



# **Creative Age Management Strategies for SMEs in the Baltic Sea Region**

## **Annex 1: Country Studies FINLAND**

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[www.best-agers-project.eu](http://www.best-agers-project.eu)

## The Republic of Finland (Suomen tasavalta)



### Socio-Demographic Situation (Selected Indicators)

Indicators	Finland	Europe (EU 27)
Area	337,030 sq. km	4,324,782 sq. km
Population (2007)	5,238,460	495,400,000
Population density (pop. per sq. km)	15 inhabitants per sq. km	115 Inhabitants per sq. km
Capital	Helsinki	
Form of Government	Parliamentary Republic	
Number of Children per Woman	1.84	1.52
Average Age	42.5	40.3 not EU27, but the average of the ten participating countries

www.ipicture.de; 19.04.2012

European Commission: The 2009 Ageing Report, Eurostat: <http://epp.eurostat.ec.europa.eu>

Out of more than 5 million inhabitants of Finland, already about 85 % live in cities. The population development is still characterised by a noticeable migration to the cities. In particular, young people prefer education and work in the cities, and as a result, the rural communities, particularly in the eastern and central Finland, have suffered from depopulation and ageing.

About 16 % of the population is under 14 years of age, 66 % are between 15 and 64 years old and nearly 18 % are 65 and older.

Since the baby boomer generation was in the 1940s-/50s, the average age in Finland is disproportionately high, at the level of 42.5 years of age.

The age structure of the Finland's population (state of 2005) shows a peak in the baby boomer generation between 1946 and 1949. In general, the population structure indicates an ageing tendency. Although the birth rate is calculated at the level of 1.84 children per woman, which is above the EU average it is not enough to compensate for the ageing of the baby boomers generation of 1946 to 1949. Currently, the population development shows a slightly rising trend. It is expected that this trend will last until about 2030 owing to the influx of foreigners, and then a population decline will take place.

<b>Participation Rate</b>	<b>Finland</b>	<b>Europe (EU 27)</b>
Participation Rate 15 – 64 (2008) males	77.5	77.8
Participation Rate 15 – 64 (2008) females	74.1	63.4
Old age dependency ratio (2008)	30	25
Old age dependency ratio (2050)	56	50

European Commission - DG for Economic and Social Affairs: The 2009 Ageing Report: economic and budgetary projections for the EU-27 Member States (2008-2060), Luxembourg 2009

The participation rate (15-64 years of age) of the male labour force is on the average of the EU Member States. However, the participation rate of women with 74.1 % is significantly above the average – similarly to the other Scandinavian countries; it is higher by more than 10% points than the average of the EU.

The high participation rate is attributed to four main aspects: the pension reform with the abolition of early retirement and the flexibility of choosing retirement, the labour market and educational policy in the context of technology proliferation in the economy, and the active promotion of the work ability, as well as the lived gender equality.

<b>Elderly Participation and Retirement</b>	<b>Finland</b>	<b>Europe (EU 27)</b>
Participation rate 55-64 (2008) males	59.5	57.3
Participation rate 55-64 (2008) females	59.4	38.2
Legal retirement age planned changes	m: 65; f: 63 (65 up to 2023)	
Actual retirement age (2008)	61.6	61.4

European Commission - DG for Economic and Social Affairs: The 2009 Ageing Report: economic and budgetary projections for the EU-27 Member States (2008-2060), Luxembourg 2009

The participation rate of persons over 55 years of age in Finland is about 60 %; in particular, the high proportion of working women is higher by over 20 % points than the EU average.

Since the post-war period, Finland has perceived itself as a pronounced welfare state. The unemployed receive support in the form of daily allowances which are not dependent on the previous income. The pension for the employed is regulated as a public compulsory insurance. Employers are obliged to pay two-thirds of insurance premiums. Those who are not entitled to receive a work pension, receive a state pension on account of old age or disability of over EUR 500.

Nevertheless, the effective retirement age is still relatively low and Finland increases its efforts to improve the opportunities for the people to be able to work until the statutory retirement age.

<b>Indicator for Work-Life-Balance</b>	<b>Finland</b>	<b>Europe (EU 27)</b>
Working hours fit well or very well with family or social obligations (2005)	86.0	79.4
Working hours fit well or very well with family or social obligations (2010)	85.7	81.5
work affects the health negatively (2005)	42.5	35.4
work affects the health negatively (2010)	24.4	25.0
(very) satisfied with the working conditions (2005)	84.5	82.3
(very) satisfied with the working conditions (2010)	88.8	82.3

European Foundation for the improvement of living and working conditions, Fourth European Working Conditions Survey (EWCS), Dublin 2008; First Findings 2010: <http://www.eurofound.europa.eu/surveys/smt/ewcs/results.htm>

Similarly to the other Scandinavian states, the family policy and gender equality is very important in Finland. The political and legal framework conditions (parental leave, child care, educational system) are continued in operational agreements and company policies, e.g. in working time regulations. Therefore, it is understandable that the time balance between work and family is judged as good or very good by 86 % of the employed.

In the area of the impact of work on health, there has been a very positive trend in the recent years. Less than a quarter of the employed reported negative health consequences.

The labour policy in Finland has positive consequences. The satisfaction with the working conditions has increased significantly in the recent years and with slightly under 89 % it is in the upper third of the countries considered in this study.

Indicators for working conditions	Finland	Europe (EU 27)
can carry out the current profession with 60 years (2005)	65.2	58.3
can carry out the current profession with 60 years (2010)	63.7	58.7

European Foundation for the improvement of living and working conditions, Fourth European Working Conditions Survey (EWCS), Dublin 2008; First Findings 2010: <http://www.eurofound.europa.eu/surveys/smt/ewcs/results.htm>

The Finnish policy to promote the work ability and the ageing management in the companies is accepted by the employees in the form of a high employment rate of the elderly. However, less than two-thirds say that they can carry out their current work also up to 60 years of age. This value has decreased as a result of the economic crisis, obviously due to increased pressure in the workplace. Nevertheless, this estimate is 5% points higher than the EU average.

Indicators for lifelong learning and participation in vocational trainings	Finland	Europe (EU 27)
European Lifelong Learning Index (ELLI) (2010)	64.96	52.06 [not EU27, but the average of the eight participating countries]
participated in the last 12 months at employer-paid trainings (2005)	52.6	26.1
participated in the last 12 months at employer-paid trainings (2010)	51.0	33.7

European Foundation for the improvement of living and working conditions, Fourth European Working Conditions Survey (EWCS), Dublin 2008; First Findings2010: <http://www.eurofound.europa.eu/surveys/smt/ewcs/results.htm>

Finland has invested heavily in a good education systems in the recent decades. The common school education is for students up to 16 years of age and promotes young people regardless of their socioeconomic background. Most people have their high school examination after 12 years of education. The special promotion of scientific and mathematical skills is also a part of the state educational initiatives such as a well-developed vocational school system. Also during the professional activity much emphasis is placed on further training. In the comparison of the European countries, Finland is at the forefront with the Lifelong Learning Index behind Denmark and Sweden, and in terms of the training rate even a leader among the countries compared in this study.

## General Overview

Until well into the 20th century, Finland was one of the poorest countries in Europe. Although in the first half of the 19th century certain industries such as paper mills, cotton mills, and iron works were established, the life of most Finns was dominated by agriculture until after the Second world war. Only after the war, industrialisation was pushing ahead, not least in order to cope with the extensive reparation demands of the Soviet Union. Within twenty years, a diversified economy was developed with a powerful electrical, petrochemical, machinery and transport equipment industry. Another important area was the shipbuilding industry.

Strong economic growth in the post-war period, which was also associated with the lively eastern trade, was interrupted abruptly after the collapse of the Soviet Union in 1991. In the subsequent severe economic crisis, the gross national product fell by 13%, the unemployment rate rose from 3.4 % in 1990 to 18.4 % in 1994. The crisis brought about a radical restructuring of the Finnish economy. Many state enterprises were privatised in order to stabilise the state budget. At the same time, the government invested heavily in higher education in the high technology sector. So then was the microelectronic industry with Nokia the driving force of the economic upturn.

The accession to the European Community in 1995 contributed in turn to the economic stabilisation. The reorientation of the economic structure caused the halving of the unemployment rate to 9.2 % by 2001. As a result, the unemployment rate fell further, and in 2007 amounted to 6.9 % on average.

The proportion of foreigners is low, at the level of about 2 % in comparison to the neighbouring countries of Norway and Sweden, however, it has risen significantly since 1990s. The reason for this low figure is on the one hand a more restrictive

immigration policy, and on the other hand, Finland at the time of big labour migration in the early decades of the post-war period, especially when compared to Sweden, was an economically weak and even more likely a country of emigration. After 1945, over a half million Finns emigrated, mostly to Sweden. This trend reached its peak around 1970 when there was an economic boom in Sweden, in Finland the post-war baby boomers urged into the labour market and some 40,000 Finns resettled to Sweden annually. As a result, the emigration flow has slowed considerably. Today there is a positive balance of migration of several thousand people a year.

### **Demographic Change**

Finland is ageing earlier than most of the OECD countries; the demographic change was noticeable already in the 1990s. The simultaneous structural transformation from a commodity-based country to a technology-based location, which began in the 1980s, reinforced the impact on the labour market. The result: the unemployment rate of people aged 55 to 64 years was more than 20 %. Moreover, the number of retirees in Finland increased, leading to significant financial problems in the social security systems.

The economic and socio-political consequences of the demographic development in Finland have been detected early. Already in the mid-1990s extensive measures were launched to promote the work ability and health in terms of job retention. Thus, Finland is a pioneer in international comparison in relation to age and age-related policy.

### **Health Service**

The Finnish healthcare system is built on a basic national security. The medical care is paid from the money of taxpayers and organised by the state. For this purpose, municipalities maintain community centres with physicians of all disciplines. Each citizen must visit the health centre responsible for their residence; a free choice of a doctor is not possible within the public service. In addition to the public system, today there are numerous private medical stations and private hospitals which replace the public health insurance only to a very insignificant extent due to much higher costs.

Employers bear responsibility for a part of the health care. Within the framework of the statutory health care in the workplace, employers must finance preventive examinations; further care of employees is financed from the tax benefits. Also in other areas, the socio-political objectives play a significant role in the workplace. The Finnish idea of flat hierarchy and the distribution of responsibility is reflected in the obligations of the employers, the possibility to negotiate all measures with an impact on jobs and working conditions with the affected employees. Also plans for the support of equality between men and women have to be implemented in enterprises.

## Gender Policy

Gender equality is promoted in Finland through a comprehensive family policy. Within the first six months after the birth of a child a parent or both parents alternately can take unpaid parental leave and receive financial support at that time from the health insurance. Thereafter, all children before going to school have a right to a place in a local nursery or financial support for home care. The results of these policies are visible in the participation rate of women. In 2005 it was at the level of 66.5 % of women in the working age compared to 57.5 % of the EU average.

## Pension System

The pension system consists of a combination of employment and national pensions. The retirement age was made more flexible in 2005 and is now between 63 and 68 years of age.

Since 2000, the employment pension amounting to € 900 invalidates the claim for the national pension.

Clear incentives are set to prolong the statutory retirement age of 63 year (with 63 years of age one may receive a pension amounting to 60% of the income from the last 10 years).

- up to 60 years of age the amounts are increased by 1.5 % p. a.
- between 60 and 62 years of age, the amounts are increased by 4.5 % p. a.
- after 68 years of age, the amounts are increased by 0.4% per month.
- The statutory retirement age in the case of the early retirement is 60 years of age and is associated with the high pension levels.
- In 2005, the so-called unemployment pension was abolished.

## Labour Market Policy

The transition from a "culture of early retirement" to a "culture of long working life" has been supported primarily by programmes to promote a longer working time. According to several longitudinal studies which were conducted i.a. by the Finnish Institute of Occupational Health (FIOH), the social partners and various ministries reached an agreement at the end of the 1980s. Various pilot projects to promote the ability to work were undertaken in the six-year programme Finn-Age – Respect for the Ageing. The quintessential assumptions were loud and concise:

It is important to note that the idea is not to adjust the older worker to the workplace, but to adjust the workplace to the worker. The individual variation, in physical, mental and social meaning, grows with age, and therefore more flexible and individual solutions are needed. Proper age management observes positive and negative changes during ageing and adjusts the work by increasing the role of growing strengths and decreasing the meaning of appearing deficits. Therefore, managers, supervisors and foremen will be key-persons in the future in creating workplaces for a more heterogeneous and older. To

achieve a meaningful role for older workers, the competitiveness of their work life should be improved. This meaningful role can be achieved by, for example, adjusting workplaces according to age, promoting the professional competence of older workers through tailored training, and finding individual and flexible solutions for the transfer from work to retirement.

*Ilmarinen, J: Ageing and Work - Coping with Strengths and Weaknesses. In: Scand J Work Environ Health 1997, vol. 23, suppl. 7, p 3-5*

As a result, several ministries have agreed to launch the "National Programme for Ageing Workers" (1998-2002) (see below).

The efforts were supported by the reform of the social and security system. The motto was: "**First support, then demand.**" Decision-makers in the Finnish politics recognised quite early that: Effective reforms of the pension system will only be feasible if, first, the employment conditions are adapted to the older and ageing persons, and second, if a positive image of the elderly prevails in the public.

Source: [www.bertelsmann-stiftung.de](http://www.bertelsmann-stiftung.de)

### "National Programme for Ageing Workers"

The National Programme for Ageing Workers brought together the political actors and social partners, and by the year 2002 financed numerous projects which dealt with the issue of ageing workforce with the amount of € 4 million.

The central aspect of the Finnish labour policy since then has been the preservation of physical and mental health at work (work ability), as well as the expansion of active labour market policies for the elderly.

The National Programme on Ageing Workers originated in the work of a committee, which was appointed to investigate how the work input of ageing workers could best be used to benefit the working life. The committee submitted its final report at the end of 1996, proposing a National Programme on Ageing Workers. Based on the committee's proposal, the Government decided in 1997 on the actions needed for the improvement of ageing workers' employment situation, and this was the foundation of the National Programme on Ageing Workers.

The Programme period was 1998-2002 (March), and the programme consisted of 40 actions stipulated in a Government Resolution. These comprise an extensive information and training programme for various target groups (occupational health and safety staff, regional occupational safety authorities and labour administration staff, workplaces, individuals), with the aim of encouraging workplace health promotion (WHP) to maintain the working capacity of ageing workers, and of increasing awareness about issues related to ageing. In addition to these, the programme comprised comprehensive practical workplace health promotion work, research on employment issues related to ageing workers, promoting the development in public employment services to become more effective in serving aged customers. The Programme also included studies and preparations for change on certain legislative topics like the position of ageing workers in relation to

redundancy or termination of employment, reform of the financial support system for adult education, the question of the insured's own risk in disability and unemployment pensions, gradation of employment pension contributions according to age, and removal of social security contributions unconnected with work. In launching the programme, the following legislative amendments were also decided on: A new paragraph was added to the Act on Codetermination in Companies: "Personnel and training plans should seek to *devote attention to the special needs of ageing workers and officials*".

Amendments were made to the Occupational Safety Act; one of the amendments added ageing to the list of issues that employers must take into account in addition to age, gender, vocational skill, etc., while the other added workplace health promotion to the programme that employers are required to have for the promotion of safety and health in the workplace. During the programme period of the National Programme on Ageing Workers, a new Occupational Health Care Act entered into force (as of the beginning of 2002).

The primary target group of the programme consisted of employed and unemployed people aged 45-64. Other target groups included occupational health care and occupational safety staff, labour administration staff, education administration staff, employers and workplace communities, for whom the programme provided research, training and information. Finally, the general public was also a target group of information campaigns on ageing. The programme was funded from the Budget, and a total of EUR 4.2 million was earmarked for it for the five-year programme period. The main implementing body responsible for the programme was the Ministry of Social Affairs and Health, while the other responsible implementers were the Ministry of Labour and the Ministry of Education. The responsibility for implementing the 40 programmes within the National Programme on Ageing Workers is divided among these ministries. The programme has an advisory board consisting of representatives of the ministries already mentioned, as well as representatives of the Ministry of Finance, the Ministry of Trade and Industry, the labour market organisations, the Association of Finnish Local and Regional Authorities, the Institute of Occupational Health, the Social Insurance Institution (KELA), the Federation of Employment Pension Institutions, the Federation of Finnish Enterprises and the Central Union of Agricultural Producers and Forest Owners. The programme is a major cooperation project comprising a number of objectives, actions, target groups and levels. It is a very comprehensive programme, implemented through legislation, research and development projects, training and communication. The distribution of emphasis between these different channels has varied during the programme period. To begin with, legislative amendments were made and information on the programme was disseminated. In the middle of the programme period (1999-2000), the focus was on research and development projects. The end of the programme period (2000-2001) has focused on training to maintain the work ability of management and employees.

Source: pdf.mutual-learning-employment.net (Document: Assessment of the Finnish National Programme on Ageing Workers (FINPAW) Discussion Paper)

Several accompanying and subsequent programmes of line ministries, which are accompanied by inter-ministerial councils, are connected with the national programme and contribute to the implementation of the national programme.

The characteristics which lead to the success and international attention, were identified in the evaluation of the FINPAW programme. – Meanwhile, the concept was transferred to many countries in the world; from Australia through Brazil and Japan there have been many approaches to the adaptation.

What could be the background for reaching such good initial results in Finland? It seems, also judging by the big interest in the Programme in the peer review, that some matters are unique, or interesting in the Finnish context. This is a complex question, but we want to point to a few factors.

The first feature that draws attention, is that the programme is a National programme, and many countries, also in the first peer review, pointed out that to reach a national programme on the age question is exceptional in Europe, an indeed, in the world. For Finland this is probably due to three key factors: First, this is a small and a homogeneous country, with a very distinct and strong Nordic welfare state heritage. It is easier to operate with Programmes in a more homogeneous environment than in a complex one. It is also important to note that Finland has for instance a long tradition of institutions, expertise and networks on work health and safety, providing a vital backbone for key measures also in the FINPAW.

Secondly, we have had a long period of political consensus, epitomised by two terms of a "rainbow government," where social democrats, conservatives, greens, leftist and the Swedish speaking minority party all are in the same government. This is unique even for the Nordic countries. The most important societal programmes are agreed on a tripartite basis, i.e. government, trade unions and the employers. Finland still uses collective wage agreements. In the last one, this fall, changes in pension legislation were introduced, which have strong implications to retirement. The bill is in the Parliament at present.

All this spells consensus and continuation on many policies: economic, employment, innovation, education etc. This is also reflected in one of the successes of the FINPAW, where cross-ministry cooperation was exceptionally good.

Third: These two factors got a considerable amount of tailwind from a favourable economic upturn in the second half of the nineties in Finland. Where in the beginning of the nineties Finland was hit by its worst depression in its history (the reasons for this cannot be treated in this paper, but they are similar to the situation of Sweden, coupled with the loss of the Soviet trade, as the Soviet Union collapsed), the second half was a success story for Finland, epitomised by the success of Nokia, which drew Finland to the global "ICT-age".

And not only ICT-industry has been successful, but also the traditional strength of Finland, paper and wood industries, and others, have succeeded globally and have been modernised to cutting edge. Finland has been proclaimed to be "the most competitive country" in several international assessments over the last few years, and the growth rates have clearly acceded European and OECD averages. All this has provided a favourable backdrop for the implementation of FINPAW, and makes it difficult to distinguish the particular contribution of the programme to the positive trends in some key result areas.

Nevertheless, it would be even harder to defend the positive contributions of the programme had the results been the opposite.

Even with so many favourable constellations, some problems remain tough. One key question is unemployment, which soared in the beginning of the nineties to a 20% level, and has now melted down to 8.8% (EU standard), still double to the other Nordic countries, and above the EU average. The situation of aged long-term unemployed, despite some success in this area, remains difficult. Also, the ensuing great generation change contains several very difficult equations: The ensuing shift from work to pensions will be one of the strongest in the world, if not the strongest, and the younger generations following after are one of the smallest. Finland is not in a favourable position to compete on immigrant labour, and has hitherto pursued a rather curt immigration policy, the result of which is the lowest share of foreigners in Europe. So ahead lies a very distinct double-faced situation: a tough unemployment problem and a parallel shortage of labour. There is plenty to do in the post-FINPAW period.

Source: Assessment of the Finnish National Programme on Ageing Workers (FINPAW) Discussion Paper. Robert Arnkil, Jarmo Nieminen, Pekka Rissanen, Sari Pitkänen, Sanna-Mari Lyytinen (Social Development Company Ltd.), January 20-21, 2003. Peer Review The National Programme for Ageing Workers

One of the following programmes is dedicated to the training of older employed persons.

In March 2001 the Ministry of Education appointed a committee – Adult Education Committee – to study the problems of adult education. In its report submitted in February 2002, the Committee proposed a separate action programme geared to offer poorly trained adults 30 – 54 years of age opportunities to study for a vocational qualification. This programme has been given a popular name "**NOSTO**" or in English the "*PUSH Programme*."

The programme is planned for the five years period 2003-2007 and would offer 16,000-24,000 study places annually. In the final budget proposal for the year 2003 a sum of EUR 10 million has been committed for the launching of the programme. Part of the resources will be allocated to education for information society skills. With a view to motivating adults to study and to improving their learning capacities, the programme will include various supportive measures, such as the provision of different blocks of general education in support of vocational studies.

The committee recognised that the level of education among the adult population will rise significantly with the exit of the large, poorly trained age groups by 2010. Accordingly adult education and training should increasingly be targeted at further training and higher education. On the other hand, it is seen that employees need more upgrading and updating. To this end, the committee proposed that all adults should have opportunities for exhaustive upgrading every 10 to 15 years, as well as for 1-2 weeks of self-development every year.

The foremost objective of these measures is to translate lifelong learning into concrete action and to secure opportunities for all adults to learn and study, and furthermore, to enhance the productivity of the adult population by means of education and training.

Source: pdf.mutual-learning-employment.net (Document: Assessment of the Finnish National Programme on Ageing Workers (FINPAW) Discussion Paper)

Another accompanying and subsequent programme was the VETO.

"**VETO Programme**" is meant for complementing and continuing the National Programme on Ageing Workers and the Well-Being at Work Programme 2000 – 2003. A planning group has designed the programme, and it will be launched in the beginning of 2003. The name of the programme refers to the current challenges of the Finnish society, which the programme aims at solving by promoting the attractiveness of working

life. The action plan has been developed in collaboration by three ministries and the social partners, and its vision corresponds with the ideas introduced in the "Terveys 2015" National Health Programme and the recent prognoses of the expected manpower shortages in the future. The Ministry of Social Affairs and Health coordinates the "VETO Programme".

Measures aiming at enhancing the full participation of people in working life are emphasised as the main objectives of the programme. By improving peoples' general functioning ability and well-being at work, the programme aims at creating resources which will help people to extend their years in working life. Attention will be directed to the development of working environments and human relations at work, and the functioning of the pension systems will be monitored. Measures contributing to the harmonious articulation of working life with education, family life and free time are regarded as essential in order to secure the supply of manpower also in the future.

The overall objective of the "VETO Programme" is to guarantee that the working life becomes genuinely attractive. The programme will last until the end of 2006. It covers four thematic areas, i.e. (1) the quality of working life and occupational safety, (2) occupational health and rehabilitation, (3) diversity of working life and equal opportunities, as well as (4) social security and the duration of working years. A press and information action plan, common to the whole programme and coordinated by the Ministry of Social Affairs and Health, renders support to the specific objectives of each of the four thematic areas. The actual measures at the organisations and work places participating in the "VETO Programme" will commence at the beginning of 2003. In practical terms this means launching or continuing different kinds of projects. Already during the planning phase, the "VETO Programme" has been linked with the national network of other research and development programmes. Through careful consideration, maximising synergies and a functioning framework for further cooperation have been guaranteed.

For the period of 2004 – 2007, an annual sum of one million EURO has been committed for the research and development measures of the "VETO Programme"; the sum for the year 2003 is EURO 0.5 million. The majority of measures will be financed through the existing means of the participating organisations, which will be refocused according to the objectives and guidelines of the "VETO Programme."

Source: pdf.mutual-learning-employment.net (Document: Assessment of the Finnish National Programme on Ageing Workers (FINPAW) Discussion Paper)

The third programme presented here as a result of the FINPAW is dedicated to the improvement of work organisation.

The Finnish Workplace Development Programme TYKES (2004-2009) promotes the modes of operation of Finnish companies and other work organisations, with an eye to simultaneous enhancement of productivity and the quality of working life. It is called a qualitatively sustainable productivity growth. Development activity in the programme projects is based on cooperation between the management and staff of the workplaces concerned. In addition, TYKES promotes the dissemination of project results and expertise on workplace development.

TYKES is based on the view that the most effective way of generating new innovative solutions for working life is close cooperation and interaction between workplaces, researchers, consultants, public authorities and the social partners. The capacity of the different parties to join forces is for a small country like Finland a precondition for coping with the globalising economy. Success in the new competitive environment increasingly calls for workplace innovation.

Source: [www.kooperation-international.de](http://www.kooperation-international.de)

## Examples of Operational Projects and Measures

### UPM-Kymmene tackling the "age-question"

UPM-Kymmene is the largest manufacturer of printing papers in the world and the market leader in magazine papers. With the turnover of 10 billion euro, it employs 26,000 people, of which 20,000 in Finland. Paper and wood industries have been the "green gold" of Finland, and a key factor in industrialisation. Highly successful paper and wood industry still form the other key "pillar" of industry in Finland, besides the most recent success story of ICT, epitomised by Nokia. UPM-Kymmene wants to excel in its industry in a global sense; in fact it claims that Finland has become the "home-country" of forest industry. In the future exporting know-how on forestry and paper production by UPM will grow exponentially, as production as such has reached its saturation point in Finland.

Background for interest in the age-question: A good example of the main problematic in Finland in the age-question in general and industry in particular. UPM has a very distorted age-structure and a long tradition of encouraging early retirement. Change of policy in mid-1990s: Increasing retirement age, securing recruitment from the younger generations. Since 1997 UPM-Kymmene started to invest in training courses for key personnel, with the aim of building up consciousness about the age-challenges, and changing attitudes about early retirement. The first wave, concentrating on the theme of ageing and work ability in the whole concern encompassed key 500 people and 11 separate training sessions, where outside experts (specialists in the field of occupational health) were also used. The programme was sponsored by the pension fund Ilmarinen, whose biggest client is the UPM. Adjustments in working conditions and work environment followed. Also part-time pensions were encouraged, to provide more flexible arrangements at the end of the working career.

At the other end of the "age-challenge," the recruitment, UPM also has a long tradition of good connections to vocational, polytechnic and university training to secure interest and recruitment to the company. The image of the company is, in fact, second to Nokia only, in Finland, among people, according to a survey by Universum, an independent company. The concern provides 3000 summer working places for young, encourages university graduate theses, and has also its own professional training institutes. More investment in all of these fields is expected.

The second wave, a special programme called "Experience as a Resource" has just been launched in 2002, starting with training sessions to the management level of UPM and then spread to 500 key people and now encompassing all staff and work units. The programme focuses on eight key themes, where priorities and practical measures are planned in each unit:

- 1) **Awareness** of the challenge of ageing and recruitment
- 2) **Attitudes:** Positive attitudes towards the elderly
- 3) **Management:** Responsibility of management for individualised approaches
- 4) **Age strategy:** Life-long learning, cooperation across generations, equity and employability of the elderly
- 5) **Work-ability and motivation:** willingness to continue to pension age on a sustainable basis
- 6) **Know-how:** Mutual knowhow and learning-in work and securing transfer of tacit knowledge
- 7) **Work arrangements and working environment:** Work arrangements, working times and environment to fit the needs of different age groups
- 8) **Good life:** Respect towards and quality of life of the elderly increases, dignified retirement.

In the fall of 2002 UPM also mapped out the rest-of-the career plans of 2000 managers and

senior officials, together with a mapping out of management candidates to fill the vacancies. More efforts in mentoring in this context are planned. UPM also surveys work attitudes on a regular basis. An employee, who has worked for 25 years, is entitled to two weeks of extra rehabilitation and those serving 35 years 2+2 weeks.

"I don't want to make a claim that we are so good in dealing with the ageing challenges in UMP – we still have plenty of problems, but it seems that others (in industry, worldwide) are worse, and just now waking up to the call", said executive vice president of UPM Kymmene Harald Finne in an interview on 17.12.2002 held by the independent expert in the peer review. There has been a constant flow of visitors from all over the world to acquaint themselves with the work of UPM-Kymmene.

Source: pdf.mutual-learning-employment.net (Document: Assessment of the Finnish National Programme on Ageing Workers (FINPAW) Discussion Paper)

### **Nokian Tyres**

Nokian Tyres, established as an independent company in 1988, develops and manufactures summer and winter tyres for cars and bicycles and a range of heavy machinery. The company runs the Vianor tyre chain, which comprises 170 of its own retail outlets across Finland, Sweden, Norway, Estonia and Latvia. The company's product development, administration and marketing functions as well as the majority of production are located in the Nokia, Finland. In 2001 Nokian Tyres employed some 2,664 people, about half of them (1,363 persons) in Finland. The strategy adopted at Nokian Tyres has enabled the company to outperform average annual growth in the tyre industry. Despite the powerful growth, the company has retained its position among the most profitable tyre companies in the world.

Nokian Tyres is a good case of how the aims of the National Programme on Ageing Workers can be promoted on a corporate or workplace level without doing it in the name of the actual programme as such. Nokian Tyres has approached the ageing issue by developing its company structure and adopting new forms of work organisation as well as by providing comprehensive occupational health care and WHP activities alongside with extensive HRD. In the company's annual personnel report the aim is expressed as follows: *"Competitive advantages from lifelong learning and good work ability. In the tyre business, too, skills are emerging as a crucial competition factor. Nokian Tyres is expanding and renewing its expertise... with the aid of the lifelong learning programme. Development of team work organisation and a raised education level among the personnel will also boost our competitiveness."* For this goal *"the company invests systematically in the internal training and education activities and upgrading the level of educational achievements of its personnel."*

The aim of the lifelong learning programme is to bring studies and learning as close as possible to people's everyday work and help develop it, and to involve as many employees as possible — ideally the entire staff — in learning activities. The development needs of the organisation and its personnel are being systematically studied, and the entire staff will receive individual development and study plans. Part of the training has been arranged at the workplace connecting it with everyday work situations and work rotation, while some of the training modules have been arranged in cooperation with outside suppliers. Financial support and working time arrangements have been extended to employees who wish to take training on their own initiative. The results at Nokian Tyres show that appropriate support measures together with well organised goal-oriented operations can activate a majority of employees to participate in life-long learning. According to the annual reports, an individual development and study plan was drawn up for 500 people in 1999, while 995 people took part in training or other forms of development activity. An upward trend in participation and the level of educational achievements has continued through the years 2000 and 2001. In 2000 a two-years-long part-time training programme was commenced involving 450 persons and in 2001 additional 250 persons. In addition a number of different types of training events have been organised, their duration varying from one day to several weeks, involving the majority of the

company's personnel. An interesting observation is also the fact that the internal mobility of personnel and job rotation has been growing while the external mobility has been decreasing (internal mobility figures are: for 1999 8%, 2000 13% and for the year 2001 28%).

At the first glance, this all appears to be 'age-neutral' action towards implementing the company's business strategy, with improved business performance as its ultimate goal. However, a deeper analysis reveals that the age of employees is included as an essential dimension both in work organisation development and WHP activities, and also in lifelong learning activities.

Source: pdf.mutual-learning-employment.net (Document: Assessment of the Finnish National Programme on Ageing Workers (FINPAW) Discussion Paper)

### **Nanso: clothing industry living with the times**

Nanso is a textile company producing its own brand of clothing. Its headquarters and the main production units are situated in Nokia, Finland. At the moment, the company employees 370 people, 85% of them women. The past 15 – 20 years have been very dramatic for the Finnish textile industry. Most of the production has either been totally closed or moved to locations in other countries. Nanso is one of the few companies still remaining in Finland, and even during these turbulent times it has succeeded in maintaining a sufficient level of profitability.

At the moment, the average age of Nanso's employees is 46 years. When the Programme on Ageing Workers was launched in 1996, it was 43 years. At Nanso the development measures concerning the ageing employees had already been introduced before the national programme was commenced. The prime motive behind this was the pressure for continuous productivity development caused by the international competition with the 'low wage countries'. These pressures, together with the ageing personnel, required immediate action. The first systematic measures were taken in 1994 when a project called "Kunnolla Elämäniloa" ("Happiness from a good physical and mental condition") was commenced. Individual health and capacity checkups were introduced for 50+ employees. In 1998, these were extended to apply also the 40+ persons.

By organising WHP measures, the company aimed at reducing the time lost through sick leaves and enhance well-being at work. Maintaining the employability of ageing persons and postponing the retirement have also been an essential objectives. For employees improved job security has been one of the most important motives and for the employer long-term profitability through cost cutting has been in focus. All in all, the aim is to guarantee that the Nanso personnel are highly satisfied, motivated and inspired for continuing learning and that they possess high working ability.

At Nanso, the age issue is included in all aspects of management as a 'horizontal theme' without organising particular 'age management' functions. Such themes as continuing the development of the forms of organising work and the content of tasks as well as general atmosphere and employee autonomy are given particular attention and are dealt with in the management training. Personnel manager, occupational health doctor, nurse and physiotherapist, and a WHP-group have the main responsibility for organising the 'age measures.' These include traditional WHP activities (i.e. rehabilitation, sport events, excursions and parties) and preventative measures in ergonomics and mental occupational health. In connection to regular health check-ups, employees are designed individual training and rehabilitation programmes. The company regards it very important to maintain and renew the skills of ageing employees while the production and working processes are rapidly changing. The actions include skills inventories and training needs analyses, as well as a variety of training provisions (e.g. empowerment training). The ageing employees participated actively in these measures even when they took place outside of regular working time.

In Nanso, the Programme on Ageing Workers has helped in systematising and further

developing the measures that had already begun before this programme. Recently the main emphasis has been on skills development and development of management functions and leadership, as well as on preventing the employee burnout. Monitoring systems for measuring working ability, training motivation and quality at work have been developed. These measures have received financial support also through other programmes, e.g. the Well-Being at Work Programme and ESF programmes.

The 'age measures' have resulted in improved working capacity and greater mutual support and harmony among employees. One indicator of Nanso case being a kind of a success story is the fact that over the past ten years period the average retiring age of employees has extended by 5.4 years; in 1991 it was 57 years of age and in 2001 62.4 years of age.

Source: pdf.mutual-learning-employment.net (Document: Assessment of the Finnish National Programme on Ageing Workers (FINPAW) Discussion Paper)

### City of Espoo tackling the generation change

Espoo city is the second largest city in Finland (at the moment 217,000 inhabitants) and is among the fastest growing large cities in Finland. Espoo is located in the neighbourhood of Helsinki. The average levels of education and income are significantly above the average in Finland and the rate of unemployment is lower than the average of the country. Referring to the amount of employees, the biggest employer is the city of Espoo (13,000) and the second Nokia with 5,400 employees.

Due to the status and location of Espoo, it is no surprise that the city has been reacting relatively fast to the generation change of labour force. The organisation of Espoo city was among the first ones showing consideration to age management and developing action plans to put these plans into practise. All the measures related to age management have had the support of the city management during the planning- and implementation phases. In Espoo the planning and all the measures taken regarding the above, have especially been supported by the National Age Programme in 1998 – 2000.

From the beginning of 1998, a special "**Senior Model**" was taken into use. The objective of this model was to find new ways to combine an individual part-time pension solution to the development of the organisation in a way best satisfying the needs of both the individual and the working community. This so-called senior model is a part of a larger development project of age management.

According to the **senior model**, (it has been possible until now to go on part-time pension at the age of 56. From year 2003 on, the age limit will be 58 years. The part-time pension is not a legal right automatically granted for an employee but has to be separately agreed with the employer) there is a new, customised job description made for the ones going on the part-time pension. To start with, there 11 senior vacancies were created. By the end of 2001 there were 225 employees on the part-time pension, 14 of them having a senior vacancy. There have been few new vacancies created every year, altogether in 1998 – 02 about 30 senior vacancies. These new jobs (=senior vacancies) are by no means artificial vacancies but real posts which have true demand in the organisation of the city. For example there are senior vacancies within the alternative health – and social services, a seed bed for companies, and in the development of risk management of the city administration. There have been plenty of applicants to the senior vacancies. There have been vacancies in all the sectors but especially in the health- and social services which employ about half of the employees of the city.

These new jobs have the same criteria as before but the duties have been made physically and mentally lighter and adapted to the shorter working hours. A holder of a senior post is required to be committed to senior activities as for example transferring experience through mentoring. There will be a contract made between the mentor, the actor and the foreman.

The mentor commits himself to transfer knowledge and skills of network controlling related to the branch, to consult in difficulties and to support the development of the actor in his new duties and controlling the working life.

The senior model works in practice and it has generally been well accepted but the biggest challenge is to adapt the age management to the daily routines on the practical level in organisations. There are plans to expand the mentor practice also to other vacancies. It will anyway be even a bigger challenge to take the customising of the senior vacancy contents into general use.

The senior vacancy model of Espoo gives an interesting and useful example of how to try to find solutions to the generation change challenges in cities. As a single act it will not take us far. In Espoo the main focus has been on mainstreaming the main ideas (transferring the experience and customising the vacancy contents). The Senior Model is not only a part of a larger development activity of age management but also part of a comprehensive strategy for generation change of labour force. In addition to this, the organisation of Espoo city has taken a "Junior Model" (2000) and a "Recruitment Model for Immigrants" into use (2002).

Source: pdf.mutual-learning-employment.net (Document: Assessment of the Finnish National Programme on Ageing Workers (FINPAW) Discussion Paper)

### **Abloy Oy: AgeMaster**

The AgeMaster project by Abloy Oy was oriented on the reduction of workload by additional free time, special work and health oriented trainings for employees and supervisors, and health promotion activities. The main aspect is pointed out shortly:

In the age of 40 to 60 we ordinarily see a 20% decrease in physical performance. If there is the same strain we can analyse a 20% decrease in physical stress. For supporting to manage the work helps a reduction in working hours, either per day (e.g. 6 hours instead of 8 hours) or per week (4 days instead of 5 days) or per month or year. Additionally, we can give some new tasks that are more psychologically or socially harmful, depending on the growth of mental resources and other strengths.

Therefore Abloy Oy formulated a time reduction programme for elderly who have a full-time work contract. Those who do one fitness test per year are allowed to get some additional free days. The regulars are: max 3 consecutive days, agreement with the supervisor, payment on the average hourly rate.

The result has been convincing: the retirement age increased from 60.5 (in 2000) to 63 (in 2010).

Age	Days/year
59	6
60	8
61	10
62	12
63+	14

Source: Ilmarinen, J. – several presentations and oral reports