

Active Ageing Strategies to Strengthen Social Inclusion

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The report with comments from Norway focus on:

1. The relevance of the Finnish National programme on Ageing Worker to the Norwegian situation (similarities/differences between the policy and the Norwegian experiences, the potential transferability of the policy and the conditions under which it may be made applicable),
2. Reporting any important questions relevant to the policy that are being raised and debated in Norway,
3. A brief discussion on how we measure success of policies in our country, and
4. Key issues and main questions raised for debate at the review meeting.

1. Relevance

1.1 The situation in Norway

Norway is facing similar future challenges as Finland and most EU-countries; a growing proportion of people on pension and ageing of the workforce due to decreasing fertility rates over the last century and an increasing number of early retirees. At the same time many businesses and sectors of the Norwegian economy have problems finding the manpower and competent workers they need

Norway has, like Finland, already a high female employment rate, although a large share of Norwegian women work part-time. We also have one of the highest employment rates among workers aged 55-66 (In the 3rd quarter of 2007 it reached 65,6 per cent ([SSB 2007a](#))). The employment rate for older workers aged 55-74 has also increased over the last ten years, from 37,4 per cent in 1995 to 49,1 per cent in 2006 (SSB 2007b). In addition we have a very low unemployment rate (2,0 per cent in 2007). This also applies to older workers aged 50-60 (1.2 per cent) and persons above the age of 60 (1,7 per cent) (NAV 2007c). However, approximately 700 000 persons (25 per cent of the Norwegian work force) are recipients of different types of benefits. Statistics show that this number is increasing, especially among young people ([NAV 2007a](#)).

The Norwegian strategy to handle this challenge has been, first and foremost, to *reform the national pension system*, both old age pension and disability pension, as well as the early retirement scheme and occupational pensions system¹. Participation in employment will have a greater role in determining pensions in the future, and older employees are to be rewarded for staying longer in working life (cf. [Nergaard 2006](#)). The pension reform is to be implemented from January 1st 2010.

¹ As part of the pension reform we got mandatory occupational pension in 2006 (The OTP Law).

Secondly, the government have, together with the central employer- and employee organizations (social partners), signed a *tri-partite agreement to promote a more Inclusive Working Life* (IWL-agreement). The Agreement is an attempt to redefine the responsibilities of the state, the employers and the employees, and calls on the employers to take greater social responsibility. The parties to the 2001 Tripartite Agreement defined the following three objectives as the most central:

- 1) To reduce sickness absence by at least 20 per cent within four years,
- 2) to secure employment for a larger number of people with disabilities, and
- 3) to raise the de-facto retirement age.

The Agreement has since been renegotiated for another four-year period from December 2005, and in doing so the parties agreed that the target set in relation to the third objective is to increase the actual retirement age by six months from 2001 to 2009. The social partners and the Government have also committed themselves to focussing more on preventive work and on systematic HSE activities in enterprises. The Norwegian government has as part of the new IWL-Agreement (2006-2009) also decided to increase state funding and support for workplace adjustment measures - NOK 150 million (€18.4 million), and increase control and monitoring of failure to follow up employees. It involves a strengthening of the Norwegian Labour Inspection Authority ([Arbeidstilsynet](#)) and the Norwegian Labour and Welfare Organisation (Arbeids- og velferdsetaten, [NAV](#)) (cf. [Lismoen 2006](#)).

The Tripartite Agreement rests on the assumption that the solutions to the problem, including a far too high rate of early retirements, are to be found at the workplace, and presupposes that employers and employees will work together in order to achieve the objectives for a more inclusive workplace. The recommended methodology is improving employer-employee *dialogue* and an increased focus on what the employees with health problems and reduced working capacity can do (workability), rather than what they cannot do. Responsibility for realizing the Agreement is first and foremost placed with the employers at the enterprise level with support from the state. All enterprises in Norway, public and private alike, and independent of size, are urged to sign up, on a voluntary basis, and become Inclusive Working Life enterprises (IWL-enterprises). The IWL-enterprise is to be given certain advantages with regard to accessibility to state support, both with regard to advice and financial support systems. To become an IWL-enterprise the enterprise must sign an agreement with the local trade union representatives (shop stewards) and a representative from the state. Having done this, the employer and the union representatives jointly define which of the national objectives the enterprise is to prioritise. As such, there are two layers of voluntary agreements: One at the national level and one at the enterprise level.

To promote a more senior friendly policy at the enterprise level the government has stressed the importance of information and consultation. These tasks have mainly been taken care of by NAV's regional Centres of Working Life (Arbeidslivssentrene), together with the Centre for Senior Policy ([CSP](#))². The government has also reduced the mandatory employers contribution

² CPS is an is an NGO think tank. The purpose of the Centre is to make individuals, companies and politicians aware of the benefits of being adaptable in the workplace as an increasing proportion of the workforce is aging. By promoting research, through awareness campaigns and by forging links with the Workers' Union, the

(arbeidsgiveravgiften) for employees 62 years and above for a four years period (1.7.2002-31.12.2006).³ To increase the amount of enterprises committing themselves to fulfil the 3rd objective of the IWL-agreement, the government have just started (on the 25th of October 2007) a campaign, fronted by CSP, aimed at making the resources of senior citizens in working life more visible. The aim of the campaign is to change the employers' attitude towards and knowledge of older workers' resources, working capacity as well as working ability.

However, after 6 years it is only in relation to the recruitment of IWL-enterprises that the Tripartite Agreement may be seen to be a success. Five years after the initial signing of the national agreement, almost one million employees or 53.4 percent of all employees in Norway are employed in an IWL-enterprise (NAV 2007b). With regard to the three objectives defined by the Agreement, the best results so far are related to reducing sickness absence. As regards the third objective, i.e. to raise the de facto retirement age, the Tripartite Agreement may not be labelled a success. The average retirement age for persons over 50 years is 63.5 years, i.e. almost the same today as in 2001, although the effective retirement age has increased with 0,4 year for men from 2005 to 2006 (NAV 2007c og Haga 2007). A survey conducted by Fafo Institute for Labour and Social Research in December 2005 (Midtsundstad 2007a and 2007b) shows a moderate commitment to introduce or implement "senior friendly policies" in Norwegian enterprises. Less than 50 per cent of the IWL-enterprises (30 per cent of all enterprises) had committed themselves to increase the effective retirement age; covering about 55 per cent of all employees in public sector, but only 22 per cent of the employees in private sector. Only 4 percent of the enterprises had recruitment of older employees as an objective, 20 percent of the enterprises had a defined "senior policy", and only 20 percent perceived early retirement as a problem. Although almost 60 per cent of the enterprises offered special measures in order to retain employees with health problems and reduced working capacity in employment, only one out of three had taken special initiatives to improve the work environment and prevent health problems and reduced working capacity. Furthermore, only 21 per cent of enterprises offered special measures to promote learning and training among older employees (above the age of 55), and only 19 per cent had special measures to encourage worker above the age of 62 to postpone retirement, mainly reduced working hours without wage reduction, bonuses or adjustments to working conditions/to the work place (ibid.).

1.2 Relevance and potential transferability of policy

Most relevant and interesting from a Norwegian point of view is the holistic approach and the implementation of the Finnish Programmes. They have not only focused on measures to maintain and strengthen employee's work capacity (health and ability, education and competence as well as values and attitudes) but also, to a large extent, focused on measures to improve their work and working conditions. Furthermore, the Finnish strategy has been a long-term strategy to prevent health problems and reductions in the work capacity/ability of all workers. They have not, as in Norway, first and foremost concentrated their effort on developing measures directed at employees that already have health problems or reduced work capacity. Or as in the case of

Employers' Association and politicians, the Centre encourages a broad range of activities that aim to reverse the growing trend towards early retirement.

³ The mandatory employer contribution was reduced by 4 per cent points in the period from 1.7.2002 until 1.1.2006, with 3 per cent point from 1.12.2006 to 31.12.2006. According to Ellingsen og Røed (2006) and Midtsundstad (2007b) the 'senior discount' had limited effect on enterprises willingness both to recruit older workers and to prevent early retirement.

many local authorities (as employers), simply offered economic incentives (e.g. wage increases, bonuses and reduced working hours without wage reduction) to encourage their older worker above 62 to postpone early retirement.

Norway, like Finland, also need to pay greater attention to the special needs of small and medium-sized enterprises (SME) and middle management (supervision), and perhaps direct more of the activities of NAV's regional Centres of Working Life (Arbeidslivssentrene) towards these target-groups. According to various studies the share of IWL-enterprises among SME's in private sector are still quite small and are not expected to increase in a near future (cf. Midtsundstad 2007b). A Norwegian study (Mykletun et al 2005 og Furnes et al 2005) also indicates that middle managers attitudes towards older employees may be crucial in the implementation process, and hence the success of a more "senior friendly" personal policy at enterprise level. In this regard Norway may learn from the initiatives taken in Finland to develop training programmes for managers and networks of trainers in old age management. According to Agenda (2006) the offer of management training/studies focusing on senior workers and an ageing work force is very limited in Norway.

2. Important questions about the policy that are being raised and debated in Norway

The Norwegian policy debate at the moment is focusing on the contractual early retirement scheme (AFP). The AFP scheme in the private sector is to be revised to bring it in line with the new flexible old age pension system, which is to be implemented from 1 January 2010. A tripartite commission set up in June 2007 will make its recommendations, and the scheme will form part of the wage settlement negotiations for 2008. The need for a new early retirement scheme within the private sector was announced as part of the government's white paper on a new pension system, which was presented last year (St. meld. nr. 5 (2006-2007)).

In Norway we do not have an early retirement scheme linked to the National Insurance system. The early retirement scheme (AFP scheme) is established in collective agreements and was first introduced as part of the 1988 tariff agreement. It is only applicable to employees covered by a collective agreement (about 80 per cent of the older employees). Since then, it has been revised several times, and to day employees may retire fully or partly at the age of 62. They then get the same benefit as if they had stayed at work to the age of 67. The pension paid until the standard retirement age of 67 years is partly funded by the state (25 per cent) and partly by the employers.

For many years the scheme has been subject to substantial debate and controversy since it is seen to encourage employees to leave working life before the standard retirement age of 67 years. However, the effective retirement age for a 50-year-old Norwegian is the same today as it was in 1988 (63.5 year) (Haga 2007). After the government presented a white paper on a new pension system in 2006, one of the main issues to emerge was whether the AFP scheme was to be continued, given that the state's economic contribution to the scheme was due to be subject to review in 2007. This evaluation would coincide with a full review of the national insurance pension scheme. The continuation of the AFP was one of the main demands from the employee side in the 2006 bargaining round. In contrast, the employers called for an abolition of the scheme as they considered it as being too costly, thereby undermining the competitiveness of the companies involved. A new collective agreement was finally reached with the help of the Prime Minister,

Jens Stoltenberg, who confirmed his intention to extend the present AFP scheme until 1 January 2010 (Alsos 2007).

One of the main features of the new flexible pension system (folketrygden) is that employees who remain in employment after the age of 62 will get a much higher benefit than those who retire early. That is because the Norwegian parliament (Stortinget) has decided to introduce a flexible retirement age with an actuarially calculated pension. As a consequence employees who choose to take early retirement will end up with considerably lower annual pension payments compared to employees who stay in employment until the standard pension age (a reduction in the benefit of about 5 per cent each year). The government also wants to restructure the AFP scheme according to this principle. They want all employees subject to AFP to receive a supplementary pension regardless of whether they decide to retire before the age of 67 years or not. As it currently stands, only those who choose to take early retirement benefit from this arrangement. Many find that this is unsocial and unfair arrangement, since fare from all employees has the same freedom of choice, due to either health problems or downsizing. A central questions that emerge, therefore, include how to integrate a revised AFP scheme with the new general early retirement scheme, and how to find a scheme that is acceptable for the trade unions in that it takes account of the needs of workers exhausted from long working careers, and at the same time encourages employees to stay in employment for a longer period of time.

The results of the commission's ongoing work will have to be incorporated into the wage settlement negotiations in 2008, as this will be the last bargaining round before 1 January 2010. The design of a future AFP scheme will ultimately be a matter of bargaining; depending on the outcome of the commission's work, the 2008 wage settlements could thus prove to be difficult.

3. How we measure success of policies in our country

In Norway the success of the old age policy has mostly been measured by looking at National statistic on the overall rate of sick leave, the amount of disabled people in employment compared to the employment rates for people without health problems, and by looking at the developments in the effective retirement age for people above the age of 50 and the employment rate for older workers. There has not been any systematic evaluation of the effects of the IWL-agreement and special initiatives of the government, the social partner and the enterprises to promote a more inclusive working life. Although many research projects and different development projects has given some insight in to how and what the enterprises actually do and how the public sector works, we do not no much about the effects of the different initiatives taken.

4. Key issues and main questions proposed for debate at the review meeting

- 1) How important are economic incentives compared to long term strategies to prevent early retirement?
- 2) How can we measure the effects of long-term preventive measures on early retirement?
- 3) The advantages and limitations of a voluntary strategy to get enterprises to take social responsibility for labour/work force

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