



EMCC company network

Managing the challenge of an ageing workforce – Case example of the Finnish national strategy on ageing

Finland's policy principles and demographics

A national policy for ageing workers

Programmes focusing on the ageing workforce

Programme benefits and impacts

Challenges for the future

References



The case example is available in electronic format only

In a seminar organised for members of its Company Network, the European Foundation for the Improvement of Living and Working Conditions explored policies and practices associated with managing an ageing workforce. The seminar 'The workplace of the future - managing the challenge of an ageing workforce' was held in Vienna, Austria, on 4-5 March 2004. The Finnish national programme on ageing was one of the four case examples presented to an audience of 60 participants representing a wide range of stakeholder groups (businesses, employer and employee organisations, government representatives) from 12 EU Member States.

Box 1: Overview

The Finnish strategy on ageing is a tripartite endeavour. Government, employer and employee organisations work together in the shared responsibility of managing an ageing workforce. The government is in charge of social caring, health services and general protective policies. Employers must ensure age-adapted workplaces that are conducive to health and work ability. They also have to avoid age discrimination. Promotion and training of competence and work ability is seen as the responsibility of both employer and employee. Individual health and life style are the responsibility of the employee.

Two economic developments required urgent action. Firstly, the Finnish population is ageing rapidly, resulting in a decline in the number of taxpayers and their contributions. Secondly, the economic landscape of Finland underwent dramatic changes in the 1990s, with a deep recession in the early 1990s, which turned to record growth in the second half of the decade. This 'new economy' necessitated new models for the workforce.

The national programmes drew on 20 years of research on the subject. Based on this research, the model 'Promote and maintain work ability' was developed to encourage and sustain the work ability of the ageing. The strengths of ageing workers, such as cumulative long-term memory, work experience and ability to perform control tasks, were recognised and utilised in implementing the strategy.

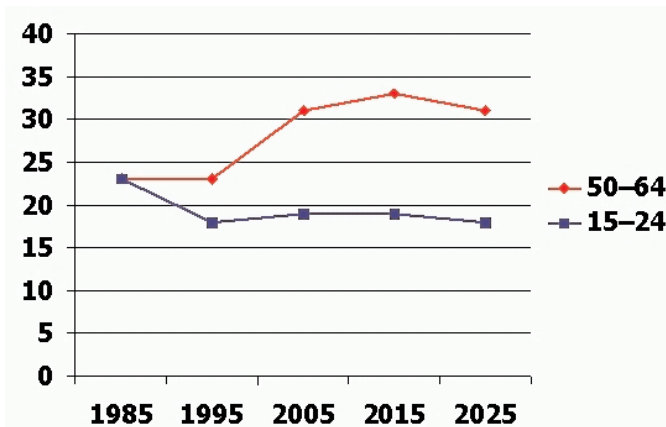
Today, the Finnish national programme shows positive effects. There is reduced incidence of ageism (age discrimination) and the employment rate among older workers has improved more rapidly than for other age groups. There are clear examples of reduced sick leave, work disability and pension costs, as well as of increased productivity. The programme is regarded as being highly successful.

Finland's policy principles and demographics

Finland has a long tradition of socially aware and 'caring' governments, which cooperate with social partners to optimise the workings of the welfare state. One basic policy aim is ensuring that quality of life at work is comparable to quality of life within society at large. This requires work models which fit the needs and capacities of the various segments of the workforce. In 1996, the Tripartite Governmental Committee on Ageing Workers drew up a special policy for the ageing workforce.

As in the rest of Europe, Finland's workforce is ageing. In 1985, the 15-24 and 50-64 year old age groups each represented 23% of the total workforce. Today, the 50-64 year old age group represents 30%, while the position of the under-24 year olds has dropped to 18% (see Figure 1). Forecasts predict that Finland may experience a shortage in the labour force by 2010.

Figure 1: Workers at 15-24 years and 50-64 years out of total workforce in Finland (%), 1985-2025



Source: Ilmarinen, 2000

A national policy for ageing workers

Societal values of quality of life and the economics of demographics were only two of the reasons for wanting to keep older workers in the workforce longer. Finland's deep recession in 1991 after the collapse of the Soviet Union had severe economic repercussions. Unemployment increased, especially among the ageing, many companies went bankrupt, and the number of taxpayers maintaining the welfare state (and their level of payments) declined. However, later in the 1990s, the economy turned round dramatically with record growth towards the so-called 'new economy', demanding new skills and competences. At the same time, the number of younger workers entering the labour market was declining. It became necessary to encourage older workers to remain working.

The Finnish Government recognised the need to keep more of the ageing workforce at work longer than had been customary in the past. To do this required new strategies based on 20 years of relevant research. Research findings have shown that ageing has both negative and positive effects on workers. The negative effects include a weakening short-term memory, increased likelihood of illness, outdated skills and a general slowing down and decline in energy resources. The positive effects, however, include a high level of wisdom, good long-term memory, broad experience, and well developed skills to perform accurate control tasks and evaluate issues and problems. Older people are highly dedicated to the work ethic and show low levels of absenteeism. The essential conclusion of the research was that there is enormous potential for older workers to continue to contribute to the economic processes of Finnish society. The most important outcome of the research was the generation of a new paradigm for promoting and maintaining work ability (PMWA).

Box 2: Indicators of the PMWA paradigm

The PMWA paradigm is based on three indicators to sustain work ability:

- Environmental – a hygienic and safe workplace, requiring little physical effort.
- Organisational – flexibility, clearly defined roles, support from supervisors, communication with colleagues.
- Individual – high competence, good physical health, job satisfaction, high self-esteem.

It became the departure point for the development of several specific national programmes in Finland.

Programmes focusing on the ageing workforce

The programmes were developed in a tripartite effort, bringing government (including a research institution), employers and employee organisations together, including the following key players:

- Ministry of Social Affairs and Health.
- Ministry of Labour.
- Ministry of Education.
- Finnish Institute of Occupational Health.
- Trade Unions.
- Employer Associations.

Programme 1: Respect for the ageing

Between 1990 and 1995, the Finnish Institute for Occupational Health (FIOH) ran the action programme 'Respect for the ageing', aimed at changing the general opinion of ageing workers. At the time, people generally believed that older workers had reduced mental and physical abilities. However, studies revealed that older workers can better maintain productivity and learn new competences, provided adaptations are made in the work environment and work conditions to fit their specific needs.

Box 3: Strengths of older workers

Finnish research findings showed that the positive aspects of ageing were relatively unknown. The strengths of older workers include:

- Good cumulative long-term memory.
- Long working experience.
- Good ability to perform accurate control tasks.
- High dedication to work.
- Low absenteeism.
- Good ability to evaluate issues and problems.

The 'Respect for the ageing' programme used research-based methods and best practices to promote and maintain working abilities of the ageing. These methods and best practices aimed at lowering the psychological barrier to integration of the ageing in the workforce. They were made available to all employers and occupational health services throughout the country.

Programme 2: The Finnish National Programme for Ageing Workers (FINPAW)

The Finnish government launched this programme in 1997 and implemented it jointly with the Ministry of Social Affairs and Health, the Ministry of Labour and the Ministry of Education, in cooperation with several other institutions and organisations.

FINPAW initiated a variety of activities and measures between 1998 and 2002. The programme's objective was to support the labour market position of people aged over 45 years of age, concentrating on both the employed and the unemployed. The programme aimed at having people work until the stipulated retirement age at 65 years. The problems of older workers can often be traced back to the early stages of their career. Thus, preventive measures should begin earlier than the age of 55 years, by which stage people may be contemplating taking early retirement.

FINPAW's measures included adapting working conditions to fit the needs of older workers. There was a need for greater flexibility of work and working hours. Special competence and skills trainings, tailor-made for the way different age groups learn, were put into effect. Special employment services, pension schemes and unemployment security cover were among the initiatives undertaken for the benefit of the older employee.

Box 4: '*Metal age*': Case example of workplace health promotion in the steel industry

Within the framework of the National Programme on Ageing Workers, Fundia Wire Oy, a manufacturer of long steel products, developed *Metal Age*. *Metal Age* is a tool for participatory planning of workplace health promotion, aimed at improving working conditions and maintaining the work capacity of ageing workers. Although its original target group were ageing workers in the metal industry, the programme proved applicable to the promotion of a healthy workplace for employees of all ages in all sectors. It has now been used successfully in the steel industry as well as in hospitals, schools and cleaning companies. Overall, the response has been positive. The Swedish organisation of metal industry employers, Metallgruppen, also adopted *Metal Age* and incorporated it into its training programme.

Fundia Wire Oy set up a working group of five staff, comprising three representatives from occupational healthcare and two from human resources. They designed an action programme aimed at raising the average retirement age in the company while, at the same time, curbing the overall rise in the average age of employees.

The action programme was divided into the following areas:

1. **Maintaining work input of ageing workers** – Key employees were trained in how to promote a healthy workplace in cooperation with the Finnish Institute of Occupational Health and the Ilmarinen Mutual Pension Insurance Institution. Site-specific instructions for promoting a healthy workplace were reviewed and amended or replaced. According to new rules set by the company, 25 years' service would be rewarded with an extra two weeks' holidays and 35 years' service with an extra four weeks.
2. **Adapting working methods, work content and the working environment** – In accordance with employees' individual needs, and particularly with regard to ageing, the company reduced the numbers taking early retirement by offering all employees of the appropriate age the option of part-time pensions, provided their work could be suitably arranged.
3. **Developing professional skills** – Training was provided to ageing workers focusing on new technology (particularly information technology) and language skills.
4. **Human resources planning and recruitment** – Trained young people were recruited in advance to replace retiring workers.

Source: *The many faces of the National Programme on Ageing Workers*¹, 2002, p.125

¹ <http://pre20031103.stm.fi/english/current/ageprog/publications.htm>

40 projects to promote and maintain work ability

As a result of these programmes, some 40 projects were put into effect covering such aspects as:

- Implementation of the PMWA paradigm.
- Age management training for top, middle and floor management.
- Training of trainers and network building.
- Follow-up barometer survey to keep track of progress made.
- Campaigns utilising main media channels.

Box 5: Joint efforts to improve work ability: an advertising campaign

The programme on ageing workers put a lot of effort into advertising its project 'Work together for work' (Työkyky Tehdään Yhdessä). The campaign logo, a version of the 'Finnish Maiden' (an emblem of Finland), symbolises the many aspects of work ability: stamina, health, interaction, knowledge, skills, willpower, management, working conditions and well-being. The project targeted employees, company management and decision-makers. The campaign was aimed particularly at the health care and social sector, small and medium-sized enterprises (SMEs) and agricultural entrepreneurs.

Since December 1998, the 'Finnish Maiden' has been widely seen in press announcements, outdoor advertising and TV information slots and advertising. The campaign also involved a special phone line with a taped message providing information on whom to contact on issues relating to work, and specific pages relating to workplace health promotion on the programme's website. The project provided the national programme with a vehicle for arranging resource seminars for social welfare and health care staff in different parts of the country. In addition, special evenings were arranged for rural entrepreneurs.

Source: *The many faces of the National Programme on Ageing Workers*², 2002, p.41

Programme benefits and impacts

For companies

Promoting and maintaining working ability (PMWA) activities took place on a national scale. They are now implemented at numerous locations, representing 80% of Finland's workforce. Nearly all of those who have adopted the activities – 90% of managers, employees and occupational health personnel – reported a beneficial impact on employees' work ability and on the perspective of employability of the older worker. The programmes helped to create awareness of issues related to well-being at work, not only for the ageing, but for all workers.

Several company case examples indicate that the issue of age has been properly understood. Thus, older workers are increasingly seen as a resource whose strengths employers are keen to take advantage of.

Attitudes towards older workers also improved during the course of the programme. According to the national Working Life Barometer, negative attitudes towards the ageing worker declined, and employment among older workers improved more rapidly than for other age groups.

² <http://pre20031103.stm.fi/english/current/ageprog/publications.htm>

Also some signs of increased productivity were reported, which was an important aspect for employers. The economic benefits of PMWA activities were shown to be far-reaching.

Box 6: Case example: Dahlbo

The Dahlbo Company project indicates to what extent PMWA activities are beneficial to a company's productivity. Dahlbo invested roughly €55,000 per year in a PMWA programme, which paid back tenfold. The benefits were calculated in terms of reduced sick leave, work disability and pension costs, as well as increased productivity.

For the general public

An evaluation by the Social Development Company Ltd showed over half of all Finnish people had a positive attitude to the 'Government Ageing Worker' programme. They believed that it would be likely to enhance employment and well-being at work. Older people had a more positive than average picture of the programme. Another independent study indicated surprisingly positive attitudes among young people towards ageing workers.

For the ageing individuals

Ageing employees benefited greatly from the national programme. This included an improvement in pride and self-respect as a result of participants' greater contribution to 'society's efforts', reduced sickness, raised levels of disposable income and spending, and greater social involvement in general. There had been some fears that older workers would respond negatively to the idea of continuing their working career instead of harvesting their rightful benefits from it. However, the ageing employee group often demonstrated precisely the opposite – showing an enthusiasm and enjoyment in continuing to be able to contribute.

Long term effects

Finland realises that the real benefits will be in the long term. The business world will only welcome social innovations such as age management if they offer a competitive edge. Investing in the ageing workforce has already shown benefits in the short term, and all indications are that these will continue into the medium and longer term. Government, shareholders, investors and management should be aware of this potential.

Challenges for the future

In Finland, notwithstanding the positive effects of the various programmes, several challenges for the future remain. One of these is the question of how to interest short-term oriented employers in longer-term benefits. In this process, knowledge and information will be critical. Managers need a 'tool box' on how to deal with the ageing workforce. Well functioning occupational health services are also needed.

'Ageism' is discrimination on the basis of age and should be strongly discouraged. Again, knowledge is key. If age management is properly understood, it will create environments in which workers of all ages will work more productively. With appropriate adjustments, the workload can fit the needs and capabilities of the older worker.

New programmes for equity and age diversity have been initiated in recent years, aiming at a smoother interaction between workers of various ages and stimulating mutual learning. In particular, the transfer of the so-called tacit or implicit knowledge of the older employee to the younger worker is important.

A major challenge for the future will be one of image. Today's society is dominated by sales, advertising and marketing efforts that target the young. The older citizen tends to be forgotten. But the experience, knowledge and wisdom of the

older citizen provide considerable assets. If society can mobilise this in a way that suits and appeals to the older person, then society will achieve considerable benefits for the future.

References

Ministry of Social Affairs and Health, *The many faces of the national programme on ageing workers*, Concluding report on the programme, Helsinki, 2002, available at: <http://pre20031103.stm.fi/english/current/ageprog/publications.htm>.

For further information on the Finnish approach and the national programme, please visit the following websites at: <http://www.ikatyo.fi/English>, <http://www.tyky.fi/english> and <http://pre20031103.stm.fi/english/current/ageprog/publications.htm>.