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Population ageing and work issues in a Swedish perspective

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Summary

The present study comprises a review of statistics describing the Swedish demographic situation, work participation and retirement patterns. Problems and solutions linked to the issue of ageing and work are outlined. An analysis of the particulars influencing Swedish policies and practices is presented. The observations are illustrated by case reports covering particularly innovative examples. At the end recommendations are given.

Key observations include that the demographic situation of Sweden is better than in most other European countries, but that there are vast regional differences. Work participation is high in men and women as well, in age groups over 55, but there are marked differences between occupations with respect to the length of the working lives.

Barriers hampering the possibilities for an older person to remain in or return to Swedish working life include competence and health related factors, but also rules and regulations. Also negative attitudes to older workers are important obstacles.

Swedish practices in the labor market are mostly set by agreements between social partners, and this fact influences also the current development of new regulations affecting pension systems. The social partners have devised powerful safeguards protecting employees who are made redundant. At the local level, innovative corporate programs have been developed, for instance with respect to voluntary restructuring and stepwise retirement schemes.

The demographic background

The population of Sweden in the 1950's amounted to around seven million. Towards the end of the 1960's, the population passed eight million, and nine million in the year 2004. According to current prognoses, the ten million population level is expected to be reached in 2024. Figure 1 shows the historic and projected population development.

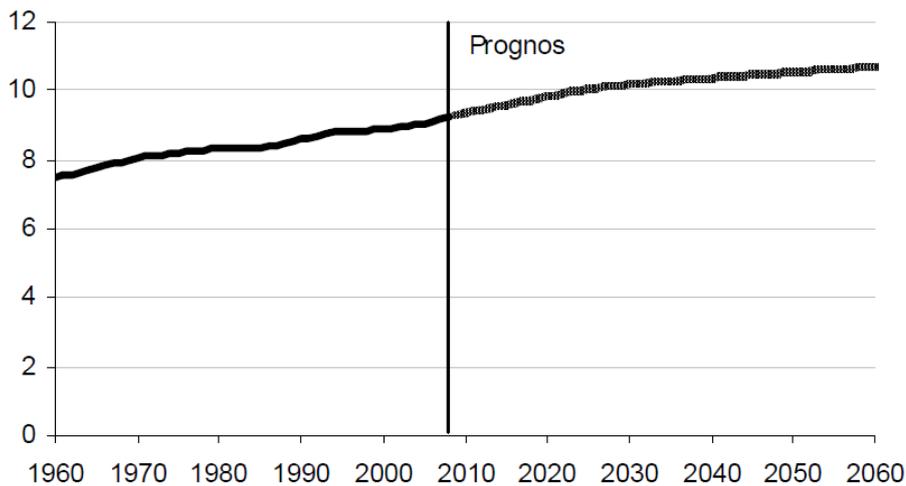


Figure 1. Swedish population 1960-2060.¹ Numbers in millions.

The population increase is in part due to a rather high nativity: in 2010 it was 1,98 per woman. (This figure fluctuates widely; in 1994 it was a mere 1,50.)² Also the length of life continues to increase, see Figure 2. In the time period 2008-2060, the expected life time for women at birth is expected to rise from 83 years in 2008 to 87 years in 2060. For men, the corresponding figures are 79 and 85 years, respectively. At this time, the life expectancy increases by about one year per decade.

Nevertheless, it is because of net immigration that the population continues to increase. In 2010, the population amounted to a total of approximately 9,385 million. Out of these, 8,016 million were Swedish born, whereas 1,369 million (14.6 %) were born outside Sweden.³ The contribution on immigrants to the Swedish population is illustrated in the population diagrams of Figure 3.

¹ Statistics Sweden 2010

² Statistics Sweden, Sveriges befolkning 2010.

³ Statistics Sweden, Sveriges befolkning 2010.

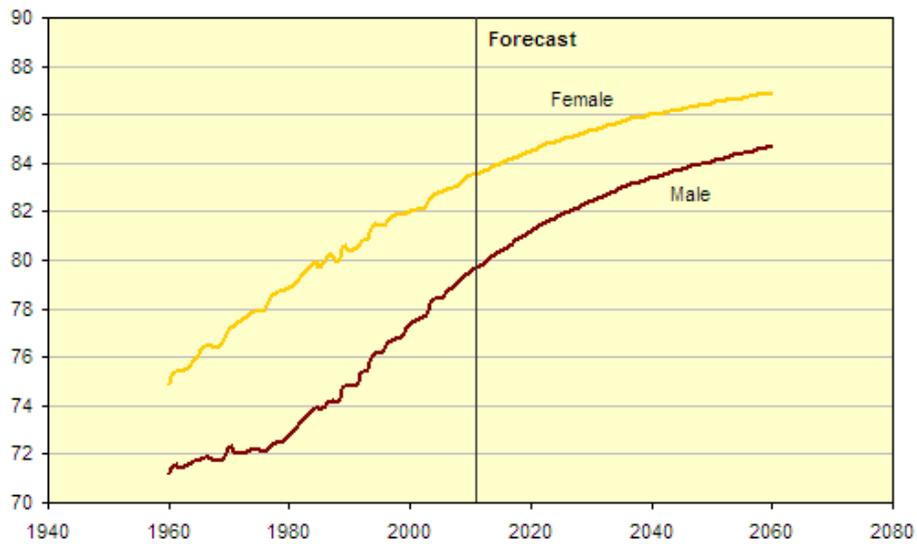
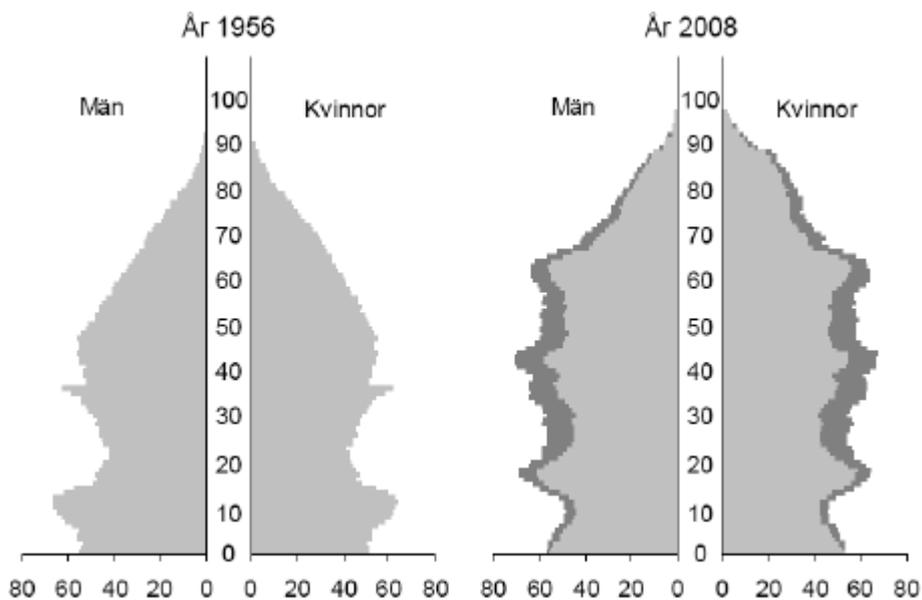


Figure 2. Life expectancy at birth by sex (years)⁴ in the time periods 1940-2010 and 2010-2060 (prognosis).

It is seen in Figure 3 that in a perspective, Sweden does have an ageing population, but it is not as pronounced as encountered in most European countries.



⁴ Statistics Sweden 2011.

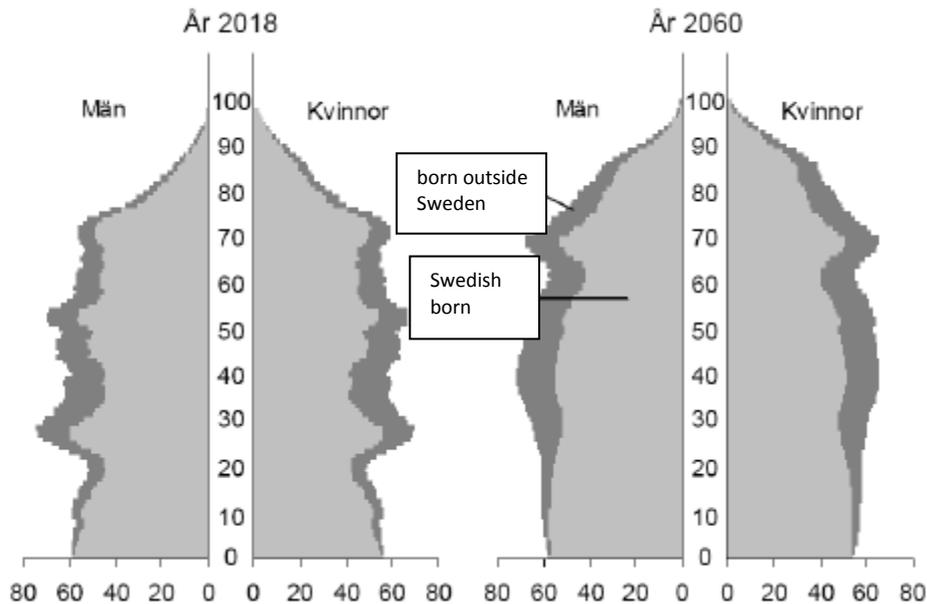


Figure 3. Population “pyramids” for Sweden in the years 1956, 2008, 2018 and 2060. Men and women (numbers in thousands)⁵

How does the ageing of the population in Sweden affect the size of the available workforce? Figure 4 shows the development of the number of inhabitants in the age group 20-64 years, compared with the younger and the older age groups. It is seen that the size of the available workforce is expected to remain rather constant over the time period covered; also the population of young people in absolute numbers remains about the same, although a minor decline is foreseen. The striking feature in the diagram is rather the steady increase in the number of people older than 65 years.

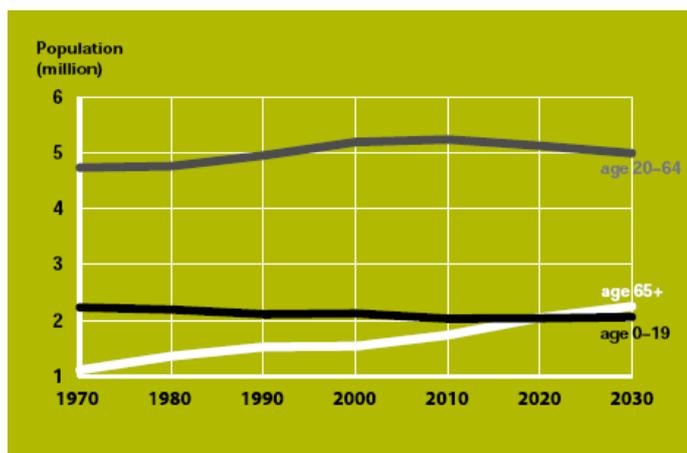


Figure 4. Development of the Swedish population in the age groups 0-19, 20-64 and 65+ in the time period 1970-2030.⁶

⁵ Statistics Sweden, Demographic reports 2009:1, The future population of Sweden 2009–2060.

A conclusion to be drawn is that there is a demographic change taking place also in Sweden, but it may be less acute than in many other countries. Nevertheless, also in the Swedish society, the demographic changes are a priority concern. The Swedish government appointed in April 2011 an expert committee who were given the task to provide a basis for political action:

“A special investigator shall, taking into account the increasing life expectancy and an imminent increase in the number of older people compared with the number of people in the workforce, analyse the pension related age limits, and obstacles and possibilities affecting a longer working life”.⁷

A major concern behind this initiative is the observation that when people live longer, this will in the long run reduce the pension funds, and thereby gradually curtail pensions. There is also a concern that the working population will have to finance an ever increasing number of non-working people.

The governmental expert committee is asked to deliver their conclusions and proposals in April, 2013.

The regional perspective

In assessing Swedish demographics, it is essential to take into account the regional differences. Sweden is a large country, almost the size of France, but sparsely populated: 22.9 inhabitants per square kilometer. About 85 per cent of the population live in 1,3 per cent of Sweden’s area. This means that there are vast geographical areas with very low population density, see Figure 5. But also in regions that are comparatively densely populated, there are large sub-regional differences.

The national population increase reflected in Figure 1 therefore needs to be put in a regional and sub-regional perspective; differences are at hand not only with respect to population density, but also to population development. As an example, we may

⁶ Senior 2005.

⁷ Committee directive 2011:34. Översyn av pensionsrelaterade åldersgränser och möjligheter för ett längre arbetsliv.

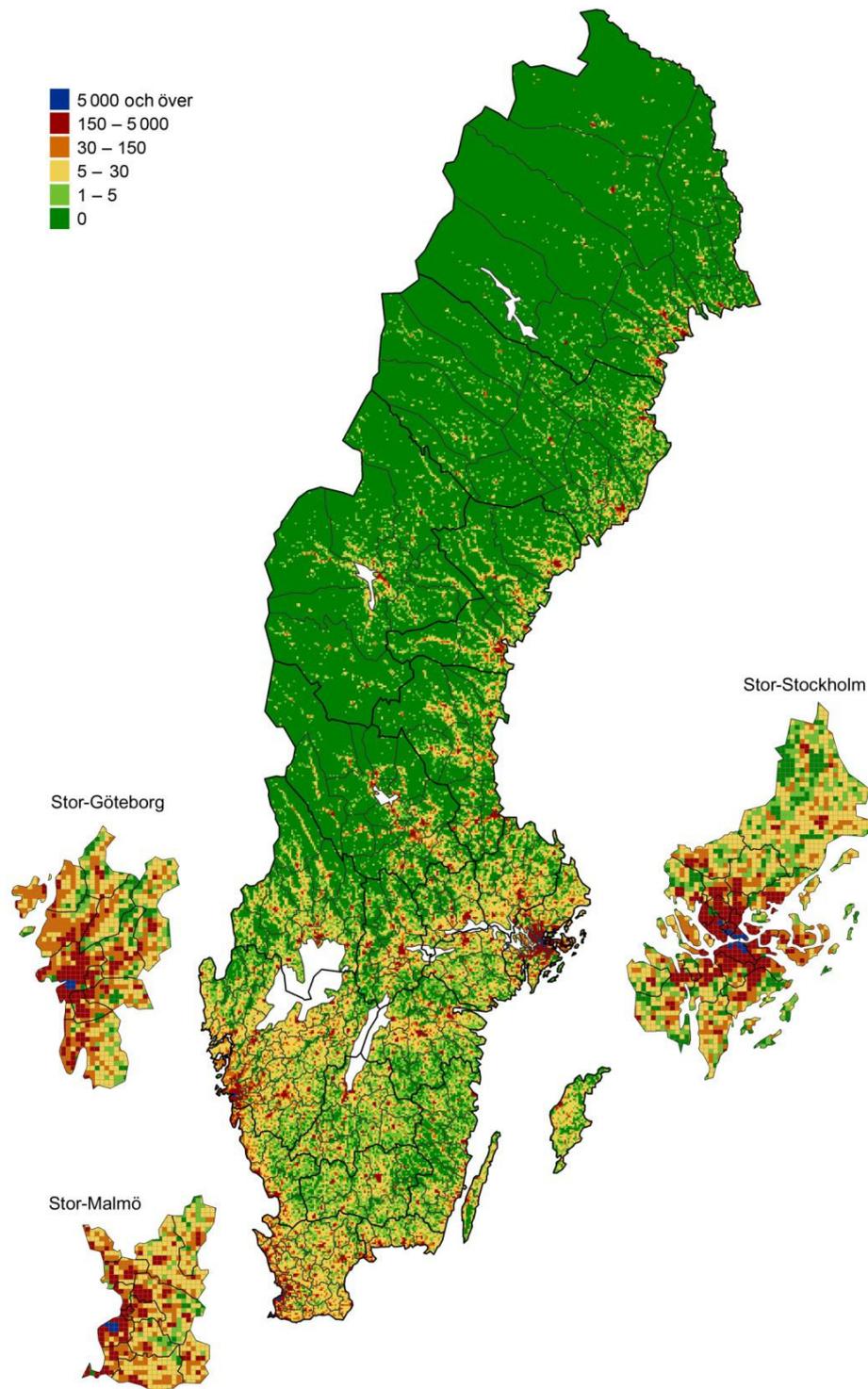


Figure 5. Population density across Sweden, ranging from 5 000 and higher (Stockholm, Göteborg and Malmö regions), to densities below 5 persons per square kilometer (large parts of Northern Sweden)⁸.

⁸ Statistics Sweden, Yearbook 2011

consider the situation of Västra Götaland Region, which is composed by 49 municipalities. Västra Götaland is a comparatively large region: a little smaller than Belgium. The population density of Västra Götaland averages 66 persons per square kilometer.

There is considerable diversity within the Västra Götaland region when it comes to population development. Figure 6 shows that in a 2008-2020 perspective, there are municipalities facing a population decline exceeding 10 per cent. These municipalities are far away from the major city in the south-west, Göteborg, they are rural and sparsely populated. They have a negative immigration balance.

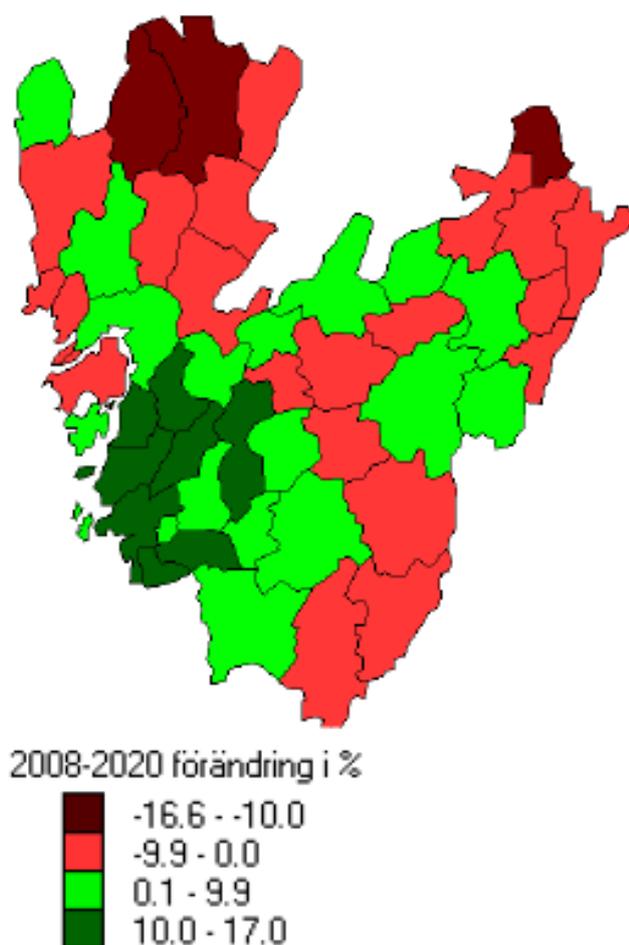


Figure 6. Expected population development 2008-2020 in the 49 municipalities constituting the Västra Götaland region.⁹

⁹ Västra Götaland regional statistics. Fakta och analys 2009:1. Befolkningsprognos 2009-2020

Work participation at old age

The current Swedish pension system is a result of an agreement reached in 1994 between five political parties, including social democrats as well as conservatives. To-day it allows an employee to retain permanent employment up to age 67. You can choose to retire with pension already at age 61, but if you decide to continue working longer, this will increase your pension, and this in fact provides a significant economic incentive to continue working. However, these rules and regulations may be changed when the governmental study now under way has presented its results.

Sweden has, compared to other EU member states, high work participation, also in the older age groups. As an example, the Västra Götaland statistics with respect to work participation in different age groups are illustrated in Figure 7.

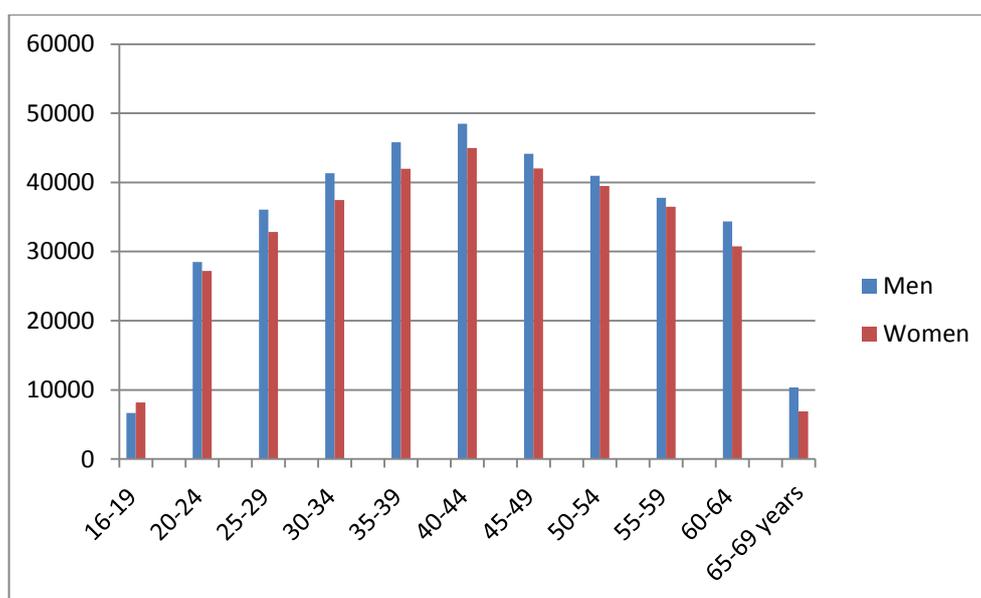


Figure 7. Work participation in different age groups in the Västra Götaland region (2009).¹⁰ Absolute numbers.

Here, the work participation in the age span 55-64 corresponds to about 70 per cent. The drop in the figures of the 65-69 age group reflects the effect of the pension age. As already mentioned, only recently were the 65+ allowed to retain permanent employment to 69; thus work participation in this age group can be expected to

¹⁰ Regional statistics (RAMS) and Statistics Sweden 2010

increase further. It should be noted that the difference between sexes with respect to work participation is small or moderate, but that women tend to have lower participation in all age groups. In a European perspective, Swedish women irrespective of age, are nevertheless among the most active on the labour market.

Occupational differences

The notion of a high work participation among the 60-64, as illustrated in Figure 9, needs to be qualified with respect to the situation in different segments of the labour market. In a study of worklife length in different occupations, covering the entire Swedish labour market¹¹, these differences were documented. Calculations were made for occupational groups as defined by Statistics Sweden, with respect to at what age people in different occupations leave working life. The number of “lost years” before official pension age were calculated. Tables 1 and 2 summarise the results of the study. Here, the occupations with the highest and the lowest average number of lost years are given, for men and women.

| Table 1. Occupations with the highest number of “lost years” | |
|---|-------------------------|
| Men | Women |
| General service workers | General service workers |
| Manufacturing workers | Manufacturing workers |
| Industrial robot operators | Postal workers |
| Catering workers | Machine operators |
| Cleaners | Food processing workers |

¹¹ Kadefors, R: Behov av och möjligheter till ett utsträckt arbetsliv för den äldre arbetskraften. Rapport till regeringen. National Institute for Working Life (2007)

The highest number of “lost years” are in the occupational group “general service workers”; for women they were 10.0 years; for men 8.9 years. In Table 1, the numbers all exceed 5.0 lost years.

As a contrast, Table 2 depicts the occupations with the lowest number of lost year. It is seen that whereas Table 1 comprises blue collar occupations exclusively, occupations listed in Table 2 are entirely white collar, mostly academic. All occupations in Table 2 have less than 1.0 lost years.

| Table 2. Occupations with the lowest number of “lost years” | |
|--|---|
| Men | Women |
| Health service specialists | Managers in public service |
| University teachers | University teachers |
| Architects, graduate engineers | Business, marketing and personnel officials |
| Business, marketing and personnel officials | Health service specialists |
| Physicists, chemists | Architects, graduate engineers |

Tables 1 and 2 indicate that there is a dichotomic situation on the Swedish labour market with respect to the work life lengths, between blue and white collar occupations. The reasons behind this observation have mostly been attributed to working conditions. As already pointed out, the more number of years you work, the higher pension is allotted, which means that even though there is an economic incentive to work longer, this does not suffice; many stop working anyway. In a major interview study carried out by the Swedish Work Environment Authority and Statistics Sweden in 2001¹², respondents over the age of 50 were asked if they thought that they could sustain continue working all the way up to official pension age. Those who replied negatively to this question were asked what in their work situation they thought would be needed so

¹² Arbetsmiljön 2001. AM 68 SM 0201

as to make it possible for them to actually continue doing so. Replies are summarized in Table 3. It is seen that in blue as well as in white collar workers, in women as well as in men, the same factors were highlighted. It is of note that in this study, occupations where many respondents thought that they could not sustain continuing working, included in addition to blue collar jobs also female teachers and hospital workers. However, there may well be a difference between what you think when you are asked about plans and possibilities, and what you actually do. It has been observed that many older women working in hospital care would like to stop working before official pension age, mostly for health reasons, but they cannot do so due to economic factors: due to a history of part time jobs, they would have too low income before as well as after official pension age¹³.

Table 3.

The most common factors in need to be changed in order to make possible working to official pension age

| Men | | Women | |
|----------------------|----------------------------|----------------------|----------------------------|
| Blue collar | White collar | Blue collar | White collar |
| 1. work pace | 1. work pace | 1. work pace | 1. work pace |
| 2. working hours | 2. working hours | 2. physical workload | 2. working hours |
| 3. physical workload | 3. psychosocial conditions | 3. working hours | 3. psychosocial conditions |

In a case study carried out in the context of a work environment study at University of Gothenburg, all employees (about 3,500) were asked if they would consider continue working with the same type of work as present, up to age 70. The employees were categorized in professors, teachers, administrators, and technical personnel. Table 4 summarizes the results. It is seen that it is in the first place the professors who would consider continuing working, then the teachers, but administrators and technical personnel to a much lower extent. Women are in general less interested than men to continue. It was also found that the older you are, the more interesting you are to continue.

¹³ Nilsson, K. Kön, arbetsliv och ålderspension. In: Kadefors, R. Governmental study: Behov av och möjligheter till ett utsträckt arbetsliv för den äldre arbetskraften. National Institute for Working Life (2007)

The reason for Swedish women to retire earlier than men have not been fully investigated, but some hypotheses have been voiced. One factor might be that in marriages, the man is often the older person, and if he has retired, there is an incentive for the woman to do so as well. Another possible factor is that women tend to have more health related problems than do men in the same occupations, particularly when there are physical demands on the job. A third factor is that women perhaps are more engaged than men in caring for grandchildren. This illustrates the complexity met in studies of attitudes and practices with respect to individual retirement.

Table 4.
Continue working to age 70?
Case study, University of Gothenburg

| Category | Male % | Female % |
|--------------------------|--------|----------|
| Professors | 49 | 38 |
| Teachers | 41 | 23 |
| Administrative personnel | 16 | 7 |
| Technical personnel | 14 | 8 |

The case study results reflect the previous observations that people in jobs that are theoretically less qualified, tend to retire earlier than those who are in more intellectually rewarding jobs. For this latter group, economical incitements play probably only a marginal role. It has been stated that economic incentives in general play a less important role than is often thought; factors such as self-fulfillment and social contacts seem to be much more important to many professional workers.¹⁴ However, the observation made above with respect to health care personnel, that many women cannot afford stopping to work early, is probably valid in several occupations where part time work is common.

¹⁴ Wikman , A. Om arbetsengagemang och andra motiv för arbetet än ekonomiska. Arbetsliv i omvandling 2005:4 National Institute for Working Life (2005)

Barriers hampering return to work or continued employment

There is a common observation that if an employee of the age of 50+ is made redundant, his or her chances to return to work are much smaller than they are for a younger person. The background reasons to these difficulties were investigated in an interview study carried out among people of the age of 50+, who had been made redundant, or were in the risk zone of becoming redundant, in the Göteborg region in western Sweden.¹⁵ The respondents were asked about the barriers met when they tried to get a new job or to keep the present one.

It was found that the barriers could be classified as follows:

- rules and regulations
- health related barriers
- competence related barriers
- attitude related barriers

Rules and regulations

It was observed by the respondents that there were in fact age related discriminatory rules and regulations, and ways that authorities applied them:

- One of the problems was that if you are 50+, you are not entitled to claim support for university studies.
- You cannot work part time if you wish to continue working after age 65. This means that you have to be fully employable after the age of 65 if you want to stay at work.
- It is more expensive for an employer to hire a 50+ applicant than a younger person, due to the pension costs to be covered.

Most barriers highlighted were not age specific, but could be a problem for all unemployed irrespective of age. They were mostly related to the way of operation of the authorities concerned, i.e. the Swedish Social Insurance Agency (FK), and the Swedish Public Employment Service (AF)

¹⁵ Kadefors, R. et al. Hindrande regelverk. Stockholm: European Social Fund (2008)

The European directive¹⁶ aiming at elimination of discriminatory practices in working life was implemented in Swedish law at late as January 1, 2009. A new organization for ombudsman functions was instituted, where age was included as one of the concerns. However, according to a newspaper report¹⁷, out of 500 relevant complaints filed, only two had reached judgment as of September, 2011.

Health related barriers

Health problems may make it difficult for an individual to fulfill demands at work. Such problems may be work related, age inflicted, or caused by a disease or disorder that is unrelated to work or to age, but the result might be the same. Health problems hampering employability was a common problem among the 50+.

It was found that the barriers identified by the respondents might be grouped according to Table 3.

With respect to *working hours*, many respondents reported problems to work shifts or to work irregular hours. This is in agreement with scientific studies on ageing and working hours: the tolerance against shift work decreases with age.

High *work pace* was identified by many respondents, both with white and blue collar background, as a major problem. In particular, problems with repetitive work were highlighted. This reflects the age related decline with respect to cognitive abilities, and it finds support in the *Work Ability Index* (WAI) devised by Finnish researchers¹⁸; in order to maintain adequate work ability over the years, one of the precautions is to avoid or to minimize repetitive work.

A main type of health related problems hampering continued work among the respondents were related to *physical workload* and musculoskeletal disorders. In particular, problems in the low back and in the shoulder and neck, were common. It is of note that these problems seemed to be as common in white collar as in blue collar occupations.

¹⁶ European Council directive 2000/78/EC, "establishing a general framework for equal treatment in employment and occupation". Official Journal of the European Communities 2.12.2000

¹⁷ Svenska Dagbladet 29 September 2011. Få åldersmobbede får rätt

¹⁸ Ilmarinen, J. Towards a longer working life. Helsinki: National Institute for Occupational Health

Competence related barriers

Many respondents declared that they no longer held a competence that was in demand in to-days working life. Their basic training had become obsolete, and was not updated. There were two main reasons behind this barrier:

- They had not been given the opportunity of competence development by their previous employer.
- They had not responded to opportunities offered, nor created opportunities by themselves, to develop their competence.

An observation made was that many of those made redundant were afraid of new technologies; they did not feel apt to learn new things in an area they felt alien to.

Sweden in fact is among the European countries that have the best developed practices for on-the-job training and lifelong learning, see Figure 8. A major factor behind this is that this type of opportunities offering in Sweden is a result from agreement between the social partners.

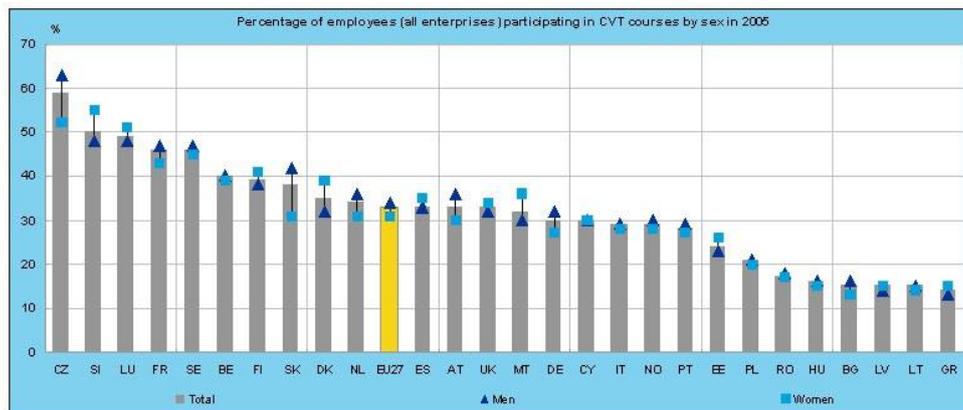


Figure 8. Percentage of employees participating in CVT-courses (Continued Vocational Training) in Europe¹⁹

Attitudes

Nearly all respondents in the study mentioned negative attitudes as a major problem in their endeavors to remain in or to return to work as an older person. Such attitude related barriers included those encountered in the authorities (Swedish Social Insurance Agency and the Swedish Public Employment Service), in workplaces and

¹⁹ Cedefop CVTS3, Eurostat (2005)

employers, and in society at large. However, there were also negative attitudes articulated in the respondents themselves to older people and work.

Unemployed persons need to contact the employment service in order to be eligible for unemployment benefits. They may need to participate in training courses and job seeking activities. The official they meet in the agency is an important stakeholder, but many respondents feel that the official is not interested in them due to their age. They feel that they are a burden rather than feeling supported in the meeting.

In order for an older person to remain employable, it is not only a question of his or her personal abilities. It is also dependent on how employers look upon older employees. Can a person aged 50+ contribute as much to the organisation's goals as a younger person? There seems to be an age stereotype in the way that many employers think; older people tend to be seen as "old", not as individuals, whereas it is well known that many older people can contribute equally well, if not better, than younger ones. What is true is that the diversity increases with age, a fact that is not recognized by many Swedish employers.

Many respondents believed, or had personal experience of, that employers were not interested, once they got to know of the age of the applicant. It was common not to be asked to come to be interviewed. And in times of restructuring, it was often so that employers found ways to make older employees redundant, even though there is legislation protecting long term employees.

Swedish employers' attitudes towards the older workforce have been mapped in different studies^{20, 21}. There is a wide variation between employers in this respect: some are quite positive; others declared that they never employed people older than 50 (about equal numbers in the survey). This diversity seemed similar between public and private employers.

Employers had different views on when a person is "older": 31 % thought at age 50, 24 % at age 55, and 24 % at age 60+.

²⁰Johansson Hanse, J. Särner, A-M. Kadefors, R. Arbetsförhållanden och kompetens bland arbetstagare som är 50+. En web-baserad enkätundersökning riktad till arbetsgivare inom Svenskt Näringsliv. Arbetstlivsrapport, National Institute for Working Life (2008)

²¹ Riksförsäkringsverket. Arbetsgivares attityder till äldre yrkesverksamma. Stockholm: Riksförsäkringsverket Analyserar 2001:9. (2001)

Many employers had negative stereotypes about older workers: that they had difficulties to learn new things, that they were resistant to change, that they were negative to new technologies. But also positive stereotypes were at hand: that they were experienced, dependable, and careful.

It is of note that many respondents in the unemployment group had negative attitude towards themselves. In a way, they corresponded to the negative stereotypes held by employers, for instance with respect to the openness for shifting to a new area of trade.

Comment

What can these case reports teach us? The concept of employability usually considers the individual's personal resources when it comes to health, competence and personal driving force. Although these factors are essential, we find that in the Swedish context, there are contextual barriers that the older individual cannot easily overcome, with respect to laws and regulations, way of work in the governmental authorities, and negative attitudes among employers.

The older worker in the Swedish labor market

In a discussion about older workers and their situation in the Swedish labor market, it is important to recognize that unlike in most EU countries, the social partners – employer and employee organizations – have a decisive role in how the labor market operates. The government is usually reluctant to get involved in what is often referred to as the “internal affairs of the social partners”. In brief, politicians set the general framework, but leave to the social partners to settle between themselves matters such as wages, working hours, work environment standards, competence development, etc. This goes for the public as well as the private sectors of the labor market. Negotiations are carried out at the central level and implemented locally. This way of work has a long history; it dates back to the so-called Saltsjöbaden agreement in 1938, when the Swedish Employers Association (SAF) and the Swedish Trade Union Confederation (LO) agreed to as far as possible, settle internal matters between themselves, without governmental interference: agreements instead of law-making.

This balance between employers, employees, and government has prevailed, although there have been many situations of conflict,

particularly in negotiations about wages. Nevertheless, strikes have been comparatively rare. Sweden has been noted as “*the country of corporatist, peaceful, industrial relations*”.²² Factors usually referred to explaining this situation include a very high degree of organizational membership, and the extremely stable political situation in the post-war era, where the social democrats were in power for more than three decades. And even now, the current conservative government is very reluctant to interfere in matters that have traditionally been managed between the social partners.

With respect to the prospects of development of new ageing policies in the Swedish labor market, an understanding of this societal framework is essential. The instructions given to the expert committee established by the government in the spring of 2011 were developed by the parliamentary Pension Group, formed by representatives from the conservative four party coalition, and the social democrats, now in opposition. These five political parties had agreed on the so-called Pension Agreement of 1994, establishing the basis for the current pension system. And it was made clear that the work of the Committee is to be carried out in consultation with the social partners.

It is relevant to consider the Swedish initiatives in the context of the Norwegian experience. Norway, like Sweden, has a long history of consensus driven relatively peaceful societal development. In the beginning of the 2000's, the Norwegian government noted that more people were leaving the labor market than entering it. This was not considered sustainable, and a process aiming at extending the average working life of Norwegian citizens was started. And in January 2011, about ten years later, a major pension reform, covering the entire private sector of the labor market, came into force. It means that obligatory pension age is now abolished. As an employee, you may retain your permanent position and continue earning pension points up to age 75.

This important reform was decided upon in the Norwegian parliament, the Stortinget, and implemented without any major protests.

But how could this happen, taking into account the violent reactions seen across Europe, when governments announce their intention to increase pension age?

²² Thörnqvist, C. Strikes in Sweden 1970-2005. In: van der Velden et al., Strikes Around the World 1968-2005. Amsterdam: Aksant (2007)

The Norwegian decision was reached with two important qualifications:

- No one would come out in a worse position economically in the new system, compared to in the previous one.
- If the goal is to be reached, that large groups in the workforce continue working longer, conditions in the workplaces creating problems for older workers need to be monitored, and remedies need to be implemented.

These points illustrate the ambition of the government to create widest possible acceptance for the new system, among individuals and in the labor unions as well. There is also an assurance so as to provide employers with tools that make it possible for them to secure and renew competence in the organization.

One of the major lessons to be learned is that it may take time to develop consensus and acceptance around societal reforms that affect large parts of the population; perhaps not a decade, like in Norway, but sufficient time; and it is likely that the time required for a successful process may be longer in societies with a history of conflict between political power, trade unions, and employers.

A concrete Norwegian initiative that may be benchmarked to other European countries is the creation of the Center for Senior Policy (Senter for Seniorpolitikk), a national platform for information, communication and debate of senior policy issues. This platform, which is financed by the government, engages a wide spectrum of stakeholders, including political parties, governmental authorities, employer and employee organizations, researchers and NGOs, for instance pensioner organizations. A website²³ has been developed for communication purposes. Here it is stated:

“The purpose of the Centre is to make individuals, companies and politicians aware of the benefits of being adaptable in the workplace as an increasing proportion of the workforce is aging. By promoting research, through awareness campaigns and by forging links with the Workers’ Union, the Employers’ Association and politicians, the Centre encourages a broad range of activities that aim to reverse the growing trend towards early retirement.”

For instance, as an older employee, you may here be informed about the economic consequences for you personally, depending upon whether you decide to retire now or to continue working for x number of years. And also for stakeholders:

²³ www.seniorpolitikk.no. Also with English translations.

“Here you will find information about senior workers and find a description on a five-phased development project for developing a good senior policy in your company. The site has been divided in such a way that you will find tools that will be useful to you whether you are a senior, a union representative or an employer.”

The initiative taken recently by the Swedish government, to initiate a study of consequences of increasing pension age, may be seen in the Norwegian context. But it remains to be seen if the Swedish politicians are willing to give the process enough time, and to provide it with resources needed in order to create a national consensus on the issue. This may in fact not be so easy. The social partners have a conservative view on the pensions, they say, why is it necessary to change a well-functioning system; the economic problems related to demographic changes may be solved by increasing productivity at work.

Problems and remedies

Restructuring issues

Also in Sweden, massive restructuring situations have occurred, in the private and in the public sectors alike. In such situations, the Employment Protection Act (LAS), aiming at employment security, may come into force. It implies that decisions on redundancy be based on the individual's length of employment: a person who has been employed for a longer time will not be made redundant before another person with a shorter employment history. In cases of equal length of employment it is the younger person who, according to the Act, is made redundant before the older one.

The LAS act is a result of negotiations between the social partners, perhaps is it then not so surprising that in practice, it is not rare that local deviations from the redundancy scheme as prescribed are agreed between social partners at the workplace. Such agreements tend to be at the disadvantage of older employees.

In cases of redundancy, it has been quite common that the employer provides an offer of premature retirement to employees older than, say, 60 years. Such offers have in some companies developed into routine; an older employee approaching age 60 expects to receive an offer, and make retirement plans in accordance with his or her expectations. These offers have generally been very attractive, and provided strong economic incitements for retirement. Under this scheme, the costs for social benefits are much lower for the retired

persons than for those employed. But there are drawbacks for the employer: still the offers are very costly (as an employer you pay for not having any work done), and you lose competence, since you may not be able to discriminate between eligible employees with respect to competence and importance for the company. These are reasons why offers of premature retirement tend to be scarcer in the Swedish labor market.

A general observation is that in case of redundancy, a younger person stands better chances than an older person with similar qualifications, to find a new job. This is why in particular for older workers, the *job security institutes* are helpful. There are presently two such bodies, one serving those employed in the government, including governmental authorities, and one for the private sector. A third, similar institution will be created January 1, 2012 for those employed by municipalities or regions. Their aim is to help redundant employees in affiliated organizations to find new careers. These institutions, which are created through agreements between social partners, are based on retention of part of the negotiated salaries, at this time 0.3 per cent of the net sum of paid salaries annually. For instance, the TRR (Trygghetsrådet) was jointly established for the private sector in 1974 through a collective agreement, the Agreement on Transition, by The Confederation of Swedish Enterprises and the white collar union, the PTK. The TRR explain their activities as follows:

“The process is supported by training and work material complementing the TRR advisors' one-to-one sessions with the client. The material is flexible, can be tailored to different situations and needs and can also be used for group activities.”²⁴

The TRR explain their approach for redundant employees as based on the following steps:

1. Current Status
Creating a structure and starting the work of job seeking.
2. Competence
Creating insight into which competences can lead to new work.
3. Labour Market
Creating clear goals and knowledge about the relevant labour market.
4. Marketing
Creating a good understanding of the most effective way to seek work.

²⁴ www.trr.se

5. Support and challenge

Staying with the client from start to finish, helping to stay focused and create the drive to change while job seeking.

About 32,000 companies with 700,000 employees (90% of them are white-collar workers) are currently affiliated to the TRR.

The services of these job security institutes may address not only those made redundant, but also those in danger of being subject to redundancy.

Restructuring is not always occurring as an adjunct to organizational downsizing. For instance, the company Ericsson Microwave carried out a major restructuring project in 2003-2004, because there were concerns that the company no longer was enough updated on new technologies. In this situation it was considered necessary to downsize the group of older employees in some technological areas, and at the same time, to recruit a group of young engineers. It was decided not to make people redundant, but to make employees from the target group leave voluntarily. The project was successful: about 500 employees left voluntarily, and 100 were recruited.²⁵

Why did the company choose a voluntary approach, and how did they manage to make employees holding permanent positions in the company leave?

Making restructuring voluntary was based on a concern that the external and internal image of the company would suffer if older employees were made redundant and replaced with younger recruits. It was also important to retain good relations with the labor union. In other words, the decision was based on “employer branding” concerns.

Middle management were given a key role in the project. Managers were instructed to have eight meetings with each candidate to career switching, in order to initiate career reflection and present incentives. Each person in the target group was offered 1-2 years pay without obligations to the employer, and a personal coach helping you to find a new job. The oldest employees were offered paid leave. The Ericsson Microwave model has been applied also by the Swedish defense, but with a lower degree of success.²⁶

²⁵ Bergström, O. Diedrich, A. European corporate social responsibility and restructuring. Transversal Theme: Companies. IMIT and School of Business, Economics and Law, University of Gothenburg (2006)

²⁶ Kedefors, R. Blomsterberg, M. A programme for phasing out older employees based on consent and social responsibility. Thessaloniki: Cedefop (2011)

Preventive measures

The Swedish administrative authority in the field of work environment, the Swedish Work Environment Authority (AV), is issuing directives as well as guidelines, i.e., advisory documents, on behalf of the government. The AV has also considered the special vulnerability of older workers, and the need to design workplaces so as to match the job demands to their capabilities. To this end, the AV have published a booklet “Adaptation of the working conditions in an age perspective”²⁷, which contains guidelines for individual standard setting and action based on the particular characteristics of older employees in a physical as well as in a mental sense. These guidelines provide support to the authority’s own safety inspectors, but the intention is that they also be used by other stakeholders, including employers, unions and occupational health services.

It is interesting to note that the AV guidelines comprise not only chapters on the physical and the mental aspects of work and workplace design, there are also references to organizational aspects: work content, composition of age balanced groups, ageing and modern worklife, and occupational accidents. And there is a concluding chapter outlining a model for how to develop an organizational policy for adaptation of work conditions to the conditions characterizing the older workforce. Such a policy needs to be based on a systematic approach to the work environment issues at the local workplace. The structure of the model is illustrated in Figure 9. It is intended to be an element in the routine, day-to-day work environment activities.

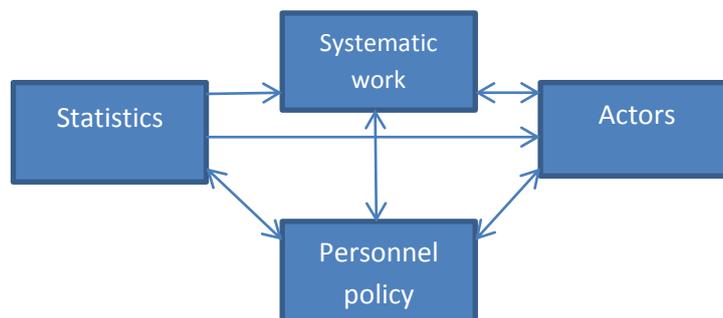


Figure 9. A structure for systematic age adjustment at the company/workplace.

²⁷ Anpassning av arbetsförhållandena med ett åldersperspektiv. The Swedish Work Environment Authority (2004)

Age management

The concept of *Age management* has been developed to signify a management approach to age, which is not intended to solve problems for people when they become 55+, but rather to prevent upcoming problems by giving employees of all age groups the best conditions for contributing to the company's goals.

According to Ilmarinen (2006),

“Age management requires taking the employee's age and age-related factors into account in daily work management, work planning and work organization; thus everyone – regardless of age – can achieve personal and organizational targets healthily and safely.”²⁸

The European Age Management Network stated:

“Age management promotes longer and better quality working life across the life-course in a way that is favourable for employers as well as individuals and society.

This means that Age Management is not only a matter of the elderly work force, it is for everyone, e.g. transfer of knowledge affects both older and younger workers.”²⁹

In Sweden, Skoglund and Skoglund have developed and applied an intervention model for application of Age Management in practise.³⁰ Their model comprises several steps, including awareness making, stakeholder commitment, creation of economic resources, process evaluation, and making use of experiences in order to develop further the age management practises in the organization. Introduction of age management practices must be authorized at the very top of the organization.

Important ingredients in age management policies include factors identified in the study of barriers hampering continued employability, referred to in a previous chapter. Competence and health factors are crucial. Not only older, but also younger employees benefit from age management: younger employees may have access to mentoring and provisions guaranteeing life-long learning possibilities and career planning.

²⁸ Ilmarinen. J. Towards a longer Working Life. Ageing and the quality of worklife in the European Union. Helsinki: Finnish Institute of Occupational Health (2006).

²⁹ EAMN - European age management network (2007)

³⁰ Skoglund, B. Skoglund, C. Åldersmedvetet ledarskap. Att inte skjuta problemen framför sig. Boden: Age Management i Sverige (2007).

The case of Vattenfall

The Swedish energy concern Vattenfall have developed and applied age management principles. Incentives behind this development included an awareness of an upcoming competence crisis in the company, linked to the internal demography: many employees with an engineering background were born in the 40's, which means they were approaching retirement age. The CEO of the company explained:

"The age pyramid of Vattenfall shows that many our competent employees are nearing retirement age. There is a risk that their competence will not be transmitted to the younger employees before they leave company. We must to a greater extent make it possible for younger employees to work together with more experienced employees. If there was a more widely spread awareness of the issue, we would have a greater capability to maintain needed competence."³¹

It was emphasized that the implementation of age management principles would be based on consent:

- Need trade union agreement and approval using formal and informal contacts
- Must be able to deal with attitudes and prejudices
- Management back-up
- Corporate Social Responsibility relevant to senior workforce

Ingredients of age management according to the Vattenfall approach included:³²

- The Work Square ("Arbetsorget")
- Competence Exchange
- Competence Transfer Mentoring
- Dialogue Seminars
- Motivating the Ageing Workforce to stay with the company
- Course on "Age and health awareness leadership"
- +57 seminars offered to all employees
- New working schedules for 58+
- 80/90/100
- Internal and external media support

It was made obvious that age management activities of the Vattenfall company by no means addressed older employees exclusively: the whole organization was made to take part. Nevertheless one of the

³¹ Lars G Josefsson, CEO Vattenfall (April 2001)

³² Mykletun, R. J. Furunes, T. The Ageing Workforce Management Programme in Vattenfall AB Nordic, Sweden: Final Report, in: R. Ennals, R Salomon (eds.), Older workers in a sustainable society. Berlin: Peter Lang Verlag - Education, Labour and Society (2010).

most important, and innovative, ingredients of the program aimed specifically at the older group, in fact the 58+, in order to make them stay with the company all the way up to pension age (65 years at the time). This is what was referred to as the 80-90-100 scheme. This meant that older employees were offered working 80 %, that they were paid 90 %, and that they retained 100 % of their pension at age 65. It was stipulated that they must be open for using time for competence transfer to younger employees. There would be flexibility with respect to the scheduling of the 80 per cent working hours. The target group comprised all older employees, not only the top managers. The 80-90-100 scheme was accepted by nearly all those who received the offer.

The Vattenfall company received considerable positive public attention as a result of the initiative. The model spread subsequently also to other branches, including banking, nuclear power industry, and public management.

Current Swedish developments

It is of interest not only to consider the framework of the newly formed governmental committee reviewing “the pension related age limits and conditions for an extended working life”, but also to reflect on the comments made in the context. The principal investigator says in a newspaper interview: “Only every other 64 and 65 year old is working. This is not enough to ascertain that future pensioners can retain an acceptable pension”.³³ It is clearly said that the ambition is to increase the age to which an employee has the right to remain in a permanent position (presently 67 years).

The trade union representatives emphasize the importance of creating better working conditions. One of them, representing the health care sector, says that “many of our members, now aged 60, have worked for 40 years, in many cases late evenings and nights. That is taxing.” She believes that “economic incentives may contribute, but that the basic problem is that the older colleagues cannot cope any longer. The body protests.”³⁴ She advocates also that better working conditions would make possible for many older people to continue working part-time.

³³ Dagens Nyheter 22 October 2011

³⁴ Dagens Nyheter 18 October 2011

What can be learnt by the EU?

In many ways, Sweden stands out as a positive example in European statistics with respect to work participation in the older age group. Are there practices that could be benchmarked to other European countries?

The role of the social partners

In many ways, the tri-party system comprising the government, the employers and the trade unions have been beneficial for the development of a largely (although admittedly not perfectly so) sustainable working life. The political stakeholders have empowered the social partners by giving them wide spread authority to make agreements and take initiatives to law-making in labor market issues.

This way of operation is a characteristic not only of Sweden, but of the other Nordic countries as well.

To benchmark the “Nordic model” is however extremely complicated. Not only is it necessary for politicians to do re-thinking, also the social partners must revise their present roles and relations, often stained by a history of conflict and mutual mistrust. Trade unions must widen their perspective beyond sheer economics. This is admittedly a long term process.

The Norwegian experience

Even though it may not be feasible to implement the “Nordic model” in countries with a different social and political history, some elements to be considered is contained in the initiative taken in Norway, i.e., the creation of a national communication platform for senior policy issues, involving all relevant stakeholders. This is not a reform, but it is a first step to development of reforms that could lead to a sustainable working life throughout Europe. It is not likely that the Norwegian initiative can be copied, it must be adapted to the local circumstances, but it would seem that the idea could prevail in all political environments of the EU.

Also Sweden needs to look seriously at the Seniorpolitikk initiative.

Life-long learning

One of the most important conditions in order to create sustained employability for large occupational groups, is to support competence development throughout working life. Sweden has a long history of high ambitions in this field, also reflected in the European statistics.

In the long run, it is in the interest of all stakeholders, including employers, that many older employees remain employable, not only to the benefits of the employers themselves, but also making restructuring easier: a competent person who has been made redundant stand much better chances to find a new job than someone who is in need of updating his or her knowledge when being unemployed. This is why the government, and the social partners, should support creation of individual competence development for all employees.

Sweden's route forward

Even though the problems linked to the demographic changes may be less demanding than in many other countries, it is clear that also Sweden will have to change her age relevant policies and practices. The governmental committee that was formed earlier this year is an indication that politicians take these matters seriously.

In the light of the problem identification carried out, what should Sweden do?³⁵

Maintain the strong role of the social partners. It is clear that this is an essential ingredient in order to make possible to institute also significant changes in working life peacefully.

Reform working life. Work conditions must be such that also blue collar workers are given a realistic opportunity to continue working up to, or beyond, official pension age.

Avoid instituting a discriminatory pension system. Simply increasing pension age to 69, or to abolish it altogether, is likely to lead to a widening of the gaps between occupational groups, and would leave large groups behind.

Revoke all sorts of age discrimination in laws and regulations. Provide all age groups with adequate opportunities.

Create new incentives for competence development in the labor market. In order to implement life-long learning and to support sustained employability, a system with individual "competence checks" was devised some years ago, but not implemented. This initiative should be considered anew by politicians and social partners.

³⁵ See also, "A 17 Point Programme for Sustained Employability of Best Agers". www.best-agers-project.eu

Open for better possibilities for older people to work part-time. The policy of the present government has been to increase incentives for full-time work. This, however, is not beneficial for older people who feel they cannot sustain full-time, but would be open for carrying out part-time work.

Create incentives for employers and trade unions to implement age management practices. The social partners should make this a common concern.

Build safeguards against age discrimination in the operation of governmental agencies having an impact on ageing and work. There are age discrimination practices in governmental agencies that must be eliminated.

Monitor complaints from citizens who feel discriminated on the basis of age, and review the handling of the complaints in the judicial system. Sweden does have an ombudsman function covering age discrimination, but its impact has been marginal.

Create a national platform for senior policy issues. Learn from the Norwegian experience. Provide the platform with adequate governmental support.

Be alert to the needs of regions and municipalities that are subject to negative demographic trends. It is necessary to empower regional stakeholders in order to create a sustainable working life.

Be trendsetters. Involve older people in parliamentary work and other visible governmental operations. In the present Swedish parliament, less than 2 per cent of the members are older than 65 years. This is even less than in the previous parliament. The European parliament has a much higher senior representation.