

# Initiatives of the social partners for the improvement of labour market access for disadvantaged groups (taken from practice)

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## 1. The Norwegian context

Norway is a small country with a population of 4,737,200 persons. The economy is solid and growing. The supply of new jobs has been at an all-time high the recent years, and consequently the demand for labour is soaring. Like Austria, Norway has one of the lowest unemployment rates within the EU/EEA area. At the same time, Norway is among the OECD area nations with the highest percentages of the population outside the workforce due to illness or disability. At any given time, about 25% of the adult population below the official pension age (67) is out of work, receiving social public income security benefits. Sickness absence in work life is high and the sickness absence rate has – after a fall in 2004 – been stable or slightly increasing. The disability pension rate is among the highest in the OECD area.

Compared with other countries in Europe, a high percentage of the adult population in Norway is in employment. This is mainly due to the majority of Norwegian women being in employment. Almost 7 out of 10 women and 8 out of 10 men are currently in employment. The unemployment rate for persons between 16-74 years of age was 2.4% by the end of 2007 while the overall employment rate was 71.6% (Statistics Norway 2008).

The employment rate of older workers in the age group of 55-74 was however lower. By the end of 2006, 48.5% in total (54.4% for males and 42.8% for females) were employed. For young people under 25 years of age, the unemployment rate was 8.7%.

Also for persons with disabilities the employment rate is much lower than the total employment rate: 45.3% was employed by 2<sup>nd</sup> quarter of 2007 compared to a total of 74.8% at the same time. The employment rate of persons with disabilities has fluctuated around 45% over the last years.

Like in Austria and the rest of Europe, the population of Norway is ageing. The official retirement pension age is 67, but in practice closer to 62. For fiscal as well as labour market reasons, it is important to reduce the inflow of persons from employment to pension schemes, and to develop measures to increase the rate of ageing workers deciding to stay longer in employment before retiring. A Government White Paper addressing this issue was presented in 2006 together with a White Paper on old age pension reform<sup>1</sup>. Pension reforms are at the moment of writing an important and critical issue in ongoing collective wage negotiations.

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<sup>1</sup> Report No. 5 to the Storting (2006-2007) Earning and drawing old age pension from the National Insurance Scheme and St.meld. nr. 6 (2006-2007) Om seniorpolitikk (About Senior Policies).

When it comes to young people, the Government has passed a law called “youth guarantee”. Youth below the age of 24 are guaranteed an offer of 3 years upper secondary education. Those who do not start an upper secondary education and who cannot find a job are offered participation in labour market schemes. There is a follow-up service established in each county government to ensure that young people who do not take advantage of their right to upper secondary education receive a job offer or a place in a labour market scheme. The social partners are not involved in this scheme as they see it as an educational issue for the Government.

Like Austria, Norway has a well-developed tripartite system of co-operation between the major economic interest groups (i.e. the social partners) and between the partners and the government. The social partnership builds on traditions for dialogue, negotiated solutions and compromises and extends to practically all areas of economic and social policy. The overall social partner relations, traditions and tripartite organizational set-up, therefore seem to have quite a few similarities in Austria and Norway.

The tendencies observed in Norway in the recent years (high levels of sickness absence, increasing numbers of people on disability benefits and early retirement), have weakened an already scarce supply of labour and increased the pressure on public budgets. The *‘Tripartite Agreement on a More Inclusive Workplace’* (TA) is a major political initiative between the social partners and the government that seeks to address these problems. Two other important tripartite initiatives addressing the same problems are *Idébanken – inkluderende arbeidsliv* (*‘The Idea Bank for an Inclusive Work Life’*) and the *Centre for Senior Policy (CSP)* which is coordinating the *National Initiative for Senior Workers*. The initiatives were established in 2000/2001 and the social partners are major stakeholders in all of them.

Moreover, the Employers’ Association’s “Work Environment Fund” (Arbeidsmiljøfondet, NHO) is an important initiative. It was established in 1987 with a mission to fund research and development (R&D) projects aiming at workplace health improvement. During the 1990’s, the annual grants were 30-40 mill NOK. Arbeidsmiljøfondet has been one of the largest national sources for funding of R&D projects in the work environment field. The Confederation of Trade Unions (LO) has usually been represented in the governing boards of the R&D projects. It is reasonable to say that these projects have functioned as important foras for the development of the social dialogue and as incubators for new methods and improved practices in workplace health promotion.

FARVE -Forsøksmidler arbeid og velferd (Funding of field experiments for work and welfare) has to be mentioned as well. The Confederation of Trade Unions (LO) and one of the Employers’ Associations (NHO) made an agreement in 1990 to try to reduce the level of sickness absenteeism in work life. The forerunner of FARVE were established to be an initiator and funding mechanism of field experiment based R&D projects addressing ways of reducing sickness absenteeism. From 1993 the social partners invited the Government into the Agreement. To support the initiative, the Parliament from 1994 granted the programme ca 10 mill NOK annually. FARVE’s mission is to contribute to the development of a more inclusive work life. The programme’s governing board consists of the social partners, the Ministry of Welfare and

Inclusion and the Welfare and Labour Administration. The programme was evaluated in 2006<sup>2</sup> with mainly positive conclusions.

Another important initiative the recent years was the reform in 2005 of the *Working Environment Act (WEA)* from 1977. An important element of the new WEA is the broadened responsibilities that rest with employers' as regards making adaptations for vulnerable employees and preventing exclusion. Employers must ensure that the working environment at any time is safe and sound. Policy instruments are designed to ensure that the employers meet the requirement of the WEA, including audits, orders and sanctions such as fines and ultimate closure of businesses. The responsibilities of the employers are underlined. However, it has been pointed out in research reports as well as by the OECD, that Norwegian employers in general have few and weak obligations towards employees with long term illnesses, retention of employees with functional impairments and recruitment of people with disabilities.

At the moment, the social partners are not running or involved in any specific programmes for long term unemployed youth. In principle, the Norwegian labour market programmes for vulnerable groups, build on mainstreaming as their basic principle. Youth in the mentioned category will therefore have access to several labour market schemes provided by NAV (the Employment and Welfare Administration).

In the following I will shortly describe the above mentioned programmes and try to assess the possible relevance of the Austrian models.

## 2. Relevance and transferability of the policy to the peer country

### 2.1. The Tripartite Agreement on a More Inclusive Work Life

The major initiative the social partners have committed themselves to during the recent years for dealing with the mentioned problems, is the so-called "Tripartite Agreement on a More Inclusive Work Life".

In 2001, the Norwegian Government and the social partners signed the Tripartite Agreement for a trial period of four years. The main objectives of the Agreement were to:

- Reduce sickness absence by at least 20% for the whole of the contractual period.
- Secure employment for a far greater number of employees whose functional capacity is impaired (employees with occupational disabilities, employees in rehabilitation schemes, reactivated employees on disability benefits).
- Raise the real retirement age (i.e. the average age of retirement from working life).

Following Norwegian labour market policy traditions, the Tripartite Agreement is rooted in a broad consensus between the Government and social partners. The measures agreed upon, are mainly

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<sup>2</sup> Nøre, S.: Forsøksvirksomhet som utviklingsarbeid. Byggforsknotat, 2006

'soft' measures, *i.e.* measures rewarding enterprises for the desired behaviour rather than imposing negative sanctions for undesirable behaviour. Another characteristic of the Agreement is the recognition of the enterprise level: 'If the specific objectives of this Agreement are to be realised, efforts to achieve an inclusive workplace must be firmly rooted in the workplace itself' (TA, p.3). Enterprises that decide to join the Agreement are called 'inclusive workplace enterprises' (henceforth called IW enterprises). The IW enterprises have to undertake to work systematically to reduce sickness absence. Local IW enterprises will enter into an agreement with their local social security office (NAV), which administer the arrangement. In return, the IW enterprises are granted access to certain incentives. Among the central incentives for the employers are:

- Establishment of 'Work Life Centres' (Arbeidslivssentre) on county level that offer professional support and guidance for IW enterprises in the county.
- A regular contact person at NAV (the Employment and Welfare Administration) to help enterprises follow up employees with sickness absence.
- Increases in wage subsidies for companies that recruit or have employees whose functional capacity is impaired.
- Reduction in social security contributions paid by the employer for employees over 62 years of age.
- Occupational health services in IW enterprises receive a special refund rate for efforts to bring employees on prolonged sick leave or disability benefits back to work.

Evaluations of the impact of the first four year period of the TA undertaken in 2005, indicated that the main efforts had been put into the reduction of sickness absence, while the two other objectives were not paid much attention to. The results were mixed, but it was decided to go on with the initiative. In the second period of the TA, the partners have decided to pay more attention to increase the employment rate of people with functional impairments and in general of groups "who do not have established employment"<sup>3</sup>. The TA was renewed in 2006 for a second four year period. The main objectives of the second TA are more or less the same as the previous, but the parties agreed on two overall goals for the renewed TA:

- preventing sick leave, increasing focus on job presence and preventing "expulsion" from working life;
- increasing recruitment to working life of unemployed people.

There are three sub-goals which are more or less identical to the three objectives of the first TA. At the moment, around 53% of the workforce is employed in AWL enterprises (NAV 2007).

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<sup>3</sup> Letter of Intent regarding a more inclusive working life 2006-2009.

## 2.2. Centre for Senior Policies ([www.seniorpolitikk.no](http://www.seniorpolitikk.no))

The purpose of the current Centre which was established in 2001 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 ageing. By promoting research, through awareness campaigns and by forging links with the Workers' Union, the Employers' Association and politicians, the Centre encourages a broad range of activities that aim to reverse the growing trend towards early retirement. The Centre is responsible for coordinating the Government's National Initiative for Senior Workers. The Initiative is part of a strategy aimed at the top management of all the major unions and employers' associations and relevant government agencies. Centre for Senior Policies is involved in and an initiator of a broad range of R&D projects, seminars and initiatives on national, regional and enterprise level. Their internet based portal offers advice, practical tools and a knowledge base for workplaces, employers and employees that want to develop organisational policies for senior workers.

## 2.3. Idébanken – inkluderende arbeidsliv ("The Idea Bank for an Inclusive Work Life")

The Idea Bank was established in 2000 by at the time Ministry of Social and Health Affairs under the name of "The Idea Bank for Prevention of Sickness Absenteeism". From the beginning it was organised as a four-year project, but was transferred to NAV (the Employment and Welfare Administration) after the project period ended in 2003. The Idea Bank was from the beginning a collaboration project between the Government and the social partners<sup>4</sup>. It was financed by the Government and managed by a steering committee of nine members from the other partners. The Idea Bank is closely connected to the objectives of the Tripartite Agreement. An evaluation of the Idea Bank in 2002<sup>5</sup>, indicated that the social partners experienced a closer "ownership" to the initiative than the Government did.

The Idea Bank was from the beginning mainly an internet based portal with a mandate to collect ideas, experiences, good practice models and research findings and disseminate the material to actors concerned by preventive work environment issues and sickness absenteeism. When it was transferred to NAV in 2003 it became more integrated into the Tripartite Agreement for an Inclusive Work Life. The objectives of the Idea Bank were also expanded to include the objectives of the TA.

Austria and Norway seem to have in common recognition of the importance of the workplace level as the most important arena for health promotion and prevention of exclusion from the working life as well as focus on early intervention measures implemented at workplace level.

The above mentioned initiatives and programmes seem to address more or less the same problems and target groups as the Austrian initiatives in question. The issues of work and age/disability/health are all addressed by the Tripartite Agreement, the Centre for Senior Policies and the Idea Bank for an Inclusive Work Life. The Norwegian social partners are major stakeholders in all these initiatives, which have many similarities to the Austrian programmes.

<sup>4</sup> Government (SHD, Rikstrygdeverket, Arbeids- og administrasjonsdepartementet) and the social partners (LO, NHO, HSH, YS, KS, AF og Akademikerne).

<sup>5</sup> Hilsen, A.I & Christin Thea Wathne: "Evaluering av Idebanken for sykefraværarbeidet". AFI notat nr 2/ 2002.

There is unfortunately no room here to go into details of the mentioned programmes, which would have made the similarities even clearer. It must suffice to state that both in Austria and Norway the social partner commitments and collaborative traditions seem to be important preconditions for the mobilization of enterprises, employers and employees.

The use of internet based portals to disseminate relevant know-how is the same in both countries. On a general level, it is reasonable to assume that some of the 60 good practice models developed in the Austrian “Work and disability” project can be used as inspiration for Norwegian partners and authorities. To point out specific models or elements of models though, would require more in-depth studies. A successful transferability of good practices also depends on several factors: awareness and information, timing, compatibility of needs, contextual factors, etc., which makes it difficult to assess the transferability potential beyond a general level.

However, to my knowledge, there is nothing in Norwegian legislation that is incompatible with the presented Austrian programmes. Rather, there seem to be more similarities than differences. The institutional contexts the programmes are embedded in may differ though. For example, the methodology used by the “Service Work and health” project seems to have many similarities with the methods used by the Norwegian Work Life Centres which are Government bodies in the Tripartite Agreement.

So far, evaluations of the (measureable) results of the Tripartite Agreement, the Centre for Senior Policies and the Idea Bank for an Inclusive Work Life indicate clear potentials for improvement of the programmes. The level of sickness absence, recruitment of persons with functional impairments and overall retirement age are pretty much unchanged compared to the levels when the three programmes were launched. Studies of relevant models and good practices from other countries may contribute to improve the performance and impact of the programmes.

### **3. Important questions about the policy that are being raised and debated in the peer country**

There is only room here for a brief review of some main issues that are being debated. Some important questions concerning the policies to deal with sickness absenteeism, unemployment among persons with disabilities and early retirement are:

- What are the exact roles of the Austrian social partners in the mentioned programmes and what are the roles of the Government?
- What kinds of evidence are available to support the claim of being a “good practice model”? How can we know that they are “good practices”?
- On what kind of knowledge basis are the programmes designed? How are the learning processes organised? How is evaluation used?
- What kind of R&D projects are the social partners funding and how do they use the results?
- What are the main lessons learned about the social partners' roles in the social inclusion processes so far and what ought to be the next prioritized areas of development?