



Employment and labour market policies for an ageing workforce and initiatives at the workplace

National overview report: Spain

Part I

Part II

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Part I

Despite the rapid ageing of the Spanish population, the general context in which the described cases find themselves, clearly does not favour the efforts to extend professional life to an older age or to make it more comfortable. Instead, the prevailing tendency in the last few years has been in favour of early retirement. The second phase of the international comparative study on retirement done by AXA (in 2005) showed that more than half (56%) of those who retire in Spain, do so before the legal retirement age (65 years of age). Of these 56 %, 37% are forced to take early retirement as a result of a business decision. The others retire voluntarily because of the incentives that mainly large companies and strong economic sectors (energy, finance, communications, real estate,...) offer. Note that many multinationals, such as those in the automobile industry, apply measures to increase employment of elder workers in their country of origin, but not in Spain. For this reason only five cases have been withheld from among the more than thirty companies visited and situated in the most dynamic regions of Spain (Centre, Basque Country, Aragon and Catalonia). These cases are exceptional and relatively marginal. Three cases are situated in non profit sector, one in the public sector and one in the commercial sector. All together they illustrate 14 types of initiatives to favour better employment of elder workers, who represent more 15% of the total number of employees in all of these companies. The lack of examples has made it difficult to provide answers to all of the questions, especially those on impact, that sometimes even caused a reaction of surprise in the interviewees: “Are we really an example of a good practice !?”.

1. Main characteristics of the evolution of the company case studies over the last decade (expansion, narrowing, extension, abandonment)

The 14 initiatives documented in the 5 presented cases are to be situated in the domains of recruitment, training, exit, promotion, redeployment and health policies. Some of the measures are general and apply to all employees (sanitary prevention, training). Others are measures taken to apply laws that exist since 15 years, but most put into practice the law that came into force in 2002. All the quoted companies share their concern for the human aspect and for the quality of individual and collective relationships on their work floor. They all agree that the initiatives taken have improved the atmosphere and the relationships between workers and management. Some of the testimonies cover a considerable period (e.g. the firemen case testifies to 50 years of experience with the mentioned type of measures), but most experiences are quite recent. None of the companies is planning to cancel the measures, on the contrary, the general tendency is to extend the measures and to continue experimenting with them.

2. What are the main impacts of measures/initiatives at the company level (e.g. benefits to older workers and benefits to employers, any unintended consequences)?

No problems or conflicts seem to have been generated by the introduction of measures for the improvement and adaptation of working conditions. They have, on the contrary, been evaluated positively both by workers and management. In the Spanish wasteland, these cases prove to be oases of experimentation that tend to differentiate and legitimate the companies that implement the measures and to increase trust within the company.

The interviewed companies have reported as principal results of the measures: the increased knowledge transfer, intergenerational communication, increase of professional competence and of internal mobility, improvement of working conditions, decrease of occupational hazard and health risks, decrease of absentism and absences due to illness, maintenance of employment levels and decrease of the number of early retirements due to physical incapacity. The firemen case is specifically interesting, as the creation of an auxiliar department has meant that no use at all was made of the legal possibility of early retirement and no transfer to other departments was requested.

3. Driving forces for implementing good practice at the company level (Please make special reference to the influence of public policy, e.g. legislation or financial incentives, and collective agreements – at national, sector or company level – if applicable)

The motivation and the impulse to implement positive measures to lengthen the career of elder workers does not seem to come from the employers' organisations or the trade unions. Neither is there an explicit and resolute public policy has been applied in this direction. Legislation that touches on the subject includes: the law of 35/2002 that offers the possibility to reduce the number of working hours for those who are older than 45, the law on prevention of occupational hazard that applies to all workers and the law that offers companies the possibility to pay reduced social security costs for those employees that are older than 45. Companies that for other reasons want to favour elder employment, make use of these legal possibilities. These reasons can vary considerably:

- In the case of the Mataró Glassworks one of the motivations has been the application of the notion of social responsibility of companies. This notion has been promoted by the European Union since a while now, and has been adopted by the Confederation of Catalan Cooperatives, that launched an experimental program in 18 cooperatives. They also put the coaching system into place in which a senior got the task to train a young manager. These measures all fit in and correspond to the cooperative's strategic development plan.
- A municipal administration decided (1950) to take into account the difficulties that elder workers experience by creating an auxiliary department in which work is less demanding and less hazardous.
- The home care case illustrates the application of selection criteria to include elder external personnel to increase local employment or to improve service quality.
- Another case offers the example of promotion and adaptation of training for employees of indiscriminate of age: in this case the company even organises a number of obligatory training hours that is higher than defined in the Sector's Agreement for the improvement of professional competences.

4. Which characteristics of particularly successful measures/policies can you provide? (Please provide short exemplary description of individual cases)

Almost all cases have implemented more than one measure to stimulate the employment of elder workers. In all cases this group of employees has an important and increasing presence in the total work force. The cases are situated in different kinds of situations and companies: a capitalist company, a public municipal enterprise, a private religious organization and two cooperatives. They share the pursuit of socio-economic goals and value service quality and both local and general interest.

The initiatives taken in each case can be summarized as follows:

- Glassworks Mataró (cooperative): 1) flexible contracting with intergenerational knowledge transfer; 2) management coaching done by an external senior; 3) hiring of unemployed local women older than 45, benefiting at the same time from the advantages that exist for this type of contracts.
- Escola Pia: 1) more training than the amount defined in the sector's agreement, equal access to employment for all ages; 2) preventive sanitary measures for employees over 60; 3) hiring of unemployed people older than 60; 4) intergenerational exchange combined with partial retirement.
- Home Care Cooperative: 1) selection of women that are older than 45 because of their maturity, experience and the fact that, at their age, they have less responsibilities at home; 2) internal mobility allowing the older to access posts that are less demanding; 3) gradual entry into retirement by means of reduction of working hours.

- Zaragoza Firemen: 1) creation of an auxiliary service for elder workers offering less hazardous jobs and decreasing occupational hazard, illnesses and absenteeism.
- Pikolin: 1) preventive health measures; 2) adaptation of working conditions; 3) gradual retirement causing the reduction the number of absences due to illness, and increased satisfaction.

All these benefit from legislative measures in a positive way so as to promote employment for elder workers, there where other companies leave this opportunity aside.

5. Which key lessons can be drawn from implementing measures and initiatives cases (e.g. role of actors, main reasons for success or failure, innovative features)

It is not easy to derive conclusions from these five relatively recent examples. But one of the principal lessons is probably that measures to promote the employment of elder workers can be effective even within a context which is unfavourable to such employment. A second lesson is that they can have effect if the older workers constitute a considerable part of the total number of employees (between 18% and 36%). Thirdly, these measures make sense when they offer positive advantages and concrete results for both employees and employers. Fourthly, measures are most efficient when they find their place within a general legal framework, within strategical plans (quality), and within the company's plans concerning training, ergonomic and sanitary needs and the improvement of external services. A fifth lesson is that the mentioned type of measures tend to have more effect in companies in which the level of worker participation in the management of the company is high, in which the social capital is considerable and in which external legitimating is desired.

6. What are future issues concerning age-management raised at company level? (problems not resolved in individual companies so far, challenges faced etc.)

Except for one, all the mentioned cases are relatively recent, they remain in an experimental phase and have not been evaluated yet. They have nevertheless proved to be satisfactory, both in the opinion of the workers and in that of the management. All interviewees indicate they want to continue in the same direction. All have to confront the challenge of trying to apply these measures in an atmosphere marked by flexible and early retirement options (some of which are very interesting and offered by large companies), by the submerged economy that allows people to go on working after their retirement (10% according to AXA) and by a business strategy that seeks to deflect personnel cost on to social security system.

The possibilities that this situation in Spain will change and the above experiments be extended, are limited. Growth opportunities exist and a positive application the law of 2002 is possible specifically in the growing non profit sector, and in sectors that are linked to certain professions and certain occupational hazards. However, the extension of the described type of measures requires the sustained and joint involvement of the public administration (education, health and employment), of employers and trade unions. It is more probable that progress will be driven by the pressure coming from the labour market's increasing demands for manpower, by the lack of qualified and experienced workers, and by the problems to finance social security. Apart from this, the European recommendations have a bigger influence in a mirroring effect and stimulate the appearance of similar initiatives in Spain.

I. Perception of demographic/labour market issues in national policy over the last decade and development of national policy concerning an ageing workforce (employment policies incl. legislation, pension reform etc. and influences of EU-policies/programmes)

Since one decade, the Spanish population is aging rapidly. This is due to the drop in the fertility rate (that went from 2,9 in 1970 to 1,2 in 2005) and the increased life expectancy, the level of which is one of the highest in the world. For the women and men that are now 60 years old, it amounts to 84.8 and 80 years respectively. The two processes are compensated only lightly by the accelerated immigration of young people over the last ten years.

These tendencies, that were relatively unforeseen, caused little worries, despite the fact that the unemployment figure that never went below ten points. Mainstream opinion looked positively on the decrease in the number of young people entering the labor market, on the lengthening of the educational trajectory, and on the growth of exit flows through early retirement options for elder workers. Among other consequences this has led to a situation in which the employment ratio in the population of workers between 50 and 64 years old (about 47%) is ten points lower than the OCDE average(1). The Spanish situation is a paradigmatic example of the paradoxically increasing gap between the growing life expectancy and the decreasing participation of elder workers in the labor market.(2).

The current favourable economic climate allowed from 2002, for the increase with 4.3% of the employment level of the overall active population, for the increase with 4.2% within the group of 55 to 65 year olds in particular and with 12.3% within the group of the women in this age group. The gender gap in the employment figures has thus diminished, but the unemployment figures for the elderly decreases at a slower rate than the global figure.

At the same time, the growing employment figures imply that more people are contributing to social security, mainly because of the higher percentage of women employment and the regularization of immigrants in the last years. For the time being the social security deficits have disappeared, and calculations have shown that they will not reappear before 2015. The big debate on the financing of social security of the end of the 90's has lost its virulence.

It was precisely in those years, in which government, employers' organisations and trade unions arrived at the 1995 Toledo agreement, that certain incoherences in social security policies and pensions became apparant (separated sources of financing). A few timid reforms were proposed. As from 1997 these reforms were beginning to be implemented, and the Acord Nacional Sobre les Pensions (National Agreement on Pensions) defined that to benefit from a pension one had to have worked and contributed to social security at least 15 years.

In the year 2002 a set of laws and regulations was approved that impacted the pension system. The most important of those is probably the Law 32/2002 that establishes the systems of gradual and of flexible retirements, and relief contracts, a type of contracts in which young people are contracted to replace a worker who is retiring gradually. This law wants to provide incentives for those who continue working after their 65th year, it increases the basis for calculation of the pension with 2%. There is no age limit, just the condition of having worked at least 35 years. Workers nor employers have not to pay social security fees. The same law introduces early retirement: it allows for retirement as from the age of 61, for all those who have contributed at least 30 years and for those who have been unemployed since more than six months for reasons beyond their own control. This early retirement option has a downside: it reduces the coefficients on which the calculation of the pension is based, but employers can compensate this. The law also defines that employers can get a reduction of 50% of their social security fees when they offer permanent contracts to workers that are older than 60. This reduction in the contributions augments with 10 % every year. On top of this, workers that are benefiting from a pension are allowed to have other revenues. A decree of November 27th, 2002 defines the compatibility between the two types of revenue (revenue from pensions and from temporary contracts). Another decree, dated October 31st,

establishes the protective mechanisms for workers with temporary contracts, for those who are partially retired and those who work with a relief contract.

On the one hand these legal measures try to elevate the retirement age that has been falling since the 70's and has now stabilized at the age of 62. In the year 2002, 41% of all retirements were early than 65 years old, in 2003 this number had risen to 44% and in 2004 to 49%. On the other hand the partial retirement option makes it possible to anticipate on retirements and to shift some of the costs to public social security, as it is recognised in the "Informe d'estratègia nacional d'Espanya en relació al futur del sistema de pensions de 2005" (Report on the Spanish national strategy with relation to the pension system of 2005 (3).

More measures were put into place. The Toledo Agreement that was renewed at the end of 2003 includes a recommendation titled "Employment oriented contributions". It stresses the need to intensify the support for elder workers, to limit the number of early retirements and to discourage departure from professional life. The declaration signed by the government, employers' organizations and trade unions in July 2004 (called "Per el Diàleg Social", For a Social Dialogue) insists that a reform of the labour market has to aim at increased employment and the reduction of temporal contracts when the trend is the opposite. The declaration goes on to define actions to promote the employment of elder people as a priority. The 2005 report on the future of pensions mentioned above, that the Ministry of Employment presents at the Committee for Social Protection of the European Union, has as its fifth objective: "to ensure that social protection and pensions offer incentives for the participation of elder workers in the labour market, to avoid the promotion of early retirement, to avoid the penalization of elder workers for remaining on the labour market beyond the usual retirement age (65 years of age) and, finally, to enable gradual retirement".

The impact of these measures and recommendations, does not seem to be very important. The proof of this is that more measures were taken. In 2005 a proposal for law was approved which limits the possibilities of ending a contract because the legal retirement age has been reached. The law on the overall state budget for 2005, defines that all non-temporary contracts given to workers of 60 or older and with a seniority of 5 years or more within the company, are entitled to a discount of between 50 and 80 % of their social security contributions.

A look at all the collective agreements shows that only a few within the national level oblige companies to offer the partial retirement that can improve the working conditions for elder workers. This is the case in the following collective agreements: Large Warehouses 2001, Private Residences for the Third Age and Social Assistance 2003, Mines, Glass and Ceramics 2004, Pastes, Paper and Cardboard 2004 and Vigilance and Security 2005. To this list we could add those that encourage agreements between employer and workers to promote partial retirement. These are: Parking Lots 2004, Driving Schools 2004, Private Education 2005, Travel Agencies 2005 and Textile 2005. Maybe this last one is the most relevant because it links partial retirement to relief contracts and makes clear the advantages these have for both companies and their workers, such as the renewal of personnel, the reduction of working hours (with a minimum of 15% and concentrated in one period) and the entry of new employees. However, as shown in one of the cases (escuela Pia) the implementation of this possibility is slow, complex and has many limitations.

The Spanish case clearly demonstrates how difficult it is to modify the labour market in the short term and to promote the employment of elder workers, even if references have been made to the orientations and objectives of European summits in Stockholm and Barcelona (4). These orientations have been taken up, for example, in the National Employment Plans, but their application remains flimsy: in the PNAE 2004 guidelines, under the promising header "increase of manpower and promotion of a longer professional career", only the system of work permits for foreigners is explained and the information on existing regulation is repeated. The guidelines also recognize that "the first steps towards the development of a active aging strategy" are being taken (5). It is not clear if these steps ahead are merely legislative while in the field steps back are being taken in terms of an increased exit from professional life by elder workers.

II. Relevant actions of social partners and other key actors: Policies and practices

There is a certain tradition of social consultation in Spain by which the government, employers' organizations and trade unions reach agreements that affect both employment and social policies. Via the Toledo Agreements these accords impact social security and the working conditions of elder workers. The new recommendations in the Toledo Agreement signed on September 30th, 2003 open up new possibilities for the integration into the labour market and support of elder workers (sixth recommendation). The agreement of July 8th, 2004 signed by the government, by the CEOE-CEPYME (major employers' organizations) and by the UGT and CCOO (major trade unions) also insists on the same direction to be taken, and establishes two forums for social dialogue. One is dedicated to the reform of the labour market, and one to social protection. At this time, however, it is too early to evaluate their results.

The official point of view of the socio-economic players is in favour of the lengthening of professional careers and the improvement of working conditions for elder workers (the reduction of precariousness, of the working hours, improvement of qualification...).

However, even though for the CEOE, the reduction of labour cost is the priority and for the trade unions it is the protection of employment without the introduction of discriminatory measures in terms of age, they both still silently accept the high indemnities paid. Official declarations do not always coincide with the everyday reality that is influenced by:

- the high level of employment precariousness that attracts illegal immigration, and a high youth unemployment,
- a generation of less qualified elder workers and the high rates of manual labour,
- the absence of targeted policies, only recently active and specific measures have been included in the general policies,
- a system of public pensions that favours those who have worked and earned most, even if minimum pensions have been raised recently. Private retirement pensions are rising, but remain very low,
- the fear of losing employment that is the remnant of a long history of massive unemployment,
- the influence of stereotypes that are projected on the diminished productivity of elder workers,
- the conviction that companies have that elder workers are more expensive than young ones,
- the force of the network of primary solidarity that relies heavily on the third generation, especially on the women and that encourages them to leave their work if possible, and to not lengthen their careers.

The dynamics of the associative sector has generated many associations of elder people and for elder people in the last years. These denounce the bad living conditions and the impoverishment of their target audience and undertake supportive actions (rehabilitation of homes, help at home, intergenerational activities,...). Some of these initiatives are led by retired business men/women that help to create companies or advise them. Others are taken by trade unions' federations for the retired that focus on conditions outside employment.

III. Status of the issue of older workers in current policy and public debates – identification of future issues

The aging of the Spanish population has become a subject of growing importance in publications, research. Public debates on its demographic, social, economic, cultural and political consequences have multiplied. However, the debate does not centred on aged workers and their professional life, as fieldwork has shown, even if the elderly are becoming

a group with a potent presence in political discourse (votes) and in the market place (holidays, consumption). The current debate on the new dependency law, on the insufficient coverage of the elderly's needs (residences, home care, day centres,...) and the high cost of the resources that these require, suggest to the rethinking about an integral policy that takes this target group into account. The responsibility for this issue lies with the central government when looked at from the point of view of social security, and with the autonomous communities when looked at from the social assistance aspect. The sanitary aspect is a shared responsibility between the two, the private initiatives in the field, and social economy (mutualities). This territorial compartmentation doesn't help to formulate that integral policy in which both conditions within employment, and those outside of it could be contemplated together.

It may be because of this missing integrated policy that the debates and guidelines issued do not consistently influence or improve working conditions for the elderly, who continue to leave employment, if they can, as early as possible.

Notes

(1) OCDE, (2003). "Aging and employment policies Spain". Paris.

(2) Walker, A. (2002). "A strategy for active aging". In *International Social Security Review*. Vol. 55. 1. 121–139.

(3) Ministerio de Trabajo y Asuntos Sociales, (2005) "Informe de estrategia de España en relación con el futuro del sistema de pensiones". Madrid. (page 34)

(4) Commission, (2004) "Communication. Increasing the employment of older workers and delaying the exit from the labour market". Brussels.

(5) Ministerio del Trabajo, (2005). *Op Cit.* (page 33).

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