INTRODUCTION

In Finland, the incentive for the implementation of a national programme for ageing workers (FNPAW) came from the rapid increase in unemployment of the age group 55-64. Earlier measures such as the widespread use of early retirement were seen to have positive short-term effects but potentially devastating long-term effects. Despite the demographic indicators (e.g. ageing population and deteriorating dependency ratio), the severe economic depression of the nineties had led to the introduction of early retirement and an emphasis on work opportunities for younger people. However, in the mid-1990s there was a consensus among key actors that human capital ("Experience is a national asset") is a key source of sustained growth and that a long-term strategy must bank on that factor. The Finnish National Programme for Ageing Workers was introduced in 1998 for a period of five years.

The FNPAW had to fight against prevailing attitudes and therefore needed a strong image campaign to prepare the ground for and back up its implementation. The FNPAW is an integrated programme tackling the interrelated issues of social security (including pensions and unemployment benefits), work ability (including retraining and rehabilitation programmes), and working conditions (including the improvement of working conditions in SME). The FNPAW is also integrated in institutional terms and involves three ministries (Social Affairs and Health, Labour, and Education) and the social partners.

1. THE FINNISH NATIONAL PROGRAMME FOR AGEING WORKERS 1998-2002

The main aims of the FNPAW are to promote the employment of those over the age of 45 and to reduce exclusion and premature retirement through a) the promotion of practical learning, b) the development of the links between health, education and working life.

The main target groups of the programme are people over the age of 45 (beneficiaries) and all parties who directly or indirectly influence the status of the over-45s in their working life, i.e.:  
- workers  
- managers and supervisors at workplaces  
- labour market organisations  
- staff at employment offices  
- teaching staff  
- staff of occupational health services and labour protection

The basic strategy of the programme is based on the three interlinked concepts of work ability (i.e. human resources and working conditions), employability (influenced by employment policy, exit policy, social and health services, prevention of age discrimination) and employment.

The FNPAW strategy is carried out through three main instruments:

a) R&D: a wide range of research projects have been launched within the framework of the programme. Based on the results of the research, experimental and developmental projects,
training projects and dissemination activities have been launched. The programme is also being evaluated in itinere.

b) education and training,
c) information.

The measures in the framework of the programme relate to: 1) developing work life, 2) promoting the return to work, 3) pension and other social security solutions to improve employment.


2. BACKGROUND AND POLICY CONSIDERATIONS

A special national programme for ageing workers was seen as necessary in order to meet the challenges of the forthcoming structural changes in the labour force and the weakening labour market status of ageing people. As pointed out by the Ministry of Social Affairs and Health, the programme is an effort that has been co-ordinated to improve the economic performance and labour market outcomes. It emphasises human capital as a key source of sustained growth. It is a complementary alternative to technological change.

One of the main strategies for enforcing labour market policy in many European countries in the past was to reduce the supply of labour by, among other things, directing older people towards early retirement (Offe & Hinrichs, 1984; Sihto, 1999). In Finland, early retirement has been an active policy for a long time beginning with the increasing use of disability pensions at the end of the 1960s and early 1970s. In the 1980s, the popularity of the unemployment pension increased as a result of rising unemployment among older people and the reduction of the eligible age from 60 to 55. In 1986, disability pensions were liberalised further and early retirement pensions were open to individuals of 55+. These age limits have since been revised to 60 and 58 respectively.

This strategy is becoming increasingly less attractive in Finland and in the European Union generally. Ageing populations, the growing cost of pensions and a potential shortage of labour in the future all make a new approach advisable. The European Union has called for new policies to prolong the participation of older workers in the active workforce. Finland is one of the first countries in the European Union to have actively reversed their policy on ageing workers although this reversal in policy was and remains controversial. As Matti Sihto (1999) points out, it has been argued that whereas labour market policies to reduce unemployment by maintaining and reintegrating older workers into the workforce have not been very successful in the past, early retirement has. However, he also argues that measures aimed at working life and older people who are still employed are necessary whether early retirement remains an option or not. He also points out that while early retirement as a temporary measure to combat unemployment has positive effects at first, it also has negative effects which appear

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2 Robert Arnkil, Jamo Nieminen: National Programme for Ageing Workers, Finland. Presentation and Assessment of the Policy as a Basis for Review by Peer Countries
3 Rolf Myhrman, Ministry of Social Affairs and Health: Follow-up Report on the Programme for Ageing Workers 2000
more gradually. These include the disregard of older workers and an increase in unemployment among the elderly. Older people are under immense pressure to retire and “leave room for younger people” (whereby it is not guaranteed that a younger person will really be employed in the place of the older one). Sihto (1999) reminds us of the companies’ need for older workers and their skills (strategic and holistic thinking, prudence, capacity for reflection, commitment, loyalty, good attendance and work experience).

The question remains of how to replace early retirement policy. It is argued that labour market measures (subsidised jobs, training, counselling etc.) alone cannot possibly succeed and that economic policy measures (e.g. reducing employers’ indirect labour costs etc.) are also necessary. Health measures, especially for workers over the age of 55 and training measures related to basic professional skills and general education are also crucial to maintain the work ability of older employees. The wide range of measures needed shows why a broad partnership approach such as that underlying the FNPAW is necessary.

3. IMPLEMENTATION

Legal and financial aspects:
The FNPAW is based on a policy decision on the funding of the programme taken by the Council of State in 1997. 25 million Fmk (4.2 million Euro) was granted to the different ministries responsible for the programme.

Bodies responsible for implementation:
The overall responsibility for the FNPAW lies with the Ministry of Social Affairs and Health. However, the programme is based on co-operation and the responsibility for its implementation is shared with the Ministry of Labour and the Ministry of Education. The Ministry of Health and Social Affairs is responsible for projects in the health and work ability spheres, the Ministry of Labour for projects in the field of employment and the Ministry of Education for life-long learning. The FNPAW has a supervisory group in which the three ministries are represented. Also represented are the Ministry of Finance, the Ministry of Trade and Industries, the major labour market organisations, the Association of Finnish Local and Regional Authorities, the Institute of Occupational Health, the Social Insurance Institution and pension insurance companies.

Measures
The labour market organisations and government have agreed on the following measures aimed at encouraging ageing employees to remain in the world of work instead of retiring early. Most of these measures were implemented as of the beginning of the year 2000.

- Reducing the incentive to retire on an unemployment pension by lowering the level of unemployment pensions by a maximum of 4 per cent. At the same time, retiring on an unemployment pension was made easier in some cases.
- Modifying the funding of unemployment and disability pensions so that the cost liability of employers for pensions was increased, thus making the maintenance of the employment relationships of ageing employees, or the employment of ageing employees, more cost-effective for employers than at present.
- The age limit for individual early retirement was raised from 58 years to 60 years.
• The age limit for part-time pension was lowered from 58 years to 56 years with the aid of a law of a fixed duration, which will be in force until the end of 2002. The purpose of the part-time pension is to decrease the number of those retiring early.

• A law of a fixed duration prescribing that the pension of the 55-year old person taking a temporary job with a low pay will not go down was made permanent.

• The labour administration seeks to promote the employment of the ageing employees in the normal labour market by means of training and rehabilitation measures, and if this is not a successful course of action, by taking other measures to promote active employment.

• A programme was launched to promote well-being at work (see section 4.2). It covers, among others, physical and psychological well-being, health, the organisation of work and maintenance of professional skills. The National Programme for Ageing Workers and the National Workplace Development Programme were continued. The development of working capacity is monitored with the aid of a new working capacity barometer.

• The labour market organisations and employment pension institutions made an agreement to the effect that the right of employed persons to participate in an early rehabilitation assessment will be developed. The 58-59-year olds will be the first to take part in such an arrangement, and the aim is to extend the arrangement within the limits of resources so that it would concern all employees in 2002.

Two aspects of implementation:

The “Carrot Project” involved taking a sample of 25 SME with at least 40% of their workforce over the age of 45 and who are willing to invest in work ability. The “carrot” essentially involves the provision of help and advice to such companies, including an audit of their staff’s “work ability”, and a measure of the effectiveness of actions taken (at no cost to the company). The key actors in the process are: the firms’ management; the Work Protection Council (required in all Finnish firms); and Occupational Health Staff. The objectives of the project are: to increase individual control over work; to enhance feedback systems (changing management style is a key lever in the process); to provide opportunities for individual growth and development; and to develop participation in change management. Specific outcomes within the participating firms have included: improved feedback systems; the starting of development discussions; development of team co-operation; increased training opportunities; and supervisor training in leadership.

The Maintenance of Work Ability Barometer:
Activity to maintain work ability has been a concept for some ten years. The Work Ability Barometer was established out of the need to determine the extent, content and functionality of the activity to maintain work ability in work places. A major national survey of a representative sample of employees and managers, as well as providers of occupational health services was conducted in 1998 and is planned to be repeated. The barometer measured issues relating to: the development of the working environment; the development of work organisation; and initiatives for improvement of skills and functional capacity. Overall conclusions were that maintenance of working ability (MWA) activities are well established in all but the smallest organisations (3/4 of organisations report MWA activities in their organisations), and are seen as cost effective and contributing to business success. MWA programmes help to facilitate the recruitment of labour in times of shortage, and are important in the management process of senior employees.
Follow-up:

A group of specialists ensure the follow-up of the programme. They monitor the employment rate, the unemployment rate, and the early retirement rate of the ageing workers and follow up the FNPAW’s sub-goals, e.g. the improvement of work capacity and professional skills. The Maintenance of Work Ability Barometer (MWA-Barometer, in Finnish: TYKY-Barometri) has also been developed as a follow-up instrument. The ministries responsible for the implementation of the programme carry out their own follow-up studies on their own projects. The results of these studies have been published by the three ministries.

4. EVALUATION RESULTS

The goals according to which the FNPAW is being evaluated are listed by Arnkil and Nieminen5 as:

1. Raising the employment rate of the ageing workers
2. Raising the average pension age
3. Raising the share of the ageing in the measures of the labour administration
4. Spreading MWA or TYKY activities and enhancing the work ability of ageing workers
5. Raising the use of part-time pensions and other flexible working time models
6. Diminishing age discrimination and changing attitudes to be more favourable toward the ageing

Arnkil and Nieminen do not undertake an evaluation of the results of the programme for which it is in any case too early but concentrate on the – overall positive – changes that have taken place in the fields listed above and knock-on effects in other fields. They emphasise the fact that it is impossible to discern from the material available which changes are due to the programme and which are due to other factors such as the favourable change in the economic and labour demand situations. The programme appears to have “hopped onto a moving train” in the words of the experts. Nevertheless, without attempting to assess the impact of the programme, the following comments can be made on the above areas:

1. **Raising the employment rate of the ageing workers**
   The employment level of older workers was already on the rise when the programme was launched in 1998. The unemployment of older workers has also dropped since 1996. Although the prospects of re-employment of older workers have improved, the likelihood of an over-54-year old finding a new job is relatively small.

2. **Raising the average pension age**
   The average pension age is also on the rise and at 59 in 1999 had reached its highest point for a decade. Arnkil and Nieminen point out, however, that the real retirement age – including those retiring through the “retirement pipeline” – is rising more slowly and in fact the same as it was in 1989.

3. **Raising the share of the ageing in the measures of the labour administration**
   The goal of the FNPAW is to raise the share of older workers in active labour market measures to 10 000 over 50-year olds employed through the job-seekers allowance and 10 000 starting labour market training. The second target was achieved and the proportion of over 50-year olds (and even over 55-year olds) in active measures has risen between 1997 and 1999. However, the rate is still very low compared to younger people in measures and in relation to levels of unemployment among older workers.

5 Robert Arnkil, Jarmo Nieminen: National Programme for Ageing Workers, Finland. Presentation and Assessment of the Policy as a Basis for Review by Peer Countries.
4. **Spreading MWA or TYKY activities and enhancing the work ability of ageing workers**
   The maintenance of work ability is a central feature of the FNPAW. It covers not only health, lifestyle and occupational safety but also the development of professional skills, management and the working environment. In 1999, MWA activities in companies had risen since 1997. Arnkil and Nieminen quote the following figures for the period between 1997 to 1999: enhancing qualifications in workplaces has risen from 60% to 73%, enhancing occupational safety from 50% to 69%, fitness, well-being and health from 51% to 60%. They add, however, that the rise in occurrence may be explained by calling activities which previously had a different name MWA activities.

5. **Raising the use of part-time pensions and other flexible working time models**
   The number of part-time pensioners has risen sharply from 7000 to over 20 000 between 1997 and 2000. The proportion of part-time pensioners remains small compared to that of all pensioners however: 6% between the ages of 55-64 and 13% between the ages of 55-59. The popularity of other flexible working time models such as sabbaticals is also rising. The biggest hindrance seems to be the drop in income. A part-time bonus was adopted in 1994 and since then 50 000 people – especially women working in municipalities – have made use of it.

6. **Diminishing age discrimination and changing attitudes to be more favourable toward the ageing**
   Age discrimination is prohibited by law but is problematic to enforce and propagate. It is difficult to establish whether the programme has had any effect in this field but according to follow-up studies employers have reacted positively to the programme. The programme has no doubt at least raised awareness of the issue among the public.

Arnkil and Nieminen also list a number of other results and achievements of the programme. These include above all the successful carrying out of the measures specified by the programme. Although it is difficult to assess the impact of the measures (information, training, research and legislation), Arnkil and Nieminen – tentatively – state that the programme has reinforced existing functions and structures with regard to the age issue. In this respect, the programme is not particularly innovative but succeeds in increasing the age-related awareness and activities of the officials and the administrative apparatus. The executive committee responsible for the running of the programme has successfully strengthened its operational structure. The partnership between various ministries and social partners is exemplary. Civic society associations have not been given an active role however and activities within the workplace could be enhanced. There is room for improvement – in particular a greater shift from a "government-led" to a bottom-up “civic society” approach.

A useful monitoring system is in place but a comprehensive evaluation system is needed.

5. **RELEVANCE FOR THE PEER COUNTRIES**

All the peer countries are facing similar problems regarding an ageing population, lower or obsolete skills among older workers, health problems among older workers, “abuse” of early retirement, etc. There are also marked differences between the situations of the different countries (higher rates of employment overall in Sweden and the UK, slower growth of ageing population in the UK). However, it seemed that most peer country experts felt that the similarities outweighed the differences at least to the extent that the FNPAW was relevant to their own situation. In particular, the holistic approach, the cross-ministerial co-operation and the targeting of attitudinal change in addition to more routine measures seemed to interest the peer countries.
6. TRANSFERABILITY ASPECTS OF THE POLICY TO PEER COUNTRIES

All participating countries are affected by the problem of low activity rates among older workers and therefore look with great interest towards the Finnish model for its potential transferability to their own situation. Even those member states which have measures specifically for older workers tend not to have such a comprehensive policy involving such a broad range of activities and actors. It is, as the German experts noted, the mainstreaming aspect of the Finnish policy which awakened most interest and admiration.

**Austria** has similar problems to Finland concerning the retention of older workers on the labour market and the perspective of labour shortage in the longer term. Although Austria’s official retirement ages are 65 for men and 60 for women, the average retirement age for both sexes is nearer to 58. However, the discussion on older workers lags a long way behind the Scandinavian countries and to date remains focused on employability rather than on work ability and immigration is the current response to labour shortages in the long run. Concerning transferability, a significant amount of preparatory work would be necessary since Austria has no tradition of occupational health and the trade unions are also focused on financial and early retirement issues and not on health and work ability. In addition, Austria has a high percentage of SME where the implementation of such programmes as the FNPAW is more difficult. However, the Finnish example has a number of interesting aspects for Austria, in particular relating to work ability and health.

**Belgium** has the lowest rate of employment for the 55 to 64 age group in the European Union. The position of older workers in Belgium appears to be very similar – although somewhat exacerbated – to that in Finland. Although it has recently begun to offer a number of incentives to enterprises to take on and keep older workers (e.g. reduced social security contributions) and raised the pension age, Belgium does not really have a policy on older workers. There are also no specific policies for older workers in the NAP.

It was argued that the main obstacle to transferability of the Finnish model is the regionalised structure of the Belgian state and its ensuing dispersion of competencies concerning employment, economic and social issues. A further hindrance to transferability is the collective bargaining structure between the unions, employers and government bodies.

According to the independent expert, the introduction of an MWA Barometer could help raise awareness for age issues.

**France** also has one of the lowest participation rates of over-55 year olds in the EU and the decline has been more pronounced than in other countries. A small number of policies relating to older workers have been introduced in France. These include the increasingly difficult dismissal conditions for older salaried employees (whereby these might lead to the negative effect of employers not hiring workers over 45), the tightening of early retirement measures to only difficult situations and new measures relative to industry-wide agreements. The situation has improved very recently – which cannot, however, be attributed to any specific policy but to the general upturn in the economy.

The first obstacle to transferability relates to the prevalent attitudes in France towards older workers. Priority (e.g. in the French NAP) is given to measures against racial discrimination and for equal opportunities.
Germany also suffers low productivity rates and health problems among older workers. The German government also traditionally encouraged early retirement. The unions support early retirement and the workforce has come to expect it. The German delegates find the mainstreaming and health aspects of the Finnish policy the most interesting. Changing attitudes as well as providing subsidies in a holistic approach strikes them as a promising way forward. However, before the transferability of the Finnish programme can be fully assessed, a number of questions relating to evaluation, public sector and macro-economic conditions need clarification. However, it was argued that changing public opinion, increasing the recruitment chances of older workers and investing in lifelong learning are necessary.

Similar problems affect The Netherlands and a number of measures have been introduced in the framework of the Dutch Polder Model (co-operation between employers’ and employees’ associations, trade unions, and the government) to tackle them. The Dutch NAP targets older workers and contains a package of policy measures including:

- encouraging people to work for longer (in terms of years)
- a review of existing policies facilitating the early exit from the labour market
- avoidance of early retirement
- the possibility of voluntary early retirement but at the individual’s own expense

The Dutch policy appears to be further developed than the Finnish model in terms of financial incentives but there are interesting aspects of the Finnish model which could be transferred: These include flexible, individually tailored solutions and co-operation between several ministries.

Spain is beginning to experience the problem of an increasingly inactive older workforce with a rise in early retirement, disability and unemployment but the interest in the FNPAW is more for the future than for the present. Spain sees the need to take not only economic aspects into account when tackling the problem but also social aspects such as the expectations of the workforce and public opinion on pensions, early retirement and the role of ageing workers in society. Studies are needed comparing severance costs and early retirement and on the social acceptance of early retirement. An interesting aspect of the Finnish policy for Spain would be the training issue and maintaining work ability.

There are similarities between the labour market situations in Sweden and Finland but also marked differences. Sweden has higher employment rates for all age groups including those between 55 and 64. The Swedish government has the goal of achieving full employment. Its new “activity guarantee”, targeted on people who are, or are in danger of becoming, long-term unemployed, also includes special recruitment incentives for older people. Nevertheless, the FNPAW is relevant to the Swedish situation. Early retirement has become the norm here as well. The health issue is one which is also being tackled with an action plan in Sweden. Lifelong learning is also an important issue in Sweden. The Finnish experience could provide inputs for the parliamentary commission which has been set up with the aim of creating the conditions for the long-term development of a policy for the elderly.

The situation of older people in the labour market in the United Kingdom has a number of similarities with that of older people in Finland although the problem appears to be less severe in the UK. The workforce is ageing less rapidly than in Finland and the UK has higher employment rates overall. However, the issues being addressed by the FNPAW are relevant to the UK and consistent with the current direction of policy development in the UK. There is, as yet, no legislation in the UK on age discrimination, only a relatively low-impact “Code of Practice on Age Diversity in Employment”.

See website www.dfee.gov.uk/agediversity
However, a number of initiatives have been started. In considering transferability, the difference in size between the populations of Finland and the UK should be taken into account. Other important issues are: the holistic, cross-ministerial nature of the measure (how is this achieved in practice?); the role of occupational health (largely absent from UK policy); attitudinal change (how can social partner commitment be secured?); dissemination and publicity (which methods work best?); evaluation and impact.

To conclude, the question of ageing populations in Europe, in particular regarding the employment and social integration of older people, is one which will confront all member states sooner or later. Finland is one of the first countries to be affected on a large scale and to have begun positive action to deal with the problem. In this sense it is of great interest to other member states who, with the exception of the Netherlands, have not yet begun to take action – other perhaps than early retirement measures which are becoming a problem in themselves. Potential obstacles mentioned by the peer experts and officials include different administrative structures (Belgium) and basis for co-operation between ministries (UK), prevalent social attitudes concerning early retirement – both on the part of the overall population who think that older workers should leave room for younger generations (France) and on the part of the older workers themselves who see early retirement as a right (Germany), different employment situations (UK and Sweden) and different population sizes (most member states). However, the Finnish National Programme for Ageing Workers provides an interesting model for the peer countries and – given the wide range of activities – an ample source of inspiration for other member states.