



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

National overview report: Sweden

Part I

Part II

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Part I

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

Only one of the finished Swedish case studies is part of the originally listed case studies. The company, Rapid Granulator, has however abandoned the initiative to recruit older worker. Their recruitment of older workers can rather be described as a temporary initiative in response to a shortage of skilled labour.

At VCT, which is one of the most longstanding case studies, the focus of the initiative has largely remained in place. The scope has however increased and the evolution of the case study can therefore be characterized by a steadily expansion up to three years ago. The case study of Malmö has also had an expansion. The number of participants in the project has increased up to the recent year of reduction of target group and narrowing of initiative.

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)?

There are a number of positive effects of the measures introduced in the seven case studies from Sweden. From the perspective of the older employees there is an improved sense of well-being resulting from the companies' recognition and appreciation of the older employees competence. For example in the city of Malmö teachers involved in the initiative, that have been offered to work with alternative tasks where their competence has been made use of, have become healthier and to a higher degree been able to work until retirement age. At OKG the older employees unique and profound competence within the nuclear power area is highly valued and the older employees feel great pride in their competence and achievements in the company. By recruiting older workers with professional experience at a construction company older workers competence is made use of. This is influencing the employability of older workers in a positive way and improving older workers status in the labour market.

At both the city of Malmö and VCT the measures resulted in a greater feeling of employment security among all employees. Despite future work disabilities the employees feel that they will keep their work within the organisation/company and can be able to work until retirement age. The measures also benefited the older workers since the conditions to work until regular retirement age were improved.

From the perspective of the employer the case-studies show a number of positive effects. For both the city of Malmö and OKG the measures meant that important competence has been secured and kept within the organisation/company. The city of Malmö has also overcome problems with labour shortages among teachers. OKG has been able to transfer strategic competence for the company and thereby secured that no important competence leave the company. The construction company has by recruiting older experienced workers gained valuable competence and reduced costs for training and acclimatization. At VCT the initiative also entailed positive effects in terms of good will for the company. At a couple of substantial rationalizations during the years, with too many employees as a consequence, the company could transfer the employees to the senior unit instead of dismissals.

Some of the identified impacts of the initiative are unintended consequences from the main purpose of the initiative. At company level one main impact of the measures is positive PR for the companies or organizations. The bank Färs and Frosta for example received a lot of positive PR though the pronounced personnel policy and as a result of the publicity the bank also gained new customers. In the city of Malmö the measure has affected the organizations' negative reputation as an employer in a positive direction. Also the construction company has due to their initiative received a good reputation as an employer and this has contributed to a constant supply of labour applying to the company.

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 driving force for implementing good practice at the company level varies between the seven cases. The driving force for the two initiatives taken by organizations in the public sector, the city of Malmö and the county council of Kronoberg, was developed in response to labour shortages and identified future problems of personnel supply. During the later part of the 90s Malmö for example had some problems with recruiting qualified teachers which was the main driving force to develop measures aimed to reduce the number of teachers that had early retirement and to create conditions for the teachers to work until retirement age. The county council of Kronoberg is with its ageing workforce facing large retirements within the nearest future. In addition to this the council has problems with increasingly absenteeism rates and early retirements.

In contrast other initiatives such as that developed by VCT, were encouraged by labour surplus. The company management at VCT considered that through different measures they would be able to handle the surplus of labour without dismissals to an equal or lesser cost. The driving force for implementing good practice was the aim to take care of older employees with a long period of employment in the company.

The driving force for OKG also originates in an ageing labour force with large proportions of the employees approaching retirement and the recognition that unique competence is about to leave the company. The company therefore aims to secure competence within important and strategic areas through strategic transferring schemes. This resembles the driving force for Färs and Frosta Sparbank where the competence of older employees is recognized and highly valued. The bank is therefore trying to through transferring safeguard competence and special program for employees over 55 to stimulate older employees to stay until the regular retirement age and thereby retain valuable competence. The construction company's good practice originates in response to the company's need for experienced, already trained, personnel.

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

The city of Malmö – mitigate the workload at the end of work life

The city of Malmö was in the later part of the 90s facing problems in recruiting teachers. One of the measures to deal with this problem was the initiative for older teachers. The aim of the initiative was to make use of the older teachers competence and to support older employees to stay until the regular retirement age. Focus was to create roles at the school suitable for older teachers and more concrete to bring the tasks into line with the older teachers needs. This aim was fulfilled with the following measures:

- Reduce the part of teacher work that often stresses and tire the teachers i.e. the meeting with the pupils, teaching and the situation in the classroom.
- Compensate the reduced part of work with other real, asked for and qualified tasks.

VCT – specific work related reorganizations within the company

VCT aims to take care of the older employees with a long period of employment in the company that does not handle the physical workload within the production. VCT is therefore offering their employees either transfer within the regular production or substitution of tasks in senior work places. The senior work places are earmarked and gathered under the service unit Special Vehicle Services (SVS). Totally around 370 employees work at a senior work place. The formal demands of access to a senior work place refer to age and/or job tenure. The employee must be 50 years old with job tenure of at least 15 years or must have been employed for at least 25 years in the company irrespective of age.

OKG – program for transferring competence

OKG is since 2002 carrying on an organized long-term program for transference of competence between employees. One of the reasons is that a large number of the employees are starting to approach the retirement age, which is viewed as a threat since many of the older employees possess unique competence within the nuclear power industry. The program aims at securing competence within important and strategic areas. It also has a long-term purpose in creating a work environment where competence development shall be a natural part of everyday work. OKG has established structural forms for the transference of competence.

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)

One of the key lesson from implementing the measure for older teacher in the city of Malmö were the co-operation during the implementation process that were characterized by an open and creative climate. The traditional more or less conflictual relationship between the trade union representatives and the employer was abandoned and the proposals was for example always introduced as common. One other important factor that affected the measure in the city of Malmö and a condition for success were the allocated and directed means for the initiative and also the political and trade unions support for the initiative.

In the case of OKG the main lesson learnt from the implementation process were that the work should be performed in organised forms, have support from the management and that the roles with their respective requirements shall be clearly defined. Further the importance of allocated economic means and time resources is particularly emphasised by the company.

The premier success factor for the initiative at VCT is indicated to be that the company from the beginning stressed that the initiative/activity at SVS, at the same time as it is a part of the HR-work, should be profitable for the company. The fact that SVS has reached profitability is also one reason for the continuation of the initiative. This has also contributed to the units surviving despite constantly recurring rationalizations. Other important reasons for success at VCT are the fact that the employees involved in the initiative have been motivated and there has been agreement between company and trade unions. One other stated reason for the continuation of the initiative at VCT is that the older workers whether the initiative or not would imply a cost for the company either as considerable higher number of absence due to sickness in the regular production or the dismissal of older workers.

The initiative developed by the county council of Kronoberg show that problems can occur in the implementation process. One problem that affected the project in a negative way is criticism against a top-down implementation strategy. The managers that participated in the project states that their knowledge about personnel work was not utilized. The project was initiated highly in the organization and the managers were not given the opportunity to participate in the design of the project. This was regarded as the organization's lack of confidence for the managers and it contributed to a pending attitude to the project. The evaluation also shows that the managers involved in the project noticed a contradiction between the aim of the initiative and the county council's other personnel policy. The fact that the county council is forced to decrease costs and for example reduce access to the local occupational health group is a direct contradiction to the aim of the original initiative. These internal circumstances created difficulties to implement a personnel-promoting initiative like this.

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

The above key lessons can be used as concluding points regarding future issues of age management. The first identified success factor for implementing good practice at company level is that the initiative is a result of an agreement between trade unions and company management. To present the measure as common at an early point seems to be an important factor for the development of the initiative. Secondary the companies emphasize the importance that the initiative is embedded in a unified policy within the whole company with allocated and directed means as important features. The third point raised at company level is that the initiative tends to develop in a positive direction if the initiative, at the same time as it is a part of the HR-work, also contributes to the profitability for the company. This is one challenge that for example VCT is facing since a constant recurring threat towards the initiative has been and still is accounting demands of cost saving. The weak spot for the initiative is that the activity is not part of the company's core activity, which makes it especially vulnerable for economic savings and outsourcing. So one of the future challenges at VCT is likely to be the managements ability to show that the initiative is continuing to be economic sustainable for the company.

Part II

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)

The economic crisis the early 1990s

Until the early 1990s the labour force participation rates in the age group 50–64 was quite high in Sweden; markedly so for the age-group 60–64. The labour market situation and the policy framework that produced this result are analysed in Wadensjö 1991 and Olofsson-Petersson 1995.¹

In the first half of the 1990s Sweden experienced an economic crisis that led to a dramatic “shake-out” of older workers from the labour market and a substantial drop in industrial employment. Between 1991 and 1995 a fifth of all males in the age-group 60–64, and a fourth of all males in the age-group 63–64 lost their job or left the labour market. Unemployment and esp. youth unemployment rose markedly in these years.

After the 1994 election the main goal of the new (social democratic) government became the reconstruction of Swedish public finance. This implied cuts in public spending and in public employment, as well as cuts in the levels if not the volume of social insurance spending. This affected especially the unemployment and sickness benefits. These cuts were key political objectives during the mid 1990s.

The setting of the of the “ageing workforce problem” in the last decade

In Sweden there is a broad consensus in the political arena, shared by public officials and by representatives from all the key social partners, that early exit from the labour market must be stopped, and even reversed. This should be seen in a demographic perspective with a rapidly ageing workforce in Sweden (table 1)

Table 1: *Age composition of the Swedish Labour force 1985–2015*

AGE	Year		
	1985	1999	2015
16-24	15,9	10,5	11,6
25-54	69,6	75	70,9
55-64	14,5	14,5	17,5

Source: *Socialförsäkringsboken 2001*

A series of institutional changes have therefore been put in place during the last decade – esp. with regard to the public pension system. Programmes that opened up new exit routes for older workers have been closed (such as, the Job release scheme, the temporary labour market pension in 1997, the part-time pension scheme in late 2000). There is a clear shift in the public pension scheme that emphasise a longer working life. (See below)

¹ Loosen, G. & Peterson, J. 1994: “Sweden: Policy Dilemmas of the Older Work-force in a Changing “Work Society””. Chapter 5 in Nichols, Friedberg & de Vroom, Bert (eds.) *Regulating Employment and Welfare. Company and National Policies of Labour Force Participation at the End of Work life in Industrial Countries* (De Gruyter, Berlin & New York) and Wadensjö, Eskil 1991 “Early Exit from the Labour Force in Sweden”. In Kohli, M et al.(Eds). *Time for Retirement*. (Cambridge University Press, Cambridge 1991).

“Senior 2005”

During the last few years a Royal Commission has looked into the total situation of the elderly in Sweden (“Senior 2005”). A large part of its work was devoted to the situation of the older workforce. In its final report (which appeared in 2005) the policy focus in regard to the older workforce was how to make it possible, using both sticks and carrots, for those aged 55 and over to continue to work, preferable also beyond 65 years of age. The report looks into the health problems and the firm-internal logic for retaining or excluding the older workers, but also to the social insurance systems, esp. the role of the pension system.

The Commission articulates the need, in societal and economic terms, for a longer working life for more persons. The long term sustainability of the welfare arrangements, the pension system and the rising caring costs for the elderly is summed up in a demand for measures that could prolong the average working life.

The Commission and a number of its reports point to the need for adjusting aspects of the work conditions to the needs and preferences among the older workers, such as diminishing the demands for heavy and stressful work and the need for more flexibility in terms of work organisation. They are also looking for a change of attitudes among both employers and labour force.

In 2004 the labour force participation rate was 81,6% for the 55–59 age-group and 61,9 % for those between 60–64 years of age.. The unemployment rates for these older workers were 3,5 and resp. 5,5%, that is far below the rates for those below 25 years of age (AKU 2004 – Swedish labour force statistics for 2004, Stockholm 2005).

Why Sweden should increase the labour force participation of its older workforce

The Swedish Policy Consensus regarding the older workforce is that Sweden has too low employment rates in the older workforce. This is regarded as a major social and economic problem in three ways.

First, it is seen a cost problem. Unemployment insurance and other kinds of social insurance schemes for those that retired “too early” are expensive and regarded as a heavy burden (i.e. cost) on society.

Secondly it is seen as a problem of changing norms. The Swedish labour market and social policy regime is built around the “work line”, the axis around which economic growth as well as the character of welfare provision is constructed. Falling employment rates in the older workforce is being seen as having led to a change in the perception of the normal retirement age. The average effective retirement age in Sweden is judged to be 60–61 years. A recent poll among the 45–60 age group showed that a clear majority in this group wanted to retire at 60–61 years (SIFO 2000). This normative change is regarded as problematic and potentially dangerous since it will influence the behaviour of the older workforce as well as the attitudes of the employers towards ageing workers.

Thirdly, it is increasingly seen as a problem for the economic growth in Sweden. Long-term economic forecasts envisage a growth in the labour force in Sweden, which for demographic reasons have to take the form of increasing employment rates among the older workforce (see table 1). This long-term bottleneck problem in the Swedish economy gives rise to proposals to change the pension systems (the public as well as occupational systems). A series of measures is proposed to make it more difficult for older workers to enter those social insurance schemes (such as the disability pension) that make early exit feasible.

Changes in the public pension scheme

The public pension system in Sweden has been thoroughly reshaped in the last ten years. The main change is that the new system makes the pensions dependent on all the years individuals have been working and the total sum of wages and salaries they have earned over all the active years. In the earlier system it was enough to qualify for a full pension

by working 30 years. The level of the pension was based on the 15 best years. The new system is being gradually implemented. The transition to the new scheme of public pensions has highlighted the need for a longer working life for Swedish wage earners if their future pensions should provide a decent living standard. For most Swedes the new pension system makes it necessary to remain in the labour market up till at least 65 years.

All born after 1954 will be wholly included in the new system. Those born 1938 will get 4/20 of their pension from the new system and the rest from old. Thus those who now face retirement will increasingly become more dependent on the new system. From the older worker and early exit perspective the key aspect of the new pension system is the clear message of a longer work life that is built the new scheme. This is a new institutional embedding of the Swedish “work line”, i.e. is that as many as possible should work, work as much as possible in a given year, work as many years as possible.

The part-time pension scheme has been abolished (effectively closed from Nov.30th 2000). This can be interpreted in at least two ways. Part-time pension can be seen as way out from work or as a mechanism for keeping a link to the labour market.

The employment protection of older workers is in principle still in force. However, it is rather common that trade unions use this legal position of strength to obtain a “trade-off”. Unions often accept a retirement package for older workers (as the “price” as well as something good in itself) in order to save the employment of some young or middle-aged workers (a goal).

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

In the public rhetoric, the work line is emphasised. But the general trend in the private as well as the public sector is to reorganise and reshape the labour force and to shift the age balance of the personnel by sending away their older employees.

Employers, incl. in the public sector, have cut down, rationalised and reorganised their work organisations. They have in many cases used the occupational pension schemes in order to send their older employees “home”. This has occurred in the private sector (e.g. all banks, many industrial firms etc) as well as in the public sector (e.g. the hospitals, the local authorities and many state authorities).

For most firms, and for most agencies in the public sector, it is rational to shed older workers, hiring younger staff and not rehiring older employees, when they change and upgrade their work organisations. Age balance considerations, as well as conceptions of competence and qualifications and their links to age, seem to play an important role in this process.

Moral and public exhortations seem to have little effect. This should be seen in conjunction with a major shift in the perception of the desired and “normal” retirement age (now effectively around 60–61 years). This widely shared expectation of a shortened working life is furthermore made visible, and thereby strengthened, by the choices made by leading politicians as well as well-known CEOs to retire around 60 years of age.

Age-specific or general policies?

Although the older worker problem is a key issue for the Swedish Employers Federation (SAF) they resist any new form of regulation (be they directives from EU or not) and binding rules that could inhibit the initiative of the firms. SAF accepts a general policy with the intention to further “diversity” in terms of ethnic background, gender, age etc but is indifferent or hostile to policies furthering the employment prospects for specific groups (such as women, immigrants,

older employees). Diversity policies are acceptable to SAF if they run parallel with an emphasis of what is rational for the company in question.

The Perspectives of the older Workforce – Employer’s views of the older Workforce

In the last few years a series of surveys have been made to investigate the preferences in the population with regard to work, retirement and pension. These surveys show that around 60% of the respondents who have not retired want to retire at around 60. However the closer you get to 60, the numbers who want to retire decreases. This may be interpreted in the following way. It shows a widely shared norm that retiring at 60 is a reasonable expectation, and as a reflection of the already established social fact that half of working population in fact does leave the labour market at around 60 years of age. When approaching 60 years of age quite a few find that they will not get a decent standard of living and/or that they want to stay on for many other reasons (such as the social atmosphere at their job).

When asked about what led persons to leave their job before 65, it is clear that the main reasons are the health status of the persons, the tough working conditions (hard work, stress, heavy demands on your ability etc) and the rather rigid organisational solutions that are offered, as well as the attitudes of the employers towards their older workforce. Women experience more of psychosocial stress in their jobs and more women than men find their work physically demanding. This seems to be an effect of the tough and drastic cuts and reorganisations in the public sector during the 1990s (health care, child care, old age care etc). If a person has experienced frequent reorganisations in their job this will lead them to early exit.

A large group among the employed would like to see their last phase in the working life as a gradual and partial exit – more flexible working arrangement, part-time work combined with

part-time pension, less exposure to stress, and continuous reorganisations etc. Quite a few also wanted “softer” and “easier” jobs when approaching the end of their working career. For many older workers development and challenge in their work was a precondition for staying on in the labour market. They wanted less stress and uniformity and more challenge and flexibility. About 65% of a large sample would consider staying longer in work, if this was an option. The preferences in the population do not match the planning needs and preferences of the employers. Most employers face their employees with the “either stay or leave” alternative.

Employers’ views on older workers

Surveys have also been done to find out the views and strategies used by employers regarding the older workers. In year 2000 “Pensions forum” made a survey of 200 large employers, evenly divided between the private and public sector. The Swedish National Insurance Board has commissioned a major survey on the attitudes of employers.

These surveys show that employers have a generally low opinion of the value of older employees. Very few employers will hire persons over 50 years. At the same time they appreciate the value of older workers in the work groups, as transmitters of knowledge and their stability and loyalty. Employers in schools and health care, areas where experience is highly valued, have a high regard for their older employees and do hire them. Here the employers’ view of their older workers is rather positive and matched by their willingness to recruit them. In firms with heavy demands on the physical level and/or great expectations on flexibility to shifting demands, the standard view of the older workers is that they lack flexibility, are unwilling to learn new things etc.

Three out of four employers are negative to hire persons over 50 – this may be regarded as the standard view of Swedish employers. This pattern is found in several surveys from the early 1990s and onwards. In firms and establishments where the average age is high, there is a strong preference for younger employees, since employers and firms want a balanced age-structure in their firms. This does however mainly work one way – if there is a dominance of young workers there is no eagerness to increase the share of older employees. That is, the age-balance argument is basically asymmetrical.

Employers are not happy with the new right for individuals to stay on working in their job until they are 67. 34% of them are negative and 41% are strongly negative towards this prospect. One key reason for older workers not wanting to stay in the labour market is that they (correctly) perceive that employers – as well as their colleagues – want them to leave.

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

In the public discussion in Sweden the older workforce dilemma is articulated in the following key areas:

- changes in the public regulation of pensions, sickness insurance, and unemployment insurance by closing or tightening the exit paths and by encouraging and forcing the older workforce to accept to implications of the “work line”. This is set in motion in quite a firm way. There is a growing concern about the rise in long-term sickness absence in the labour force (due to the costs it generates as well as the welfare problems it signifies)
- Encouraging changes in the conditions of work. This takes two major forms. One is a move to increase flexibility of work conditions, e.g. in terms of flexible working hours, part-time work etc. One instrument for this strategy, part-time pension, has been abolished. Employers are encouraged to develop “learning organisations”, that is to make competence development or at least competence maintenance part of the normal design of their firms.
- Finally, changing attitudes towards older workers. Negative images exist in many contexts. However, the most important actors are those that decide about hiring and firing, i.e. the employers in the private and the public sector. Changing the attitudes among personnel departments, educational institutions, and labour market agencies is thus seen as important.

Possible developments

In the Swedish policy setting we find two major strategies.

On the one hand, a strategy of decisive institutional change, where the pension system is changed in a dramatic and systematic way to create strong incentives to continue to work longer (incentives becoming punishment). Closing some of the exit paths is part of this strategy. This has and will influence the labour force participation rate of the older workforce.

On the other hand there is a series of policy possibilities, measures adapting jobs to the demands of individual flexibility (part-time work), as well as laws forbidding employers and unions to agree on mandatory retirement at 65, an increasing government pressure on employers to enter more actively into the rehabilitation arena (such as re-organising jobs to fit older workers and those who have had long spells of absence due to sickness, to train them for other tasks etc). This rehabilitation policy is now a key government priority. Since this policy shifts much more of the economic cost of rehabilitation on employers it may also, paradoxically, increase the exit pressure.

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