnel's work abilities and for preventing early retirement from work by founding a 55+ seniors club which aims as supporting managing longer at work;
- ◆ *Medivire Occupational Health Services Ltd* carried out a development project, which aimed at improving the company's competition skills and ageing workers' work abilities. Based on a questionnaire and its results

on work abilities seminars were held in order to plan actions maintaining working abilities;

- ◆ *The city of Kuopio* carried out a development projects within the town's home care. The project put into practice the town's personnel strategy. It aimed at decreasing sickness leave and at postponing early retirement from work;
- ◆ *The towns of Kuusankoski, Jämsä, Kerava and Kotka* carried out a basic analysis, which mapped out workers' working abilities and factors influencing their working abilities;
- ◆ *The city of Tampere* carried out a project, which aimed at the redefining of work and teamwork. Attention was also paid to age-management and to the development of actions maintaining working abilities;
- ◆ *The city of Vantaa* carried out a social affairs and health department project which surveyed the combination of home health care and home help and its advantages and disadvantages. Due to the personnel's high average age the project paid attention the personnel's work abilities.

The National Age Programme was built around work ability and employability. The programme included a variety of projects and actions related to employees' health, their coping at work and improvement of their skills. The National Age Programme and Finnish Institute of Occupational Health research have a **Tyky barometer**, which is following the execution, functionality and contents of the actions aiming at maintaining work abilities at workplaces.

The project "**Work ability is created together**", was a part of the National Age Programme and it was carried out by the Finnish Institute of Occupational Health and chosen organisations in 2001–2004. The aim of the project was to promote ageing personnel's work abilities and managing at work in small and mid-sized companies. The goal was to find working models and solutions, which will improve ageing workers' possibilities for success and for managing at work until the normal old age pension age. Furthermore more discussion was encouraged concerning ageing people's situation and as well as the introduction of the concept of maintaining work abilities and make it more pronounced in workplaces.

Twenty SME's took part in this project and they carried out various development actions according to the goals. Development actions that were carried out were for example:

- ◆ Unprejudiced employment of ageing labour force;
- ◆ Easier work conditions;
- ◆ Work rotations;
- ◆ Increased flexibility in working hours;

- ◆ Adopting age-suitable technology;
- ◆ Creating an atmosphere of respect for older workers;
- ◆ Organising education especially for ageing workers;
- ◆ Intensified health check-ups;
- ◆ Preventive actions aimed at maintaining work abilities;
- ◆ Better possibilities for part-time pensions, rehabilitation and job alternation leaves.

Activities aiming at maintaining working abilities - **TYKY activities** - were started in 1989 in connection with the collective income policy agreements in labour market organisations, which gave a recommendation for organising TYKY activities in workplaces. In the early 1990s TYKY activities were also included in the occupational health legislation and so they became part of the statutory contents of the occupational health. From thereon TYKY activities have also been a part of occupational safety and personnel's development programmes.

TYKY activities are a Finnish innovation and they mean activities with which the employers and the workers form co-operation organisations together with the aim of promoting and supporting every employee's work and functional abilities throughout his/her whole working life. Work abilities are evaluated in relation with individual's resources and the demands of work. The resources include health and functioning abilities, education and skills, values and attitudes as well as motivation and job satisfaction. TYKY activities, when carried out expertly and in an enduring way, support in their part managing at work, maintaining work abilities and preventing working disabilities. They also improve companies' profitability and functionality.

The aim of TYKY activities is to, as early as possible and in a preventive way, deal with those factors and conditions at work, in the work environment and in workers' health and functionality, which could, if prolonged, lead to working disability. In practise TYKY activities are companies' own activities and co-operation between the employer and the personnel, which is supported by expert organisations. TYKY activities are in practise measures aimed at developing work and work environment, improving the functionality of the work community and work organisations and promoting workers' health and vocational skills. TYKY activities are closely connected to the well being at work, managing work and promoting health at work.

The Finnish National **Veto Programme** (*Pull Programme*), carried out by the Ministry of Social Affairs and Health, is continuation for projects aimed at developing the Finnish working life, for example the National Age Programme and Managing at Work Programme. The aim of the project is to

maintain and promote the pull of work and working life. Also labour market and entrepreneurs' organisations, the Ministry of Labour, the Ministry of Trade and Industry and Finnish Institute of Occupational Health are participating in this project.

This action programme will be carried out in 2003-2007 and concentrates on managing at work and in lengthening working careers. It deals with factors that influence an individual's maintenance and promotion of working abilities on:

- ◆ Prevention of exclusion from working life;
- ◆ Prevention of predated work disabilities;
- ◆ Improvement of possibilities for returning to working life.

The programme aims at getting young people to start their working career earlier and to encourage older people to stay longer in working life. By taking care of workers' safety, health and well being it is possible to maintain work abilities throughout the whole working career.

In 1990-1996, the Finnish Institute of Occupational Health and the Finnish Work Environment Fund carried out a programme called **Respect for the Ageing**, which promoted ageing workers' health, work abilities and well being at work. Within the programme several publications were printed and they dealt with, for example, ageing people's work, retirement, work abilities, workload, working hours' legislation and age attitudes.

Good example of improving work ability at workplace through cooperation between employers and personnel:

TYKY activities in Finland are basically own activities in each workplace and they are carried out as co-operation between the employer and the personnel. Most expert organisations, such as occupational health care, have participated in starting and supporting these activities. Thus the responsibility for these activities belongs to everyone- the employer, the management, and the co-operation organisations in workplaces and the personnel groups as well as to the individual worker.

TYKY activities have spread to workplaces rather slowly but they broadly still cover most wage earners and their workplaces. The slow spread of these activities is due to the fact that at the time when this contract was made, there were no means for carrying out these activities in workplaces. The main part of the development of TYKY activities is directed at increasing vocational skills and knowledge, supporting psychological managing

and at the changes in the contents of the work and at the re-organising of work.

For example, companies have offered employees vocational further education and management training, improved the ergonomics of workplaces and promoted and maintained physical health by organising common physical exercise possibilities and fitness tests. Many experiments at workplace level have shown that if employees' health and functional capacities are improved simultaneously and in a co-ordinated way, together with the working environment healthy and safety, and the working community, the result can be seen clearly in working abilities.

Good example of promoting work ability at local level: In the local council of **Kuusankoski, Finland, the Workplace Health Promotion (TYKY) activity for the personnel** is implemented. The main activities that are developed for the personnel are: working capacity comprises health, functional capacity, skills and motivation to work. Good physical functional capacity is an essential factor in the employee's working capacity and organised activity to maintain and improve the functional capacity of the personnel at the town of Kuusankoski started in 1997. The WHP plan includes two sectors: Physical functional capacity and Development of the personnel. Four departments co-operate in the planning of WHP measures: Safety of work, Personnel management, Occupational health and Sports department. The number of personnel of the local council is 1131 employees and about 1/3 of the personnel will retire within the next 10 years.

Good example of developing new models for improving working ability at small workplaces:

In 1999-2002, the **Finnish Institute of Occupational Health** co-ordinated a project called **Working Ability is Made Together**. The project took the "age programme" to workplaces and at the same time produced new models for small workplaces with the aim at improving ageing workers' working abilities. About twenty companies participated in this project competed with each other in order to find the best ideas and solutions for ageing people's continual participation at work. The idea was that companies would take activities maintaining working abilities as a natural and systematic model, which can be used in other companies as well.

Maintaining work ability in Germany

The majority of the Federal Programmes and other interventions that have been launched in Germany, as described above, contain measures which directly or indirectly contribute to improvement of the working conditions and the abilities of ageing workers. For example, the ***New Quality of Work Initiative - INQA*** – offers a very broad range of activities for companies and individuals with aim of promoting a ‘new quality of work’ for older workers. Some of the main ingredients of the programme regard activities on health protection and improvement of workplace.

Good example of rehabilitation for older employees: The vocational specific rehabilitation programme addresses enterprises of all sizes in **Trade and Building Industry in the federal state Schleswig-Holstein, Germany**. The measurement serves the improvement of the professional performance and the assurance of the ability to work. The recruitment is conducted by the Occupational Medicine Services of the building industry.

The rehabilitation measurement lasts three weeks and comprises an intensive, active medical and sport training programme with activities such as walking, medical training therapy (with sport equipment), morning gymnastics, training in the sports hall, relaxation, and social consultancy. The programme includes a ten-hour ergonomics course at an ‘exercise building lot’ with tools and equipment that are typically for construction sites. The results expected regard the increase of the physical and with it the professional performance, the modified sport spare time behaviour as well as application of ergonomically adapted work procedures.

Good example of prevention approach on work ability: The **Thuringian mechanical engineering company DEGUMA Schütz Ltd in Germany** began to prepare its staff (40 employees) for the demographic change through the programme “Promotion in time”. An age structure analysis showed a demography-based call for action. Although the average age of 37 was rather young, statistical data proved that especially the permanent stresses and strains in this industry sector leads to preterm disabilities, early retirement and fluctuation towards other vocations.

By in-time prevention, the managing director aims to assure the working ability of the staff until retirement as well as to maintain staff retention. The

health promotion programme comprises a bundle of different measures, such as: ergonomic workplace design (sitting and standing workstations, air cushioned shoes for standing workers); sensitization and qualification of the employees for health questions by books and lectures and establishment of a rest room, in which elements of the magnet-resonance therapy can be used in order to promote the regeneration of the musculoskeletal system and to relax the user in general.

Good example of health protection initiatives: Since 2002, the **Sanitation-Heating-Climate Enterprise Meuser in Germany** (21 employees including two apprentices) have cared for an integrative working process for more motivation and less strains in order to keep the personnel healthy until the retirement age. As the company is specialised on just in time rebuilding and sanitation, personnel fluctuation and employees calling in sick stress-related were rather unfavourable. These occurred, nevertheless, due to the fact that orders were processed by several employees simultaneously and the communication between indoor and outdoor service was insufficient.

Together with further health strains it appeared to be difficult to retain employees until retirement. Supported by the Demography Initiative of the Central Organisation Sanitation-Heating-Climate and the Mönchengladbach Institute for Work System Design and Personnel Management (IAP), task analyses, one-on-one and group interviews were conducted. Moderated workshops followed, in which a range of measures were developed and implemented, such as:

- ◆ Qualification of the customer service technicians concerning the EDP-based billing and implementation into the whole order cycle (scheduling, execution, billing etc);
- ◆ Implementation of a weekly team meeting for indoor and outdoor service employees in order to communicate and coordinate problems;
- ◆ Organisation of an expedient job rotation between indoor and outdoor services;
- ◆ Reorganization of a workplace shared by outdoor service employees on indoor service days;
- ◆ Implementation of a short-, medium- and long-term training plan regarding the choice of the staff, etc.

For the implementation of the integral work and health protection, the enterprise received the Best-Practice-Award 2003 of the initiative “Working Healthier in North Rhine-Westphalia”.

Good example of health management: **The Brose Company in Germany** through its “New Brose Organizational Model” looks for possibilities and arrangements to guarantee that the status of illness will not grow in the future. Therefore the company works together in a team with medics, psychologists, occupational safety specialists, human-resources representatives and the works council.

This research group is responsible for a strategy to manage the problems of demographical change. They noticed that only a mix of junior and senior employees with expert knowledge could increase the efficiency of the team and subsequently they started a campaign “Searching for seniors”.

Pillar IV

Promoting public debate. Maintaining active and independent participation of older people in the social life, ensuring their social integration

Active ageing is also more than just about work. Prolonging working life is only a part of the larger circle of activities which constitute active ageing. In this framework a larger set of options could be formulated in addition to the prolonging of working life, and ensuring the active participation of the older people in the social life. What is needed is “combined policy-making” in which different strands of government are drawn together. The policies regarding the ageing of population should include both measures for the working life and policies for the maintenance of their autonomous and independent participation/integration in the society, including participation in the decision making process, in different voluntary activities, etc. Additionally, promoting activities/initiatives that may not directly refer to the working life of ageing people such as research activities, creating networks etc., will benefit the ageing people in long-term period.

In this framework, governments should promote the cooperation between different actors – employers, social partners, local and regional authorities, NGOs, for example, by:

- ◆ Publishing good practice guides,

- ◆ Spreading information about successful initiatives,
- ◆ Disseminating age awareness literature and course material
- ◆ Funding for NGOs to develop pilot projects.

Furthermore, networks with the strategically important health and social care sector must be promoted. Localised, bottom-up initiatives should also be encouraged, e.g. community work, participation in third sector activities, etc. Activities for exploitation of the third sector activities as potential for both job creation and participation in social life should be supported.

Design of an age-awareness policy at all levels of organizations could be introduced aiming at implementation of initiatives to combat age barriers, implementation of a public awareness and network campaigns should be promoted. Also, governments and local authorities should support conduction of research in problems associated with ageing and of analysis regarding the situation of older workers in the social and economic life.

It needs to be noted that such activities have been included in the majority of the policies, measures and programmes, mentioned in the previous pillars of this strategy. In this pillar four measures are distinguished, as suggestive fields in which development of actions is required. Moreover, some examples of policies and tools are presented, together for all measures of the pillar.

- Measure 1** Policies for the maintenance of autonomous and independent participation of older people in the society, including participation in the decision making process, in different voluntary activities, etc.
-
- Measure 2** Providing the cooperation and networks between different actors – employers, social partners, local and regional authorities, NGOs and health and social care institutions
-
- Measure 3** Promoting the research (on themes) in problems associated with the situation of ageing workers and older people in the social and economic life.
-
- Measure 4** Promoting the public debate. Promoting age management strategies and knowledge on the age theme.

Policies and measures at national level

Promoting public debate, cooperation and research on ageing issue in Finland

The development of *the National Working Life Development Programme as well as of the National Age Programme in Finland* was based

on systematic research activities, while cooperation and networks are created, conveying know-how, expertise and international information exchange. The programme is also based on the cooperation, debate and continuous communication of all parties concerned – employers, workplace's managers, personnel, researchers, experts, social partners, as well as public officials, labour market parties and policy makers. The involvement of all actors is regarded as the most effective way of creating new and innovative solutions for working life.

In 2002-2005 the local authorities developed a project on improving working life through the cooperation between the Association of Finnish Local and Regional Authorities, the Local Authority Employers and the Local Government Pensions Institution.

- ◆ The aim of the project *Good Shape activities in Finland* is to promote the debate with municipalities and regional associations and help them to prepare themselves for the competition of qualified labour force;
- ◆ *Municipal Work 2010* is a longitudinal survey, which collects information on well being at work, the changes in well being and actions required in municipal work;
- ◆ The *KESTO activity programme in Finland* aimed at lengthening the Finnish work careers, based on research results. The programme activity was carried out in two phases, first by collecting and analysing research information from working life and then by creating suggestions for actions. The Finnish Centre for Pensions has carried out a research project, which examined early retirement and the characteristics of the retiring people. The aim was to map out the characteristics of the retiring people and the changes, which have happened in the 1990s. The aim of the project was to also find such critical characteristics, which predict individuals' retirement on certain predated pensions, and to find out how common these characteristics are among the population;
- ◆ The Finnish Institute of Occupational Health is carrying out a programme called *Changes in Working life, Flexibility and Well-being at Work (2003-2007)*, which is going to produce, collect and spread research information and good practises on the changes in working life and labour force structures. Research information and recommendations on good practises are needed for facing the changes in working life, since they can promote and maintain well-being at work.
- ◆ *Work/Life Balance Programme in Finland* was carried out as a cross-scientific programme, which consists mainly of research and development

activities and wide-based networking between various parties both at the national and at the international scale. The aim of the programme is, through new practises and procedures, to support the compatibility of work and family life, to promote equality and diversity in working life, to improve people's welfare and life quality, to support lengthen working career.

- ◆ In 1998 the *Academy of Finland started the Research Programme on Ageing*, which aimed at strengthening the basic and applicable research of ageing in Finland and at increasing co-operation between various research fields. This three-year-programme was carried out in 2000-2003 and was carried out by the Academy with the cooperation/participation of a range of other relevant organisations and Ministries.

The general goal was to produce information, which will help the society to meet the challenges brought on by the ageing of the population. Within the framework of this programme 21 research projects were carried out. Also Finnish universities have carried out research projects concerning ageing workers. One example of them is a project carried out in 2000-2001, called *Employment Rate of Ageing People and Factors Influencing on It*. The research project was connected to the ongoing debate on ageing people's low employment rates. The starting point of the project observed that more information is needed on the factors influencing ageing people's employment and employability since the labour force is rapidly ageing.

- ◆ In the framework of the *Activity Centre Etappi for disabled people's associations, support*, information and employment opportunities for older people are provided. Moreover, the capacity of social capital is exploited through the encouragement of voluntary work and activities in social economy sector.

Promoting public debate and networks in Germany

In recent years the ageing process have consisted a challenge for the enterprises, citizens and policy maker in Germany. A number of initiatives were developed in order to face the ageing issue. **The initiative "Experience is Future"** (since 2005) was launched by the Federal Government aiming at initiating a societal debate about the chances of the demographic change and actuating the necessary change processes. The initiative is open for partners from the field of economy, science and society. **The Federal Programme "Know-how For Initiatives"** (since 2002) in Germany initiated by the Federal Ministry of Family, Seniors, Women and Youth aims to create

a new responsible role for the ageing people, facilitating the passing on of their know-how.

The logic of the programme is that the potential of older people, their contribution to the societal life as well as their creativity and innovative strength shall become more acknowledged and shall benefit the young. Aiming at promoting policies for the participation of older people in the social life, as well as at promoting the public debate, since 1992 the German National Parliament has appointed an **Enquete-Commission on Demographic Change** dealing with the challenges of the demographic change. The Commission consisted of 16 representatives from all parliamentary parties and ten researchers. The **5th Federal Commission for Reporting on the Situation of the Older People** (2003 – 2005), aiming at continuous support of age political decision-making processes, presented a report on the situation of the older people in each legislative period.

The **Public Relations and Marketing Strategy in Germany** (1999-2003) served the purpose of debating with, sensitising and mobilising the public and local labour market actors for the problems of older workers in the regions. Initiatives for the unemployed and people threatened with unemployment were encouraged and accompanied.

In order to promote the debate on ageing issues, the Confederation of German Employers' Associations, in association with the Bertelsmann Foundation, the Danish Employers' Association, the General Employers' Association Netherlands and the Irish Business and Employers Confederation, initiated and conducted the project "**Proage - Facing the challenge of demographic change**" from 2001 until 2003.

In the face of a declining and ageing working population, the project examined the fundamental questions of how to:

- ◆ Retain older people in the workforce;
- ◆ Ensure the employability of older people and enhance their employment opportunities;
- ◆ Address the skills' shortage.

In the framework of the **FAIR plus** (since 2005), support is given to new and innovative solutions for eliminating inequalities and discrimination in the labour market, including enterprises, employees and unemployed people alike.

Concluding remarks

The ageing of the population and of the workforce consequently, is an important issue for the EU countries. Future economic development, competitiveness and living standards will depend on how effectively European countries can manage and utilize their human resources. In the past decade the majority of the European governments have taken various measures in order to face the challenges of the aging process, however, much of the efforts have been focused on the pensions systems. Nevertheless, the experience of some countries clearly reveals that coordinated and comprehensive age-friendly strategies implemented through a broader cooperation among all relative actors is a more effective way for promoting the retention of the ageing people into employment.

The five countries participating in the project “*Transnational Exchange for Active Ageing*” also face a range of problems and challenges, arising from the population ageing. The project shows that in two of those countries (Finland and Germany) a wide variety of policies and initiatives have been implemented. Especially the Finnish approach, is an example of an integrated public policy for ageing workers, as this is also recognized in the existing bibliography. Finland, Germany has a range of initiatives targeted at the employment of ageing workers, despite the fact that these initiatives are not centrally coordinated and arranged by particular legislation or national action plan.

In contrast, in the other three participating project countries (Bulgaria, Cyprus and Greece) the policy and the measures regarding the ageing issue are very limited. Regarding the type of initiatives implemented in the participating countries, a range of possible interventions have been identified, ranging from limited, narrowly focused measures to more comprehensive management practices directed at all aspects of the working life and focused on the whole personnel regardless of age. The existing experience and the relevant studies showed however, that for countries and companies with little experience in age management, the priority should be to design, (initially) small-scale, very specific initiatives (such as the abolition of age limits in recruitment, or organization of training programmes) and gradually build them into a more comprehensive strategy.

Moreover, the importance of the policy context for the development of initiatives on age management has also been clearly illustrated by the project. The governments occupy an important role with regard to combating age barriers: They may directly finance or subsidize initiatives, regulate the labour market or society in general, oppose age barriers, provide non-mandatory encouragement to employers to hire and retain older workers.

It is important to admit, that the success of any action in favour of ageing workers will depend crucially upon the government's ability to set and reinforce new rules, guidelines and appropriate incentives/disincentives and upon the companies and managers who will be asked to adjust their behaviour accordingly, as it is also recognized in the existing bibliography. Particularly, the role of the governments regarding the design of employment policy is crucial in the following aspects:

- ◆ Governments should not take any policy action which counteracts existing incentives for companies to retain staff and should remove age barriers in government job creation and training schemes;
- ◆ Governments could promote general employment policies which put greater emphasis on preventing unemployment and encouraging ageing workers to continue in employment. In general, governments could develop preventive measures for people in and outside employment;
- ◆ Governments should provide incentives to employers/enterprises to employ ageing workers through increasing government support for training and mobility, 'experience-rating' in social security schemes, whereby the contributions paid by employers increase according to the number of ageing workers they lay off, reducing separation costs in combination with tax bonuses for employers who hire older workers and subsidising wage costs or reducing social contributions/taxes.
- ◆ Governments could promote incentives aiming at enhancing/ensuring the employability/maintaining the working capacity of ageing workers and to encourage their participation in the labour force through stimulating investment in human capital (training and lifelong learning), in particular targeting individuals (e.g. through initiatives such as individual learning accounts and learning vouchers), introducing Active Labour Market Policies which may include vocational training for ageing workers in SMEs, job rotation, recruitment subsidies and wage safeguard for older workers, raising the quality of the workplace promoting health protection.
- ◆ Policy solution through the introduction of flexible, effective, integrated legislative arrangements, facilitating ageing workers' access to the labour

market and safeguard in practice their right to employment, adjusting pension system to discourage early retirement, developing flexible retirement schemes and promoting flexible working conditions. It needs to be noted that any abolishment of early retirement must be accompanied by a consequent consultation and placement of older workers. In addition any explicit restriction of the possibilities of long-term transfer benefits must support the employment of ageing workers by adequate instruments in order to maintain their quality of life;

- ◆ Companies should be encouraged to establish comprehensive action programmes on age and employment issues – by publishing good practice guides, spreading information about successful initiatives, disseminating age awareness literature and course material, actions to set a standard in training and particularly to encourage and assist SMEs in training, funding for NGOs to develop pilot projects.
- ◆ Governments could support awareness raising initiatives with the aim of reducing discrimination against older workers, of changing attitudes from a ‘deficit model’ to a ‘competence model’ and by promoting a ‘new quality of work’ for ageing workers;
- ◆ Governments should promote the cooperation between different actors – employers, social partners, local and regional authorities and NGOs. Also, conducting further research in problems associated with ageing should be supported.

Finally, the main factors for success of age management measures and practices, according to the existing studies, as well as to the recommendations of the project partners are: age awareness, particularly among human resources managers and staff representatives at all levels, management commitment and competence, careful preparation and planning of the policies and measures, continuous evaluation, as well as continuous communication, social dialogue and cooperation among all actors involved in employment issues.

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