The Age as Resource: Active Ageing in Slovenia and New EU Member States

Ksenja Pušnik
Monika Šlebinger
Barbara Bradač
Miroslav Rebernik

Faculty of Economic and Business
University of Maribor

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Foreword

The term «Old Europe» has ceased to be a geographical term only since European population is becoming older and older. But the increasing «grey» of Europe has not yet started to really influence the minds of policy makers at national and company level to seek for solutions. In spite of the obvious necessity to deal with the issue of ageing workforce, the integration of older people into labour market in Europe seems to be relatively poor. This book is intended to contribute to better understanding of issues and challenges that ageing population and ageing workforce has put on the table. Because very little is known about newcomers to European family we focused on New Member States.

We found out that in most of the considered countries a wide variety of public actors has elaborated a large number of programmatic documents, policies or strategies dealing with older persons since the 1990s. However, considerable obstacles for an effective implementation of approaches towards employment initiatives for an ageing workforce exist. The most important one is that active age management strategies at workplace level do not constitute a priority issue for companies and public organisations. Younger employees are preferred and older ones are only inserted ‘if there is no other choice’ due to labour or qualification shortages. Being confronted with economic transition and urge of restructuring companies, particular small and medium size companies, are often struggling to survive and do not place particular attention on age management.

The good starting point for improving the situation regarding the integration of older people in the labour market seems to be the public policy level. Coherent and sustainable framework conditions have to be created in order to raise employer’s awareness on the necessity to apply existing models or develop new practices of age management which extend working lives and postpone effective labour market exit. The attitudes towards older people in general have to be changed in order to promote employment of the elderly workers and be able to face challenges of ageing workforce. Changing the attitudes might take some time, but there are relatively few other alternatives.
We would like to thank colleagues from institutes within *European Network for Social and Economic Research* that provide some data and cases displayed in this book, as well as to the *European Foundation for the Improvement of Living and Working Conditions* which sponsored the initial research, being the starting point of this book. Special thanks go to Irene Mandl, Thomas Oberholzner and Andrea Dorr from Austrian Small Business Institute for the coordination of the research project and their consolidated report in *Age and Employment in New Member States*, which was important source of information for this book.

Even though we benefited from many colleagues, the interpretation of data, the analysis and the content of this book is the sole responsibility of the authors and we’ll be happy to receive your comments and suggestions.

Ksenja Pušnik  
Monika Šlebinger  
Barbara Bradač  
Miroslav Rebernik
Povzetek

V zadnjem desetletju in pol je aktivno staranje postalo poglavitna skrb ekonomske politike večine »starih« članic Evropske unije (EU). Razlog za to je staranje prebivalstva, do katerega prihaja zaradi upadanja rojstev in podaljševanja življenjske dobe. Pričakovati je, da se bodo države EU soočale s pomanjkanjem delovne sile, posledično pa se bodo povečali pritiski na višino plač. Financiranje velikega števila neaktivnega prebivalstva bo posledično obremenilo javne finance in zaposlene (stroške dela) ter povzročilo ozka grla v financiranju pokojnin in zdravstvenih ter socialnih storitev za starejše ljudi.

Tudi Slovenija se bo morala v prihodnjih letih soočiti z izzivi, ki so značilni za starajoče se oziroma dolgožive družbe. Še posebej, ker so napovedi demografskih giban Evropske komisije za Slovenijo do leta 2050 manj ugodne kot za ostale države EU: Slovenija ima eno od najnižjih stopenj rodnosti v EU; delež prebivalstva, starega nad 65 let, naj bi se do leta 2050 skoraj podvojil (s 15 na 31 odstotek), delež prebivalstva od 15 do 64 let, ki lahko prispeva sredstva za javno pokojninsko blagajno, pa občutno zmanjšal (s 70 na 56 odstotkov). Izdatki za pokojnine do leta 2050 naj bi se po projekcijah povečali na 18,5 odstotka BDP, pokojninski prispevki pa z 9,9 na 10,9 odstotka.


Pričujoča knjiga ima dva osrednja namena. Prvič, zapolniti vrzel pri dosedanjem proučevanju aktivnega staranja v novih članicah EU in pristopov, s katerimi se lahko države soočijo z negativnimi posledicami staranja prebivalstva za državo, podjetja in posameznike, ter drugič, prisepvati k razumevanju, da je starajoča delovna sila pomemben proizvodni vir. Knjiga zapolnjuje vrzel pri dosedanjem proučevanju aktivnega staranja z več vidikov. V prvi vrsti
prinaša prvi in celoviti pregled pristopov, instrumentov in ukrepov na področju aktivnega staranja oziroma razvoj politik in instrumentov za izboljšanje zaposlitvenih možnosti starejše delovne sile in podaljševanje njihove delovne dobe nosilcev ekonomske politike v Sloveniji ter ostalih novih članicah EU, in sicer na nacionalni ravni in na ravni podjetij. Njen prispevek k obravnavanemu področju je tudi v tem, da omogoča zaradi izbrane metodologije proučevanja podrobnno primerjalno analizo obravnavanega področja v Sloveniji in »novih« članicah EU, ki doslej k soočanju ekonomskih izzivov staranja prebivalstva niso pristopile na način in v tolikšni meri, kot »stare« članice EU. Zato knjiga ne prinaša pomembnega prispevka le za slovenski, ampak tudi za mednarodni znanstveni prostor. Še posebej, ker jo izdajamo v času, ko posebej Slovenija, in tudi ostale »nov« članice EU, sprejemajo strateške in razvojne dokumente, ki bodo podali temelje strategije aktivnega staranja, in mora zato ekonomsko stroko najti odgovor na vprašanje, kateri pristopi, instrumenti in ukrepi na področju aktivnega staranja so z vidika ekonomske rasti in razvoja ter blaginje posameznikov in družbe najbolj optimalni.

**Starost kot redek proizvodni vir**

V pričujoči knjigi razumemo, da je starajoča delovna sila pomemben proizvodni vir, kar je nov pristop k obravnavanju aktivnega staranja v ekonomski literaturi. Tradicionalno se starajoča delovna sila namreč pojavlja prvenstveno kot problem socialne politike. V tej monografiji je osrednje žarišče v razumevanju, da je starajoča delovna sila pomemben proizvodni tvorec, saj s staranjem sicer ugašajo nekatere značilnosti in sposobnosti posameznikov, a istočasno naraščajo druge, ki imajo pomembno proizvodno moč. Še zlasti je temu tako pri bolj izobraženi delovni sili, kjer še posebej izstopajo nemo znanje (tacit knowledge), mreženje (networking) in akumulirane izkušnje. Na temelju izvirne raziskave opozarjamo na dejstvo, da je ob dolgoročnem zmanjšanem prirastku mlajše delovne sile treba najti orodja za učinkovito in humano izrabo starejše delovne sile.

**Paradigma aktivnega staranja**

Pregled ekonomske teorije kaže, da odgovor na vprašanje o ekonomskih pristopih k aktivnemu staranju ni enoznačen. Ekonomsko stroko si namreč ni edina o ekonomski paradigmi aktivnega staranja. Pristop k aktivnemu staranju je odvisen od koncepta, ki ga
nosilci ekonomske politike upoštevajo pri oblikovanju in izvajanju ekonomskih politik. Razvili so se trije koncepti aktivnega staranja:
• produktivni koncept (koncept OECD),
• vseživljenjski koncept (koncept WHO)
• nova paradigma (koncept Evropske unije).

Koncepti se med seboj razlikujejo po časovni dimenziji, ki jo z vidika življenjske dobe upoštevajo, ter po tem, ali se izzivov aktivnega staranja lotevajo z večimi ekonomskimi politikami (širše pojmovanje aktivnega staranja) ali pa je pozornost usmerjena le na nekaj politik, kot sta politika zaposlovanja in pokojninska politika.

V skladu s produktivnim pristopom (pristop OECD) je aktivno staranje sposobnost ljudi, da kljub staranju živijo produktivno življenje v družbi in gospodarstvu. To pomeni, da se lahko fleksibilno odločajo o tem, kako bodo izrabili čas v življenju – za učenje, delo, sodelovanje v prostočasnih aktivnostih ali za nužne potrebe (OECD 2000, 126). Osrednji interes tega pristopa je sposobnost ljudi, da so produktivni, ter vprašanje, kako ohraniti in spodbuditi to sposobnost, ko se starajo. Ker je pozornost namesto celotni življenjski dobi namenjena le prehodu iz delovne dobe v dobo upokojitve, je politika aktivnega staranja v skladu s produktivnim pristopom omejena predvsem na politiko zaposlovanja in pokojninsko politiko, predvsem na politiko zgodnjega upokojevanja.

Svetovna zdravstvena organizacija (WHO) zagovarja vseživljenjski pristop k aktivnemu staranju, v skladu s katerim je aktivno staranje proces optimiranja priložnosti za zdravje, sodelovanje in varnost z namenom omogočiti kakovost življenja v času staranja (WHO 2002, 12)«. Ta opredelitev upošteva različne vidike kakovosti življenja in se izogne ozkemu produktivnemu pristopu. Aktivno staranje pomeni nadaljevanje aktivnosti s socialnega, ekonomskega, kulturnega, duhovnega in družbenega vidika in ne le sposobnost biti fizično aktiven ali biti vključen na trg dela. Pristop temelji na človekovih pravicah starejših v skladu z načeli Združenih narodov o neodvisnosti, sodelovanju, dostojanstvu, skrbi in samo izpolnitvi. Z vidika ekonomske politike je pomembno poudariti, da je pristop usmerjen k preventivni politiki, to je kako lahko manj dragi preventivni ukrepi v zgodnji fazi življenjske krivulje preprečijo dragocen obstoječi čas v kasnejši dobi.


**Pristopi k politiki aktivnega staranja v Evropski uniji**

Skladno z razvojem različnih paradigm aktivnega staranja, so se tudi v literaturi in praksi razvili različni pristopi in instrumenti za soočanje z izzivi staranja prebivalstva, na ravni države
in podjetij. Kljub temu je mogoče na osnovi pregleda teoretičnih pristopov in pristopov držav, ki so se z izzivi spodbujanja aktivnega staranja že soočile, skleniti, da zahteva spodbujanje aktivnega staranja kompleksen in multidimenzionalen pristop. Vse politike, ki so se izkazale za ključne pri ohranjanju starešjih na trgu dela, so namreč enako pomembne.

Da bi obdržale starejše na trgu dela, so članice Evropske unije dosedaj najpogosteje uporabljale naslednje ukrepe (Jepsen in Hutsebaut 2003):

• odprava možnosti in spodbud za predčasno upokojevanje in uvažanje finančnih spodbud za kasnejše upokojevanje ter omogočanje fleksibilnega dela ter upokojeva (npr. dvig minimalne starosti, ki jo je treba dopolniti za upokojitev, zvišanje števil potrebnih let dela/zavarovanja za pridobitev pokojnine, zmanjšanje pokojnin, možnost dela s skrajšanim delovnim časom, delna upokojitev ipd);
• sprejemanje zakonodaje, ki preprečuje diskriminacijo zaradi starosti, vodenje kampanj, namenjenih osveščanju delodajalcev in spreminjanju njihovega odnosa do starešjih (raziskave o sposobnostih starejših za delo, medijsko promoviranje koristi, ki jih imajo podjetja in družba od aktivnosti starajočih se delavcev, izmenjava izkušenj primerov dobre prakse o integraciji starejših v delovna okolja in podeljevanje nagrad podjetjem, ki so se izkazala na področju upravljanja starešjih zaposlenih ipd);
• oblikovanje programov izobraževanja in usposabljanja, namenjenih starešim (sistemski vseživljenjskega izobraževanja in usposabljanja);
• ukrepi za spodbujanje zaposlovanja v okviru aktivnih politik zaposlovanja in oblikovanje posebnih delovnih mest za starejše.

Do sedaj redkeje uporabljeni, čeprav zelo pomembni, pa so ukrepi na področju prilagajanja delovnih pogojev, izboljševanja kakovosti zaposlitve, na katero vplivajo ukrepi za ohranjanje zdravja in zagotavljanje varstva pri delu ter zagotavljanja nege in varstva tako za otroke kot starejše.

Pristopi k aktivnemu staranju v Sloveniji in »novih« članicah EU

Eno od osnovnih spoznanj knjige je, da v Sloveniji in v »novih« članicah EU negativne posledice staranje prebivalstva še niso dejansko prodirle v zavest nosilcev politik na nacionalni ravni in v podjetijih. Posledično je integracija starešjega prebivalcev na trg dela še zmeraj relativno skromna, kljub jasni potrebi po soočanju z izvidni aktivnega staranja.

Pristop slovenskih vlad do vprašanj staranja prebivalstva ocenjujemo kot parcialen in nekompleksen, saj Slovenija k reševanju problemov staranja doslej ni pristopila z vsemi politikami, ki so se izkazale kot učinkovite. Tako najdemo pomembne ukrepe za soočanje z izvidni aktivnega staranja, ki neposredno ustvarjajo delovna mesta oziroma nudijo delodajalcem določene finančne ugodnosti (kot npr. javna dela in lokalni zaposlitveni programi, domačinstev plače invalidu ali težje zaposljiv osebi,
spodbujanje novega zaposlovanja težje zaposljivih oseb v obliki enkratne subvencije, nadomestitev dela stroškov za ohranitev delovnih mest, povračila prispevkov delodajalcem, subvencioniranje zaposlitve v nepridobitnih dejavnostih ipd.). V manjšem številu pa so bili starejši vključeni v programe izobraževanja, usposabljanja ali svetovanja. Podoben je pristop na nacionalni ravni v ostalih »novih« članicah EU, kjer področje starostnikov ni prioritetno področje ne na ravni države in ne v podjetjih, zato ni mogoče najti relativno veliko dobrih praks na tem področju, tudi ne v podjetjih. Čeprav so bili z ukrepi aktivne politike zaposlovanja, začenši predvsem z letom 2004, v Sloveniji narejeni pomembni koraki v smeri spodbujanja zaposlovanja starejših, demografski trendi in razmere v Sloveniji zahtevajo, da tudi Slovenija sprejme celovito strategijo aktivnega staranja, ki bo tudi zaživela.

Eno od nerazrešenih vprašanj ekonomske vede in ekonomske politike je, kako uravnotežiti makroekonomske vidike staranja prebivalstva ter posledice za kakovost življenja posameznikov, oziroma kako med seboj smiselno in enakovredno povezati naslednje politike: odpravljanje spodbud za zgodnje upokojevanje in spodbujanje poznegih in fleksibilnega upokojevanja; preprečevanje diskriminacije zaradi starosti in vodenje promocije za osveščanje delodajalcev in spreminjanje njihovega odnosa do starejših zaposlenih; uvajanje priporočil in programov usposabljanja za starejše; izvajanje shem zaposlitvenih spodbud (aktivna politika zaposlovanja in ponudba delovnih mest za starejše); zagotavljanje nege in varstva za otroke in starejše; ter zagotavljanje delovnih pogojev za starejše.

**Implikacije za raziskovanje in politiko aktivnega staranja**

Spodbujanje aktivnega staranja zahteva kompleksen in multidimenzionalen pristop, ki mora biti čimbolj usmerjen v preventivne dejavnosti. V skladu s konceptom aktivnega staranja Evropske unije (EC 1999) pomeni to prilagajanje življenjskih navad prebivalcev dejstvu, da živimo dlje, imamo več resursov in smo boljšega zdravja kot kadarkoli prej.

V »novih« članicah EU, in posebej v Sloveniji, bi bilo treba okrepliti preventivne ukrepe, ki ohranjajo deložemalce zaposljive in krepijo osebno odgovornost vsakega posameznika, ter ukrepe, ki osveščajo celotno družbo o sposobnostih starejših in koristih, ki jih prinaša njihovo zaposlovanje. Pri tem lahko pomembno vlogo odigrajo tudi socialni partnerji. Vsaj v prvi fazi pa bo verjetno, podobno kot v drugih evropskih državah, imela pomembno vlogo pri spodbujanju aktivnega staranja država.

Pomen pričujoče knjige za slovenski in mednarodni prostor je večplasten. Gre za eno prvih obravnav razumevanja, predvsem v Sloveniji, da je starajoča delovna sila pomemben proizvodni virov. Dokler takšno pojmovanje ne bo prodrlo tudi v zavest nosilcev ekonomske politike in odločanja v podjetjih, bo starajoča delovna sila ostajala neizkoriščen redek proizvodni vir, s tem pa bo neizkoriščen tudi potencial, ki ga lahko prispeva k ekonomski rasti in razvoju ter k blagostanju posameznikov in družbe kot celote. S tega vidika ostajajo ekonomski vidiki staranja, pristopi k zaposlovanju starejše delovne sile in podaljševanju aktive delovne dobe še naprej zelo relevantna raziskovalna področja.
Chapter 1: Introducing the problem of ageing Europe

Introducing the problem of ageing Europe

The European demographic situation has been characterised by a growing share of older people and a decreasing share of juveniles for the last years, and this tendency will continue for at least the next two decades. It has, however, been observed that labour market opportunities for the older generations become more and more limited as persons aged 50+ are assessed to be less attractive for employers than younger persons are.

Slovenia shares demographic trends common to almost all European countries that encounter low (and declining) birth rates, a rise in life expectancy and low migration inflows of younger people. Consequently, Slovenia faces a trend of ageing population and ageing workforce. In 2004, the share of people aged over 65 was about 15 % and is estimated to grow to 19 % in 2020. The employment rate for people aged between 50 and 64 is 46.7 % and is lower than European average (EU-25: 51.9 % in 2004), while employment rate of generation 65+ was almost twice as high as on European average (7.2 % vs. EU-25: 3.7 %). The reason for the low employment rate of the elderly population is the transition processes in the 1990s. Retiring was the most advantageous alternative to unemployment and resulted in a relatively low retiring age: in 2003, the average exit age was only 56 years and 2 months which is lower than the European average (EU-25: 61.0 years). It is expected that the effect of the pension reform in 2000 will be a gradually older workforce.

Present demographic trends show that in the next decades the share of older population in Slovenia will grow further. It is expected that between 1997 and 2020 the working population share will decrease by 3.5 percentage points and the non-working age population share will increase by 8.8 percentage points. In 2020, people aged over 65 years are estimated to represent 19.0 % of the Slovenian population: people aged between 15 and 64 years 64.7 % and people aged less than 15 years 16.3 %.

The implications of the ageing population after 2006 will be important not only in terms of a slowdown in living standards but also with regard to fiscal and other economic policies. In the coming years, demographic trends will cause a gradual decrease in the supply of labour and consequently exert pressure on wage increase. They will also create bottlenecks in financing the growing expenses not only for pensions but also for health services and care for elderly
people. These tendencies are questioning the future funding of social protection and the viability of the social security system.

Main problems older people are confronted with on the labour market in Slovenia could be summarised as follows:

- Employment legislation does not sufficiently protect the older workforce from dismissal because of the company’s reorganisation (in practice, companies dismiss older employees more often than younger ones).
- There is no efficient consultancy for older unemployed people at employment services because consultants are overburdened.
- Human resource management and employment policy of companies and other organisations is discriminatory. The reasons are the fear of older employees of losing their jobs, the need of companies to accommodate to new technology, the passive role of unions in defending the rights of the ageing workforce and older unemployed people and the unwillingness of some companies to employ older people.
- Disabled older unemployed workers face additional problems because of their disability: older people represent the largest part of disabled workers.
- Older unemployed people have psychological problems (low self-esteem, negative self-image, lack of socialisation, loss of skills and work habit etc.).

These developments pose challenges for both, the public and the private sector. With regard to the public sector these challenges refer, for example, to the financial sustainability of pension and health systems or the efficient functioning of the labour market. The private business sector needs to adapt to older persons as both, clients and employees.

As regards the latter, it may generally be observed that the job opportunities for persons aged 50+ become more and more limited in Slovenia and other European countries. This age group is widely assessed to be not attractive as a labour force due to a number of reasons such as less flexibility, a lack of initiative, a low level of foreign languages skills, reluctance to training, low adaptability to new working conditions, a lack of knowledge of new technologies or production processes, statutory supplements to salaries, a higher number of days of sickness leave etc.

However, the negligence of the elderly population as a workforce is to be seen as a premature and permanent loss of human capital as older persons represent a rich reservoir of skills and experience, the costs of which are borne not only by older workers but also by enterprises and the general public (manifested, for example, by higher expenditures on social protection, unemployment and health care) (Naegele 1999 and European Commission 2004b). Furthermore, the loss of a qualitative and experienced labour force might cause a decline in economic growth. In view of a shrinking younger population, firms have to increasingly rely on older personnel while otherwise running the risk to lose business opportunities due to labour shortages.

In Slovenia, the ageing workforce has been essentially backed by the government through employment policy since the end of the 1990s, and by activities performed by different actors in the field of adult education and life long learning. Most of the direct activities designed to promote employment of older persons are carried out within the measures that stimulate employers to create new jobs, employment of disadvantaged people and training and education
for employment. Slovenian employment legislation defines the ageing workforce as employed people aged 55 years and over (Slovenian Employment Relationship Act). Hard-to-employ are: (i) unemployed people aged over 50 which are registered at the Employment Service of Slovenia for more than 6 months, and (ii) people aged over 45 whose highest educational attainment is a secondary school degree and who are long-term unemployed (Regulation on implementation of active employment policy measures 2003).

At present no particular strategy to foster employment of the older workforce and active ageing has been adopted in Slovenia. Ageing workforce issues are tackled in the Strategy for the Economic Development of Slovenia 2001 – 2006 (SEDS), Slovenia’s Development Strategy 2006 – 2013 (SDS) and, partially, in sectoral and regional development strategies, national programmes and other development documents based upon the SDS and SEDS. However, the Government adopted Strategy for the Protection of Older People and the Quality of Population Ageing in September 2006. Its goal is to coordinate and connect different stakeholders (government, business and civil society) in order to promote intergenerational solidarity, to guarantee better quality of intergenerational relations and to assure quality of population ageing. Among various aspects of ageing that are included is also creation of conditions for active inclusion of older generations in work and employment. Slovenian government was intending also to submit a draft text of ageing strategy for interdepartmental harmonisation by the end of 2006. However, the intention was not realized. Ministry of Labour now plans to prepare the Active ageing strategy 2007-2013 by the end of June 2007. The emphasize will be on the creation of appropriate working conditions (quality and adaptation of the workplace), working time, healthcare, training and retraining, measures for employers and recommendations for the better adaptation of older people to the longer working period (Republic of Slovenia 2006).

However, due to various factors including the attitude of both, employees and employers towards older persons in employment, the aims of ageing strategy will not be easily attainable. Nevertheless, also in Slovenia the necessity arises to face the challenge of reducing non-wage labour costs, lowering present and future dependency burdens, securing the sustainability of social protection and guaranting medium to long-term labour supply. To successfully master the challenges related to the provision of suitable working conditions and employment opportunities for older persons the maintenance, development and promotion of health, skills and working capacity of employees as they age are important preconditions.

Thus, more attention should be paid to specific policy measures and instruments implemented at European and/or national level in Slovenia to achieve changes in the behaviour of employers and employees and, as a result, to increase older persons’ participation in the labour market.

In this book we provide an insight into existing and developing ageing paradigm in Europe and worldwide, and try to contribute to a better understanding of the role and the perspectives of governments, social partners¹ and the wider public with regard to the improvement of the employment situation of older workers and the extension of working life in Slovenia and

¹ In the framework of the 2004 Spring European Council the Member States were encouraged to intensify their efforts to realise the active ageing agenda and seek to achieve the targets in close cooperation with the social partners (European Commission, 2004a).
selected New Member States. We are informing on the development of measures/policies of social partners and governments in the countries under consideration (e.g. related to the labour market, social protection, taxation, training, work environment) and identify and present some case studies on age management initiatives, applied at individual company or organisation level (e.g. in the field of recruitment, training, health, job design) in the Slovenia and countries subject to investigation. Finally, by synthesising all information we draw some conclusions and provide guidance for future strategies in the field of age management in the countries analysed.

Researching the ageing

For a purposeful design and effective implementation of respective instruments substantial information on the contextual background on the basis of fundamental socio-economic research constitutes an important precondition. Concerning the European-wide research respective investigations have already been conducted for a number of the EU-15 countries (see, for example, Walker 1997) for as long as ten years, resulting, among others, in a database on good practices for combating age barriers in employment (operated by the European Foundation for the Improvement of Living and Working Conditions). However, first research on employment initiatives for an ageing workforce in the New Member States, Romania and Bulgaria was elaborated in 2005 by the European foundation for the improvement of living and working conditions. In research, which was co-ordinated by the Austrian Institute for SME, the authors of this publications participated as research team for Slovenia. The report of the research provides first broad information on employment initiatives for an ageing workforce in the New Member States, Romania and Bulgaria was elaborated in 2005 by the European foundation for the improvement of living and working conditions. In research, which was co-ordinated by the Austrian Institute for SME, the authors of this publications participated as research team for Slovenia. The report of the research provides first broad information on employment initiatives for an ageing workforce in the New Member States, Romania and Bulgaria, and also in Slovenia. No in-depth analysis about situation of older employees, not to mention the roles and perspectives of public and private actors with regard to active ageing or respective workplace practices in Slovenia is available.

Against this background, research team at the Institute for entrepreneurship and management of small business in Maribor has decided to conduct analyses on the employment situation of older workers in Slovenia. The presented research presents in-depth analysis on the role and perspectives of public actors and social partners, available public support measures as well as measures implemented at individual company/organisation level to encourage active ageing in Slovenia and selected New EU Member States.

To gain the insight into the state of the art in the area of employment and employment initiatives for an ageing workforce in the Slovenia and in selected New EU Member States focuses on quantitative and qualitative information on older employees as well as relevant public and private measures available in four New EU Member States, i.e. in Estonia, Latvia, Poland and Slovakia.

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2 The research is in part based on the research projects of the European foundation for the improvement of living and working conditions on employment initiatives for an ageing workforce in the New Member States, Romania and Bulgaria, elaborated in 2005 and presents the first analysis of the employment initiatives for an ageing workforce in the New Member States after having dealt with this topic in the EU-15 for as long as ten years. The authors of this publication have carried on the analysis of employment initiatives for an ageing workforce in Slovenia after the conclusion of the research.
The research was comprised in few steps. In the first research step, a background analysis was conducted on the situation of older employees in Slovenia and the selected New Member States, i.e. Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic. This was primarily based on quantitative secondary data available at European level (in order to guarantee comparability of the statistical findings) and national level (to supplement the centrally available data by more recent or specific information).

In a second research step, a background analysis on the development of aging paradigm, the possible framework for initiatives and measures to keep older workers in work and the EU approach to ageing workforce was conducted. The analysis depends on reviewing existing literatures, researches and EU legislation and documents on the issues.

In the third research step, the analysis of the attitudes and strategies of governments, social partners and other institutions in Estonia, Latvia, Poland and Slovakia with regard to active ageing have been evaluated. The analysis is based on quantitative and qualitative information, gathered by national research teams of countries, participating in the above mentioned research projects on employment initiatives for an ageing workforce in the New Member States, Romania and Bulgaria, adopted by the European foundation for the improvement of living and working conditions was elaborated in 2005. Gathering information have been done by investigating official (programmatic) documents, supplemented by half-standardised qualitative interviews with representatives of relevant actors in the same way in all participating countries, namely, Bulgaria, Estonia, Latvia, Poland, Romania, Slovakia and Slovenia. The selection of countries for the analysis in a way to ensure a good balance of different types of countries and different situations of older employees was made on a basis of elaborated set of indicators, including the size of the country, geographical location, relevance of economic sectors, share of older people in the population, share of older people in the workforce, share of older people among the unemployed, perspectives of public authorities and focus and content of available public measures. The results of this part of our research is mainly based on the consolidated report of the above mentioned project, which was prepared by project coordinator the Austrian Institute for SME Research and constitutes a synthesis of the national information and aims at pinpointing the general situation of older employees in the New Member States as well as the respective framework conditions (i.e. public and private initiatives) from a supra-national viewpoint.

In the fourth research step, we have conducted an in-depth analysis on the issue for Slovenia. In the framework of this analysis, the attitudes and strategies of governments and social partners with regard to active ageing have been evaluated by investigating official (programmatic) documents, supplemented by half-standardised qualitative interviews with representatives of relevant actors. The in-depth analysis also focused on measures implemented by public authorities to promote the employment of older persons whereby a rather broad approach has been followed. Furthermore, issues such as changing attitudes in organisations or the workforce, preventing people from entering disability schemes when reaching a certain age level or return to work programmes for older unemployed persons have been addressed.

The fifth step of the research referred to the identification and presentation of case studies of age management applied at individual company/organisation level in Slovenia in comparison
to identified case studies in Bulgaria, Estonia, Latvia, Poland, Romania and Slovakia. Following
the field of action of public initiatives, these examples include, for example, programmes
related to the improvement of working conditions and workplace health (i.e. job design
and prevention), measures aiming at maintaining and promoting the health and working
capacity of workers as they age, as well as disability management or measures regarding
job recruitment or career development (including training). Case studies for Slovenia was
conducted by authors of this publication, while case studies for Estonia, Latvia, Poland and
Slovakia were conducted by national research teams in analysed countries. In this book the
case studies were summarized on the bases of consolidated report of the above mentioned
project. Information needed for the analysis was gathered by personal or telephone interviews
with company representatives (human resources managers, directors, etc.) and, partly with
employees or their representatives. Along with a background analysis of the company, these
interviews were conducted according to the half-standardised qualitative guidelines provided
by the Austrian Institute for SME research in order to assure the comparability of findings.
According to these guidelines, information on case studies are divided into four sections:
case study background, case study today, hitherto development of the case study, and further
information.

All identified and presented case studies for Slovenia and other selected New EU Member
States were supposed to constitute initiatives at individual company or organisation level (i.e.
next to private companies also measures for “internal use” implemented by specific public
actors, such as municipalities or public health care services are of interest, but not public
measures targeting at other companies). The measures should also be already implemented
and still in place, they should be specific with regard to the particular topic (i.e. employment of
older workers in the widest sense, see below) and accessible to a critical mass of employees.
Ideally, the measures should also pay attention to gender issues and the 4 case studies
should stem from different sectors and company/organisation size classes.
The identified and presented measures are dealing with important issues related to fostering
active ageing: recruitment; training, development, promotion, career management; flexible
working practices; ergonomics/job design; health and well-being; hanging attitudes; genera-
tional relations; wage policy; exit policy; redeployment, and comprehensive approach.
Following earlier studies we focus on measures aimed at combating age barriers in employment
and/or promoting age diversity and/or intergenerational relations. Such measures do not
have to be specified as for ‘older workers’, providing they have a beneficial impact on this
group such as promoting their recruitment or retention.
In final research step, the lessons learned from studying the measures/initiatives for an ageing
workforce were synthesised, with a view to support future policy development in Slovenia and
in other New Member States, as well as in countries, similar in development stage with regard
to ageing workforce and public and other initiatives in the field.
Chapter 2: The Ageing Paradigms

The Ageing Paradigms

The Europe is confronted with ageing of its population due to declining fertility rates and increased longevity. The increased longevity is great achievement and indicator of progress and at the same time also a great challenge for the future. The response to increases in longevity and changes in the perception and expectations towards elderly people and their role in society is the concept of active ageing that refers to an active life of older people in the different domains of their personal, family, social and professional life. Active life includes activities such as i) continuous labour market participation; ii) active contribution to domestic tasks (e.g. housework and provision of care for others); iii) active participation in community life (e.g. voluntary or unpaid activities) and iv) active leisure (e.g. hobbies, sports, travel and creative activities) (Avramov and Maskova 2003, 23-24).

Active ageing as a social policy concept came to the fore in recent years. Christensen et al. (2003, 13) describe it as a new catchword on a global scale. However, the active ageing terminology can be traced back to the 1960s in 1970s. The concept was commonly used in gerontology and was based on activity theory saying that the best possible quality of ageing (successful ageing) is achieved by activity in physical and social action (see Avramov and Maskova 2003, 26 and Walker 2002, 122-123 for the overview of literature). The early concept largely referred to post-retirement activities but it also considered economic activities of older people.

International organisations and national governments are starting to integrate active ageing into their policy packages to meet the demographic ageing challenge. However, according to ACTIVAGE (2005, 11) active ageing in the most European countries is still a political backwater and there will be some time needed to increase its importance.

The societies can cope with population ageing in two ways: first, by the following “productive ageing paradigm” or second, by considering the alternative “active ageing paradigm” (ACTIVAGE 2005, Walker 2002). The first one paradigm emerged in 1980s and the later one was adopted in the late 1990s by the World Health Organisation (WHO) (Walker 2002, 123 and Avramov and Maskova 2003, 26). The concepts differ according to a) time span they focus on in life cycle and b) policy fields they cover (Christensen et al. 2003, 15). In addition, Christensen et al. (2003, 8) emphasize that active ageing policies (and definitions) may be influenced also by the nature of the political system and the type of welfare state regime. In the following Chapter we first discuss both concepts and than present key principles and elements of active ageing.
2.1 Productive ageing paradigm (OECD)

*Productive ageing* concept is narrow and emphasizes continuous labour market participation of older people. Policy reforms that prolong working lives are seen as solutions to ageing problems. The main concern is on the capacity of people to be productive and how to keep or enhance this capacity as they grow older.

The productive dimension of ageing is for example emphasized by OECD. OECD defines *active ageing* as “the capacity of people to lead productive lives in society and the economy as they grow older”. This means that they can make flexible choices in the way they spend time over life – in learning, in work, in leisure and in care-giving (OECD 2000, 126). OECD focus is limited to retirement (its financing and duration), transition from work to retirement and to the health, social and economic well-being of people in retirement age and their contribution to economy and society.

The OECD (productive) approach is not life course based and attention is on a few specific policies as labour market and pension policy, especially early retirement policies. Such narrow focus should make international monitoring and sharing of experiences easier. The dimensions of active ageing of OECD, WHO and EU are presented in the Figure 1.

![Figure 1: Dimensions of active ageing in conceptualisations and policies of international actors](image_url)
According to this concept the individuals should also bear more responsibility for their own old age. The benefits and services associated with the modern welfare state need to be limited and/or individual contributions should be increased (ACTIVAGE 2005, 17-18). Closer linkage of lifetime contributions and benefits strengthens the insurance principle at the expense of the re-distributive principle.

The results of the project, coordinated by Interdisciplinary Centre for Comparative Research in the Social Sciences, showed, that the “productive ageing paradigm dominates the social policy discourse on demographic ageing across countries and welfare regimes in Europe” (ACTIVAGE 2005, 17).

The weakness of productive approach is that it excludes non-productive persons and other aspects of life in old age (Christensen et al. 2003, 16). It may cause discrimination against people having other (non productive) life plans and lead to segmentation and exclusion of those that do not fit into this active ageing paradigm.

2.2 Active ageing paradigm (WHO)

The alternative or “modern concept of active ageing” (Walker 2002, 124) is focused on a broader range of activities than just production and labour market. It combines the productive ageing with quality of life and mental and physical wellbeing. Demographic ageing is not understood only as fiscal problem or labour market issue. Active ageing should link key policy domains of employment, pension, retirement, health and citizenship (Walker 2002, 121).

By adopting a holistic view, ageing policy-making addresses all generations. In the first age, young people prepare for longer, more active and better-quality lives by learning about ageing process, the impact of lifestyle on the quality of their later lives, benefits of healthy life styles, lifelong learning etc. In the second age people manage their own ageing, they retire later and more gradually. Their activities are supported by employers and government. In the third age, that captures time after retirement or during partial retirement, people should freely choose between different activities according to what they can afford and what they need. They can be active in paid employment, they can engage in voluntary work, participate in community or they can prefer family activities and leisure. In the fourth age the goals are participation and autonomy. The health, social care, pension and housing policies should promote self-reliance and self-determination among those in advanced old age (Walker 2002, 135 – 136).

This new concept began to emerge under the influence of WHO that defines active ageing as the “process of optimizing opportunities for health, participation and security in order to enhance quality of life as people age” (WHO 2002, 12). It emphasizes that older must be recognised as active citizens and promoted as such. “The word “active” refers to continuing participation in social, economic, cultural, spiritual and civic affairs, not just the ability to be physically active or to participate in the labour force.”

Such concept includes also older people who retired from paid work or who are ill or live with disabilities. The WHO approach recognizes the human rights of older people and the United Nations Principles of independence, participation, dignity, care and self-fulfilment (WHO 2002, 13).
The WHO approach is holistic, because it covers several policy fields, and follows life course perspective. Older people are not seen and treated as homogeneous group (WHO 2002, 14). In reality the individual diversity tends to increase with ageing and therefore at all stages of life measures should be taken to create supportive environments and foster healthy choices. The life course perspective emphasizes importance of preventive actions and policies since non-communicable diseases are usually the leading causes of morbidity, disability and mortality in old age both in developed and in developing countries. Preventive and early measures may reduce human and social costs that would otherwise absorb huge amount of resources.

2.3 The EU approach to Ageing

The European Union views active ageing in its communication “Towards a Europe for All Ages” (European Commission 1999) as “a coherent strategy to make ageing well possible in ageing societies.” The life practices of people have to be adjusted to the fact that we live longer and that we are in better health and more resourceful. Active ageing means using the opportunities offered by these improvements. In practice we should therefore adopt healthy life styles, work longer, retire later and be active after retirement. Promoting active ageing is about promoting opportunities for better lives, not about reducing rights. Parts of the agenda are also adequate income provision and care.

The EU approach stresses the importance of a life course perspective and encompasses several policy fields and is therefore closer to the WHO definition than to the OECD definition of active ageing (Christensen et al. 2003, 14). However the authors place the EU approach between the OECD and the WHO approach. This is because its life cycle perspective is less expressive than that of WHO and it also covers fewer policies. Avramov and Maskova (2003, 24) put EU closer to the OECD because they both mainly focus on the economic activity. According to them there has been a shift towards the productive approach in recent years.

Christensen et al. (2003, 16) point out that both productivist and holistic perspective carry danger of paternalism. Especially the EU definition is very paternalistic by telling people what to do (work longer, live healthier etc). Thus the policies may prescribe people what to do instead of encourage them to increase their capabilities of making their own life decisions/choices or live their own life. In addition to that preventive concept that minimizes risk of being dependent on others transform old age from being collective social risk (old age dependency) to individual risk where each one must bear more of his own costs.

2.4 Key principles and elements of active ageing strategy

Demographic ageing is likely to transform all aspects of economic, political and social life. Such challenges and opportunities can only be tackled by using holistic and life-cycle approach to ageing (ACTIVAGE 2005, 21-22). A coherent strategy for active ageing should be based on a partnership between the citizen and society. The State should enable, facilitate and motivate citizens and also, if necessary, provide social protection. The effective strategy should follow seven universal principles (Walker 2002, 124 – 125):
a) **Nature of Activity** “activity” is everything that contributes to well-being, not only employment. It must be recognized, that activity means more than paid work. At the same time the employment remains the leading method of inclusion.

b) **Scope**: all older people must be included, also the very elderly, frail and dependent.

c) **Prevention**: active ageing is/should be primarily a preventative concept. The whole life course must be considered and policies should cover both, current and future old generations. The focus should be on policies that prevent ill-health, disability, dependency, loss of skills etc.

d) **Intergenerational solidarity**: the intergenerational solidarity, which means fairness between generations as well as the opportunity to develop activities that span the generations, must be preserved.

e) **Rights and obligations**: social rights must be balanced with obligations. The active ageing should emphasize the obligations. The rights to social protection and/or lifelong education bring about obligation to use these opportunities and to remain active.

f) **Participation and empowerment**: active ageing policies must combine top-down policy measures with bottom-up initiatives through which the citizens develop their own forms of activity.

g) **Respect for national and cultural diversity**.

The following policy guidelines for four area of importance can be based on these principles (Walker 2002, 125 – 133; Walker 2006 and ACTIVAGE 2005, 24 – 25):

a) **Labour market and employment**: on the labour market, economic policy must act against age discrimination. Raising pension ages while leaving ageism puts older workers to exclusion, poverty and destitution. Effective anti-discrimination policy requires at the same time active age management at the organisational level that encompass both preventive measures (e.g. lifelong education) and remedial ones (training for older workers lacking specific skills). In addition to that equal opportunities between men and women should be facilitated and there is a need for active employment policies.

b) **Pensions**: pension systems should provide older people with resources that would enable them to fully participate in social life while at the same time they should not prevent economic activity of older people, e.g. pension systems should be more employment friendly. Thus flexible retirement that permits part-time employment is needed, age barrier retirement should be abolished and the punitive nature of taxation on income earned during the retirement should be reduced.

c) **Health and social care**: good health is an essential condition for activity in old age and at same the activity can contribute to health. In order to prevent rise in health care costs in the future, the active ageing policy must promote prevention of ill-health and disability over the life course and resources should be redistributed from care to prevention. The preventive strategy is the only really effective one in keeping people for longer time active rather than dependent either in or outside labour market. For the very old and frail effective and innovative long-term care and social service provision must be developed. Technological and social support should help them in rehabilitation and maintenance of autonomy, independence and quality lives. The social protection should not be reduced to safety-net or minimum provision.
**d) Active citizenship:** active civic and community participation must be promoted. Isolation and loneliness are namely key triggers of depression in old age which is a major cause of morbidity and poor life quality. The older should take part in decision-making and policy processes at all levels thus take the active control and responsibility for their ageing. Older could also engage in voluntary associations which would contribute to their well-being and to meeting social needs.

An active ageing policy strategy should completely overhaul discriminatory socio-institutional norms and practices and influence the way we think and behave (ACTIVAGE 2005, 24). However, in shaping active ageing policies policy actors must not forget that ageing does not wipe out other societal processes. Therefore, the active ageing policies must be sensitive to differences that separate the old or ageing people group (Christensen et al. 2003, 17).
Chapter 3: The ageing of employees in New member states

The ageing of employees in New member states

Not only the Old Europe is getting older, the ageing population is on increase also in new member states. The available statistical data show that Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia, as well as Bulgaria and Romania, like the EU15, have experienced a demographic shift in recent years, which has resulted in an ageing population. It is expected that this trend will continue at least the next two decades. Slovenia shares demographic trends common to almost all European countries that encounter low (and declining) birth rates, a rise in life expectancy and low migration inflows of younger people. Consequently, Slovenia also faces a trend of ageing population and ageing workforce. Let us look at some facts.

3.1 Older Employees in New Member States

On the basis of the cross-country analysis of statistical data on older employees in New member states (Mandl, Dorr and Oberholzner 2006) the following conclusions could be made:

• A comparison of the shares of the older population and the older workforce (50 to 64 years) shows a good coherence of those indicators for the majority of the countries under consideration, however, Estonia, the Czech Republic or Lithuania are characterised by a rather good integration of older persons in the labour market (i.e. higher share of older people in the workforce than in the population), Poland, Romania, Slovenia and Malta show a comparatively low level of ‘active ageing’; among them Romania disposes of one of the highest average retirement ages.

• A comparison of employment and unemployment rates of the 50 - 64 year old shoes that Hungary, Slovenia, Romania and Malta are characterised by low levels of both indicators.
For Slovenia and Malta this might be explained by a low average exit age, i.e. older persons are neither active nor unemployed but rely - earlier as in other countries - on the pension system. In Hungary, due to reforms in the system of unemployment benefits access to them have become more difficult. Nevertheless (and also for Romania) the question arises how the older population is financially sustained. Although in the Baltic countries and in the Slovak Republic unemployment rates are high, labour market integration of the older generation is comparably good.

A comparison between the growth of the gross domestic product (GDP) between 2003 and 2004 and the employment rate of the persons aged 50 - 64 shows a weak positive correlation between the economic development and the involvement of older persons in the labour market in the analysed countries. While, for example, Malta was characterised by a low increase of the GDP and a comparatively low employment rate of the older population in 2004, particularly Estonia showed a higher growth of the GDP than the European average and disposed of a comparatively high employment rate of the older workforce, too. However, in some of the relatively ‘old countries’ (i.e. Hungary, Bulgaria and Slovenia) presently experiencing an above-average economic boom the low involvement of the older generations in the labour market might negatively affect the future economic development.

In the framework of the European Councils in Stockholm (2001) and Barcelona (2002), the European Commission set the targets of increasing the employment rate of those aged 55 - 64 to 50 % by 2010\(^3\) and of delaying the age at which employees withdraw from labour force by 5 years by 2010 (European Commission, 2004a). The latter refers to an increase of the effective average age at which people stop working from 59.9 years in 2001 to 65.4 years in 2010 on European average.

A comparison of the countries under consideration (Mandl, Dorr and Oberholzner 2006) shows that only Estonia and Cyprus have already reached this target with employment rates of the older workforce of 52.4 % and 50.1 %, respectively (Figure 2). Also Lithuania and Latvia are quite close to achieve the target, in contrast to Slovenia, the Slovak Republic, Poland, Bulgaria, Malta and Hungary. As regards, for example, the Slovak Republic, it is anticipated that the target value of 50 % will be missed by about 10 %-points by 2010 (Source: MoLSAF, 2005b). In 2004, the employment rate of the older generation\(^4\) was 41 % on European average, so there was still a gap of 9 %-points from reaching the Stockholm target.

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\(^3\) See, for example, [http://europa.eu.int/growthandjobs/reports/index_en.htm](http://europa.eu.int/growthandjobs/reports/index_en.htm)

\(^4\) In contrast to the analyses above, now the employment rate of the population aged from 55 to 64 is considered in accordance with the strategic objectives of the Stockholm Council.
Chapter 3: The ageing of employees in New member states

3.2 Older Employees in Slovenia

In 2004, the share of people aged over 65 was about 15% and is estimated to grow to 19% in 2020. The employment rate of the generation 65+ was almost twice as high as on European average (7.2% vs. EU-25: 3.7%) but it is lower for people aged between 50 and 64 (46.7% vs. EU-25: 51.9% in 2004). The reason for the low employment rate of the elderly population is the transition processes in the 1990s. Retiring was the most advantageous alternative to unemployment and resulted in a relatively low retiring age: in 2003, the average exit age was only 56 years and 2 months which is lower than the European average (EU-25: 61.0 years). It is expected that the effect of the pension reform in 2002 will be a gradually older workforce.

Present demographic trends show that in the next decades the older population in Slovenia will grow further. It is expected that between 1997 and 2020 the working population share will decrease by 3.5 %-points and the non-working age population share will increase by 8.8 %-points. In 2020, people aged over 65 years are estimated to represent 19.0 % of the Slovenian population; people aged between 15 and 64 years 64.7 % and people aged less than 15 years 16.3 %.

Figure 2: Current situation of countries in relation to Barcelona and Stockholm targets

Source: Eurostat (Mandl, Dorr and Oberholzner 2006, 26).

Also the Barcelona target is not reached, yet. In particular in Lithuania, Hungary and Romania a comparatively strong increase of the average exit age from the labour force can be observed and also in Poland, Malta and the Czech Republic the exit age rose between 2001 and 2003. Only in Latvia the average age declined from 62.4 years to 60.3 years.
Slovenia is characterised by a slightly older population if compared to the European average (EU-25). About one third of the inhabitants were aged 50+ in 2004, whereby, in particular, the share of persons aged 65+ is higher for women than for men (see Figure 3). Between 1991 and 2004 the share of the older population (50+) increased by about 5 %-points, which is due to a decreasing number of young people.

As regards the educational attainments of the Slovenian population, the younger generations on average dispose of a higher level of formal qualification than the older ones. While, for example among the population aged 65+ the share of those having only completed (pre-)primary and basic education amounted to 51 % and as few as 9 % were academics in 2004, only 16 % of the 25 - 49 year old ones left the formal education system after (pre-)primary and basic education and 20 % completed tertiary education. There are clear differences by gender: whereas older women (45+) are worse educated than older men, almost no differences or even higher educational attainments of women can be found in the younger age classes. An analysis over time shows an increasing educational level (i.e. increasing share of inhabitants with completed tertiary education and decreasing share of those with (pre-)primary and basic education) in all age classes. Still, the share of the Slovenian population having completed tertiary education is slightly lower than on European average while the percentage of persons with (post-)secondary education is much higher.

In comparison to the EU-25, Slovenia is characterised by a considerably higher disability rate: In 2002, about 19.5 % of the Slovenian population indicated to have longstanding health problems or disabilities (EU-25: 16.2 %). The prevalence of health problems / disabilities increases with age (e.g. 8.3 % of the 25 - 34 year old suffered from health problems/disabilities, while the respective share was as high as 30.6 % in the age class 45 - 54 and 41.2 % for the 55 - 64 year old persons). The disability rate is slightly higher for the male than the
female population and almost twice as high for persons in unemployment as among the employed. The highest disability rates can be found in the agriculture sector and among skilled agricultural and fishery workers (almost one third), respectively. (Source: Eurostat, Labour Force Survey 2003) Between 1990 and 2004, the number of recipients of disability pension (average number per year) has been increasing almost continuously. In 2004, the average age of Slovenians receiving disability pension referred to 53.3 years for men and 49.4 years for women. (Source: Slovenian Pension and Disability Insurance Institute, Annual report 1994)

The employment rate (i.e. the share of employed persons aged 15 and over in the total population of the same age) of Slovenia is higher than on European average. However, differences by age classes can be shown: while the Slovenian employment rate for the generation 65+ is almost twice as high as on European average, it is considerably lower for the 50 - 64 year old ones (see Table 1). The average exit age from the labour market in Slovenia is lower than the European average (56.2 years vs. EU-25: 61.0 years in 2003). Nevertheless, the employment rate of persons aged 50 - 64 has been increasing for the last years (the one for the 65+ is, however, decreasing). The highest incidence of older employees can be found in the agriculture sector and in public administration, education, health and other services (one fifth of the employees of each of these sectors were aged 50+ in 2004). Comparatively few older employees are active in tourism.

<table>
<thead>
<tr>
<th></th>
<th>male SI</th>
<th>male EU-25</th>
<th>female SI</th>
<th>female EU-25</th>
<th>total SI</th>
<th>total EU-25</th>
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<tbody>
<tr>
<td>15-24</td>
<td>38.3</td>
<td>39.2</td>
<td>29.1</td>
<td>33.4</td>
<td>33.8</td>
<td>36.4</td>
</tr>
<tr>
<td>25-49</td>
<td>88.2</td>
<td>85.9</td>
<td>84.8</td>
<td>69.4</td>
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<td>77.7</td>
</tr>
<tr>
<td>50-64</td>
<td>55.8</td>
<td>61.4</td>
<td>37.7</td>
<td>42.8</td>
<td>46.7</td>
<td>51.9</td>
</tr>
<tr>
<td>65+</td>
<td>10.8</td>
<td>5.7</td>
<td>5.0</td>
<td>2.2</td>
<td>7.2</td>
<td>3.7</td>
</tr>
<tr>
<td>total</td>
<td>61.8</td>
<td>59.6</td>
<td>49.4</td>
<td>43.6</td>
<td>55.4</td>
<td>51.3</td>
</tr>
</tbody>
</table>

Source: Eurostat

Table 1: Employment rate (i.e. share of employed persons aged 15 and over in the total population of the same age) of Slovenia and the EU-25 by age class and gender, 2004

In line with the higher employment rate Slovenia is characterised by a lower unemployment rate (i.e. unemployed persons as a percentage of the active population of the same age) than the European average (6 % vs. 9 % in 2004) which holds true for all age classes (see Table 2). Nevertheless, the share of older persons (50+) among the unemployed has been continuously increasing for the last years (e.g. from 11 % in 2001 to 13 % in 2004) - a tendency that can be found for the EU-25, too (i.e. from 15 % in 2001 to 17 % in 2004). As a result, also the unemployment rate of the 50 - 64 year old ones is slightly increasing over time (from 4.2 % to 4.5 % for Slovenia and from 6.3 % to 7.2 % for the EU-25, respectively, between 2001 and 2004). In general, the duration of unemployment increases with age.
<table>
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<th></th>
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<th>male EU-25</th>
<th>female SI</th>
<th>female EU-25</th>
<th>total SI</th>
<th>total EU-25</th>
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</thead>
<tbody>
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<td>15-24</td>
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<td>18.4</td>
<td>17.7</td>
<td>18.7</td>
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<tr>
<td>25-49</td>
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<tr>
<td>50-64</td>
<td>5.4</td>
<td>7.1</td>
<td>3.3</td>
<td>7.3</td>
<td>4.5</td>
<td>7.2</td>
</tr>
</tbody>
</table>

Source: Eurostat

Table 2: Unemployment rate (i.e. unemployed persons as a percentage of the active population of the same age) of Slovenia and the EU-25 by age class and gender, 2004
Keeping older workers at work

Economic growth, good macroeconomic performance and a dynamic labour market, with good jobs available, are preconditions for creating sufficient job opportunities that keep older workers in work or return them to work. However, in addition to the appropriate labour market conditions, specific policies and initiatives are necessary to increase the labour force participation and employment of older workers (European Commission 2004a, Jepsen and Hutsebaut 2003).

In order to make longer working an attractive option for older people, action on demand and supply side is needed. That means influencing so called “push” and “pull” factors that influence peoples “work-retirement” decisions (OECD 2006, Humphrey et al 2003). The first ones are usually negative and push (older) people to leave labour market because they reduce available job opportunities for older workers (e.g. negative perceptions about the capacities of older workers, health condition, corporate restructuring and downsizing etc.). Example of positive push factor is early retirement package. The pull factors tend to be positive and pull people towards leaving work voluntarily (e.g. financial incentives, early retirement packages with compensation, the desire for more ‘quality time’).

Older workers are often considered as being more expensive than younger ones, less productive because of physical and health problems and because their skills may not be up to date. To reverse the trend of early retirement and change the attitude that older workers are generally dispensable in labour market terms a complex and multidimensional approach is needed in which government, social partners, individuals and civil society cooperate.

This chapter presents approaches that address employers’ attitudes and practices towards employing and retaining older workers and workers’ incentives for longer working (financial) and the actions that improve workers’ employability and work-ability (OECD 2006; Duell et al. 2006; European Commission 2004a; Jepsen and Hutsebaut 2003; Naegele 1999). We will focus on retirement incentives and social security systems, removing barriers that employers are facing when employing older people, and on increasing employability of older workers.
4.1 Retirement incentives and social security systems

Discussions about keeping older workers in the labour market inevitably lead one to focus on incentives that social security and tax systems appear to offer to employees to stop working. The increases in longevity and healthy life expectancy are good arguments for changing pension schemes in a way that would stimulate longer working. Such changes can be justified on the basis of intra-generational equity, on public finance grounds and benefits to the older people (activity in older age benefits mental and physical well being) (Duell et al. 2006, 57).

According to data (European Commission 2004a, 9), approximately 20% of inactive people aged 55-64 in the European Union before enlargement (e.g. 3 million people per year) indicated early retirement as the main reason for leaving the job. Thus in order to stimulate work the pathways to early retirement must be closed or access to them must be restricted. Moreover, the financial incentives (pension entitlements) and proper implementation also of other benefit schemes (such as long-term unemployment, long-term sickness and disability that may provide alternative pathways to withdraw from the labour market) must be reviewed (OECD 2006, 86; European Commission 2004a, 9). In addition to that, heavy taxation of working people will also induce them to retire (OECD 2006, 96).

4.1.1 Timing of retirement

The workers can be stimulated to work longer by a) reducing generosity of pension system, e.g. cutting entitlements, b) introducing steeper rewards and penalties based on the timing of retirement and c) raising the minimum age at which benefits may be drawn (OECD 2006, 87). The introduction of all these measures, that are presented in the Figure 4, is of course politically unpopular and quite often the governments delay the introduction of necessary reforms.

A. Reduce generosity
B. Improve reward for delay
C. Delay minimum age

Pension as a % of earnings

Year of retirement

Note: These examples look at incentives from the point of view of any given individual: “If I retire today, or a year from now, what will my pension be?” The effects of years of service and age are thus combined.


Figure 4: Approaches to reforming pensions to reduce early-retirement incentives

5 Average over the period 1995-2002.
Generosity of the pension system (Figure 4A) can be reduced by leaving the official retirement age unchanged and reducing the value of the pension paid while for longer working the value of pension is maintained. This can be done by lowering the benefit-replacement ratio or increasing the number of years of earnings used in the calculation of earnings-related pension benefits. Another measure to reduce the generosity is adjustment of contribution requirements so that people need to work longer in order to get a “full” pension (e.g. increasing the required number of years of contribution). The pension entitlements can be changed also indirectly by indexing their value according to price changes rather than earnings. The generosity is reduced also when the basic pension value remains the same but “official” retirement age is raised. Such change forces people to work longer in order to earn the same benefit if the retirement before new official retirement age goes hand in hand with reduced pension. When the official age and pension level at this age are unchanged the workers may be stimulated to work longer by increasing penalties for retiring early or bonuses for delaying retirement beyond the statutory retirement age.

These changes have been introduced only in recent years. The consequence of all these changes is that leaving workforce early brings about costs for individuals. In most of the EU and OECD countries the pension reforms involve the combination of above mentioned measures (OECD 2006, Duell et al. 2006, Jepsen and Hutsebaut 2003). In addition to that OECD (2006, 94) emphasizes that implementation of reforms should not be to slow or extended over to long period of time.

The above mentioned changes will increase the labour force participation of older workers only if (Jepsen and Hutsebaut 2003, 5) a) other public or private pathways out of work are not available and b) if the financial burden/incentives are high enough.

In order to extend the effective and not just the statutory retirement age, it is important to reduce early retirement and disability retirement as much as possible. Alternative routes into early retirement are namely often provided by long-term unemployment, long-term sickness and disability benefit. The past experience has shown that by restricting one route out of the labour market (e.g. increasing minimum retirement age) pressures on other routes increase (OECD 2006, 96-98). For example, inflows into disability pensions of mainly older workers close to retirement ages are often correlated with high levels of unemployment or high levels of employment reduction. The workers leave the labour market for health reasons when the real causes are labour market reasons.

To prevent the use of these routes countries should tighten up assessment procedures (e.g. pension based only on a permanently-reduced working capacity, introduction of temporary disability benefits), rise the age from where on unemployed are exempted from job-search requirements, abolish unemployment pensions etc. But efforts to change these benefit schemes have been relatively limited and tentative so far because these schemes usually benefit the most vulnerable people and groups. Hurting weak individuals is not politically popular.

Regarding the financial penalties/incentives the research shows that the change needs to be substantial in order to have an impact on the worker’s decision to retire or to combine work and pension (Jepsen and Hutsebaut 2003, 5). Such large changes, especially penalties for early retirement, may disproportionately burden the low-income population who is more reliant on social security provisions than those with higher incomes.
In addition, relatively heavily taxation of working will also induce people to retire (OECD 2006, 61). So-called “implicit tax on continuing to work” is the change in the net present value of pension wealth entailed by a decision to work an additional five years, as a ratio of former earnings. Evidence shows that older workers in several EU countries (Austria, Belgium, France, Finland, Germany, Italy and Luxemburg) would be substantially penalised for working after the age of 60.

Because the results of social security reforms, which have until now focused mainly on punishment of early exit (“stick” based), have been quite meagre, Jepsen and Hutsebaut (2003, 6) suggest that in the future policy-makers should introduce more “carrot” reforms by better rewarding late exit from the labour market. But even high financial incentives are not enough if older workers do not have opportunities to work beyond conventional retirement age. Therefore the measures to reduce early retirement or to encourage later retirement must be complemented with micro- and macro-economic policies that ensure the availability of employment opportunities for older people (Duell et al. 2006, 57). The former are aimed at increasing the quality of the older labour supply, at improving working conditions and the ‘work ability’ of all people and the later are aimed at increasing the overall demand for labour that stimulates also the demand for older people’s labour.

4.1.2 Gradual retirement and part-time pensions

National surveys demonstrate that a significant part of older workers would prefer a gradual process of retirement. It is easy to understand that after a lifetime of employment, older workers can find it difficult to make the transition between full- or part-time work and retirement (Ghosheh et al. 2006, 35). Those who retire may feel they have lost social status or they may also feel the loss or diminishment of income. In addition to workers the gradual retirement benefits also employers (ibidem 37, Fortuny et al. 2003, 37). In gradual retirement programmes, the amount and length of work can be adjusted to possible decline in capabilities associated with age and so skilled older workers could remain in the company. The human capital can be more fully used and experience from older to younger workers better transferred. In addition to that, labour costs and pressures on social security systems would be reduced. Such programmes could also allow training of replacements by older workers and open additional employment opportunities through job sharing and/or vacating jobs for younger workers.

Therefore, the retirement should become a process rather than an event and part-time retirement should deserve more attention (European Commission 2004a, 10). In facilitating and encouraging a flexible transition to retirement the governments must play an important role by introducing the arrangements into the pension systems that permit and/or reward part-time working during a period between a full-time working and full retirement (OECD 2006, 99-100). Older workers would have less incentives to work part-time if this would restrict their rights to draw all or part of their pensions while working (e.g. it is not allowed to work and simultaneously get old-age pension or there are upper limits on earnings otherwise the pension

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6 In the United Kingdom almost a third of the workforce aged 50-69 want to retire gradually by reducing their working hours (Humphrey et al. 2003).
is significantly reduced) or if they would be penalised for working part-time by receiving lower pensions due to the lower salaries. That could happen if the pension benefits would be based on the earnings prior to retirement instead on lifetime average earnings. Important would be that part time provisions would produce a sufficiently different income to full retirement and made them financial more attractive compared to the value of foregone leisure.

Two main approaches to part-time retirement are the following: a) reduction of working time of the older worker with a guaranteed level of income until qualification for a retirement pension, and b) combination of retirement pension with income from a job that has become more common (Ghosheh et al. 2006, 37).

Part-time pension schemes could theoretically be regarded as a tool to prolong working life (Naegele 1999, 22). However it is unclear whether they really extend working life beyond the point at which it would have ended in their absence or whether they provoke earlier exit which is partial rather than full (Duell et al. 2006, 58).

The discussion at Turku conference on Active Strategies for an Ageing Workforce (Naegele 1999, 23-24) emphasised the following:

a) if partial retirement schemes are regarded as a tool to prolong working life different (additional) incentives are necessary (e.g. an active age-management strategy investing in human capital);

b) whether and how partial retirement schemes work is determined by the labour market (to be successful, part-time pension options need both full employment and an overall demand for labour);

c) more has to be known about the mechanisms that motivate individuals – managers or workers who think about their career perspective. In doing this a long-term view is necessary;

d) when (re)designing partial pension schemes there is a need to reflect on the following: i) interests (cost-benefit analyses for all partners involved); ii) target groups; iii) goals (increasing working life or optimization of individual adjustment); iv) unintended effects (promoting early exit, promoting unemployment of other groups in society, creating new social injustices) and v) social protection expenditures;

e) successful part-time pension policies i) need to actively promote part-time work at the end of a career; ii) need positive in-company 'partial pension climate'; iii) must allow changes from full-time jobs to part-time jobs and vice versa; iv) should continue training to keep workers motivated and productive; v) must co-ordinate government and company policies in terms of public incentives and vi) need and union support.

4.2 Removing employer’s barriers to employment of older workers

Employers usually do not want to hire or retain older workers because a) they have negative perceptions about their adaptability and productivity; b) labour cost rise steeply with age and c) of strict employment protection rules (OECD 2006, 63).

One of the factors which is seen as a major obstacle for greater employment of older workers is the incompatibility between (declining) productivity and the (increasing) wages of older
workers (Duell et al. 2006, 64). Because the lower productivity of older workers and decline of physical capacities with age are among the most often heard arguments – stereotypes towards older workers, we will first present findings on age-productivity profiles and than present measures for removing employer barriers to employment of older workers.

4.2.1 Productivity of older workers

Two types of patterns are often repeated in results of empirical studies on age-productivity relationship (Duell et al. 2006, 67; 78). The first is the rather flat pattern with increasing age and the second is a more parabolic pattern: productivity increasing at younger age but decreasing at old age. The later is explained by the fact that most investments in training of employees take place at a younger age. They have to be trained because they lack certain skills having just left school and because the pay-off period of training investments is longest. Accumulation of human capital increase productivity of young workers. With the time human capital depreciates: people forget what they have learnt and skills learnt become outdated (economic depreciation). Therefore, the productivity strongly increases at a younger age and there is a diminishing increase at a more mature age and a possibility of decline at older ages.\(^7\)

Thus, the evidence suggests that individual productivity declines with age (OECD 2006, 67). However, these patterns of age with productivity are not fixed and depend on past and present HR-investments in (older) workers, as well as on the type of work (Duell et al. 2006, 77-84). Training and mobility can significantly improve the productivity. The lower productivity of current older workers may be attributed to the facts that training and regular job changes were less common in the days when they were young and because older workers today are often under-represented in training and internal mobility. Future older cohorts could perform better than the present if investments in training, mobility and flexibility are higher. Considering the type of work older workers can perform better than younger in work areas demanding good professional judgment and/or social skills while their performance is relatively weak in physically demanding work and works areas that demand greater adaptability to new technologies (e.g. ICT).

In addition, the decline in productivity can be partially compensated by experience, personal aids, which help to overcome decline in physical abilities (e.g. sunglasses), and suitable workplace adjustments (OECD 2006, 67).

4.2.2 Negative employers’ attitudes and age discrimination

In virtually all countries the evidence (OECD 2006, 63) show existence of stereotypes about strengths and weakness of older workers (e.g. they are less productive, slow to learn, their physical capacities decline with age etc.) Such stereotypes and myths could cause age discrimination in hiring, firing, compensation, training and promotion of older workers.

\(^7\) For overview of literature see Duell et al. (2006a, 78 – 80) and OECD (2006, 67). But we have to have in mind that the concept of productivity is extremely difficult to measure and that finding a suitable, workable and reliable indicator is one of the great challenges in determining the relationship of age to productivity.
According to the special Eurobarometer on “Discrimination in the European Union” (European Commission 2007a) disability and age are the two factors that people consider to put them in most disadvantaged position in society and at work (Table 3).

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
<th>Rank</th>
<th>% of answers</th>
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<tbody>
<tr>
<td>Criteria which may put people at a disadvantage when a company can choose between two candidates with equal skills and qualifications?</td>
<td>Age</td>
<td>2/15</td>
<td>49 %</td>
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<td>Would you say that, with equivalent qualifications or diplomas, the following people would be less likely, as likely or more likely than others to get a job, be accepted for training or be promoted?</td>
<td>A person aged over 50 compared with a person aged under 50 is less likely to get a job, be accepted for training or be promoted.</td>
<td>1/9</td>
<td>78 %</td>
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<td>Would you say that the fact of belonging to the following groups tends to be an advantage or a disadvantage, or neither, in (NATIONALITY) society at the current time?</td>
<td>Being aged over 50 is disadvantage</td>
<td>3/9</td>
<td>69 %</td>
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Table 3: View about position of old in society and in employment, EU-25

49 % of the respondents think candidates’ age or disability puts them at a disadvantage when a company can choose between two candidates with equal skills and qualifications. In the new Member States, the candidate’s age is mentioned most frequently (60%) while in the former EU15 the candidate’s age, together with skin colour or ethnic origin, rank the third place (47 %). The feeling of being disadvantaged as an old person is also reflected in the answer to the question who is less likely to get a job, be accepted for training or be promoted. 78 % respondents feel that a person aged 50 or over has less chance compared with a person aged under 50.8

On average, 46% of Europeans think that discrimination on the basis of age is widespread. This view has on average more people in the new Member States than people in the former EU15 countries (49% vs. 45%). The most widely is this view spread in Hungary (66%) and the least in Ireland (30%). People in Hungary also most widely believe that age discrimination has increased over the past five years. The view that people over 50 are no longer being capable of working efficiently is most widespread in Portugal (78%), followed by Slovakia (73%) and Germany (71%). This contrasts sharply with public opinion in Denmark (35%), Cyprus (36%) and the Netherlands (37%) (Table 4).

8 Results of the Fourth European Working Conditions Survey (Parent-Thirion et al. 2007) show much lower incidence of age discrimination. Only 3% of respondents reported that at work they have been personally subject to age discrimination. The percentage under 30 years was 5% and over 50 years 4%. However the results might be subject to selection bias and should therefore be interpreted with caution. It possible that many workers subjected to discrimination are no longer working and hence do not appear in the target population group ‘persons in employment’.
The age discrimination is widespread. The age discrimination is more widespread compared to 5 years ago. People over 50 are no longer being capable of working efficiently.

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<thead>
<tr>
<th>Country</th>
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Table 4: The age discrimination in the European Union member states

However, when judging the data and percentages we have to be careful. The higher percentage may be an indicator that age discrimination is more pervasive in certain countries or that may reflect the public awareness of the issue (OECD 2006, 65).

To promote employment of the elderly workers the attitudes of the managers and in general have to be changed. Changing the attitudes might take some time, but there are relatively few other alternatives to that (Piekkola and Kauhanen 2004, 17), if any. In order to tackle age discrimination and change negative employer attitudes towards older workers it is optimal for countries to combine anti-discrimination legislation and voluntary initiatives (OECD 2006; Duell et al. 2006; Ghosheh et al. 2006).
United States was among the first OECD countries to introduce anti-discrimination legislation (in 1960s), while the legislation in Europe changed only recently (2000). The anti-discrimination legislation gives message to societies that age discrimination should not be tolerated and provides sanctions. Ghosheh et al. (2006, 18) favour proactive forms of equality legislation versus complaint-based regimes. The former are namely more strongly tailored towards preventing age discrimination rather than only responding to it.\(^9\)

However, anti-discrimination legislation should be seen as an element among the combination of measures required to advance equality for older workers. These measures include other laws (e.g. disability discrimination legislation as the incidence of disability increases with age) and especially guidelines and information campaigns. The later two help employers in introducing good employment practices and influence their attitudes and behaviour. But they also should make older workers more aware of their rights and at the same time influence their attitudes toward working longer and more efficient.

Information campaigns should make employers more aware of advantages and strengths of older workers (Piekkola 2004, 36) such as long professional experience; life experience in working with people and solving conflicts; age supports the atmosphere of reliability and trust and could be the advantage in selling insurance, in banks, and in real estate offices; loyalty to employers, since the older worker does not change jobs too often; no small children (which mainly concerns women), and the worker can devote more time to work; ambitions that are not too high. By abandoning prejudices towards older workers, companies could gain competitive advantage and financial benefit (Fortuny et al. 2003, 63). The employers have access to a wider labour pool and improved employee retention reduces costs. The companies could more intensively focus on new opportunities in the market and so better address the interests and need of customers. Last but not least is improved reputation that supports and encourages brand loyalty.

4.2.3 Seniority wages

The obstacle to higher employment of older workers may be also their wages or associated labour costs. The evidence shows (OECD 2006, 66; Ghosheh et al. 2006, 26; Duell et al. 2006, 71) that wages tend to increase with age and/or length of service (seniority). A hump-shaped profile of age-earnings relation can be observed: earnings increase with age, than the increases are smaller and at the old ages, some years before the retirement age, can even decrease. Employers often claim the wages of older workers are too high in comparison to their productivity.

There should be no objections to higher wages at older age if they reflect productivity increases with age. The human capital theory (economic theory of firm-specific training) (Duell et al. 2006, 67-68) argues that, as workers receive more training and accumulate more

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\(^9\) The Swedish Equal Opportunities Act (1991) is often cited as a model for proactive equality legislation. It covers gender equality but provisions can be expanded also in other areas where discrimination may occur. Among other employers are required to submit annual reports reviewing the action they have taken towards advancing gender equality in their workplaces (Ghosheh et al. 2006, 17).
experience on the job, their productivity increases. Because companies pay for firm-specific training the wages exceed productivity at a young age and reverse is true at an older age. Wages and productivity will on average be equal over working life, but not at a given point in time. The seniority wage system is justified by increasing productivity. However, it may happen that employers pay high wages to older workers (higher than productivity) in order to prevent them from moving to other firms after training investments have been made (Ghosheh et al. 2006, 27). This might be seen as "age-premium", although older workers in fact self-finance their higher wages because in the young age their wages were lower than productivity.

Problems arise if wages or labour costs of older workers rise faster (are higher) than their productivity. One example why this could happen was already explained. Other reasons to pay workers above their productivity, which can be found in implicit contracts and wage efficiency theories, also incentive theories, are to make workers more efficient, to encourage their work effort or to prevent them shirking over a long period of time (Duell et al. 2006, 68-69). This is especially important in situations where it is difficult and costly to monitor employee performance. In order to motivate all employees to work hard, the wages exceeding productivity are usually withheld until employees have acquired a long-term tenure. Thus employees receive wages that are low in relation to their productivity while they are young and high when they have become senior. If they are found to be not diligent or are dismissed they face high opportunity cost.

Whether rising seniority-wage profiles reflect productivity gains or not is one of the most important unresolved questions in labour economics (Dohmen 2003). However, the empirical evidence shows (OECD 2006, 68-69) some negative impact of seniority wages on employment opportunities for older male workers. Thus, it is more likely that employers will hire and retain older (male) worker in countries where wage rises are not so steep.

In order to encourage and maintain the employment of older workers there must be a better match between the cost of employing older workers and their productivity. Jepsen and Hutsebaut (2003, 4) emphasize that the abolition of seniority-based wages or promotions in order for remuneration to become completely skill-based must go hand in hand with giving employees the possibility of acquiring the needed skills. Thus the combination of wage adjustments and increase in the effective productivity of older workers (improving their employability and workability) is needed. The latter strategy in preventive and long-term and will be discussed in more detail in the Chapter 4.2.3.

Wage adjustments are often seen as a tempting short-term solution when there is a strong need for maintaining employment for older workers (Ghosheh et al. 2006, 27-28). It might be a reasonable option for older workers to accept wage reduction in return for employment security. In Figure 5 older workers are guaranteed employment until (TRa) while accepting lower wages (curve E2 instead of E1).
Lower wages may also enable employment beyond the normal retirement age (TRb) (curve E3).

Wages can be adjusted by a) reforming wage setting practices to better reflect individual performance or b) providing wage and employment subsidies (OECD 2006, 112-113). The former demands active involvement and co-operation of social partners (e.g. employers and trade unions) and has been until yet used only in few countries (e.g. in private sector in Korea and in public sector in Sweden). More often the subsidies are applied, especially if companies employ previously unemployed older people. The subsidies usually take some form of reduced employer’s social security contributions or special wage subsidy scheme that is targeted at older workers. The negative aspects of subsidies are that they a) tend to burden public finance; b) involve deadweight loss as subsidies are often used also for older workers, that would haven been employed also without the subsidy; c) involve substitution/displacement effects, because job opportunities for other workers that are not entitled to subsidies are lost; and d) may lead to stigmatisation and reinforce negative employer’s attitudes towards older workers especially if subsidies are granted solely on the basis of age.
4.2.4 Employment protection legislation

The purpose of employment protection regulation (EPL), which is rules governing the hiring and firing of workers, was to enhance workers’ welfare and improve employment conditions. However, from the employers’ viewpoint these provisions are causing costs when the firms want to fire workers because they a) impose conditions under which a dismissal is “justified” or “fair (difficulty of dismissal”); b) define procedural inconveniences that the employers may face when starting the dismissal process and c) introduce notice and severance pay provisions (OECD 2004b).

In many countries older workers are more protected than younger either through law provision or collective agreements. The notice periods and severance payments in the case of dismissal are usually longer and higher for people with longer tenure or for older. Older workers are often protected by rules such as Last-In-First-Out (LIFO) and often receive more generous unemployment benefits than younger ones (OECD 2006, 113).

EPL can be expected to reduce both inflows to and outflows from unemployment. The dismissal of workers is reduced because of firing costs, but at the same time these costs entail disincentives to hiring and thus reduce reemployment chances of unemployed workers. Therefore the expected impact of EPL on the aggregate employment and unemployment rate is ambiguous and econometric estimates do not settle the matter either.11

However, there is consensus that EPL, by reducing job turnover, affects employment opportunities of various demographic groups, especially those with relatively weak attachment to the labour market. Several studies show that employment rates of young and women tend to decrease due to strict employment protection legislation (OECD 2004b, 81).

The results about the position of older workers are mixed. The reduction in hiring rates of older workers might be compensated by a decrease in firings. Because the cost of firing someone with a long tenure is usually very high, employers tend to retain these workers. The OECD study that was published in 2006 finds some negative correlations between EPL strictness and hiring and retention rates of older. However the results are not statistically significant in the relationship between strictness of EPL and job losses among older workers. This may follow from the fact that normal and early retirements are not included in the variable job losses even if they are in reality involuntary and initiated by firms in response to stringent EPL.

However, once again legislation cannot solve the problem by itself but it must be combined with policies that improve the skills and employability of older workers and change the attitude of employers to older workers and prove that they can be good productive workers.

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10 Austria and Norway directly relate these provisions to age.
11 See OECD (2004b) for review of literature.
4.3 Employability of older workers

The above described measures for promoting longer working of older workers (changes of pension systems and employers attitudes) need to be complemented by measures that enable older people to continue working, improve the work quality, productivity, quality of life and well-being. According to the literature (e.g. OECD 2006, Duell et al. 2006, Ghosheh et al. 2006, European Commission 2004a, Jepsen and Hutsebaut 2003) these measures should be aimed at:

a) improving skills of older workers (lifelong learning and continuing access to training); contributing to their better health;

b) improving and adjusting the working conditions and working time arrangements to take into account the capacities of older workers, and

c) helping older workers in finding job (active labour market policies, employment policies and services).

Health and safety at work, work organisation and training are key dimensions of quality in work that importantly influence extension of working lives (European Commission 2004a, 12). In addition, the importance of care infrastructure should not be neglected (Ghosheh et al. 2006; Jepsen and Hutsebaut 2003; Naegle 1999). Taking care for elderly relatives, older children or grandchildren may impact older workers’ ability to participate in the labour market. This is especially true for women.

Thus, there must be a balance between a person’s resources and work demands. To meet increasing work demands human resources must be improved. However, also the work itself should be improved for the workers, and not only the people for the work (Duell et al. 2006, 87). This is becoming more and more important as the number of older workers is and will continue to rise due to demographic changes. Therefore, increasing co-operation and awareness of all parties involved: employees, employers, trade union, government and social society as well, is needed.

The balance between a person’s resources and work demands constitutes so called “work ability” concept or “work ability house”, developed by the Finnish Institute of Occupational Health, which illustrates the different areas of ability and well-being at work (Figure 6) (Ilmarinen 2005; Piekkola and Kauhanen 2004). The three lowest floors in the “house of work ability” show human resources (health, education, competence, values, attitudes, motivation). Health is foundation for work ability. Knowledge and skills and their continues development become very significant to meet the demands of work-life in a continuously changing working environment. The third flour considers balance between work and personal resources and relationship between work and personal life. The fourth floor covers all the dimensions of work (e.g. work organization, age management, ergonomics, working hours, working arrangements, job rotation, on-the-job training, and separate training courses.). It is the largest and heaviest floor of the house and subject to the most rapid changes during the lifetime. The managers and supervisors have the power to organize and run the activities on that floor.

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12 Older workers in low quality jobs exit labour market more often than older workers in jobs of higher quality – up to four times more often (European Commission 2004a, 12).
The workplace is the critical, because it connects people to their work. However, also other factors support the work ability such as occupational health care and safety, life outside the work (e.g. micro-environment with family, relatives and friends) and societal factors, that support work ability (e.g. legislation, infrastructure, economics, services, incentives).


Figure 6: Work ability and related factors
4.3.1 Training policies

The employment opportunities of older workers are strongly correlated with the level of training and their initial educational attainment (European Commission 2004a, 10). Employees whose skills are not tradable and who do not upgrade their skills to match skill requirements required by growing competition, technological development, organizational restructuring and high performance working places, are facing a risk of declining mobility and of becoming unemployed (Naegele 1999, 29; Duell et al. 2006, 102). Once employees become unemployed they have little chance of re-entering the labour market.

Thus lifelong learning and training are essential resources to meet the demands of today’s and tomorrow’s working places, to strengthen the competitiveness of an ageing workforce and to protect employees against the risk of redundancy. Research shows that the chronological age has only negligible affect on learning (Naegele 1999, 30) and that learning capacities of older workers are not necessarily worse than those of younger workers (Duell et al. 2006, 114). Despite all of that, the evidence shows that older workers less frequently take part in education and training than younger ones (OECD 2006, Duell et al. 2006; European Commission 2004a; Naegele 1999).

This might be an example of age discrimination (Naegele 1999, 31). However, the lower incidence of training with age could be result of employers’ as well as employees’ perception that the period of return for investment in education is too short (Duell et al. 2006, 104). The evidence also shows (OECD 2006, 75) positive and statistically significant correlation between training of older workers and an average effective age of retirement. This means that rising statutory retirement ages, reduction of pension’s generosity and other financial incentives for extension of working life could change that in the future. In addition to that, participation in all form of continuing training (e.g. informal, non-formal and formal) is closely linked to prior educational level reached. Because current older workers are in general less well educated their participation level might therefore be lower (Duell et al. 2006, 110; OECD 2006, 76). Nevertheless, this problem should be less severe in the future due to development of education systems and improvement in attainment.

However, measures to encourage employability of older workers through training should not target only current (curative aspect) but also and especially future (preventive aspect) older workers. Thus the lifelong learning must be promoted so that training practices take place throughout an employee’s working life and that workers never become “older workers” but remain “employable” throughout their career (Jepsen and Hutsebaut 2003, 7). According to the authors lifelong learning is unfortunately a much-preached and little-practised phenomenon, and should be reversed.13

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13 Results of the Fourth European Working Conditions Survey (Parent-Thirion et al. 2007) for example show that less than 30 % of EU employees received any type of training at work in year 2005. The levels of training have been basically unchanged in last 10 years, since the European Working Conditions Survey started measuring them.
Instead of obligatory systems, which may sent the ‘wrong’ message and strengthen the negative perception of older workers’ skills, the adult participation in training should be voluntary and motivated by different incentives/rewards and quality of training systems. Some examples include (Duell et al. 2006, 116): the right to days off for training or education, tax concessions for training expenditures, "learning account" systems, refund of training costs, the certification of skills and competences acquired at the workplace and in life both at work and in education, modular design of further training, appropriate course design, greater flexibility, adjusted pedagogical methods etc. In altering mentalities and encouraging training practices the social partners and government play an important role. The evidence shows that to increase participation of older workers special attention has to be paid to the conditions, under which training takes place, and to its characteristics (e.g. teaching style; flexible, short and modular courses because of shorter-than-average expected working life; stronger link of courses to the workplace; recognition of existing skills and competencies etc) (OECD 2006, 121).

4.3.2 Working conditions

Another condition for fostering the employment of older workers relates to working conditions. People who are satisfied with their working conditions are more likely and able\(^{14}\) to extend their working lives (Jolivet and Lee 2004).\(^{15}\) Working conditions should be tailored to take into account the changed capacities of older workers. However the alignment should be targeted to both adjustment of working conditions as well as to improvement of workers’ capacities.

According to the Fourth European Working Conditions Survey (Parent-Thirion et al. 2007) many European countries will lose around 15% of their workforce to retirement in the next 10 years because of gradual ageing of its population. To enable older workers to remain in the workforce for as long as possible working conditions should be improved and developed. However, the best approach in adopting working conditions is one that considers the needs of entire workforce, not only those of older workers. In other words it must be age neutral approach (Jepsen and Hutsebaut 2003, 7). Age neutral working conditions allow healthy workforce to continue to work up to retirement and to keep up the productivity throughout their working lives. In addition to that, change should benefit workers in the internal as well as on the external labour market.

In our presentation we follow the categorisation of Jepsen and Hutsebaut (2003) in which working conditions cover working time and the ergonomic aspect of working conditions (job design).

**Working time** lies at the heart of the employment relationship. The length, scheduling and organisation of working hours determine the quality of work and they also impact on

\(^{14}\) Working conditions influence workers health and thus ability to work. More on health is discussed in the following section.

\(^{15}\) In the year 2000 much higher proportion of older workers (aged 45-59) in the EU-15 that were satisfied with working conditions positively answered to the question “Do you think you will be able to do the same job you are doing now when you are 60 years old?” (Jolivet and Lee 2004, 7).
planning of time outside work-frame (Parent-Thirion et al. 2007, 17). More relevant working-time patterns should promote higher labour market participation among older workers by improving older worker’s ability to effectively do their work. Jepsen and Hutsebaut (2003, 7) expose two aspects with regard to working time: reduced working hours and flexible working time. In addition to that ILO Older Workers Recommendation No. 162 (Ghosheh et al. 2006, 20) includes also more paid holidays and avoiding unsocial hours.

Long working hours negatively affect worker’s safety, health, personal/social and family life. However, for older workers especially, the areas of safety and health have considerable effects (Spurgeon 2003 in Jolivet and Lee 2004, 9). The reduced hours of work of older workers (Jepsen and Hutsebaut 2003, 7) thus limit the reduction in productivity that might come with age and could offset the need to adapt the nature of the working conditions. The EU survey in 1998 on working-hour preferences among employed and inactive showed (Jolivet and Lee 2004, 15-16) that male older workers (56-64) would like their average weekly work load to be reduced by 13,2 hours (female 10 hours). When only employed workers were considered, the figures were much lower (male 6,7 hours and female 3,8 hours). The percentage of older employed who wished to work less hours per week was 45,3 % (male) and 35,7 % (female) and was lower than in other age groups for both genders (except for age group 16-24). Also a very small percentage of older workers expressed the wish to exit labour market (3,5 % of men and 2,9 % of women). This shows that it is therefore possible that actual working hours discourage older workers from continuing to work or returning to work.

A response to older workers preferences for shorter hours might be part-time work and self-employment and many industrialized countries see the provision of “decent” part-time jobs as an important vehicle to encourage older workers to stay longer in paid employment (Jolivet and Lee 2004, 21). According to EU survey in 1998 (ibid 24) 56,1 % of inactive/unemployed older workers (56-65) preferred part-time work, while among the full-time workers only 25,0 % would like such arrangement. Thus inactivity among older people may be caused because they can not realise their working-hour preferences.

The reasons why part-time work is not always well received and why there are barriers to it are: i) disadvantages in terms of wages, benefits, promotion, training and social protection (Jolivet and Lee 2004, 22) as well as ii) high fixed cost for employed person irrespective of the number of hours they work and iii) pension restrictions in combining pension and income from work (OECD 2006, 80).

May industrialized countries have introduced progressive retirement scheme that allows older workers to reduce their working hours before they reach retirement age with compensation for the resulting wage loss. The reduction might be in form of i) reduced working time or part-time work scheme where difference in wage is paid by State (e.g. in France, Belgium, Austria) or by firm (e.g. Germany) or ii) extra vacation day for older workers, (e.g. Netherlands, Sweden) where again reduced working hours are paid by firms (Jolivet and Lee 2004).\footnote{For a detailed overview of national policies see Jolivet and Lee (2004), OECD (2006) and Duell et al. (2006a).}
To increase the employment of older workers by part-time work i) good quality part-time jobs must be available and ii) such work should be more available also for older workers changing jobs or re-entering the labour market and not only for the workers on internal labour market (Jepsen and Hutsebaut 2003, 7). The effectiveness of these schemes in discouraging early retirement is hard to measure due to the lack of empirical evidence (Ghosheh et al. 2006, 24).

**Job (re) design** is traditional measure aiming to improve the working conditions of an ageing workforce. Advances in production technology might have lessened physical demands of the workplace but instead of that non-physical demands are gaining more importance (Ghosheh et al. 2006, 25). Results from the Fourth European Working Conditions Survey show that despite the general trend towards a service- and knowledge-based economy the physical and psychological strain factors of work have not reduced substantially over the last 15 years (Parent-Thirion et al. 2007, 61). Some trends in employment relationships and working conditions (e.g. flexibilisation of the employment relationship and intensification of work associated with new forms of work organisation) even had a negative impact on the health of European workers.

Many, particularly employers, believe that older workers must be treated as a special group that needs “soft jobs” and end-of-career routes (Jepsen and Hutsebaut 2003, 8). «Soft-jobs» should be less physically demanding but may require greater work experience (e.g. administrative, mentoring and advisory tasks) (Ghosheh et al. 2006, 25). The risks of this policy approach are (Jepsen and Hutsebaut 2003, 8) i) not having enough such job positions and ii) workers are normally cut off from the activity of the firm by "sidelining".

The prevailing approach in job design must therefore be age neutral and comprehensive including, work design (work organization and technology), working time, co-operation and social relations, health promotion, performance regulation and qualification, management of mobility and career, which accounts differences between individuals and changes in their abilities over the course of time (Naegele 1999, 28; Jepsen and Hutsebaut 2003, 8). Successful redesign of jobs has to be done at the enterprise level and should involve workers (‘participatory ergonomics’) (Naegele 1999, 28).

The advantages of the second approach are i) it avoids stigmatisation; ii) it offers a wider range of opportunities for an older workforce and iii) it stimulates advance management of the situation (Jepsen and Hutsebaut 2003, 8)

4.3.3 Good health

Own illness or disability was third main reason for leaving last job or business for older workers aged 55-64 in the EU-15 (European Commission 2004a, 9). The first was normal

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17 According to the «intensity index» in year 2005, the workers in EU-27 almost 43 % of working time worked at a very high speed and to tight deadlines (Fourth European Working Conditions Survey - Parent-Thirion et al. 2007, 58). The value of index was higher than 50 % in Austria, Cyprus, Denmark, Finland, Greece and Slovenia. In all countries that were included in the survey since its inception 15 years ago, the levels of perceived work intensity have risen.

18 Average over the period 1995-2002.
retirement and the second early retirement. Therefore, health and safety play an important role in keeping older workers in the labour force.

Health deteriorates with age, but not all illnesses decrease work ability and people may work despite being ill. (Ilmarinen 2005, 158). And we have to remember that illnesses are not "exclusivity" of elderly people – also young workers may get sick. In addition to that, important determinant of older workers’ physical and mental health are past and present working conditions (Jolivet and Lee, 2004). Thus, measures specific to aged workers may be ineffective.

In order to reduce the risks of occupational injuries and diseases as well as to prevent illnesses and poor health caused by factors outside the work, more preventive approach and better disease management is needed (OECD 2006, 132). Once again policies to promote and keep health must be applied from the beginning to the end of working life. ILO Older Workers Recommendations No. 162 is explicit in this issue: "remedy those conditions of work and of the working environment that are likely to hasten the ageing process". Those recommendations were published in 1980 and it is hard to say that this idea has been widely adopted around the world (Ghosheh et al. 2006, 18).

This might be due to tensions between health and economic objectives (Naegele 1999, 35). By internalising costs of work injuries employers may be more motivated to take better care of health and safety conditions (OECD 2006, 134). This internalisation may take form of experience-rated accident insurance premiums. It is also possible to demand from companies that generate above average number of disabilities recipient to pay greater contributions to the disability pension programmes. However, such measures might be counterproductive and might even discourage employers from hiring older workers if they do not care of control the age structure of the company’s workforce. The risk to become disabled is namely higher for older workers.

In addition to preventive measures, activities are needed that help workers with reduced work capacity to remain in employment such as rehabilitation, part-time work, adjustment of workplaces etc. (OECD 2006, 134).

4.3.4 Employment policies

In competitive labour markets, women, young workers and older workers are groups that are more vulnerable than others. In particular, older workers are often considered first in the event of company restructuring or downsizing and they will often have difficulty locating new employment due to their age, limited qualifications or their lack of familiarity with new innovations in the workplace. All this put them at high risk of quitting the labour market and calls for strengthened active labour market policies (European Commission 2004a, 11). Measures should i) adjust eligibility rules for unemployment benefits and ii) improve range and intensity of employment services towards older jobseeker (European Commission 2004a, OECD 2006).
With respect to former, unemployed benefits schemes should not be used as an alternative route to early retirement for older (long-term unemployed) workers. Older workers should not be exempted from job-search or job-availability and the enforcement of these requirements must be the same as with other unemployed groups.

The employment policies should provide more personalised approaches to meet individual needs including through guidance services, specific training and outplacement systems (European Commission 2004a, 11). According to evidence targeted labour market policies and programmes, especially training/retraining, appear to be effective in reversing the trend of early exit of older worker from the labour market (Jepsen and Hutsebaut 2003, 6). In addition to that targeted policies may include job-creation schemes, subsidies, personal guidance initiatives or placement agencies for older workers. Targeting of older workers might be needed because of their special needs; however it can also reinforce negative perceptions about their employability (OECD 2006, 124).

### 4.3.5 Care infrastructure

Care infrastructure is often wrongly overlooked in discussions about extending working lives and active ageing (Jepsen and Hutsebaut 2003, 8). This is perhaps the consequence of the biggest misconception regarding older workers, based on the assumption that family responsibilities somehow diminish with age and that older workers do not have responsibilities once their children have grown up (Ghosheh et al. 2006, 29). On contrary, family responsibilities may get even more complex as the older workers provide care for elderly parents or relatives, (adult) children and grandchildren.

The provision of elder care may be one of the most important considerations as the number of those needing care is likely to increase with medical and scientific advances that increase life expectancy. Because of the past cost-containment policies the levels of formal care services were reduced in several countries and informal care by families is now becoming more important. In addition to taking care of elderly part of family’s responsibilities in older age is very often also the care for children as women tend to postpone childbirth to later in life. As these children reach their teenage years also their parents reach the latter part of their work life. Sometimes older workers can face even double burden – they have to take care of their parents and of their own, even adult children (“sandwich generation”). Evidence show (Jepsen and Hutsebaut 2003, 8) that employment rate amongst younger women seems to produce higher employment rates among older women as well. Thus, child-care provision that enable employment of younger women will have a positive effect on the employment rate of the older workers.

Adolescent or adult children also more and more postpone departure form family home due to factors such as increased access to training and education, difficult employment situation for young people, the difficulty of finding affordable and available housing etc. Paradoxically this could have positive effect on parents to continue to work because of continued financial dependence. Even when children leave the family the parents’ help is still needed because there might be lack of available, affordable and good quality child care.
The more formal care is provided for children as well as the elderly, the less will be the pressure on older workers to leave the labour market as the demand for care increases with the ageing population (Jepsen and Hutsebaut 2003, 9). Because the family and responsibilities are predominantly concern of women, regardless of their work status in the labour market, accepted measures should also improve the equitable distribution of family responsibilities between older men and women workers (Ghosheh et al. 2006, 34).19

19 This is also confirmed by the Fourth European Working Conditions Survey (Parent-Thirion et al. 2007, 25). In all European countries working women spend more time in unpaid work (taking care for children and adults) than do working men. If also those not in paid employment would be included, the differences between sexes would be even higher. However in the Netherlands and the Scandinavian countries the differences between men and women are smaller than in southern European, continental and candidate countries. Eastern European countries fall somewhere in between.
European Policy context of Active Ageing

The European Union and for that matter also the other international institutions in EU Member States have been interested in the challenges of future ageing population already from the late 1980s. However, their priority was focused mainly on the impact that ageing could have on pensions, health and long term care for the elderly. Nevertheless, in the 1994, labour force and employment issues of ageing in the European Union became the main focal point and since then the issue of ageing workforce has been on the agenda of all of Union’s important meetings. In 1995 the Council Resolution on the Employment of Older Workers was adopted. The Member States were advised to “adapt to the needs and prevent the social exclusion” of older workers (Nordheim Nielsen 2005, 69) and the European Commission was called to organise an exchange of information, experience and good practice concerning the employment of older workers (Taylor 2006, 5). Various discussions about older workers, especially about developing skilled and adaptable workforce were held also at the Cardiff (1998) and Vienna (1998) European Councils.

5.1 Ageing workforce and the EU agenda

The first clear reference to ageing workers was made in the EU policies in 1999 when older workers were for the first time addressed in the employment guidelines. During the 1999 Council Presidency of Finland, Active Strategies for an Ageing Workforce became an important topic of discussion and in the same year draft text on directive to prevent discrimination in employment, including on the basis of age, was presented (Nordheim Nielsen 2005). 1999 was also UN International Year of Older Persons and European Commission contribution to it was Communication “Towards a Europe for all Ages” (European Commission 1999). Its aim was to stimulate debate between and with Member States, to indicate implications of the ageing and to propose a strategy for effective policy responses to ageing consequences in employment, social protection, health and social services. Higher employment of older was seen as one of the keys to counter the ageing challenge.

Since the launch of Lisbon strategy in 2000 the extending of working lives by improving the incentives and opportunities for older workers has become a major priority in the European
Employment Strategy and the European strategy for adequate and sustainable pensions (Nordheim Nielsen 2005). One of the goals of the Lisbon strategy is full employment by 2010 (i.e. 70% employment rate of working age population) and to achieve it, it is necessary to increase also the employment rate of older workers.

The low employment of older workers is in the European Union perceived as a societal and individual waste (European Commission 2004a). Greater participation and employment rates of older workers in the economy could improve its capacity and competitiveness by increasing the labour supply that might reduce in the future due to expected demographic changes and shrinking of the (working) population. In addition to that, greater employment of older workers contributes to the sustainability of social protection systems (e.g. pension, health) as well to the well being and quality of life, one of the overall European Union objectives. Besides the economy, the increased labour participation of older workers benefits also themselves as it enables them to fully capture benefits from increased longevity. Thus exploiting the full potential of older workers in the EU is as a key to sustaining growth, employment and sustainable development, to modernising social protection and to managing the demographic changes (European Commission 2002; European Commission 2004a).

The promotion of active ageing is reflected in the two complementary targets (European Commission 2004a):
1. 50% of 55-64 age-group should be in employment by 2010 (2001 Stockholm European Council);
2. the effective average age at which people stop working should be increased by 5 years by 2010 (2002 Barcelona European Council).

Raising participation is not easy as it demands changes in attitudes to older people in employment and changes in policy instruments to influence behaviour of employers and workers. In order to achieve that, European Union (European Commission 2002, European Commission 2004a) is fostering a holistic, comprehensive and dynamic life-course approach in which actions by public authorities should be supported from a wide range of partners. Attention must be paid already to younger and middle aged workers so that they remain adaptable in their jobs when they get older. Mobilising the full potential of people of all ages over the lifecycle represents the overarching principle of the EU strategy to the ageing of the workforce. (European Commission 2004a, 13).

A comprehensive strategy should maximise each individual’s capacity to participate over whole life cycle and should include measures that (European Commission 2002; European Commission 2004a; European Commission 2004b, European Commission 2007b):

a) create more jobs and improve quality in work (e.g. sound macroeconomic conditions, good health and safety at workplace, flexible forms of work organisation and working time arrangement, flexible retirement schemes, wage development in line with productivity growth and performance);

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20 In the Lisbon the ambitious strategy was defined that should help European Union to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion by 2010" (European Council 2000).
b) make work pay (e.g. appropriate financial disincentives in tax/benefit systems\(^{21}\));
c) provide higher and adaptable skills at work (e.g. continuing access to training; modernisation of educational systems for lifelong learning; increasing the basic educational level – investment in human capital) and
d) make work a real option for all (e.g. supportive environment, care infrastructure for elderly and children, effective active labour market policies etc.).

Special attention in all fields must be given to prevention, which is the key to a successful integration and retention of people in the labour market (European Commission 2002, 9). Prevention includes also healthcare systems that help people to live longer in good health (European Commission 2004b, 25).

The success of policies in promoting active ageing depends also on good cooperation of government with different partners such as social partners, education and training providers and the authorities at the regional and local level, etc. (European Commission 2002; European Commission 2004a). Involvement of social partners, their awareness and active commitment to promote active ageing will be of special importance. Their focus should shift from supporting early withdrawal of older workers from the labour force to creating conditions that keep them in work by supporting implementation of above mentioned measures. Education and training providers should adjust their education systems to support the training requirements of enterprises while authorities at the regional and local level should ensure coherence between regional and national policies.

A major advance towards a more holistic approach of the European Union to make longer working possible and attractive was the introduction of special guideline on *developing a policy for active ageing* in 2001 Employment Guidelines, which touched several policy areas (Nordheim Nielsen 2005). In addition to revision and change of tax/benefit systems that facilitate early exit and punish people who want to work longer\(^{22}\), Member States were advised to develop policies which would change the prevailing attitudes towards older workers and enhance their capacity to remain in labour force (e.g. access to education and training, introduction of flexible working arrangements (e.g. part-time work) and raising employers’ awareness of the potential of older workers) (Council of the European Union 2001).

Since the introduction of separate guideline on active ageing and the Stockholm target on increasing the employment rate perception of and approach towards older workers has changed (Nordheim Nielsen 2005). The older workers have been seen as a core element of labour supply and as a “resource to be mobilised” and not just another vulnerable group on the labour market in need of protection. The EU instruments evolved from soft suggestions to binding guidelines and recommendations and the focus has widened from tax/benefit structures to include other policies and practices of age management in work places and labour markets. However, the progress towards achieving Stockholm and Barcelona goals in

\(^{21}\) The Social Protection Committe prepared special report on how to improve social protection systems to encourage longer working lives (SPC 2004).

\(^{22}\) Reduction of disincentives for longer working of older workers in the tax-benefit systems was already part of 1999 employment guidelines (Nordheim Nielsen 2005).
Member States was (is) slow. Therefore, the importance of active ageing was (is) again and again emphasized in the Union documents.

The Report of the Employment Taskforce in 2003 titled *Jobs, Jobs, Jobs – Creating more employment in Europe* (Employment Taskforce 2003) suggested radical policy shift away from early retirement. It urged Member States to take immediate and drastic measures to reverse not only the trends in employment rates of currently older workers but also to keep in employment more workers which are in their 40s and 50s as well as to raise exit ages from the labour market. Member States (especially France, Belgium, Italy, Austria, Luxembourg among old and Poland, Slovenia, Slovakia and Hungary among new ones) and social partners were asked to build and implement comprehensive active ageing strategies with focus on a) providing legal and financial incentives for workers to retire later and for employers to hire and keep older workers; b) promoting access to training for all regardless of age and developing lifelong learning strategies and c) improving working conditions and the quality of work.²³ The experience of Finland and Sweden should serve them as a good example. Active ageing was identified as one of three main issues for which swift action was needed to realise the goals of Lisbon strategy in Commission’ synthesis report for the 2004 Spring European Council (European Commission 2004b) and the European Council called upon Member States to take decisive actions in the above mentioned areas (European Council 2004).

The importance of extending working life and of initiating active ageing strategies that would discourage people from exiting labour market to early was once underlined in renewed Lisbon strategy with focus on delivering stronger and lasting growth and more and better jobs at both European and national level (European Commission 2005b, European Council 2005). Creating more and better jobs and attracting more people into labour market (by attracting more people in employment, modernising social protection system, improving adaptability of workers and enterprises, the flexibility of labour markets, investing more in human capital through better education and skills) was identified as one of three action fields that should be targeted in Member States in order to achieve Lisbon goals.²⁴ The evidence so far shows, that pension reforms still play an important role in increasing employment of older workers. However, also other areas, especially training and better working conditions are making their way. Unfortunately, employers in many countries still have many objections to hiring of older workers (European Commission 2007b).

The framework for actions to implement and realise the new Lisbon strategy at community and national level is presented by *Integrated guidelines for growth and jobs (2005-2008)*. These guidelines lay out a comprehensive strategy of macroeconomic, microeconomic and employment policies that should stimulate growth and job creation (European

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²³ The report *Facing the challenge – The Lisbon strategy for growth and employment*, which was prepared in november 2004 by the High Level Group chaired by Wim Kok, set 2006 as deadline to prepare active ageing strategies (European Commission 2004c).

²⁴ Other two priority fields are making Europe a more attractive place to invest and work and knowledge and innovation.
Commission 2005c, European Commission 2005d). Based on them Member States adopt National Reform Programmes in which they present objectives and measures to deliver Lisbon agenda. The policy priorities at national level should reflect the needs and situation of each Member State. Efforts of Member States are complemented with actions at the EU level, which are defined by Commission in Community Lisbon Programme.

The assessment of National Reform Programmes, which Member States prepared in 2005, showed that all programmes attach high importance to attracting and retaining more people in employment (European Commission 2006a). However, the policies tend to be piecemeal and are not based on life-cycle approach. In addition to that they are insufficient (e.g. reforms of pension systems) and measures to improve the adaptability of workers and enterprises are largely neglected.

Therefore Commission in its report for 2006 Spring European Council defined Responding to globalisation and ageing as one of 4 priority actions that require strong impetus from the highest political level and should be implemented by the end of 2007 (European Commission 2006a) and this was confirmed also by the European Council (European Council 2006). The Council conclusions stressed the importance to increase labour market participation, especially of the young, women, older workers, persons with disabilities and legal migrants and minorities. To make work attractive to older workers the Member States should by the end of 2007 implement active ageing strategies including financial incentives for longer working, enable gradual retirement and use of part-time work, improve quality at work and better organisation of work, increase the number of people over the age 45 that participate in training faster than overall workforce and reform public pension and social protection systems.

The European Commission has also exposed increase of employment rates for workers aged over 55 years to more than 50 % as one of five approaches to confront demographic challenges in its Communication The demographic future of Europe — from challenge to opportunity (European Commission 2006d). Communication has been based on the market research and on the responses to the Green Paper Confronting demographic change: a new solidarity between the generations, which the Commission launched in 2005 to start a discussion about demographic changes (European Commission 2005a).

5.2 EU instruments to address employment of older workers

Europe’s instruments to support Member States in their efforts to address employment of older workers are the following (European Commission 2007b): a) EU legislation to improve working conditions and prevent discrimination; b) Open method of co-ordination (OMC);

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25 Since the relaunch of Lisbon strategy in 2005 Employment Guidelines are integrated with the Broad Economic Policy Guideline and set for a three year period. Change was made in order to improve coordination between Member States and the European institutions and to better coordinate policies. Employment guidelines set objectives for employment policies while Broad Economic Policy Guidelines provide guidance for macroeconomic and microeconomic policies of the EU and Member States.
c) Financial instruments (European Social Fund, Progress, Integrated Lifelong learning programme); d) EU social dialogue; and e) Corporate social responsibility.

5.2.1 EU legislation to improve working conditions and prevent discrimination;

An important tool to keep older workers in employment is EU directive on establishing a general framework for equal treatment in employment and occupation (Employment Framework Directive, 2000/78/EC). Directive prohibits direct and indirect discrimination on grounds of religion or belief, disability, age or sexual orientation in employment and vocational training. However, as directive does not define ‘age’ its scope is not limited to discrimination against older, i.e. both younger and older workers are entitled to age equality. The areas covered by directive are: a) access to employment, recruitment and promotion; b) access to all types and levels of vocational training; c) employment and working conditions, including pay and dismissals; and d) membership of or involvement in employers’ bodies, trade unions and other professional organisations.

However, directive permits exceptions to the principle of equal treatment. Member States can take positive actions to prevent or compensate some groups for existing disadvantages. Different treatment is also allowed if the nature of the employment activity may genuinely require person of certain age, disability, sexual orientation or religion. In addition to these exceptions that are valid on all grounds, directive specially allows differences in treatment on grounds of age if they are objectively necessary to achieve a legitimate aim and have been applied in a proportionate manner (e.g. employment or training measures to promote integration of older workers). The directive does not explicitly define what age-based distinctions are legitimate and can be used as there are considerable differences of approaches and attitudes in Member States (O’Cinneide 2005, 30). Most Member States included this provision in their national legislation without defining detailed reasons. What would eventually be considered as justified and permitted the legal practice and decisions by courts will show (Bell et al 2006, 25 and 58-61). Directive does not apply to state social security and pension schemes systems as well as to the national provisions laying down retirement ages. In

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26  According to O’Cinneide (2005, 34) it is quite hard to imagine situations where age would be required as a ‘genuine occupational requirement’.

27  One controversy is (was) whether mandatory retirement age set by employer must be objectively justified. National laws in certain countries namely permit employers to enforce compulsory retirement (e.g. Belgium, Cyprus, Estonia, Hungary, Portugal and Spain for public sector employees only, while ; in Malta, Finland, Italy, Luxemburg, Sweden UK and Ireland it is allowed for both public and private sector employees) (Bell et al. 2006, 60). In 2007 the Advocate General of European Court gave opinion, that compulsory retirement ages are not prohibited by European law on age discrimination. This opinion was given in a Spanish case, where a provision of national law that allowed collective agreements to contain clauses for compulsory retirement is being challenged. Because according to the 14th recital of Directive 2000/78 the directive does not apply to national provisions laying down retirement ages, compulsory retirement falls outside the scope of the Directive and does not have to be objectively justified. Even if the provision of Directive would apply national ruling does not mean age discrimination because it was justified. Still, mandatory retirement age do not take into account individual situation and it is also questionable, whether they should be promoted/allowed in an ageing society where we want to extend working lives. The court still has to deliver the final verdict.
those use of age-based rules does not need objective justification. In contrast to that benefits
provided by employers to supplement national social security provision (e.g. occupational
security and pension schemes) are not exempted from justification (O’Cinneide 2005, 15).

EU directives that set minimum standards for health and safety at work also contribute to
longer working lives. High-quality jobs and protection of health and safety at work reduce
absenteeism, occupational illnesses and permanent occupational disability and thus enable
workers to be active until they reach old age. The first directive was Framework directive on
the introduction of measures to encourage improvements in the safety and health of workers
at work, which was adopted in 1989 (Directive 89/391/EEC). Emphasized were preventive
measures to safeguard against accidents at work and occupational diseases. By laying down
an integrated preventive approach and demanding steady improvements the directive has
changed the practical approach to securing health and safety at work in European Union
(European Commission 2004d, 7). It has set general framework for future directives and
has been later on supplemented by individual directives covering specific areas28. The
general statistics on occupational health and safety show that Framework directive with
other individual directives has positively influenced safety at work and national standards
(European Commission 2004d).

In 2007, the Commission presented new Strategy for health and safety at work (European
Commission 2007c). The national and EU policies should help to create working environ-
ments and occupational health services which enable workers to be active over the whole
life-cycle. According to the strategy proposal this could be achieved by improving, simplifying
and enhancing the implementation of EU legislation. In addition to that, Member States should
prepare national strategies for health and safety in which they should define measures to
improve the preventive effectiveness of health surveillance, take more actions to promote the
rehabilitation and reintegration of workers and introduce measures to deal with social and
demographic change. Furthermore, health and safety should be integrated into education
and training programmes and more should to be done to improve health and awareness
within companies.

5.2.2 Open method of co-ordination (OMC)

Open method of co-ordination (OMC)29 is an instrument that enables coordination of
policies and exchange of experience and of best practices among Member States. Member States set common objectives at the European level while they are free to choose
means and ways how to achieve them. In that way political coordination is achieved without
legal constraints. Member States present objectives and measures (policy actions) to meet
them at national level as well as timetables in national action plans (strategies, programmes).
Commission and Council evaluate plans and monitor their progress based on national

28 Detailed list can be found at Commission homepage for Health and Safety at Work (http://ec.europa.
.eu/employment_social/health_safety/legislation3_en.htm).
29 For more details see Commission homepage on Open method of co-ordination at http://ec.europa.
eu/employment_social/social_model/13_en.html
reports and common established quantitative and qualitative indicators and make recommendations. A very important part of OMC is that it enables exchange of good practices and experience, i.e. mutual learning. OMC was for the first time used in co-ordinating employment policies (1997). Due to its success it was later on extended to other areas such as social inclusion and social protection policies, pensions and health- and long-term care. The latter areas are since 2006 integrated in the streamlined OMC on Social protection and social inclusion. This was done in order to make the OMC more effective, to give a higher profile to the mentioned areas and to better integrate them with Lisbon process and Integrated growth and employment guidelines.

The main tool for co-ordination of employment policies of the Member States at the EU level is the European Employment Strategy. Promoting active ageing is at the core of EES especially since the re-launch of Lisbon strategy in 2005 that is now focused more on growth and jobs. In the Integrated Guidelines for growth and jobs (2005-2008) there are three priorities in the field of employment a) attract and retain more people in employment and modernise social protection systems; b) improve adaptability of workers and enterprises and c) increase investment in human capital through better education and skills. Big importance is given to measures and activities that should attract and keep older people active and thereby contribute to achieving Stockholm goal by 2010 (European Commission 2005e). A life-cycle approach to work, which should increase labour supply in all groups, is promoted in the Guideline No 18. To support active ageing better working conditions, a healthier work environment and adequate incentives to work and prevent early retirement are needed. For the first time it is emphasized that modernisation of social protection systems (including pensions and healthcare) should not only guarantee their financial sustainability but also support longer working lives.

Member States are also called upon to prepare efficient lifelong learning strategies by 2006 that should foster continuous accumulation and improvement of knowledge and skills throughout the life cycle (Guideline 23). To achieve substantial increase in investment in human resources, especially for low-skilled and older workers, strategies should include appropriate incentives, responsibilities and cost-sharing mechanisms. This can be assisted by financial support from Structural Fund and European Investment Bank. Furthermore guidelines emphasize promotion of innovative and adaptable forms of work organisation, which should improve quality, productivity, health and safety at work (Guideline 21) and employment friendly wage policies (Guideline 22).

The greater labour force participation of older workers would be enhanced also by a better help to unemployed disadvantaged groups at job searching, by development of new sources of jobs, by reduction of disincentives to work in tax/benefit systems (Guideline 19) and by better employment services (Guideline 20). In addition to employment guidelines also broad economic policy guidelines should make higher participation and employment rates of older

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31 Guidelines numbered 1 – 16 give recommendations for macroeconomic (1-6) and microeconomic policies (7-16) and the guidelines for employment policies in Member States are gathered under numbers 17-24.
workers possible. Among them we outline Guidelines 2 (economic and fiscal sustainability), 4 (economic stability for sustainable growth) and 5 (wage developments that contribute to macroeconomic stability and growth).

In addition to employment process also policy co-ordination on social protection and social inclusion (The OMC on Social protection and social inclusion) promotes active ageing and is addressing ageing workforce. The social policies (must) support economic and employment growth while on the other hand labour market reforms can strengthen social cohesion (Council of the European Union 2007). Therefore one of overall objectives of the OMC is better interaction between the Lisbon goals (greater economic growth, more and better jobs and greater social cohesion) and EU’s Sustainable Development Strategy. Also policy specific objectives are relevant for the active ageing and extension of working lives (European Commission 2005f). Labour supply in general and that of older workers could be increased if the labour markets are truly inclusive, which is objective of social inclusion area. The latter can be achieved by preventing all forms of discrimination including one based on age. Moreover, if nothing is done financial sustainability of pension system will come under a tremendous pressure because of ageing population and declining number of people in the work force. However, as mentioned above, that can be improved by supporting longer working lives and active ageing. Last but not least the Member States should aim at providing the affordable and high quality health-care system. This can be achieved also by promotion of healthy and active life style, which will not only keep health care of high quality, accessible but also make it financially sustainable and keep people feet to working longer.

Exchange of experience, national policies and best practice among the Member States, which is one of the core objectives of OMC, is supported by Mutual Learning Programme launched at the beginning of 2005. Through it Member States learn from others that have already found efficient answers to problems addressed by European Employment Strategy, which are also of key importance in promotion of active ageing (increasing adaptability of workers and enterprises, attracting more people to the labour market; more and more effective investment in human capital and ensuring effective implementation of reforms through better governance). As a growing number of Member States develop active ageing strategies there will be more and more issues to discuss and compare. Identification and transfer of successful practices in age management at organisation’s level are supported by case studies collected at European Foundation for Improvement of Living and Working

32 The OMC on Social protection and social inclusion defines (European Commission 2005f) overarching objectives, which provide a general framework for the work across the OMC as a whole and objectives, specific for policy areas (eradication of poverty and social exclusion; adequate and sustainable pension and accessible, high-quality and sustainable healthcare and long-term care).

33 It includes also former Peer Review Programme that was launched in 1999. More details on Mutual Learning Programme can be found at: http://www.mutual-learning-employment.net/MutualLearningProgramme.

34 Member States were for example very interested in the development and implementation of an ageing programme in Finland - FINPAW, Finland’s National Programme for Ageing Workers (European Commission 2004a). In 2006 the programme won Carl Bertelsmann Prize that was in that year dedicated to active ageing in economy and society. Prize rewards creativity and innovative concepts and solutions to pressing social issues (http://www.bertelsmann-stiftung.de/cms/rde/xchg/SID-0A000F0A-BA12EE44/bst_en/hs.xsl/17477_17483.htm).
Conditions. Cases describe organisations’ approaches towards recruitment, training, flexible working, health, ergonomics etc. in different sectors, countries, types of organisations and their results. The Foundation has also published guidelines for good practice in age management and intensively fosters research that should promote opportunities for an ageing workforce.

5.2.3 Financial instruments (European Social Fund, Progress, Integrated Lifelong learning programme)

The largest financial source for the implementation of the European Employment Strategy and employment and social inclusion policies in the Member States is European Social Fund (ESF). Active ageing should remain its priority also in the 2007 – 2013 financial perspective by co-financing measures and activities that (Council Regulation 1083/2006, 77-78):

a) increase the adaptability of workers, enterprises and entrepreneurs (e.g. development of life-long learning systems in firms; introduction of new work organisation methods),
b) improve access to employment (e.g. measures that promote active ageing and prolong working lives; modernisation of labour market institutions; development of childcare and care for dependent person to increase participation of women)

c) improve social inclusion (e.g. combating discrimination; promoting benefits of diversity at the workplace)
d) improve human capital (e.g. increase participation in education and training over the life-cycle);
e) promote good governance and partnership between labour market participants.

In 2007 the EU started new Community programme for Employment and Social Solidarity called PROGRESS (Decision 1672/2006/EC). In contrast to ESF that financially supports actions in Member States, PROGRESS will finance activities with a strong European dimension in the areas of employment, social protection and inclusion, working conditions, anti-discrimination and gender equality. Progress funds will be for example used to monitor the implementation of Community law in Member States and of EU objectives and policies in national policies; to promote networking, mutual learning and exchange of good practice at EU level; to promote knowledge about Community policies in

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35 The Foundation is an autonomous agency of the EU and advises the EU institutions on ways and means of improving living and working conditions (Foundation homepage, http://eurofound.europa.eu/index.htm). Database of employment initiatives for an ageing workforce can be found at: http://www.eurofound.eu.int/areas/populationandsociety/ageingworkforce.htm.

36 Under previous financial perspective identification and transfer of successful practices in age management was supported also by EQUAL initiative (European Commission 2004a).


38 Some examples of active ageing programmes supported by ESF are: The Finnish Programme on Ageing Workers (1998-2002), the United Kingdom project which provides ex-managers over the age of 50 with the chance to mentor younger professionals and post-graduate students in over 200 SMEs the project of the French channel FRANCE 3 that has introduced digital television while offering specific support to the adaptability of its older workers) (European Commission 2007b).

public and to stimulate governments, social partners and civil society to participate in further development of EU policies and objectives.

In addition to Progress, the European Union launched another funding programme in the area of employment in 2007 – European Globalisation Adjustment Fund (EGF) (Regulation 1927/2006). The EGF will finance policies and activities that will (should) help workers, which are unemployed because of globalisation and change of global trade patterns, to find new job as soon as possible. Among globalisation-related redundancies there are often older workers. In contrast to ESF, that supports strategic and long-term goals, the EGF will offer one-off and time-limited support.

Education and training can significantly contribute to the process of active ageing. Financial support to learning opportunities throughout life-cycle is provided by the Community programme The Lifelong Learning Programme 2007-2013 (Decision 1720/2006/EC). The programme fosters interaction and trans-national mobility of individuals, promotes bilateral and multilateral cooperation and fosters and promotes quality in education and training systems. Four different sectoral programmes support learning opportunities from childhood to old age:

a) Comenius (pre-school and school education up to the level of the end of upper secondary education),
b) Erasmus (higher education, including trans-national student placements in enterprise),
c) Leonardo da Vinci (vocational education and training),
d) Grundtvig (adult education).

European union supports active ageing also through its Research framework programme by financing several projects on ageing and demographic change (e.g. clinical research into diseases affecting the very elderly and their impact on health care systems, studies on demographic trends in Europe) (European Commission 2005a).

5.2.4 EU social dialogue

Awareness and involvement of the social partners is crucial for successful and efficient active ageing policies (European Commission 2004a, 13). The European social dialogue promotes cross-industry, sectoral and dialogue at company level between unions and employers (and public authorities) at the European Union level. Active ageing was part of the cross-industry’s EU social partner work programme for 2003-2005 and is also part of the work programme

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42 European Social Dialogue homepage: http://ec.europa.eu/employment_social/social_dialogue/index_en.htm
for 2006-2008. Among others the social partners are going to make joint analysis of active ageing, lifelong learning and integration of disadvantaged groups on the labour market. Based on the results they will make recommendations to public authorities and negotiate framework agreement on integration of disadvantaged groups on the labour market or lifelong learning. At the sectoral level the commerce social partners for example in 2002 recognised special role they have in finding new forms of work and training to facilitate the continuous integration of mature workers and adopted voluntary guidelines on age diversity (European Commission 2006b, 26)

5.2.5 Corporate social responsibility

Another tool for promoting active ageing is Corporate Social Responsibility (CSR) that is described as a "concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis"(European Commission 2001, 8). CSR includes enterprise practices such as investment in human capital and lifelong learning, improvement of health and safety at work and employability of workers that go beyond minimum legal requirements. The exchange of good practices was at the EU level facilitated by The European Multi-Stakeholder Forum on Corporate Social Responsibility (CSR EMS Forum), which was launched in 2002. It has been chaired by the Commission and has brought together representatives of employers, employees and NGOs. The Commission also supports creation of the new The European Alliance for CSR (European Commission 2006c). The Alliance should serve as political umbrella for new or existing CSR initiatives and should stimulate CSR actions in European enterprises. Commission will support it by promoting CSR (e.g. awareness-raising, exchange of best practice, interdisciplinary research on CSR etc).

The research on age and employment in Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia (Mandl, Dorr and Oberholzner 2006) clearly shows that in spite of the obvious necessity to deal with the issue of active ageing due to the ‘greying’ population the extension of working life does not constitute a priority topic of the public actors in the selected New Member States. This is widely justified with the need to face ‘more important’ challenges (also affecting the labour market) such as economic transition or the gradual harmonisation of framework structures with EU legislation and targets.

Nonetheless, public actors in the countries under consideration show a certain extent of awareness of the fact that the integration of older people into the labour market will constitute an important factor for ensuring economic growth in the future. Consequently, in most of the countries a wide variety of public actors has elaborated a large number of programmatic documents, policies or strategies dealing with older persons since the 1990s. In most cases these initiatives were triggered by the economic developments (privatisation and restructuring) pushing elderly people out of the labour market. Nevertheless, the operative implementation of distinct measures/initiatives fostering active ageing and extending working lives only recently started as comparatively low priority was addressed to the problem of the older workforce due to general increasing unemployment.

The following Chapter overviews, first, the roles of public actors and public initiatives in promoting active ageing in Selected New Member States, and than gives in-depth analysis of activities in Slovenia. The Chapter is mainly presenting the results of the research on ageing and employment in new Member States that was sponsored by European foundation for the improvement of living and working conditions, in which the authors participated in 2005. The survey was coordinated by the Austrian Institute for Small Business Research.
6.1 Fostering Active Ageing in Selected New Member States – Actors and Initiatives

6.1.1 Public Actors

Different public authorities have established policies or strategies for encouraging older workers to remain in employment. Measures aiming at promoting the employment of pre-retirement people are, for example, outlined in the *Joint Assessment of Employment Priorities (JAP)* elaborated by the countries together with the European Commission (DG Employment and Social Affairs) in accordance to the provisions of the Accession Partnerships, in the *National Employment Action Plans* (NEAP or NAPE) or in The National Action Plans for Reduction of Poverty and Social Exclusion (the latter considering, for example, pre-retirement unemployed people as one of the seven social exclusion risk groups in Latvia or aims at an increase of the supply on the labour market and the ensuring of active ageing in Romania).

While in some cases the initiatives promoted are generally addressing disadvantaged groups on the labour market and, thus, only implicitly target at the older generations, some examples show that also specific measures are on the political agenda. One of the ten guidelines of the *Latvian National Action Plan for 2004* is developed to increase labour supply and, particularly, promote active ageing45. Similarly, one of the main goals of the *National Programme for Older Workers’ Protection* submitted to the Slovak government by the Ministry of Labour, Social Affairs and Family (MoLSAF) is the creation of conditions for keeping jobs and higher employment of aged workers.

In some of the New Member States and Candidate Countries a specific focus is put on particular fields of action. In most of the countries, particular attention is drawn on fostering the adaptability and the qualification level of persons in pre-retirement age (i.e. training or re-training). As an example, the *Polish National Action Plan for Employment* foresees the adjustment of the training/education system to labour market needs, particularly focusing on lifelong learning and IT-skills.

Latvia and the Slovak Republic display the most substantial reform of the pension system (similar is presently prepared in Estonia46). In Estonia and Poland a more comprehensive approach seems to be followed, including, for example, financial incentives targeted at employees or employers (with a particular focus on women in Estonia), support as regards the re-entering of the labour market (the Estonian Labour Market Strategy pinpoints that unemployed older persons must be offered more individual counselling in terms of a case management principle and personalised action plans) or health protection.

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46 Preparation of a national pension strategy to ensure the adequacy of retirement pensions and promoting the employment of older people as well as limiting the options for early retirement by reforming the early retirement system.
In general, in many of the New Member States a comparatively high number of public actors addresses the issue of active ageing - in some cases (such as the Czech Republic) even ‘networks’ are established. Nevertheless, at the same time there occurs hardly any coordination between the actors and, as a result, almost no harmonisation of the different measures implemented. No specialised body solely focuses on the monitoring of the respective efforts which causes a fragmentation of the policy on active ageing.

Ministries as drivers for active ageing

In most of the New Member States, the ministry responsible for employment policy is the leading public authority engaging with the issue of the ageing workforce. It is responsible for developing and coordinating respective strategies (to be found, among others, in National Action Plans as mentioned above) and designing and/or implementing distinct measures. In many of the considerate countries, the respective ministry not only covers the field of labour, professional qualification or safety at work, but also social security and social assistance or industrial relations. Generally, the ministry elaborates the legislative framework, but also strategic documents such as the NEAP or NAPE (in many cases with the cooperation of the other public actors mentioned below) and operationally implements the state policy by using specialised units (such as employment agencies, see below), the regulation of which also obliges the ministry.

Involvement of social partners and social dialogue

Social partners can also be seen to constitute an important actor with regard to fostering active ageing and extending working life. While policies, strategies and measures of governments lead to a supportive environment, dedicated contributions from the social partners are assessed to be necessary for changes in the age management to materialise and spread. The role of social partners in dealing with the issues of ageing workforce is seen from the following (European Commission, 2004b): a) they have a considerable influence on enterprises to shift towards a forward-looking approach and on enabling better and longer working lives; b) they have impact on the reconsideration of the weight of seniority elements as part of pay with a view to bring pay more in line with productivity and performance and may contribute to improvements in work organisation and working conditions via collective agreements; they might affect the removal of incentives for early retirement and encourage higher pension entitlements for people staying longer in work.

However, in the New Member States, the system of social partnerships, social dialogue and collective bargaining is not too well developed if compared to the EU-15, resulting in a comparatively passive role of trade unions and (in particular) employers’ organisations as regards the public discussions on active ageing. As an example, collective bargains in Estonia deal with the ageing workforce in terms of compensation for experience (jubilee compensation, experience benefits, experience vacation) or the compensation for pre-retirement age employees’ contract concluding because of age, but they do not seem to play an important role in influencing older workers’ working conditions. For the Slovak Republic it has been observed that even in spite of comparatively active trade unions their success is very limited - no common and compre-
In the New Member States consultations between social partners and government usually take place within the _tripartite system_ of various councils established to provide feedback on labour market issues to the government. The examples are, _Polish Tripartite Commission for Socio-Economic_, In the _Slovak Republic_, the Economic and Social Council has been established in 2004 to discuss fundamental issues concerning economic, social, labour or budgetary matters.

### Employment agencies

Regarding the operational implementation of relevant measures or initiatives employment agencies or other public (but also private) support service providers are involved in almost all of the countries under consideration. _Employment agencies_ provide, for example, counselling for employees and/or employers or assist the recruitment of older people. In addition, employment agencies also provide payments for the unemployed according to legislative frameworks (e.g. Act 5/2004 for the Slovak Offices for Labour, Social Affairs and Family (OLSAF)) and support payments for employers who create new jobs for disadvantageous unemployed (e.g. 50+ if registered as unemployed for more than 4 months as regards the Slovak Republic, or pre-retirement persons (55 - 64) in Latvia).

### Engagement of additional entities

Next to the above mentioned public actors in some of the New Member States and Candidate Countries additional bodies are in one way or the other engaged in policy discussion, strategy development and/or practical implementation of measures directly or indirectly influencing the situation of the older generations on the labour market. Such entities might target at:

a) **raising of awareness** on the (problematic) situation of elderly people in society in general and on the labour market in particular, as for example the _Estonian Committee of Policy of the Elderly_, which principle example is to promote the internationally accepted principle of Society for all that is based on the consideration that society comprises people of different age groups who must have the possibility to participate in social life, irrespective of age.

b) **supporting the elaboration of policies and strategies** in a similar way the social partnership system does. For example, in _Poland_, the Supreme Employment Board, the Voivodship Employment Boards or the Poviat Employment Boards are opinion-counselling bodies inspiring initiatives contributing to full and productive employment and human resources development, giving feedback to the National Action Plan and the regional action plans for fostering employment as well as to respective progress reports or to the rationality of labour fund expenditure. In _Malta_, a Pensions Working Group has been established in 2004 to revise the recommendations included in the White Paper on the Pension Reform having been elaborated.
One main objective of these institutions also refers also to **qualification, training or skill developments** that are in line with the focus of the public strategies as such. The **Latvian Professional Career Counselling State Agency (PCCSA)** being a subordinated institution under the supervision of the Ministry of Welfare is responsible for implementing national policies aimed at preventative unemployment reduction measures and particularly provides free-of-charge career counselling and vocational guidance services.

**Training providers** offer target group-specific services being in line with the requirements articulated by the employment agencies. Such officially registered training institutions obtain financial support for organising respective programmes. One example for such an institution constitutes the **Slovenian Institute for Adult Education (ACS)**47, which will be in detail presented in the text Chapter.

There are some institutions that develop studies and research mainly in the field of evaluation of **working capacity** and the recovery of the work capacity. Good example in this perspective is **Slovenian Institute for Rehabilitation**48 is active in this field, and not only performs programmes of employment rehabilitation but is, for example, also competent for standardising the employment rehabilitation services and training programmes. Furthermore, in **Slovenia the Institute of Public Health**49 develops and implements preventive programmes and projects to exercise an influence on life style and other health-related factors.

### 6.1.2 Public Initiatives

Like in the EU-15 (Walker, 1997), the relevant public actors of the New Member States are seeking to do both, reduce the cost of early retirement and extend working life. This approach may be assessed rather ‘inevitable’ having in mind the contradiction between the growing number of elderly people and the decreasing number of younger ones resulting in a ‘gap’ with regard to the provision of labour, but also the financing of the social system.

The public initiatives implemented in the New Member States cover a wide range of different fields of action. On the one hand, there exist measures dealing with the **improvement of framework conditions** of the employment of older workers. These refer, for example, to reforms of pensions or the social security system, the implementation of anti-discrimination labour legislation, programmes aiming at changing the attitudes of employers, employees or labour market actors as well as bringing together the individual parties, or the modernising of the health care system. On the other hand, more specific **active employment schemes** focus on individual employees (e.g. fostering their employability by (re-)qualification, enabling flexible working arrangements or setting incentives for remaining longer in the labour market) or employers (e.g. subsidising labour costs for older employees). It has to be noted that many of these measures/initiatives implemented in the countries under consideration focus on fostering ‘disadvantaged groups’ as such and thus, only indirectly address older workers.

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47 [http://siae.acs.si/](http://siae.acs.si/)

48 [http://www.ir-rs.si/](http://www.ir-rs.si/)

Reforming pension and social security systems

The most important field of action for fostering active ageing and extending working lives in the New Member States refer to reforms of the pension or social security system. These reforms are addressed due to the recognition that the initial system cannot be effectively financed against the background of the demographic shift already experienced and forecasted for the future.

The New Member States have established strategies to continuously raising the official retirement age to keep people longer in employment, being in line with the objectives agreed upon in the Barcelona Council (2002):

- **Cyprus**: New legislation passed in June 2005 raises the retirement age of civil servants form 60 to 61 (1st year), 62 (2nd year) and 63 (3rd year).
- **Czech Republic**: The Pension Insurance Act which came into force in 2001 focuses, among others, on raising the official retirement age by two months per year for men and four months per year for women with the aim of achieving an age limit for the entitlement to an old age pension of 63 years for men and childless women, or 57 to 62 years for women depending on the number of children they have brought up, by 2007.
- **Estonia**: The present statutory retirement age of women (59 years) is to be raised to 63 by 2016 (a level already attained for men).
- **Hungary**: The law on gradual increase of retirement age was introduced in 1996. For women, the statutory retirement age is increased every second year by one year to reach 62 years by 2009. For men, the official retirement age was raised from 61 years in 1998 to 62 years in 2000, already.
- **Latvia**: A gradual increase of the statutory retirement age up to 62 by 2008 has been foreseen in the framework of amending the labour law - being highly debated in the media.
- **Lithuania**: For women pension age is being raised by 6 months every year and will reach due 60 years in 2006.
- **Malta**: In 2004, a White Paper on the Pension Reform was drawn up, proposing, among others, an increase of the retirement age from 61 to 65 for both genders (with a 61 year option for manual workers). Only those 45 or younger at January 1, 2007 will retire at age 65, for the older generations the actual regulations will remain valid. The government has not yet taken a stand on the proposal.
- **Poland**: For some time, there have been initiatives aimed at equalising the retirement age of women and men (now the statutory retirement age for women is 60 and for men 65). Due to the negative opinion of trade unions and some parties this initiative is given up.
- **Slovak Republic**: The retirement age is progressively extended and unified for old-age pension to 62 years, namely within 2004 - 2006 for men and within 2004 - 2014 for women. This was decided upon in the framework of the new pension system (2004).

Furthermore, regulations concerning early retirement have been drafted with the aim of discouraging early exit from the labour market.
Anti-discriminatory labour legislation

Another important field of public measures refers to the establishment and enforcement of anti-discriminatory labour legislation safeguarding equal treatment of older persons on the labour market. Here, again, general regulations concerning all vulnerable groups may be found (i.e. labour codes prohibiting direct and indirect discrimination on grounds of sex, race, colour of skin, language, age, state of health, religion etc.). Such legislation refers to both, job seekers and employees. Anti-discriminatory labour legislation might, furthermore, also be applied to the termination of existing work contracts. The Latvian labour laws, for example, state that pre-retirement employees (55+) must not be made redundant due to business reasons, if they perform their duties in a true and fair way. The Lithuanian Labour Code mentions the same as regards workers entitled to old age pensions in not more than three years time and, furthermore, limits the possibility of terminating contracts of persons who will be entitled to the full old age pension in not more than five years (unless the retention of an employee would substantially violate the interest of the employer).

Provision of information and matching on the labour market

Besides providing favourable framework conditions for fostering active ageing and extending working lives it is also important to raise the awareness about the necessity of postponing labour market exit and provide information on how this might be realised.

Respective initiatives may focus on different target groups. Employers, on one hand, need to be informed on the advantages of older employees. The Estonian Employers’ Confederation, for example, has arranged seminars and conferences on the ageing workforce. Similarly, the Latvian State Employment Agency has started a direct campaign that informs private companies on the possibility to employ people from socially risk groups (including pre-retirement workers). Employers are informed about the required procedures when creating a subsidised workplace.

On the other hand, respective measures should also be oriented on employees in order to safeguard the commitment of the workforce. As an example, the Polish employment strategy foresees the creation of publicly available vocational information and vocational counselling services applying a customised approach to clients (in the form of Individual Action Plans). Similar is settled in the Act on Employment Services of the Slovak Republic. In 2002, the Latvian parliament adopted a new legislation regarding unemployed people ‘On protection of unemployed and job-seekers’.

Furthermore, strengthening the sensibility of various labour market actors (such as public or private employment services or training/support service providers) concerning the specific needs of the older workforce or older job seekers is also called for. As an example, the objective of the Sectoral Operational Programme for Human Resources Development in Poland is, among others, to strengthen the potential of the institutional servicing to employment services’ clients, social assistance and other labour market institutions, with a particular focus on the unemployed persons and persons from high-risk groups.
In some of the New Member States a more comprehensive approach is applied, also including active matching. The Polish employment strategy, for example, foresees the development of non-public institutions providing labour market services and of job placement services focusing on the identification of labour market needs, obtaining vacancies and managing them. Furthermore, one of the Hungarian Labour Centres (Bekes County) has organised an event called ‘Job Bourse’ to help people with disabilities and those aged 45+ with modified work abilities to find employment possibilities. The event took place simultaneously at eight offices of the Labour Centre across the county and included job offers (personal meetings of potential employers and employees), information and consulting on training programmes, grants and subsidies, on legal issues as well as the pension system and career consulting.

Health care matters

Some of the New Member States are characterised by a rising number of medical consultations of the older populations over time. For example, in Cyprus the number of medical consultations has been particularly increasing for the generation 45+ between 1995 and 2003, while the average time spent in hospital is decreasing (Health and Hospital Statistics 1995 - 2003). As a result, activities to modernise the health care system with regard to both, preventive and remedial measures, can be seen as an important precondition for the extension of working life. In reaction to that, the Ministry of Health has prepared a Plan of Action for the Healthcare of Older Persons.

Furthermore, Estonia adopted the ‘Estonian Occupational Health Action Plan until 2007’. One of the objectives of this programmatic document is to guarantee active ageing. There are plans to implement preventive activities to retain people’s work ability and development through the work life by applying initiatives associated to the ageing workforce’s occupational health.

Improving the skill level of older workers

In some New Member States As more active employment schemes for improving the employability of older persons could be found. This is a result of the fact that, as has been proven by previous studies (OECD, 1998), policy measures solely aimed at framework conditions (e.g. raising the statutory retirement age, introducing actuarial deductions for early retirement etc.) show relatively modest impact on the extension of working lives.

One important aspect refers to upgrading and/or maintaining the qualification level of (older) employees. New Member States have been confronted with the following important characteristic in this perspective. Skills and competences determine not only the extent to which those entering or returning to the labour market can fulfil the offered jobs, but more crucially, the extent to which those already in work can keep those jobs in a changing technological and economic environment and can advance their careers. (European Commission, 2002).

In New Member States various programmes aimed at provided motivation and training courses to a particular group of people (e.g. unemployed women over 50) could be found.
In the framework of some programmes participants receive training predominantly including the development of PC skills and entrepreneurship. The mediation of ICT skills constitutes a focus of the Hungarian EQUAL initiative or the Czech Human Resources Development Operation Programme.

For the Latvian training programmes for the pre-retirement age unemployed it is pinpointed that they are elaborated according to the current demands of the labour market, identified through employer research results. Special attention is paid to organising training groups, analysing the skills and abilities of unemployed people before involving them in professional training, retraining and raising of qualification courses to create more appropriate training programmes and promote the return to the labour market as soon as possible. This is a crucial factor since the majority of pre-retirement age unemployed constitute a high number of the long-term unemployed due to outdated knowledge and shortage of modern and required skills as well as low self-assessment. On the other hand, pre-retirement age unemployed are provided with psychological counselling services that are aimed to help them overcome internal barriers. People with outdated knowledge need guidance and assistance to self-actualise in the new market economy.

The Lithuanian approach goes beyond mere provision of training opportunities. In 2004, the Ministry of Education and Science and the Ministry of Social Affairs and Labour adopted The Strategy to Safeguard Lifelong Learning Possibilities, which emphasised two important aspects for the ageing society: first, requirements for vocational education and continuous vocational training, and, second, the accessibility of learning. On this basis, specific tasks were assigned (e.g. to create mechanisms for assessment and recognition of competences gained through informal and self-learning and to foster developments of secondary vocational education, etc).

Working arrangements, quality at work

In the view of active ageing it is not only important to safeguard the ability to work of the older generations but also to raise their willingness to remain in the labour market and adapt working conditions to their specific requirements. This could, for example, be done by providing the possibility of flexible working arrangements or by improving the quality at work satisfying the needs or exigencies of older persons. In some new Member States, for example in Estonia, Ministry of Social Affairs mentioned in its policy statement that suitable conditions shall be created for a more flexible transition from active employment to retirement (e.g. part-time employment). In the Czech Human Resources Development Operation Programme it is foreseen to enable older people to make more use of part-time working contracts. In the Slovak Republic the key changes within the Labour Code contributed to the creation of a more flexible labour market are especially in the field of working time (increase in number of working hours up to 48 including overtime), of part time contracts (more flexible and less time-consuming process of giving a notice within part time contracts), of limits on term contracts (more flexible system – term contracts are allowed in more cases than before), of notices given by employer (less complicated procedure than before) and in the field of setting up overtime (more hours allowed). Another positive issue is a broader framework for collective bargaining at the company level concerning working conditions.
Financial incentives

With regard to the issues of ageing workforce, financial incentives could be target both at older persons to remain in the labour market (e.g. tax relieves for employees of a certain age or additional pension payments if delaying exit age) and at employers to increase their willingness to employ older persons who are, in general (to due the widely practised principle of seniority), subject to higher wages than younger ones.

Estonian National Action Plan and Slovakian social security system present the examples of financial incentives targeted at older persons. In Estonia, an appropriate income to elderly people is secured by increasing pensions through prolonging working life: where people decide to continue working and defer receiving a pension after reaching pensionable age, their old age pension will be increased with respect to the number of extra months worked (0.9 % for each month, i.e. 10.8 % per year). As pension is the main source of income for people aged 65+, this measure also promotes a rise in the standard of living in retirement. However, in spite of this generous increase, the deferred old age pension has met only marginal interest so far. On the other hand, the Slovakian social security system provides the possibility of receiving pension without necessarily terminating the job; i.e. the ‘pension or earnings’ principle has been dropped. The pension system now allows pension recipients to work without limiting the amount of pension and achieve income from working activity. In the Czech Republic the public budget reform together with the reform of the system of basic pension insurance (2003) resulted in the cancellation of the restrictions on parallel old age pensions with gainful employment.

With respect to measures targeted at employers, under the Lithuanian Law on Social Companies the state provides support for companies employing more than 40 % of staff stemming from protected groups (among others, persons having less than five years to reach pension age). Thereby, companies receive a partial compensation of wages and social security payments as well as support for the adaptation of working places to the persons’ needs and for their training. On the other hand, in Latvia, a total of 2,193 (1,126 women and 1,067 men) pre-retirement unemployed were given subsidised working places in 2004 and in the first half of 2005 a total of 1,064 (560 women and 504 men) people participated in respective programmes (‘Subsidised Workplaces for Unemployed Disabled People’, ‘Social Enterprises in the Labour Market for Ensuring Work for less Competitive Unemployed People’). It is estimated that the share of this age group in all subsidised working places amounts to about 14.5 %.

Comprehensive approaches

Next to the specific measures described in the preceding chapters and targeting individual aspects for fostering active ageing and extending working lives some of the programmes and initiatives implemented in the New Member States follow a more comprehensive approach.

The Estonian programme ‘Reducing the Unemployment of Older People’: Increasing the Employability and Preventing the Social Exclusion of Older People' have been started in 2003 within the framework of the national employment programme aims at the development of the
provision of combined labour market measures for older people that focus on their individual needs. The measures include the preparation of personalised action plans, individual counselling, adaptation training, vocational counselling, professional training and the finding of suitable jobs in cooperation with employers.

The Polish 50 PLUS programme refers to measures regarding the activation of the unemployed, sustaining employment and support for the re-entering of the labour market. The activation being directed to unemployed persons at the age of over 50 stipulates, among others, that labour market institutions should propose employment offers, other type of work bringing income, training, on the job training, intervention work or public work to the unemployed aged 50+ within the first six months from their unemployment registration date. The activities includes: a) special forms of intervention works, lasting longer than in case of other unemployed that is 24 or 48 months, with reimbursement of every second month remuneration and social security insurance costs; b) co-financing to the employer (co-financing is not higher than the triple average salary in order to equip new work place); c) prolongation of public works for the target group to 12 months aimed at social and professional reintegration of unemployed of over 50; d) promotion of temporary employment and job rotation as well as entrepreneurship of the older generations; e) providing standard labour market services (work intermediary, vocational counselling, service and profession information, assistance in active employment searching).

To sum up, although in most of the considered countries a wide variety of public actors has elaborated a large number of programmatic documents, policies or strategies dealing with older persons, three considerable obstacles for an effective implementation of approaches towards employment initiatives for an ageing workforce can be observed (Mandl, Dorr and Oberholzner 2006, 63-64):

- In many cases, the strategic measures are generally targeted at vulnerable groups on the labour market and, thus, only indirectly address the older workforce problem (whereby, in many cases, only the most vulnerable ones are addressed instead of the whole group of older workers). **Initiatives oriented at the specific needs of this target group are hardly available and therefore, a lack of suitability arises to a certain extent.**

- Generally, **no coordination among the individual public actors and policies/strategies dealing with the ageing workforce issue and no continuous monitoring of respective efforts take place. As a result, a rather fragmented approach is applied, being less efficient than coordinated action is supposed to be (e.g. avoidance of redundancies, higher level of transparency etc.).**

- Although the issue of an ageing population in general and an ageing workforce in particular has been on the public agenda for 10 - 15 years in the New Member States, and Bulgaria, the **operational implementation of actions has only recently** started or is presently under way (in Estonia, no actions at all have been taken so far). Therefore, the countries under consideration are lagging behind the EU-15 some 10 years as to this regard. The main reasons for this can be seen in the longstanding tradition of promoting the entering into pension schemes due to high unemployment and the ambition to provide jobs for the younger generations as well as the lack of financial means to actively implement the measures.
6.2 Fostering Active Ageing in Slovenia

6.2.1 General public attitude towards the older workforce

Since the end of 1990s public actors in Slovenia are more aware of the fact that the integration of older people into the labour market will constitute an important factor for ensuring economic growth in the future. Before that, employment policies and the organization of pension system were more stimulating inactivity of older workforce. As a result, strategies and policies for encouraging older workers to remain in employment (i.e. active employment strategy) have been established and the laws (Pension and Disability Insurance Act, Employment and Insurance against Unemployment Act) have been changed.

At the present, no special active ageing strategy has been adopted in Slovenia, yet. Ageing workforce issues are tackled in The Strategy for the Economic Development of Slovenia 2001 – 2006 (SEDS), Slovenia’s Development Strategy 2006 – 2013 (SDS) and sectoral and regional development strategies, national programmes and other development documents based upon the SDS and SEDS.

Visions, goals and attitude towards the ageing workforce are best represented by Slovenia’s Development Strategy (SDS) that was adopted by the government in June 2005 and incorporates the objectives of previously adopted development documents. In preparing the Strategy ministries and expert groups by programme areas were involved. The Strategy was also subject to public debate that included employers’ and employees’ associations, NGOs, representatives of regional and local interests. Relevant proposals arising from the public debate were included in the final document.

In order to prevent and suppress problems and consequences related to ageing workforce SDS and SEDS have foreseen measures that increase citizens’ motivation, capability and work possibilities (SEDS 2001, SDS 2005):

- **Motivation for activity** includes introducing bonuses and penalties in the pension insurance to stimulate longer activity, reforming social assistance programmes, linking social security benefits to a system of active help, relieving the citizens of the tax burden and obligations and institutionalising people’s greater personal responsibility for their own social status;
- **Ability (capability) for activity** includes protecting workers’ health, life-long learning, training, acquiring knowledge and skills, assuring on-job health and safety;
- **Possibilities for work** include adjusting the working conditions for older employees and changing attitudes towards them, acknowledging their activity, reduce employers’ social security contributions for older workers.

In order to effectively implement the SDS, the government set up a Reform Committee in 2005, a body in charge of implementing the key reforms related to the Strategy. The Committee prepared several propositions that the government adopted and have been subject to public discussion. To foster employment of the older workforce and to promote active ageing the Reform Committee suggested an improvement of labour market flexibility, promotion and enabling of life-long learning, a launch of activation systems of social security, a more precise definition of the target recipients of social benefits and services to encourage people to seek
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and accept work and the modernisation of the pension system. The reform proposals were also used in preparing the Reform Programme for Achieving the Lisbon Strategy Goals which government adopted at the end of October 2005. Proposed measures for stimulating active ageing and increasing employment of older workforce are:

• discouragement of early retirement and rise of retirement age according to the 1999 pension reform;
• adoption of comprehensive active ageing strategy by the end of 2006, the need for which was expressed already in the second report on the implementation of BEPGs.;
• enabling access to education, training and life-long learning and thereby substituting quantity of labour force with quality;
• development of integrated employment programmes for older-workforce, establishment of working-places in social economy (quasi market), development of system that would enable older workforce employment in "normal” economic environment.
• modernisation of social protection systems.

The Commission has commended the comprehensiveness of programme, application of appropriate and wide range of measures and wide public consultations. However, it has criticised it for lacking clear prioritization and extra pointed out that Slovenia should pay more attention to adopt stronger measures to promote active ageing and to ensure the long term sustainability of pension system (European Commission 2006a).

Government intents to submit draft text of ageing strategy for interdepartmental harmonisation by the end of 2006 were not realized. Ministry of Labour now plans to prepare the Active ageing strategy 2007-2013 by the end of June 2007. The emphasize will be on the creation of appropriate working conditions (quality and adaptation of the workplace), working time, healthcare, training and retraining, measures for employers and recommendations for the better adaptation of older people to the longer working period (Republic of Slovenia 2006). However, the Government adopted Strategy for the Protection of Older People and the Quality of Population Ageing in September 2006. Its goal is to coordinate and connect different stakeholders (government, business and civil society) in order to promote intergenerational solidarity, to guarantee better quality of intergenerational relations and to assure quality of population ageing. Among various aspects of ageing that are included is also creation of conditions for active inclusion of older generations in work and employment.

6.2.2 Legal framework

There were already some public initiatives for older workforce in the 1970s and 1980s, but they were mainly aiming at improving education, knowledge and employability of adult population and particularly the quality of living. The older workforce has become a topic of public discussion in the early 1990s and at the end of 1990s employment initiatives for an older workforce came to the political agenda in the framework of the Active Employment Policy and reform of pension and unemployment protection systems.

Most of the direct activities to promote employment of older people are carried out within the measures that raise employability of unemployed people, stimulate employers to create new jobs and employment of disadvantaged groups, and training and education for employment. Support
as regards the re-entering of the labour market, involves mostly (majority) the various financial incentives for employers. However, there is also some counselling done. Great importance is giver to regional considerations, to employment of women, disabled and young. Activities are financed by national and European sources (mainly by European Structural Funds).

 Modifications of the Employment and Insurance against Unemployment Act in 1998 made retirement of unemployed and workers, whose work was not needed anymore after companies have gone through restructuring process more difficult, thus preventing them to become inactive. The active and more intensive search for job has become also the obligation of older unemployed. The amendments to Act in 2006 intensified obligations of unemployed to seek and accept work and increased fines for failing to do so. Two additional provisions in the Act are aimed at increasing employment of older workers. One is reimbursement of the employer’s contributions for one year if company employs unemployed person aged over 55 years that has been either unemployed more than 12 months or has a sufficient profession. The other measure allows unemployed women (over 53 year) and men (over 55 years) to be included in public work programmes until they qualify for pension. For other unemployed, with exemption of disabled, participation is limited to one year.

A reform of the pension system carried out in 1999 increased the retirement age and introduced financial bonuses/penalties for later/early retirement in order to stimulate longer activity. The changes are being introduced over a long period of time with all measures being implemented only in 2024. The amendments in 2005 re-introduced indexation of pension to wages. Because of the ageing population government plans additional measures to promote longer activity, as for example: reducing restrictions imposed on recruiting retired people, promoting schemes of flexible employment and retirement of the elderly, including early, partial, gradual retirement and retirement conditional on hiring young people (Ministrstvo za delo et al. 2006). There is also a constant pressure from the international institutions (e.g. European Commission and International Monetary Fund) to reform the pension system in order to make it financial sustainable.

Changes and modernisation of social protection systems should additionally motivate people, also older, to be active. Therefore the Resolution on the national social assistance programme 2006 - 2010 envisages measures that should make work (financially) attractive such as “one-stop-shop-system”. Connection of various registers will enable filing claims for different benefits at one place. This will increase transparency and support better decision-making on applicants' eligibility for help and therefore remove/reduce possible work disincentives and abuses. Some measures to foster activity of welfare recipients were already realised by amending Social Security Act in 2006. For example, the cash welfare benefits are lower for recipients who live with people that have sufficient resources. Moreover, the welfare recipients are obliged to accept any kind of job that is offered to them in order to retain their working habits and to remain in contact with society.

Active labour market policies and the preventive approach have become a priority within the National Programme for the labour market development and employment by 2006 and its yearly implementation programme (Guidelines for the active employment policy in Slovenia for 2002 and 2003 and in the annual Active Employment Policy Programme for years 2002 and 2003). The programme followed the EU employment guidelines.
Among six strategic objectives of the national programme the problem of older workforce was implicitly covered mainly under the objective of decreasing structural disparities (decrease in the share of long-term unemployed to app. 40% and the share of unemployed without vocational education to app. 25%). Older workforce together with young, women and disabled is namely highly present among disadvantaged groups on the labour market. Since 2000, the annual programmes comprise measures and activities for greater employment of older people. The measures focus on individual employees (e.g. fostering their employability by (re-)qualification, enabling flexible working arrangements or setting incentives for remaining longer in the labour market) or employers (e.g. subsidising labour costs for older employees) or by direct job creations (local employment programmes – public works, subsidising employment in providing home help and personal assistance and care for the disabled, employment in social economy). However, measures were usually part of measures aimed at disadvantaged groups.

Only in last two years special attention was given to older workforce. This in regard to European employment strategy and very low levels of employment rates among older workforce. In assessing the progress in the implementation of the JAP in 2003 the European Commission envisaged Slovenia to use specific tailor-made measures to increase the employment of older workers. In the 2004 update of BEPGs 2003 – 2005 Slovenia was requested to review the tax and benefit systems, with a focus on labour market participation of older workers, and to reassess the measures promoting active ageing by means of lifelong learning activities. With respect to that The Programme of measures for efficient access to the European Union in 2003 introduced a special measure aimed at employing older workforce and channelled through the tax system. Employers have been awarded an exemption from paying social contributions for employing a worker aged over 55 years. The measure has been first carried out in 2004 and is still in use in 2005.

The National Employment Action Plan (2004, 2005) and Annual Active Employment Policy Programmes explicitly stated that employing older (aged over 50) in one of the priorities of Active Employment Policy Programmes. Since 2004, the active employment policy schemes have been redirected towards more intensively addressing the problems of employing people aged 55 – 64 and other disadvantaged groups. In doing that, also regional differences in the unemployment rate are taken into consideration. The annual Active Employment Policy Programme 2005 was in August 2005 amended with a special measure designed for encouragement of new employment of older workforce - subsidies for employing people aged over 50 years full time for at least one year.

In addition to the tax subsidies and public work programmes the government intends to further increase employability of long-term unemployed aged over 55 by their greater inclusion in the programmes of life-long learning, programmes of assistance with planning a career path and seeking employment, advanced and basic training programmes, Programme 10,000+

With regard to older workforce, the definition of disadvantaged group was according to Active Employment Policy Programmes from 2001 to 2003 unemployed people aged over 50, which were registered at Employment Service of Slovenia more than 6 months and people aged over 45, which had a most secondary school degree and were long-term unemployed. From 31. 12. 2003 only the unemployed aged over 50 are included. Other groups included are long-term unemployed, young, disabled or people with reduced working ability, women and single parents.

Because of low activity rates of older people aged 55 to 64 years, their high share in long-term unemployment and in accordance with EU integrated guidelines for growth and jobs, improvement of employment opportunities for older workers remains priority also in Active Employment Policy Programme 2006 as well as in Policy Programme for 2007 and 2008. The unemployed older than 50 years are targeted group of measures that enhance employment and self-employment, create new jobs as well as measures that promote social inclusion. The novelty of 2006 programme, which is kept also in plans for 2007 and 2008, was inclusion of awareness raising campaigns among measures to increase employment of older. The aims of campaigns are to promote the working potential of older workers, present advantages for enterprises of employing workers of various ages, including older, combat age discrimination and change attitudes of employers and general public towards employment of older workers.

The legal base to combat age discrimination is provided by anti-discrimination legislation, which was implemented in 2003 (Employment Relationship Act) and in 2004 (Implementation of the Principle of Equal Treatment Act). Vocational Rehabilitation and Employment of Disabled Persons Act (2004) regulates discrimination based on disability. The government intends to intensify efforts to combat discrimination in the labour market through informative and awareness raising campaigns especially in year 2007, which is the European Year of Equal Opportunities for All (Republic of Slovenia 2006). Hopefully all kinds of discrimination will be addressed. The Commission has namely noticed that so far actions against discrimination have been narrowly focused on gender (European Commission 2006a).

All the time great importance has been attached to life-long learning and training. However, only in last time, the government explicitly states the importance of greater involvement of older in the programmes of life-long learning and of greater amount of resources given to this field (Government working plane for 2005, Reform Programme for Achieving the Lisbon Strategy Goals). In the second report on the implementation of BEPGs (January 2005) the European Commission acknowledged that some activities have been launched to facilitate access to lifelong learning, however they would need to be embedded in a comprehensive active ageing strategy, including financial incentives and flexible working arrangements, to assure that the retirement age will increase notably. However, in Active Employment Policy Programme 2006 as well as in Policy Programme for 2007 and 2008 the unemployed older than 50 years are not listed among priority groups to be included in education and training.

With regard to education and training the Resolution on the National Programme for Adult Education in the Republic of Slovenia until the year 2010 was passed in 2004. Among its priority fields are general education and learning for adults, education in order to raise the educational level and education and training to meet the needs of the labour market. There is also a special Adult Education Act governing the education process of adult population. To improve the quality of human capital two strategies are currently being discussed and should be implemented in 2007. One is National Strategy for Developing Literacy that aims to
improve all levels of literacy especially among adults. The Government declared year 2007 as National year of literacy. The other one is **Lifelong learning strategy** that should provide opportunities for citizens to participate in education and training over their whole life. Moreover, it should also raise awareness of population about the importance of lifelong learning for active participation in society and about their responsibility to engage in it.

From the beginning of the existence of Active Employment Policy Programmes great emphasize was given to the integration of disabled workers or workers who have complex barriers and special needs. Since 2000 there were all the time special initiatives to foster their integration for example: (i) On-job training and integrated training programmes for disabled persons, (ii) Employment rehabilitation, and (iii) Commissions of Experts to categorise disabled persons. In addition, the rehabilitation of disabled is covered also under the Pension and Disability Act. There are special **Companies for Disabled**, which provide rare possibility of hiring disabled persons and represent type of social entrepreneurship. In 2004 the **Vocational Rehabilitation and Employment of Disabled Persons Act** was passed (amended in 2005), which brought about new solutions in the field of the employment of persons with disabilities such as: early inclusion in vocational rehabilitation programmes, introduction of quotas, which protect and support employment, enterprises for disabled persons, incentives for the creation of suitable jobs for persons with disabilities, as well as incentives for the employment of persons with disabilities from the side of persons with disabilities, as well as from the side of employers. A special **Fund of the Republic of Slovenia for Promoting the Employment of Persons with Disabilities** has been established in 2004. Its first task was collection of data to set the quotas for engagement of disabled in different economic activities. The provisions of Decree, which draft text was published in February 2007, should be valid for enterprises that employ at least 20 workers. The quotas (2, 3 and 6 %) are set differently according to the enterprises economic activities (Classification of Economic Activities - NACE). For public administration (NACE P) the quota is set at 3 %. The highest quota should apply among others for mining and quarrying (NACE C), manufacturing (NACE D) and health and social work (NACE N). The Government has adopted also an **Action plan for disabled persons 2007-2013** that should improve the quality of life of disabled people in different areas (education, employment, health etc.).

The **Resolution on national programme for safety and health at work**, which was adopted in 2003, identified as key objectives the reduction of number and severance of work accidents, the elimination and reduction of circumstances that cause occupational illnesses and permanent occupational disability and improvement of workers’ health. The measures to achieve goals are prevention (raising awareness of population, workers and employers, education, training, research, monitoring the situation), legislation (both binding, such as laws, and nonbinding, such as guidelines and recommendations), introduction of special insurance for health and safety at work and various financial incentives for employers to invest in safer workplaces. The implementation of Resolution has been in last year done primarily by issuing practical guidelines for the evaluation of risks and promotional campaigns for save work in selected sectors. In addition to that, information system for health and safety is being

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51 The health and safety at work is regulated by the Health and Safety at Work Act, which was passed in 1999 and amended in 2001.
prepared (Republic of Slovenia 2006). The *Strategy on physical activity to preserve and strengthen health 2007 – 2013* was adopted in 2007. It defines measures and activities to promote regular everyday physical activity of whole population that should help people remain active also when they are older.

### 6.2.3 Public actors

The main public actor in the field of employment initiatives for ageing workforce is *The Ministry’s of Labour, Family and Social Affairs* responsible for the arrangement and implementation of laws and other legislation in the area of employment, labour relations, pension and disability insurance, insurance against unemployment, employment and status of disabled persons and social inclusion. The responsibilities for health and safety at work are shared with the Ministry of Health.

Also other ministries are responsible for policies that foster greater employment of the older workforce. The duties of *The Ministry of the Economy* in increasing the employment of the older workforce are predominantly connected to promotion of entrepreneurship. In the future the ministry is planning to promote employment via social entrepreneurship. *The Ministry of Health* is responsible for healthcare and health insurance. Among others its activities include supervision of the nation’s state of health, preparation of health improvement programmes and organisation of healthcare activities at the primary, secondary and tertiary level. The primary level includes occupational medicine, which deals with the relationship of humans to their occupations. The guidelines for the work of the ministry are set in the *National Health Care Programme until 2004 - Health for everybody until 2004* and in the *Resolution on national programme for safety and health at work*. By now, the ministry has levelled programmes on the whole population, old people after retirement (social care) and special target groups (patients with certain diseases, people with addiction problems etc.). *The Ministry of Education and Sport* has the responsibility for the school system from pre-school education and (upper) secondary to post-secondary education. It is responsible for both, initial and adult education. The Minister responsible for adult education is above all responsible for the regulation of the system of adult education. There is, within the Ministry of Education and Sports, a special Sector for Adult Education. *The Ministry of Finance* has to check the availability of financial resources.

The central implementing institution for employment policy in Slovenia and the most important mediator between supply and demand in the labour market is *the Employment Service of the Republic of Slovenia (ESS)*. It implements activities to decrease the number of unemployed and to reduce the structural disparities in the labour market. The ESS also implements programmes in Slovenia which are co-financed by the European Social Fund (e.g. increasing employability, ensuring social inclusion, the creation of new jobs and increasing the adaptability of enterprises), and as a partner, participates in the projects of the EQUAL initiative. The modernisation efforts of the ESS such as provision of electronic services and use of new technologies in employment brokerage, introduction of new approaches to identify needs and abilities of unemployed and workers and training of counsellors, should improve its effectiveness and improve job-matching. This is also one of the objectives of Reform Programme for Achieving the Lisbon Strategy Goals (Republic of Slovenia 2006).
There are also several agencies, institutes and services that implement the legislation in the field. The **Institute for Rehabilitation**\(^{52}\) performs programmes of employment rehabilitation. It is also competent for the co-ordination and adjustment of legislation to developments in the field, for standardising the employment rehabilitation services and training programmes. The **Institute of Public Health**\(^{53}\) is responsible for health promotion. They develop and implement preventive programmes and projects to exercise an influence on life style and other health-related factors. They also conduct various surveys concerning the behaviour affecting people’s health. In addition to that, the institute also collects, organises and analyses different health-related statistical data, data on communicable diseases, prepares contents for legislation in the field of health activities, takes care of environmental health and advises those who travel abroad on necessary protective measures.

**Labour Inspectorate of the Republic of Slovenia**\(^{54}\) supervises the implementation of legislation and other agreements dealing with employment at home and abroad, wages, cooperation of workers in management, strikes and occupational safety. Within it the special department is organised to inspect safety and health at work. **Slovenian Radiation Protection Administration – SRPA**\(^{55}\) monitors and prevents exposure of workers and citizens to ionising and non-ionising radiation in residential and work environments. **Institute of Occupational Safety**\(^{56}\) implements and secures safety and health in the working and living environment and conducts scientific research in the area. **Clinical Institute for Occupational, Traffic and Sports Medicine**\(^{57}\) carries out research and preventive activities in the areas of workplace epidemiology, occupational diseases, work capacity assessment, ergonomics, psychology and humanization of workplaces, traffic safety & health and sports medicine.

**The Fund of the Republic of Slovenia for Promoting the Employment of Persons with Disabilities**\(^{58}\), which was established in 2004, is supposed to encourage the development of employment for persons with disabilities and the preservation of jobs for persons with disabilities.

In order to ensure fully co-ordinated co-operation of all governmental actors as well as to raise awareness to the highest possible level regarding mechanisms, means, and last but not least, policies available in this field, in the widest possible circle of the interested public, the government established a **Project Group for the Development of the Labour Market, Employment, Social Affairs, and Pension System** at governmental level. The project group ensures the harmonisation of the policies of various ministries which affect the situation in the labour market and is managed by the Minister in charge for employment. In year 2003 the Government, formulated a special coordinating body on the level of the State

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\(^{52}\) Available: http://www.ir-rs.si/


\(^{54}\) Available: http://www.id.gov.si/index.php?id=2592&L=1


\(^{57}\) Available: http://www2.arnes.si/~ljkimdps/

Secretaries, which prepares the bases for the functioning of the mentioned project group and also cooperated in the preparation of NAP 2004.

The **Slovenian Institute for Adult Education** (ACS)\(^59\) was established by the government in 1991. The Institute’s basic mission is to foster the culture of lifelong learning and education in Slovenia by research, development, counselling, and education activities all supported by adult education information system. It has a key role in the development of in-service training of managers, trainers and organisers of adult education and training. Its activities in this area are divided into basic andragogic training, specialised training for obtaining international certificates and training related to implementation of innovations in the field of methods and forms of adult education. The lack of high quality trainers represents an important limitation in the efforts of the Institute to meet the needs of adult education and training staff (Ignjatović 2003).

### 6.2.4 The role of social partnership

The development of **social partnership** is one of the objectives of the active employment policy and is supposed to improve the labour market situation in Slovenia. At the moment, the social partners in Slovenia do not have any particular guidelines, strategies or statements regarding the employment of older people (interview with social partners). They are engaged in fostering older workforce employment by participating in the Economic-Social Council (ESC). The ESC is the main forum for **tripartite consultations** of social partners and government; 5 members of the ESC are from trade unions, 5 from employers’ organisations and 5 members represent the government. The ESC gives opinion on legislation drafts and other documents relating to economic and social policy. The positions and recommendations of the ESC are not legally binding for the government or parliament; however they are considered in decision-making. According to experts, the social dialogue in Slovenia is well developed at the tripartite level. However, the bipartite autonomous dialog between employers and employees is underdeveloped and should be promoted at sectoral and company level.

### 6.2.5 Public Initiatives

In Slovenia, the aim of many public measures is to raise participation rates or improving productive employment among older people, *indirectly or/and directly*.

Generally speaking, initiatives for the older workforce that are covered by the Ministry of Labour, Family and Social Affairs and performed by the Employment Service of Slovenia are addressing the following sections: training, qualification, skill development, career management, flexible working practices, return to work programmes for older unemployed persons and return to work programmes for people on disability schemes.

\(^59\) Available: http://siae.acs.si/
The realisation of these initiatives is backed by the following strategic documents and legislation:

- National programme for the labour market development and employment by 2006 (Ur.L. RS, 92/2001),
- National Action Plan for Employment 2004,
- Active Employment Policy Measures Programme for 2005 and for 2006,

The Employment Service of Slovenia provides many initiatives or programmes. In compliance with the EU employment strategy, activity of older people and inclusion of women is a priority target of the Slovenian active employment policy programmes for 2005, 2006 and 2007. Hereinafter are represented the most promising (including the largest number of individuals) initiatives and activities which are intended for various target groups, including the ageing workforce or older people.

**Initiative 1:**
**Help at employment, Employment Service of Slovenia (Pomoč pri zaposlitvi, Zavod RS za zaposlovanje)**

The initiative is intended for unemployed persons and workers who are going to lose their jobs. In 2005, 14,500 persons have enrolled the programme, of which around 54% represent women and in 2006 app. 55% of participants were women. The Employment Service of Slovenia estimates that in 2005 approximately 31% of persons involved in this programme will get employed. For the implementation of the initiative there was a budget of 2.810.000 € (672 million SIT) in 2005 and 937.927.000 SIT in 2006. The initiative is financed from budget funds of the Ministry of Labour, Family and Social Affairs.

**Help in planning careers and job seeking (Pomoč pri načrtovanju poklicne poti in iskanju zaposlitve)**

Objective of this activity is to motivate unemployed persons for a more active approach to solving their own unemployment problem by acquisition of fundamental knowledge and skills for active and effective job seeking, communication and social skills and managing their own career. The initiative is performed in the form of workshops which are provided by external contractors or educational institutions selected through public tenders, or by advisers of the Employment Service of Slovenia. The aim of the workshops is to change the attitudes of unemployed people regarding their own career, their own activity of job seeking, and to assume taking the responsibility for them.

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61 Average Exchange rate (Bank of Slovenia) in 2004 was 1 € = 238.86 SIT.
Programmes are performed for different groups of unemployed persons and are implemented when a required minimum of participants is in place. For the ageing workforce a ‘Workshop for employment of older people’ is provided. It is adjusted to the needs and characteristics of older unemployed persons. They last for different time period, from 3 to 3 months.

In 2006 there were implemented four workshops, “The ways to the work and to employment”, “Preparations for learning”, “The second chance”, and “The new beginning”.

**Initiative 2**

**Training and education, Employment Service of Slovenia (Usposabljanje in izobraževanje, Zavod RS za zaposlovanje)***

The initiative “Training and education” consists of formal education to acquire national professional qualifications in 2005. The target groups are all unemployed persons, but particularly unemployed persons without primary education, a vocational or professional education, all unemployed woman older than 40 years without a vocational or professional education and unemployed persons who have a trade or professional education but cannot obtain employment in their field and have been registered with the Employment Service for over six months. The largest share of participants represents those with the lowest degree of education (59.7%), the smallest share represents unemployed with high education (0.4%). Unemployed aged over 40 represent 5.8% of the participants; unemployed aged from 25 to 34 represent 37.2%. In 2004, 163 disabled persons were engaged in the 10.000+ Programme.

In 2006 the measure was extended to eight sub-initiatives, of which two were particularly aimed at older people; (a) on-the-job training and integrated training programmes for disabled persons, and (b) formal education.

**Formal education (Formalno izobraževanje)**

The formal education consists of education in formal public educational programmes. The education is possible from elementary to high school which perform a public programmes irrespective of orientation. This measure was in 2005 named Education and acquisition of national professional qualifications programme: 10.000+ Programme.

**On-the-Job Training and integrated training programmes for disabled persons (Usposabljanje na delovnem mestu in integrirani program usposabljanja za invalide)**

The initiative is aimed at increasing and improving the work integration of persons who have complex barriers and special needs deriving from sickness, infirmity, functional limitation or hindrance. The activity refers to qualifying people at particular workplaces in a company and assisting them in their employment after they successfully finish the training. It is designed for non-profit organisations. Training on the workplace lasts from 1 to 3 months. After success-

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fully finishing the training the employer and the employee conclude an employment contract for a period of at least 12 months. The subsidy is assigned for a maximum of one year.\textsuperscript{63}

\textbf{Initiative 3}

\textbf{Employment Incentives, Employment Service of Slovenia (Spodbude za zaposlovanje, Zavod RS za zaposlovanje\textsuperscript{64})}

In 2005 this initiative combined 3 activities: maintaining jobs, partial cost supplement to maintain jobs and encouraging new employment. The latter two refer to increasing employment activity of older people. Only a year later it consisted from 5 activities, repayment of employer’s financial contributions, partial cost supplement for disabled and hard-to employ persons, encouraging new employment of older persons, encouraging new employment, and subsidies for self-employment. Only the last two incentives were not aimed at older persons.

In 2005, there are 6.300 new participants included in the Employment incentives programme; 52 \% are women.

Those initiatives are aimed at (a) disabled persons; (b) persons aged over 45 or 50 years, who are registered at Employment service of Slovenia for some time, (c) older persons with particular educational level.

\textbf{Repayment of employer’s financial contributions (Povračila prispevkov delodajalca)}

At new employment the employer is entitled to repayment of financial contributions for insurance for retirement and disability insurance, obstetrical and health security, and insurance for unemployment. In the 2006 this measure did not include new companies.

\textbf{Partial wage supplement for disabled and hard-to employ persons (Nadomestitev plače invalidu in težje zaposljivi osebi)}

In 2006 there weren’t new inclusions in this activity. However, the Employment Service of Slovenia still implements obligations from previous years.

\textbf{Encouraging new employment of older persons (Spodbujanje novega zaposlovanja starejših)}

In the year 2005 this activity comprised two sub-activities: (i) encouraging additional hiring of disadvantaged unemployed persons through a lump sum subsidy and (ii) encouraging additional hiring of seasonal workers.

\textsuperscript{63} Source: Active Employment Policy Measures Programme and Catalogue of Active Employment Policy Measures Programme for 2005.

In 2006 the activity is implemented under public competition and is aimed at profitable and unprofitable sector. The condition for employer is to employ a person for minimum 1 year aged over 50 years.

Initiative 4
Direct job creation, Employment Service of Slovenia (Neposredno ustvarjanje novih delovnih mest, Zavod RS za zaposlovanje)

In 2005 this initiative consisted of three activities: (a) local employment programmes - public works; (b) subsidising employment through providing home help and personal assistance and care for the disabled – programme “disabled for disabled”, and (c) encouraging personal complementary work. In 2005, 5,800 participants were newly included in those programmes, 55 % of them were women. In 2005, 22,582,266 € (5,394,000,000 SIT) were allocated to the initiative and are covered by the integral fund of the Ministry of Labour, Family and Social Affairs.

In 2006 the previous three activities was added additional one, namely projects of untradeable employment programmes. However, also the measure under (c) was modified, and turned into the subvention for employment of long-lasting unemployed women.

Local employment programmes - public works (Lokalno zaposlitveni programi – javna dela)

Programmes of public works are local or national employment programmes that are intended to foster work and social inclusion of the most vulnerable unemployed persons, to increase their knowledge level and abilities, to motivate and develop their long-term career and to develop new jobs as well as to stimulate employers to hire employees for an indefinite period and to activate local communities to solve unemployment problems. The programme’s target groups are women over 50 years, men over 55 years and disabled and persons that will be retired in 5 years or less. Unemployed persons are included in the programme part time (maximum of 30 hours weekly or up to 4 days per week), but they are included in training, education and active job seeking for one fourth of the programme duration. Participants are included in public work usually for one year, but the participation can be extended, if it is not possible to ensure the unemployed a suitable job.

Subsidising employment through providing home help and personal assistance and care for the disabled – programme “disabled for disabled” (Subvencije za zaposlovanje pri izvajanju pomoči na domu, oskrbovanju invalidov – program “invalidi invalidom”)

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By implementing this activity is increased likelihood that long-time unemployed and older persons find a suitable job for them. The performer of the activity needs a licence issued by Ministry of Labour, Family and Social Affairs. The Employment Service of Slovenia performs only obligations from years 2001 and 2002. In 2006 there were no new inclusions in the activity.

**Initiative 5**

**Companies for Disabled, Ministry of Labour, Family and Social Affairs (Invalidska podjetja v RS, Ministrство za delo, družino in socialne zadeve)**

Companies for disabled are under the competence of the Ministry of Labour, Family and Social Affairs. These companies are of particular importance as they provide the rare possibility of hiring disabled persons and represent a type of social entrepreneurship. Founding such enterprises started already before 1976, namely by establishing disabled workrooms. They were active until 1988 when they were reorganised into companies for disabled. Between 1988 and 2004 the number of these companies increased from 11 to 156. In 2004, the employment in those companies has sharply increased. At the end of 2004, 13,580 employees were employed in disabled companies, among which 6,348 were disabled persons.

From January 1st 2007 the Ministry of Labour, Family and Social Affairs manage a register of companies for disabled. Included are 166 companies. The legal base for founding companies for disabled is established by the Vocational Rehabilitation and Employment of Disabled Persons Act. It determines conditions of activities, the process of gaining the status of a company for disabled, ways of operating and profit sharing, the impact of the state on property and the impact on accepting decisions and obligatory revision of annual balances. Such companies receive a monthly subsidy for every employed disabled person in accordance to the Regulations about measures for partly costs substitution for disabled companies. The Pension and Invalidity Insurance Act defines that the employed disabled person and the employer receive contributions payable on a special account of the employer. Contributions for pension and disability insurance which must be paid for employed disabled person are covered by the national budget. The Health Insurance Institute of Slovenia renounces payment of contributions for health care and insurance. Companies for disabled are not paying payroll tax. At the beginning of March 2004, most of the employees in companies for disabled were aged above 45 (47.5 %), 32.4 % of employees were between 35 and 44 years old, 17 % of employees were between 25 and 34 years old and 3.1 % were between 18 and 24 years old.

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67 Source: Ministry of Labour, Family and Social Affairs, Register of companies for disabled, available online: http://www.mddsz.gov.si/si/delovna_podrocja/invalidi/invalidska_podjetja_v_rs/

68 Health Care and Health Insurance Act.

69 Payroll Tax Act

Initiative 6

Slovenian lifelong learning week, Slovenian Institute for Adult Education\(^\text{71}\) (SIAE) (Teden vseživljenjskega učenja, Andragoški center Slovenije)

The Slovenian Lifelong Learning Week (LLW) has been designed in 1996 as to contribute to the development and dissemination of the theory and practice of lifelong learning in the society. One of the primary aims of this seven-day event, traditionally held in the third week of October, is the raising of public awareness concerning the importance, necessity and omnipresence of learning, required by all people at all stages of their lives for the development and understanding of numerous aspects of their personalities - physical, intellectual, emotional and spiritual. The LLW thus helps to promote awareness of the fact that school education is insufficient for the attainment of enough knowledge and skills to last the whole lifetime and to open up all paths for one’s personal development.

After eight years, LLW has become a traditional event bringing together numerous organisations, associations and individuals committed to learning and education with the aim of helping to develop a positive attitude towards learning and promoting the recognition of it as the key to a better life. During the week, many presentations, educational, informative, advisory, cultural and other events and exhibitions are taking place at national and local levels. The LLW is being initiated and co-ordinated by the Slovenian Institute for Adult Education (SIAE)\(^\text{72}\) and besides being a nation-wide promotional event, it has proven to be the best occasion for celebrating outstanding learning achievements of adults. The project is being sponsored by the Ministry for Labour, Family and Social Affairs and the Ministry of Education and Sports.

Initiative 7

Adult education, Ministry of Education and Sport\(^\text{73}\) (Učenje za odrasle, Ministrstvo za šolstvo in šport)

Adult education is characterised by rich programme diversity. Schools and higher education institutions, basically providing youth education, also offer formal education courses for adults, adapting the programmes and their organisation to the needs of adult learners. Non-formal education programmes are designed for various target groups, for example, employed people seeking to improve their employment opportunities or gain promotion, individuals wishing to enhance the quality of their lives, individuals pursuing a hobby, the unemployed, marginal groups, ethnic groups and foreigners. Access to most non-formal education courses is unrestricted.

The Adult Education Act regulates the adult education system and the specifics of its administration and financing. On the basis of this Act the public interest in adult education is

\(^{71}\) Source: Slovenian Institute for Adult Education, Teden vseživljenjskega učenja, available online: http://tvu.acs.si/

\(^{72}\) Andragoški center Slovenije (Slovenian Institute for Adult Education).

\(^{73}\) Ministry of Education and Sport, Adult education, available online: http://www.mss.gov.si/si/delovna_področja/izobraževanje_odraslih/
going to be determined in future by the Adult Education Master Plan (*Nacionalni program izobraževanja odraslih*) which is to be accepted by the National Assembly and proposed by the government of Slovenia.

In principle, one may divide providers and institutional pillars of adult education into three groups: (i) Institutions whose main activity is the education of adults, the example of such institutions are Adult Education Centres; (ii) Organisations for the education of adults and youth (public and private) whose main activity is the education of the youth, but they also organise and offer programmes of adult education; (iii) Wide and diversified organisations which along their main activity (which is not educational) also provide adult education (mainly non-formal) as an important part of their programme.

**Initiative 8**

*Employment Relationship Act, Ministry of Labour, Family and Social Affairs*\(^74\) *Zakon o delovnih razmerjih, Ministrstvo za delo, družino in socialne zadeve*

The newly adopted *Employment Relationship Act* entered into force in 2003. The Act sets the legal framework for all kinds of flexible forms of employment, determines special arrangements for small enterprises, enables working time flexibility etc. The Act improves the flexibility of the labour market. The objectives of the Act are the inclusion of workers in the working process, assuring that work and needs are reconciled, the prevention of unemployment by considering rights of workers to freely choose the work and rights to dignity and protection and finally to protect the interest of workers in labour relations.

There are special provisions in the act regarding the older workforce. Workers that are over 55 years old are entitled to special protection. They may not be dismissed from employment due to business reasons unless the worker fulfils minimum criteria to retire or if he/she is entitled to unemployment benefits until fulfilling minimum eligibility criteria for old-age retirement. This protection is not guaranteed in case of insolvency and bankruptcy. According to the ‘Employment and Insurance against Unemployment Act’ the old unemployed person having 25 insurance years may receive benefits for 18 months (older than 50 years) or 24 months (older than 55 years).

The new act also enables older workers to combine retirement with work (part-time work in combination with part-time pension). Overtime and nightly work of older workers are only allowed, if workers approve it in writing and older workers are entitled to at least three extra days of holiday. However, the new act does not give older workers rights to be redirected from a working place that is dangerous for his/her health and at the same time preserving previous wage level. In the Act there are also provisions concerning disabled workers. The employer is allowed to dismiss the II. or III. category disabled worker or disabled person because of business reasons only if he is not able to provide other suitable work or part-time work.

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\(^74\) *Zakon o delovnih razmerjih*, Available: [http://zakonodaja.gov.si/rpsi/r00/predpis_ZAKO1420.html](http://zakonodaja.gov.si/rpsi/r00/predpis_ZAKO1420.html)
The Government has been negotiating with the social partners to change the Act. It wants to increase the flexibility in the labour market and introduce flexicurity approach similar to one employed in Scandinavian countries.

**Initiative 9**

**Pension and Disability Insurance Act**\(^7\), Ministry of Labour, Family and Social Affairs (Zakon o pokojninskem in invalidskem zavarovanju, Ministrstvo za delo, družino in socialne zadeve)

The Slovenian pension and disability insurance system is based on intergenerational solidarity. The Pension and Disability Insurance Act regulates both, the obligatory and voluntary pension insurance. Obligatory insured person are entitled to pension (old-age, disability, widow, family), disability allowances and some other claims. The Act was passed in 1999. Provisions regarding the pension system were enforced in 2000.

The most essential step in ensuring a sustainable pension system and raising older workforce activity was to rise the age of retirement and increase the pension qualifying period. Furthermore, the Act introduced bonuses and penalties for later (early) retiring. All measures aim at stimulating longer activity. After the changes, retired people are allowed to work part-time and combine wage with part-time pension.

The Pension and Disability Insurance act also regulates long-term and permanent work disability and occupational rehabilitation due to diseases and accidents. The provisions that were enforced in 2003 stimulate greater work-activity of disabled workers by enabling them access to rehabilitation and by reimbursing certain cost of rehabilitation to employers and employees.

Because of the ageing population Government plans additional measures to promote longer activity, as for example: reducing restrictions imposed on recruiting retired people, promoting schemes of flexible employment and retirement of the elderly, including early, partial, gradual retirement and retirement conditional on hiring young people (Ministrstvo za delo et al. 2006).

**Initiative 10**

**Antidiscrimination legislation**

Promotion of active ageing is in Slovenia supported also by anti-discrimination legislation. Slovenia has transposed both EU directives into national law\(^7\). It has applied combination of specific legislation and employment act. *Implementation of the Principle of Equal*

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\(^7\) Available: [http://www.uradni-list.si/1/ulonline.jsp?urlid=200420&dhid=67781](http://www.uradni-list.si/1/ulonline.jsp?urlid=200420&dhid=67781) (official consolidated text)

Treatment Act from 2004\textsuperscript{77} and Employment Relationship Act from 2003\textsuperscript{78} cover all grounds of the two directives. Disability based discrimination is in addition regulated by Vocational Rehabilitation and Employment of Disabled Persons Act from 2004.\textsuperscript{79} General prohibition of discrimination is defined also in Constitution.\textsuperscript{80}

Employment directive provision that specially allows differences in treatment on grounds of age, if they are objectively necessary to achieve a legitimate aim, has been applied also in Slovenian legislation. However, the exceptions have not been elaborated in details.

Employment directive also allows discrimination in case of specific capacities needed to perform certain occupation (e.g. armed and police forces). In Slovenia this is applied for armed forces, but exemption from the equal treatment principle is not explicitly stated in legislation. Slovenia has just kept the legislation regulating armed forces, including age and capability requirements, unchanged (Bell et al. 2006, 55).

The Advocate for the Principle of Equality (Office for Equal Opportunities) is in charge to investigate the possible cases of discrimination under the Act Implementing the Principle of Equal Treatments. Procedure is free of charge; however, it is informal and results in recommendations. If the offender does not follow the recommendations the case is sent to inspection service. Labour Inspectorate supervises the implementation of Employment Relationship Act.

The Office for Equal Opportunities has prepared amendments\textsuperscript{81} to Implementation of the Principle of Equal Treatment Act. The changes are among others needed because certain provisions regarding discrimination on racial and ethnic origin were not properly implemented and because the EU adopted two new directives regarding gender equality.

Initiative 11

\textit{Fit for Work}\textsuperscript{82}, University Medical Centre Ljubljana, Institute of Occupational Traffic and Sports Medicine (Čili za delo, Klinični center Ljubljana, Klinični inštitut za medicino dela, prometa in športa)

Project to promote health in the workplace have started in 2005 and has been carried out in three phases. In the first phase the Institute gathered information about employers’ attitudes towards health and their readiness to introduce health promotion programmes in

\textsuperscript{77} Available: http://zakonodaja.gov.si/rpsi/r08/predpis_ZAKO3908.html
\textsuperscript{78} Available: http://www.uradni-list.si/1/objava.jsp?urlid=200242&stevilka=2006
\textsuperscript{79} Available: http://zakonodaja.gov.si/rpsi/r01/predpis_ZAKO3841.html
\textsuperscript{80} Available: http://www.dz-rs.si/?id=150&docid=28&showdoc=1
\textsuperscript{81} Available: http://www.uem.gov.si/fileadmin/uem.gov.si/pageuploads/ZUNEOSpremembe.doc
\textsuperscript{82} Available: http://www.ciizadelo.si/default-10100.html?PHPSESSID=dc9da993acf9059d484d3503e51f5729
the enterprises. The survey among managers of large and middle sized enterprises showed that health is very highly valued (on the second place behind family) and that management is in favour of introducing and participating in health promotion programmes. During the second phase project *Education for Healthy Work and Living* took place (May 2005 – July 2006). It was financed by Phare and Slovenia Ministry of Education and Sport and managed by the Clinical Institute for Occupational, Traffic and Sports Medicine. Other institutions that took part in the project were Slovenian Institute for Adult Education, Department of Technical Safety of the Faculty of Chemistry and Chemical Technology, the Murska Sobota Institute of Public Health and the Association of Free Trade Unions of Slovenia. The project’s purpose was to formulate and introduce lifelong learning programmes for healthy work and living in enterprises and to enhance change of work environment that benefit health. Part of the project was also training of health promotion advisers that would implement programmes in companies. Results of the project are website providing information on health and safety at work, handbook for promoting health at work, information-teaching materials and draft concept of network, which would link organisations and individuals in order to promote health at work (Urdih-Lazar and Stergar 2006). The last phase of Fit for Work project is aimed at introducing the programme in other parts of Slovenia and educating further workplace health promotion advisers. In order to successfully extend the project the financial sources will have to be provided and there should be changes in legislation to stimulate companies to participate.
Chapter 7: Company Case studies of Active Ageing of Active Ageing

Compared with the findings for 15 EU countries (Walker, 1997) and consistently with the assessment of the public initiatives for fostering active ageing in New EU Member States in previous Chapter, it seems that the awareness of employers with regard to the necessity of maintaining older persons in employment and their attitudes towards an ageing workforce is not as developed in the New Member States as it is for the other Member States. The reason could partly be a supply exceeding the demand by the companies in the labour market (Mandl, Dorr and Oberholzner 2006).

The present chapter provides an overview of case studies, which are applied at a company level in seven New EU Member States countries, as well as in Bulgaria and Romania, which participated in the project Employment Initiatives for an Ageing Workforce in the New Member States plus Romania and Bulgaria.

The methodology of the case studies was identical for all participated countries. The described cases contain initiatives at individual company or organisation level, either private companies or specific public actors, such as municipalities or public health care services. The public measures targeting at other companies were excluded from case studies. All measures were at that time implemented and still in place. The identified measures are implemented to employed older workers and available for majority of that target group. Following the areas of public initiatives for fostering active ageing and extending working lives shown in the previous chapter, the respective measures implemented at individual company or organisation level may be classified into the following specific categories to be analysed in more detail below:

1. Recruitment;
2. Training, development, promotion, career management;
3. Flexible working practices;
4. Ergonomics/Job design;
5. Health and well-being;
6. Changing attitudes;
7. Generational relations;
8. Wage policy;
9. Exit policy;  
10. Redeployment;  
11. Comprehensive approach.

Case studies are presented by four sections, (a) case study background, (b) case study today, (c) hitherto development of the case study, and (d) further information. All information was acquired through personal or telephone interviews with company representatives (EFILWC, 2006a\textsuperscript{84}), which were implemented in accordance to interview guidelines prepared by Austrian Institute for SME Research.

The chapter provides selected most interesting and useful initiatives and measures from different analysed countries, including various organisation sizes and types\textsuperscript{85}. The first part covers initiatives in New Member States except Slovenia, and the second part covers three identified measures in Slovenia.

### 7.1 Company Cases of Active Ageing in New Member States

Age management is a domain that companies are rarely focused on. However it mostly depends on company size; larger companies often pay special attention to older workers or threat them as a sub-group of employees. Nevertheless, also the attitudes in SMEs are changing and there are some cases where small companies make efforts and the commitment to older workers (EFILWC, 2006b\textsuperscript{86}).

Notwithstanding the general labour market situation (excess supply), a large part of the identified initiatives of the private enterprises towards older employees has been developed in reaction to labour shortages, i.e. the necessity to employ older persons as the alternative would be an insufficient extent of human resources.

A general finding of the analysis of initiatives implemented at individual company/organisation level in New Member States is that many approaches for fostering active ageing exist not only at public initiative level but also at company level. Measures aimed at improve skills of older, such as redeployment, flexible working practices and healthcare, were among mostly implemented measures. However, the majority of companies still do not realise the importance of the ageing workforce issue (EFILWC, 2006a) what raises the problem of jobs’ quality of older people. One of the the concerned finding is also that older people are employed only because of a shortage of human resources at the market-place (EFILWC, 2006a).

\textsuperscript{83} The pilot phase of project was carried out in companies in Prekmurje.

\textsuperscript{84} EFILWC. (2006a). *Age and Employment in the New Member States*, European Foundation for the Improvement of Living and Working Conditions, Ireland.

\textsuperscript{85} All measures are available on European Foundation for the Improvement of Living and Working Conditions web page (EFILWC, 2007\textsuperscript{86})
7.1.1 Rewarding older workers for their experience: the case of Tallinn University of Technology, Estonia

Activities to change the attitudes towards older employees, particularly by honouring their efforts, often only constitute an additional part of the enterprises’ measures in the New Member States, Romania and Bulgaria towards an ageing workforce. Measures that reward older workers, identified in the research of older people employment (EFILWC, 2006a), often include special wage bonuses in recognition of the loyalty of long-term employees and financial rewards for older staff members for their support to younger workers through knowledge transfer.

A good practice in rewarding older workers for their experiences is the Tallinn University of Technology in Estonia. It grants a special title for long time employees (EFILWC, 2006a) and other financial benefits.

Organisational background of Tallinn University of Technology

Tallinn University of Technology is a public organisation and one of the largest universities in Estonia, founded in 1918. It is providing interdisciplinary higher education and training in technology at eight faculties. The organisation has over 10,000 students and 1,573 employees. The average age of employees is 48.8 years among academic staff, 55.9 years among professors and 58.8 years among associate professors. Academic staff (teaching and research staff) comprises 53.2% of the total workforce, of whom 13.6% are professors, 17.3% associate professors, 11% assistants, 17.2% lecturers, 21.5% senior researchers and 18.6% researchers. The employees are getting older, and the older they are the better reputation they have at the university. The employees at the age of 65 years are not obligated to recruit, therefore they stay employed (EFILWC, 2007).

Good practice today at Tallinn University of Technology

The measure at the university is focused on professors and associate professors and the exit policy. After 10 years in their position, professors due to retire have the right to request the status of “professor emeritus” (EFILWC, 2007). The university has in total 40 professors emeritus (EFILWC, 2007). The university sees the long term employment at their place as very positive; therefore it has introduced a new measure for associate professors to become a title “associate professor emeritus” after working at the university for 15 years and after retiring. However, before becoming one of the mentioned titles, the council of university has to approve it. The benefits of the title are mostly financial, because the person is becoming the 75% of the salary for the rest of his/her live (EFILWC, 2007), and additionally they do not have any obligations of lecturing and tutoring. The primary purpose is to keep their knowledge in the university (EFILWC, 2007). Additionally, employees who have worked at the university for 25 years receive a gold medal for their work (EFILWC, 2007). The measure is aimed at both gender and the titles are equally distributed among men and women.
Along with the high age of the employees the university has 150 extraordinary positions for two reasons. First, there is a shortage of appropriate candidates for particular position, and second, the position gives an opportunity to becoming a salary instead of (lower) pension. More than 50% of them are occupied by people who can not apply to the position because of their age (EFILWC, 2007).

The university plans to extend the measure to the third title, namely a “lifetime professor”, which will be at disposal for professors who are selected twice in a row, what at the same time abolish the age limitation.

**Development of the case study at the Tallinn University of Technology**

The measure has not changed over the years, although there was average age at the university 10 years ago younger than today. Also the measure enables younger employees to stay employed and at the same time having less teaching obligations.

**7.1.2 Active recruitment and employment of older workers: the case of Furs Company, Romania**

Some enterprises in the considered countries concentrate on explicit recruiting of older persons or try to keep them in active employment as long as possible. The active recruitment and employment is often applied in companies that have problem finding employees for different reasons, as unattractive jobs, possession of particular skills etc. (EFILWC, 2006a). A good practice in this respect is a Furs Company from Romania, a small private company, operating in the textiles and leather sector.

**Organisational background of Furs Company**

Furs Company is a joint stock company with foreign shareholders and concentrates its activity on furs and on protective clothing for special working environments, as construction and railways (EFILWC, 2007). The company is focused on employment of experienced workforce; however they do not prefer particular age. The older workforce is in the company highly valued because of their experiences. In the recent years the total number of employees has been declining, and it currently employs 25 workers, of whom 12% are aged under 25 years of age, 30% between 30 and 40 years, and 58% over 40 years (EFILWC, 2007). Integration of older workers is at a high level, because they are more competent; older persons observe the working hours watchful and are prepared to share their experiences and knowledge with co-workers.

**Good practice today at Furs Company**

The company’s implemented measure is the recruitment of workers aged over 40 years (EFILWC, 2007). The company employs only experienced workers regardless of their age; however, there are few young workers, qualified in the field of manufacturing techniques and skills.
Chapter 7: Company Case studies of Active Ageing

The measure is implemented by the humane resource department for two years and during this time all persons were hired under the measure (EFILWC, 2007), which also favours the employment of older persons. More than 80% are older employees, mainly women over 40 years old (EFILWC, 2007). Older and younger workers have almost the same wages on the same positions. Consequently the relationship among them is good. The company has implemented some measures, as job rotation, redeployment, team work, flexible working practices, regular meetings between management and workforce, staff motivation, social dialogue between management and employees (EFILWC, 2007). Employees are specially awarded by their continuous involvement in health care. The Company has established a high experienced team of professional employees aged between 40 and 45 years, which is a key to their success because the team is highly specialised in operating different equipment (EFILWC, 2007).

Development of the case study at Furs Company

The Company is mainly focused on older employees as they are a company’s strategic objective. However, it employs also younger worker who are involved in learning at the job in teams with older workers. The management will implement the measure in the future.

7.1.3 Training and skills development: the case of Carlsberg, Bulgaria

Companies in the new member states are using training and education as an applicable tool for improving the integration of older workers into the labour market and for extending their working lives (EFILWC, 2006a). Measures in this particular area cover many approaches, from special training to life-courses, aimed at improving their abilities for performing work.

Good practice in the field is a company Carlsberg from Sofia, Bulgaria, a large private company, operating in food beverage and tobacco sectors and producing Carlsberg beer.

Organisational background of Carlsberg Bulgaria

Carlsberg Bulgaria was established from two Bulgarian breweries, bought by Danish-Swedish Company Carlsberg in 2003. The company employs app. 600 workers, whose average age is 39 years, and the ratio of women to men is 30:70 (EFILWC, 2007). In 2004 its sales growth was 37% according to the previous year in Bulgarian market (EFILWC, 2007).

Good practice today at Carlsberg Bulgaria

The company’s human resource manager has implemented two measures to re-qualify older employees. The first measure is focused on restructuring account department. Five employees, aged over 55 years, were trained in the SAP accounting system with other employees (EFILWC, 2007) in the company. The training results were very positive as older workers have learned quickly and successfully. Trained older employees were transferred to
the logistics department for two reasons, first, because of a lack of SAP software knowledge in the logistic and, second, because of the restructuring of accounting department. The company has perceived two positive effects through the transfer of employees, namely strengthened logistics and more qualified employees.

The second measure implemented by the company included nine over 50 years old technical employees. Instead of being dismissed, the workers were for four months trained to be drivers in the inter-company transportation system (EFILWC, 2007). The training was provided by external professional organisation. However, the employees were not able to learn, it takes too much time to adapt new skills and the results were not satisfactory for the company.

The reasons for implementing above mentioned measures lies in the company’s needs and in a lack of people in the labour market. The evaluation of both measures exposes that employees with higher qualification levels turn up to be more motivated in becoming familiar with new skills in their field of work (EFILWC, 2007). The human resource management evaluated the results and its conclusions are that employees over 45 years are not excided on the training (EFILWC, 2007).

**Development of the case study at Carlsberg Bulgaria**

At the company there were two measures implemented, of which one was more efficient than the other. Conclusion is that at any measure implemented, the older employees are crucial part of its success, because they have to have the willingness and be prepared for changes in their professional lives.

**7.1.4 Redeployment of workers to new positions: a case of Tallinn Bus Company, Estonia**

Many companies in new EU member states use redeployment of workers to new positions if older employee does not fit into the certain position in the company. The outcomes of these activities are a higher degree of stability within the company and a better focus on improving the quality of the workforce. Therefore, it is shown that redeployment activities can improve both the competitiveness of an enterprise and the situation of its older employees (EFILWC, 2006a).

The Tallinn Bus Company from Estonia is a good practice in using the redeployment as a tool for older employees to stay active.

**Organisational background of Tallinn Bus Company**

Tallinn Bus Company is a public company, which main activity is a passenger transport. It provides similar activities in seven subsidiaries: Tallinn City Lines; TAK Real Estate; TAK Education; Kadaka Sport; bus repairs and servicing; TAK Catering; and Burmani Willa (EFILWC, 2007). A company employs 1.030 workers; their average age is 50 years of which
are 320 workers in the 50–59 years age group and 200 workers are aged 60 years and more (EFILWC, 2007). App. 630 employees work as a bus drivers, traffic coordinators and specialists. Administration constitutes 3.4% of the workforce. Women, including 18 female bus drivers, represent 15% of the workforce (EFILWC, 2007). The company is having problems with labour shortages since 2004; many bus drivers have left the company to go to foreign countries for a better salary.

Tallinn Bus Company is one of the most employee- and family-friendly organisations in Estonia. It treats all employees equally and values its older workers highly. All decisions concerning employees, take into account the needs of both the employees and the employer (EFILWC, 2007).

**Good practice today at Tallinn Bus Company**

The company’s most common strategy with regard to older workers is redeployment. It is an informal practice where the company offers older people with health problems an opportunity to work in another position in which they can still be productive (EFILWC, 2007). This redeployment measure is the most used by bus drivers. Older drivers, whose reaction times may be slower, and those with higher stress levels are assigned different routes to drive - for instance, in the suburbs with less traffic and stress; sometimes, their workload may also be reduced (EFILWC, 2007). Workers, who are not able to drive buses, are redeployed to work as security guards.

It is recognized that this measure has positive effects. Older employees feel valued by the company, which motivates them at their work. On the other hand, company perceives many benefits of this measure; as older bus drivers have substantial experience of the vehicles and the organisation, they do not need additional training; recruitment and induction costs are minimised; and older workers are given the opportunity to earn some extra money in addition to their retirement pension (EFILWC, 2007). The company has not experienced any negative effects resulting from the practice of retaining its older workforce (EFILWC, 2007). The redeployment measure’s outcomes are very positive for the company although it is not introduced to all older employees.

Two additional measures could be found. First, all older employees are involved in teaching and supervising their younger colleagues, a practice that increases the company’s competitiveness as well as the commitment of its staff. Second, all employees are awarded after 15 years of working for the company.

**Development of the case study at Tallinn Bus Company**

The training of bus drivers was importantly changed during the time. In the past, drivers were trained only by state. Nowadays the drivers have to participate in a two-and-a-half month training programme before they are allowed to drive a bus, and people have to pay it by themselves (EFILWC, 2007). However, the Tallinn Bus Company is the only company in the country that pays this training programme for people who will work for them.
7.1.5 Flexible working practices: a case of Dell, Slovakia

The measures aimed at flexible working practices include flexible working hours, usually introduced on a case-by-case basis, according to each employee’s specific characteristics (age, health, experience) and according to the area of activity (EFILWC, 2006a). This measure is often implemented by human resource management in particular company.

A company Dell in Slovakia has introduced several measures aimed at older workers, namely in the field of training, health and well being, and flexible working practices. However, a flexible working practice is a measure which is continuously implemented.

Organisational background of Dell

Dell Inc. is a multinational supplier of information technology products and services to countries worldwide (EFILWC, 2007). In 2002, the company established a branch in Slovakia, serving clients in Europe, the Middle East and Africa. Main activities of Dell Slovakia are information technology sales and technical support for more than 20 countries. In 2005 it employed 1,033 workers; their average age was 27 years (EFILWC, 2007). Qualifications needed for employment are thorough knowledge of high-tech products, modern working methods, management systems and a high level of foreign language competence.

Good practice today at Dell

The company’s corporate culture is based on age and gender equality among all employees. The company formed groups of employees with common interests in areas such as ethnicity, gender, nationality, lifestyle and sexual orientation (EFILWC, 2007). These groups can cooperate, while providing encouragement and an enhanced sense of belonging through informal mentoring, professional and community events, and access to personal and professional development and growth (EFILWC, 2007). Networking provides more inclusive work environment, improve communication and increase the understanding among employees. Training and several benefits to all employees introduced increase of working abilities. Flexible working hours and part-time assignments are available to all employees (EFILWC, 2007). Human resource department is responsible for all measures implemented in the company.

7.1.6 Health and well-being: a case of Riga Electric Machine Building Works, Latvia

Measures aimed at improving health and well being of employees include free preventive medical check-ups and measures that specifically focus on improving ergonomics or the safety of working conditions (EFILWC, 2006a). Those measures are mainly implemented in order to reduce sickness leave.

The good practice in the field is a company Riga Electric Machine Building Works in Latvia, a large private company, operating in the metal and machinery sector.
Organisational background of Riga Electric Machine Building Works

Riga Electric Machine Building Works was established in 1946, evolving from the former enterprise ‘Provodnik’, founded in 1888. In 1993, the enterprise was reformed into a joint stock company and in 2002 it any was privatised by Latvians (EFILWC, 2007).

The company manufactures traction equipment for electrical trains, light railways and fork lifts, as well as lighting and power supply equipment for passenger coaches (EFILWC, 2007). It is one of the few factories that survived in Riga after the economic transition period, although production volumes have fallen significantly. Production output is entirely exported to Russia and the Ukraine (EFILWC, 2007). The company has about 700 employees. The majority of employees have been hired in 1980s. The issue of an ageing workforce is crucial for the company, and this is one of the primary reasons for establishing an independent trade union and the existing overall personnel policy.

Good practice today at Riga Electric Machine Building Works

The inquiry for skilled workers in metal and machinery sector exceeds the offer. Moreover, none of the schools provides the suitable education or training programme. Therefore, there is a serious staff shortage in the Latvian market in this field. As a consequence, the company’s current human resource strategy aims at extending a person’s working life to the maximum, and even attracting back to the labour market those who have already retired, by providing incentives to continue employment after reaching pension-able age (EFILWC, 2007). The strategy combines active recruiting methods, a range of bonuses and benefits available for older employees, and social support throughout the working process, thus highlighting company’s competitive human resource practices among other employers (EFILWC, 2007).

Measure available to older employees includes medical care services, a full annual medical check-up and regular vaccinations free of charge. As older employees often suffer from diverse health problems, this service is of great value to them. Moreover, workers employed by the company for 20 and 30 years receive “veteran” and “honoured veteran” statutes in addition to a substantial one-off bonus payment, together with corresponding certificates (EFILWC, 2007). Employees also receive birthday and Christmas presents.

The company has implemented some additional initiatives, such as mentoring. Senior employees are involved in the training of newcomers, guiding their actions over a three-month period (EFILWC, 2007) what brings them also financial benefits (20-25 % extra on the salary).

Development of the case study at Riga Electric Machine Building Works

The implemented measures are a result of company’s culture. Originally, in addition to the measures described above, free sporting grounds are available to all workers, including former workers after retirement (EFILWC, 2007). Company’s future plans include the possibility of cooperating with the Latvian Disabilities Association on employment issues and attracting
European Social Fund financing. Increasingly, the ageing of employees is becoming an urgent issue and there is a need to attract more workers to the company.

7.1.7 Exit policy: a case of Ship Design and Research Centre, Poland

The measures aimed at exit of older workforce implemented in organisations/companies in the new member states mostly include financial remuneration to leaving, assistance at searching new jobs, supporting older employees by keeping them in employment etc.

A good practice case is Ship Design and Research Centre from Poland, which was established in 1971 as a public company.

**Organisational background of Ship Design and Research Centre**

The Ship Design and Research Centre became the status of a research and development unit by the State Committee of Scientific Research in 2002. In 2004, it was transformed into a joint-stock company owned by the Ministry of Treasure and employs 210 people, 89 of whom work in research and development (EFILWC, 2007). Company’s mission are development and support the shipbuilding industry through research and development, design and information activities in the ship design and shipbuilding processes (EFILWC, 2007). The research and development are open to the environment so that students and researchers from universities could use it to improve the education quality.

**Good practice today at Ship Design and Research Centre**

A company’s primary business is scientific research in the field of ship design and construction. Its activities are highly specialised and involve design of ship propellers; optimisation of the hull shape; design works relating to anticorrosion protection; works involving the building and testing of ship models; and the application of advanced numerical tools (EFILWC, 2007). The specialisation in the business requires qualified and experienced employees. In order to implement activities, the company employs app. 10 retired employees every year, who are responsible for analysing the demand for different types of ships and preparing feasibility studies, as well as providing support for the entire process using their extensive expertise and knowledge (EFILWC, 2007). The older employees who are commissioned to carry out work for the company are also mentors to younger engineers, constructors and scientists, supplementing their knowledge on particular disciplines of ship design and they receive additional payment for such activities (EFILWC, 2007).

The company employs older experts on a temporary goal-oriented contract with flexible working time. Enquiry for experts is based on the company’s special requirements and needs.
7.1.8 Comprehensive approaches to active ageing: a case of Emerol, Latvia

In new EU member, companies that are using more comprehensive approaches to active ageing could be identified. They combine different measures, such as greater acknowledgement of the older workers, training, special recruitment activities, healthcare and flexible working arrangements (EFILWC, 2006a).

Presented good practice is aimed at older employees in a small company Emerol in Latvia, which is operating in construction and woodworking sector.

Organisational background of Emerol, Latvia

The company Emerol was established in 1992. Its primary activity involved the purchasing of fuel and petrochemical products in Russia and their resale at much higher prices in Latvia. The company also had petrol stations in various parts of the country. In 1998, after large changes and crisis in Russia, the company was forced to change its main business to real estate and construction. Today, the company employs 54 workers, of which 26 employees are of retirement or pre-retirement age (EFILWC, 2007) and are with their knowledge and experiences a source of information for younger employees.

Good practice today at Emerol, Latvia

The majority of company’s employees have been employed since its establishment. The company has, therefore, a unique policy with respect to the older workforce and it is not concerned with the substitution of older employees. Also the company’s culture, developed through the years, has a special attitude towards older employees (EFILWC, 2007).

As other companies in Latvia, also the company Emerol was confronted with the labour law, which enact that all employees have to pass an exam certifying their knowledge of Latvian language, otherwise they lost their job, the reason being the Russian majority of workers. As only a few of Emerol’s workers were Latvian, the Emerol had to face with the resistance to learn Latvian language especially of older workers (EFILWC, 2007). The management decided that it would be unfair to force the older employees to attend courses and obtain a proficiency certificate as soon as possible, as learning a new language by attending courses would require a lot of time and effort for older workers (EFILWC, 2007). A critical shift in the company was to convince older employees that knowledge of Latvian language is needed also for other reasons, such as integrating in the social life, being more competent and competitive. The employees were given a choice whether to learn Latvian by job rotation or by attending courses. By job rotation Russian-speaking and Latvian-speaking employees were working together, which has proved to be more successful as learning foreign language in the courses. Additionally, attending courses was allowed only out of working time.

In addition, the company implemented a flexible working practice system for employees of pre-retirement age on certain positions (EFILWC, 2007) in 2004. The management was surprised
because the older workers did not adopt the measure very well; they were adapted to fixed working time. Despite of poorly accepted measure, it is still available to older workers.

A company has also introduce a well-being policy, which offers three services to all employees, (a) medical insurance to every employee free of charge, (b) a medicine services in appointed sum of money, and (c) dental visits (EFILWC, 2007).

**Development of the case study at the Emerol, Latvia**

The company has ascertained that older workers do not represent a problem to them. Even more, they were able to use their advantages of knowledge and experiences on one site, and on the other site the company offers them additional services and benefits. The company’s policy to allow its older workers to decide on the time they would leave the company lies on the premise that such measure motivates younger workers to stay with the company for long time.

### 7.2 Company Cases of Active Ageing in Slovenia

The analysis of measures and initiatives implemented at individual company/organisation level for fostering active ageing in Slovenia allow making the conclusions that in general employers have not been sufficiently aware of the importance of fostering active ageing and the need to change the attitudes towards ageing workforce yet. Despite the extensive business network of the research group within the Institute of entrepreneurship and small business management we could hardly identify companies in Slovenia that are implementing measures for fostering active ageing at workplace. This could at least be partly attributed to the following reasons. First, labour supply exceeds demand, at least as far as specific economic sectors are concerned. Second, most of the employers have not realised yet the importance of the issue of an aging workforce. In many cases employers only deal with an older workforce under pressure of external factors (e.g. if they are not able to find younger employees as these do not possess the necessary qualifications or are not willing to fill the job offered). In most cases, employers are implementing several measures and initiatives, particularly in the field of training and skills development and health and well-being, however, they are generally not aimed specially at old workforce, but rather occur as a type of side effect. Furthermore, employers prefer to hire younger people as the young workforce is cheaper and more likely to face the new working conditions than the older generation. Moreover, older unemployed people with a low educational level and a long-lasting unemployment period do not have many possibilities to get into employment.

Despite these findings, there are already some signs of awareness concerning a proper approach to all categories of employees in private enterprises in Slovenia. This process started in large domestic (e.g. Krka d.d.) and international foreign-owned enterprises (e.g. Lek) in Slovenia, adopting comprehensive approaches to active ageing (e.g. Revoz Novo mesto) and corporate social responsibility (CSR), and it is, slowly, also coming to the mind of SMEs. Again, although such measures are also favourable for older employees, this specific intention usually is not explicitly declared but occurs as a kind of ‘side effect’.
The identification of measures on organisational level was difficult not only because a majority of companies have not recognised the importance of older employees for the performance of a company, yet, but also because those companies, who are implementing such measures either rejected the cooperation or the measures are aimed at all age-group of workforce.

In the following chapter we present three case studies. The identified companies have introduced three different measures in the field of redeployment, health and well-being, and ergonomics and job design.

### 7.2.1 Redeployment: LIP Bled, d.d.

A company LIP Bled d.d, a nationally owned private wood processing company presents a good practice in the field of redeployment activities. Those activities are embedded in a broad human resource policy with a large spectrum of non-age specific initiatives.

**Organisational background of LIP Bled**

LIP Bled d.d. is organised as Joint Stock Company. Approximately 33 % of the shares are owned by employees, former employees and other natural persons and 67 % are owned by legal persons. The company was founded in 1948 as a saw-mill company. Today it is specialised in the production of builders’ joinery. Its main product groups are construction panels, solid-wood furniture and doors. The company has a classical functional organisational structure.

It employed 672 employees, 419 male (62,35 %) and 253 female (37,65 %) in 2006. The average age of the workforce is 41 years. The majority of the workforces are unskilled workers. In 2005, 15,43 % of the workforce had basic education, 28,37 % lower secondary vocational education (2 years), 28,27 % secondary vocational education (3 years), 20,16 % secondary technical education, 3,38 % post-secondary education, 4,17 % higher education and 0,23 % disposed of a postgraduate degree. The qualification structure is not optimal and is determined by the labour-intensive nature of the sector. 70 % of the workforce is employed in production. The company is confronted with the shortage of joiners (secondary vocational education - 3 years). In order to overcome the problem, unskilled and less qualified workforce is being educated. Usually they are attending class units for adults at Srednja lesarska šola (Upper secondary school for wood processing) in Škofja Loka.

**Good practice today at LIP Bled**

The Human resource policy comprises a whole spectrum of non-age specific initiatives that are intended for all employees. It consists of training (part-time education, language courses and occupational training), rewards for encouraging of innovation activities and measures for reducing the number of sickness leaves. In 2004, the company introduced annual personal interviews that should improve trust among employees, increase employees’ efficiency and enable cooperation of employees in preparing the company’s plans for the future.
A measure that exclusively targets at the older workforce is their reallocation (reassignment) to less demanding workplaces while keeping their wage level unchanged. The measure was proposed by the trade union and was adopted after intensive social dialogue. It is quoted in the collective agreement in the section ‘Protection of older workforce’.

The measure is aimed at employees aged over 50 (or 55) that voluntarily want to change their current workplace for less-demanding one. The reallocation (reassignment) is proposed to the employee by his/her immediate superior. Older worker’s impairment of productivity must be confirmed by medical evidence. The employee is offered a new workplace with regard to his/her age and remaining ability to work. A new employment contract must be signed in agreement with the employee.

After the reassignment the employee receives the same or even a better salary than before. The described measure is implemented in combination with annual interviews, a regular annual medical examination of the employees (being related to keeping records on the number of sickness leaves).

The measure can be applied for all workplaces. It is used by approximately 50 % of workforce that completes 50 years. Reasons for this decision are exhaustion and incapability for qualitative work performance. Among the beneficiaries, there are more women than men. Until now only one employee has refused the offer for reassignment.

Main reason for the introduction of the measure was the preservation and stimulation of employees’ work efficiency. The measure was proposed by the trade union for wood processing (Sindikat lesarstva Slovenije – SINLES). The negotiation started in 1991 and was completed in 1993 when the collective agreement was signed. Key actors in performing the measure are the human resources department and individual employees.

Sources to finance the difference in earnings are provided by the company. Gross costs per employee are relatively low and amount to approximately 20,000 toolars (83 euro) per month. Costs are compensated by employees’ higher productivity in the new workplace. There is also a reduction in losses that were incurred because employees at previous workplaces were unable to fulfil targeted results.

The opinion of the company is that the measure has predominantly positive effects on employees and the company. Employees’ productivity in the new workplace is increased, the work on reassigned positions is better done, employees fulfil targeted goals and standards and there is also lower number of sickness leaves. The company benefits from the improved contentedness of employees, an improved organisational climate and from a closer link-up of employees with the company.

The company plans to set up a company for disabled that will employ older workforce and disabled workers that are already employed in LIP Bled. In addition to them it will also employ employees for whom disability will be established by annual preventative medical examination. The purpose of the measure is to improve the qualification and age structure in the current company (LIP Bled). At the same time, the new company for disabled will be able to take advantage of legal provisions regulating those companies.
Development of the case study at LIP Bled

The company was engaged in active human resource policy already before the introduction of the measure described. The measure is, therefore, one in the stream of human resources activities for promotion and development of all employees irrespective of their age or education attained.

However, the measure has brought new momentum as it reoriented human resources policy towards greater concern for the older workforce and their productivity and contentedness at work. This move can be in great deal attributed to good social dialogue in the company that resulted in a collective agreement in which provisions of reallocation (reassignment) to a less demanding workplace due to impaired productivity while keeping the wage level unchanged are quoted.

The described measure complements other company’s measures such as: annual interviews, measures for keeping records and reduction of the number of sickness leaves and measures to promote education and training.

7.2.2 Health and well being: RTV Slovenia

Enterprises in the New Member States, Romania and Bulgaria sometimes offer several benefits to their employees for their health and well being, such as free preventive medical check-ups and special benefits, while others specifically focus on improving ergonomics or the safety of the working conditions.

In Slovenia, a non-profit radio-television organisation RTV Slovenia offers longer stays in health care or well-being facilities.

Organisational background of RTV Slovenia

RTV Slovenia is public, non-profit radio-television organisation performing radio and TV broadcasting and other activities. It operates on the basis of the Law on RTV Slovenia (1994) and several amendments adopted by the legislator, and in compliance with the Law on Media of Republic of Slovenia (2001). RTV Slovenia was founded by the Parliament of the Republic of Slovenia. It has its commencement in establishment of Radio Ljubljana in 1928 while first television broadcasting was in 1957. RTV Slovenia consists of 9 organisational units. Its managing body is The Council of RTV Slovenia. Business and operations of RTV Slovenia are managed by the Director General.

RTV Slovenia employs 2.187 full time employees, 841 (38,5 %) women and 1.346 (61,5 %) men. There are approximately 700 regular part-time workers and approximately 2.000 occasional workers. The average age of the workforce is 44 years with an average working period of 21 years. In the company, there are a Council of workers and three trade unions representing journalists, cultural and art workers as well as broadcasting workers.
**Good practice today at RTV Slovenia**

Human resources strategy aims at decreasing employees' average age, improving educational and organisational culture and reducing labour costs. In 2004, the Educational Centre was established to meet the employees' needs for skills. The Centre offers internally certified seminars, providing specific skills (for example, on communication, culture of clothing for journalists and public appearances etc.). In 2004, 950 employees took part in programmes of the Centre. Organisation also bestows considerable importance to protection of employees' health. Except for a full-time study programme where priority is given to younger workers, other human resources policy initiatives are non-age specific.

The measure that predominantly includes employees aged over 50 is ‘preventive medical examinations for the risk groups of employees, managers and workers who prove themselves with their attitude to work’. Risk groups consist of employees with chronic diseases, disabled workers, workers that have undergone a surgical operation, older workers and workers who decided to retire.

On the basis of regular annual personal interviews with employees, interviews with directors of departments and according to results of regular annual employee’s medical examination the human resources department prepares the list of candidates for 50 places. The final decision is made by a special three member committee (president of the Council of workers, a social worker and one employee from the Human Resources Department). In addition, directors may suggest additional 20 employees. All together, 70 employees take part in the programme each year. Participation in the programme is voluntary and most of the candidates accept to take part in it. 80 % of the participants are older than 50 years and other 20 % are managers and employees under constant stress. The measure does not discriminate against gender. However, because of the structure of employees more men than women participated in it.

The chosen group of employees spends five days in one of the Slovenian spa centres where it is offered preventive medical treatment. Medical and hotel costs are covered by the organisation (60 %) and the employee (40 %). Days spent in the spa are qualified as regular holidays. The average annual costs of the total measure for the company amount to 33.370 euro.

The measure was initiated by the marketing department as a tool to sell the advertisement in media. The selected spa is entitled to advertising on RTV Slovenia up to the total costs covered by the company. In addition to business reasons, the management of RTV Slovenia sees the measure also as a way to motivate the target group for more efficient work, reward them for good performance and to keep and improve their loyalty to the organisation. An agreement between RTV Slovenia and the spa centre is signed separately for each year.

As the company does not systematically evaluate effects of the measure on the employees it is not possible to identify its influence on employees’ productivity. However, improved state of health and higher motivation for work has been noticed with reference to the participants. Employees’ representatives are involved in the implementation of the measure. Social dialogue is primarily conducted between the management and the Council of workers. Social dialogue with any of the three trade unions is contaminated by distrust among participants and is, therefore, restricted (limited) to the issues of collective agreements. The further
performance of the measure is subject to the new management and its decision whether to invest in human development with preventive health examination.

**Development of the case study at RTV Slovenia**

The described case study is a part of activities which aim at improving health, increasing motivation and improving the organisational culture. Besides, the company is performing other health examinations, too, such as pneumologic examination and the examination of eyes and breast.

The measure is intended for the risk groups of employees, managers and workers who excel with their work attitudes. Before the introduction of the measure only employees with chronic diseases and workers that have undergone a surgical operation were allowed to participate in the treatment in the spa. Only 5 workers took advantage of the opportunity in 2005. The case study represents the development and improvement of preventive health examinations of employees which have been carried out for many years. Until three years ago, RTV Slovenija even employed a medical nurse who took care of employees’ health and was coordinating measures with doctors. After she had retired the responsibility for health examinations was taken over by a unit of the Community (Primary) Health Care Centre situated near RTV Slovenia. Within the Human Resources Department special social work service is organised. The employed social worker is dealing with different employees’ problems, among which are also problems due to ageing and impairment of work efficiency.

**7.2.3 Ergonomics and job design: Revoz, d.d.**

The aim of the measure, implemented at a company Revoz, is to increase the employability of workers through the introduction of ergonomics and occupational safety policy (EFILWC, 2006a).

**Organisational background of Revoz**

Revoz, Novo mesto d.d., a vehicle manufacturing and marketing company is organised as a private Joint Stock Company. It is the only car manufacturer in Slovenia and the most important Slovenian exporter. The company is a member of the Renault International Group. From 1991 to 2003 the majority of its shares were owned by the French Renault S.A. and since December 22, 2003 the company has been owned to 100 % by Renault. In order to improve the performance in both, the commercial and industrial field the commercial branch Renault Slovenija was established on July 1, 2002 while Revoz maintains its capacities in the industrial domain.

In August 2005, the company employed 2,722 employees, 2,205 (81 %) male and 517 (19 %) female. 83,2 % of the 1,933 employees directly engaged in production are male. The average age of the workforce in production is 35 years (male 34,8 and female 36,3 years). The age structure is considered to be optimal. 39,6 % of the employees in production are aged 30 – 39, 24,4 % are aged 40 – 49 and 7,3 % are aged above 50.
In August 2005, 46.8% of the workforce had basic education, 0.4% lower secondary vocational education (2 years), 27.1% secondary vocational education (3 years), 17.2% secondary education, 3.9% post-secondary education, 4.9% higher education and 0.2% held a postgraduate degree.

The company is aware of the problems caused by an ageing population and is rising the statutory retirement age as Renault International Group companies in France and Spain have already been confronted with mentioned problems.

**Good practice today at Revoz**

One of the Group’s measures aiming at increasing employability of employees is the introduction of ergonomics in health and safety at work policy, which is one of the Renault Group’s priorities. The improvement of ergonomics on workplaces is non-age specific measure that indirectly helps to deal with ageing population problems and to employ workforce whose productivity has been impaired. The goals of the measure are improvement of workplace’s ergonomics and incorporation of ergonomics in designs of the new vehicles’ production process, thereby preventing (limiting) the occurrence of occupational diseases, solving ageing problems and problems of employability of hard-to-employ people and, finally, increasing the production’s efficiency.

The first step in improving ergonomics is an analysis of existing workplace’s safety (noise, strokes, cuts, falling of objects etc.) and ergonomics (position of body and upper and lower extremities, effort, adjustment and complexity). Two methods are used: simple method and Renault V3 method. Based on so simple method superiors judge workplace’s safety and ergonomics as i) satisfactory (green), ii) satisfactory with minor limitations (yellow) and iii) satisfactory with important limitations (red). Yellow marked workplaces should be further evaluated and improved and red marked workplaces must be immediately evaluated and improved.

Renault V3 method is applied to assess repeating activities and for in-depth workplace’s ergonomics evaluations. According to physical and mental demands of the workplace its total workload is rated on a scale of 1 to 5 and the most burdensome operations are identified. The level of workload is determined by four criteria: poise, effort, complexity (how burdensome is the number, type and variety of information that the employee has to process) and adjustment (to measure the flexibility of the worker to master changing environments as diversity of products, untypical (irregular) activities, changes of products etc.). Renault V3 method classifies workplaces as: appropriate (suitable) for employees with impaired productivity (level 1 and 2); appropriate, with acceptable limitations (risks), for male and female workers aged over 45; potentially health threatening, appropriate for young workers (level 4) and dangerous for health (level 5). The company’s goal is to organise workplaces and ensure working conditions acceptable for males and females aged over 45 (target level).

The next step is implementation of improvements of workplaces, which are introduced by Kaizen method and with special working teams for improvement of ergonomics. Team members are supervisors (heads), (two) expert(s) in technology, an employee from the
maintenance department, an expert in ergonomics, a safety engineer, a worker and an employee specialised in occupational medicine.

The Human Resources Department is responsible for introducing and implementing the measure. Also employees take part in the implementation process by giving suggestions on how to improve safety and ergonomics of their workplaces.

Due to the measure ergonomics in all units has been considerably improved. In the unit Chassis, for example, the share of red workplaces in total number of workplaces was lowered from 40,0 % (year 2002) to 23,1 % (September 2005) while the shares of green and yellow workplaces were increased (from 10 % to 24,6 % and from 50 % to 52,3 %, respectively).

Furthermore, the employability of workers aged over 45, especially of women, was improved. Such development is very advantageous for the company because of the characteristics of the regional labour market (shortage of male workforce and availability of a well qualified female workforce). For example, in the unit Car-body the rearrangement of workplaces to meet the abilities of the workforce aged over 45 years has increased company’s recruitment opportunities. Second, the activity period of employees has been prolonged. Third, the organisational climate has been improved. However, the limitation for a broader use of the measure is the company’s policy of introducing only improvements that do not require big financial investments.

The described measure is planned to continue in the future. Revoz is aiming at improving 20 % of the workplaces in 2006. In order to achieve this goal the company will continue to follow already established principles: i) workers must rotate among workplaces that differently burden their bodies – job rotation (each worker has to master work at three different workplaces), ii) workers’ suggestions should be taken into account when rearranging the workplaces, iii) changes should be introduced gradually, iv) employees have to be educated and trained, v) ergonomics and certain efficiency aspects of the workplace (its occupation, quality mistakes and productivity) are not in conflict with each other.

The successful improvement of ergonomics requires that: i) ergonomics is included into the safety at work policy by the management, ii) tools to evaluate and improve the workplace and financial sources are defined and provided, iii) targets (level of improvement of workplace, priority workplaces and dynamics of work) are set, iv) participants are trained.

**Development of the case study at Revoz**

The workplaces have been continuously improved since 1998. The described measure is being used since 2002 within the framework of preparation for the production of new Renault vehicles. In times of preparation for the launch of this new project, special attention was paid to the development of professions, of necessary competences and of necessary training for the development of personnel and in this way helped to preserve one of the basic orientations of the company - quality and qualification of the personnel. The described measure complements and connects to the strategy of the Renault International Group for increasing productivity.
In order to motivate co-operation of employees the company introduced a system of useful suggestions ten years ago that rewards applied suggestions (acknowledgement or material award). The number of useful suggestions is steadily increasing and there are visible improvements in production. Financial sources for improvements are provided by Revoz.

Revoz employees have the same opportunities for professional development as Renault employees anywhere around the world. Mobility is a fact that is accepted by all workers in production (mobility/polyvalence at working posts) as well as technicians and managers (mobility between particular Renault plants, departments etc.).

In the company, attention is also paid to the quality of social dialogue. Two elected employees’ representatives regularly cooperate in the Supervisory Board’s work and the agreements they have concluded in the areas of flexibility and salary policy have proven to be successful. However, social dialogue between the Council of workers and three trade unions (SKEI, Neodvisnost and SDR-Sindikat delavcev Revoza) is restricted to issues regarding employment forms, remuneration and working conditions.

7.3 Company strategies for active ageing

To sum up, in general, the following differences among “Old” and New EU Member States with regard to measures and initiatives implemented at individual company/organisation level for fostering active ageing could be found (Mandl, Dorr and Oberholzner 2006).

• Employers in the New Member States prefer to hire younger people as the young workforce is cheaper and more likely to face the new working conditions than the older generation.
• Employers in the New Member States consider that older workers are not able to keep pace with new technologies and often do not dispose of sufficient computer skills.
• Older workers are often considered as being more expensive than younger ones, less productive because of physical and health problems and because their skills may not be up to date are not, consequently, able to keep pace with new technologies.
• Older unemployed people with a low educational level and a long-lasting unemployment period do not have many possibilities to get into employment.
• Most of the employers have not realised yet the importance of the issue of an aging workforce.
• In many cases employers only deal with an older workforce under pressure of external factors (e.g. if they are not able to find younger employees as these do not possess the necessary qualifications or are not willing to fill the job offered).

On the basis of our research we could conclude that active age management strategies at workplace level do not constitute a central priority issue for companies and public organizations. However, there are already some signs of awareness concerning a proper approach to all categories of employees in private enterprises as many different measures at company’s level aimed at ageing workforce could be identified at company’s level. In all analysed countries, there is a trend of implementing initiatives to support different groups of employees, also different age groups. Because the labour supply in these countries generally exceeds the demand for labour, employers are usually free to choose their employees, and
normally select younger workers for their perceived higher skills level, greater adaptability and their lower demands in terms of wages and conditions (EFILWC, 2006b). However, there is a trend of employing older workers, particularly in larger companies. Generally, such companies are formerly public businesses, or international subsidiaries of multinational companies. For small and medium-sized enterprises older workers are a valuable resource. Nevertheless, a gradual change in attitudes is apparent: for instance, examples of companies were found in which the efforts and the commitment of older, longstanding employees are publicly rewarded (EFILWC, 2006b).

The experiences of companies show many benefits, of which the most important are the following (EFILWC, 2006c):
- by recruiting older workers company acquire experience and skills,
- company can decrease its costs by investing in skills and health promotion of older employees,
- keeping older workers employed reduces loss of skills,
- intergenerational cooperation, networking and work motivation can be increased by age diversity.

The companies that would like to benefit from older employees should consider some or all of below mentioned issues:
- to take into consider all aspect of older employees including employees abilities, requests, willingness to stay active, and other issues,
- to treat older employees as a subgroup and offer them various measures to meet their needs,
- to implement some measures, which will older employees help to stay active, to feel useful, desired and contributed to the company,
- measures should be implemented not only in private but also in public companies.

In general, the ageing strategies comprise a range of approaches, which could be easily implemented in companies. Many of the organisation level measures aim to improve the skills level of their older employees, beneficial is redeployed of older workers to positions that better suit their changing work capacity, and the introduction of flexible working conditions and health care measures show that these are beneficial for both employer and employee. In most of the studied countries the active recruitment of older people was an important measure, what were results of (a) labour supply shortages, where working conditions or pay were unattractive to younger workers, (b) a lack of suitable skills where the education system no longer taught the required skills or suitably skilled younger workers had migrated to earn higher wages abroad (EFILWC, 2006b).

However, a general change in the attitudes of all companies could be observed as they are becoming aware of the importance of older workers, and are making efforts and commitment to older employees.

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The Europe is confronted with ageing of its population due to declining fertility rates and increased longevity. The increased longevity is great achievement and indicator of progress and at the same time also a great challenge for the future. The response to increases in longevity and changes in the perception and expectations towards elderly people and their role in society is the concept of active ageing that refers to an active life of older people in the different domains of their personal, family, social and professional life. International organisations and national governments are starting to integrate active ageing into their policy packages to meet the demographic ageing challenge. However, according to ACTIVAGE (2005, 11) active ageing in the most European countries is still a political backwater and there will be some time needed to increase its importance.

One of the main findings of presented research is that in spite of the obvious necessity to deal with the issue of active ageing due to the ‘greying’ population the integration of older people into labour market in Slovenia and other analysed New EU Member States seems to be relatively poor. In those countries, the extension of working life does not seem to constitute a priority topic of both the public actors and companies. This is widely justified with the need to face ‘more important’ challenges (also affecting the labour market) such as economic transition, restructuring or the gradual harmonisation of framework structures with EU legislation and targets. As a result, only a few considered countries are supposed to be able to meet the strategic targets set out in the Stockholm and Barcelona European Councils with regard to active involvement of people aged 55 years and over in the economy by 2010.

The research findings show that in most of the considered countries a wide variety of public actors has elaborated a large number of programmatic documents, policies or strategies dealing with older persons since the 1990s. However, three considerable obstacles for their effective implementation can be observed. First, in many cases the strategic documents or even distinct measures are generally targeted at vulnerable groups on the labour market and, thus, only indirectly address the older workforce problem (whereby, in many cases, only the most vulnerable ones are addressed instead of the whole group of older workers). Second, generally, no coordination among the individual public actors and policies/strategies dealing with the ageing workforce issue takes places and no continuous monitoring of respective efforts takes place. Third, although the issue of an ageing population in general and an ageing workforce in particular has been on the
public agenda for 10 - 15 years in the New Member States, the operational implementation of actions has only recently started or is presently under way (for Estonia, no actions at all have been taken so far).

As has been also shown in the framework of this study, active age management strategies at workplace level do not constitute a priority issue for companies and public organisations in Slovenia and other analysed New EU Member States. Generally, younger employees are preferred and older ones are only inserted ‘if there is no other choice’ due to labour or qualification shortages. Without a clearly identified business need or legally binding requirements top management is unlikely to be interested in actively engaging in age management.

The insight into measures and initiatives implemented at individual company level for fostering active ageing shows that hardly any or few ‘good practices’ regarding ‘what works in practice’, are identified for Slovenia and other analysed the New EU Member States. Clearly, Slovenia and other analysed New EU Member States lag, in this perspective, behind “Old” EU Member States, where respective studies have identified several measures and private initiatives benefiting active ageing in the EU-15. Those private initiatives give indications for the factors of success and sustainability of programmes fostering active ageing and extending working lives.

Being confronted with a framework of economic transition and restructuring, companies, particular small and medium sized, are often struggling to survive and do not place particular attention on age management. An active engagement with regard to active ageing is rather found within larger companies having a ‘better standing’ on the market, particularly if they belong to a multinational corporation, which is strategically (and financially) backing the national subsidiary. Therefore, as it was observed in the EU-15 (Walker, 1997), Slovenia and selected New EU Member States, the company culture can be seen to considerably affect not only the degree of implementation, but also the success of distinct age management measures. Concerning the latter, Substantial commitment of both, the management (in terms of willingness to design, implement and support such initiatives) and the staff (i.e. participation in programmes) towards active age management as well as open communication as to this regard can be seen to constitute an important pre-condition for the realisation of an outcome satisfactory for both sides.

All the above findings are valid also for Slovenia. The discussion on employment initiatives for an ageing workforce is of special importance for Slovenia because of the implications that ageing has on slowdown in living standards, on employment, fiscal and other economic policies, especially as many structural reforms are still missing.

Public discussion about employment initiatives for an older workforce came in Slovenia to the political agenda at the end of the 1990s when issues of the employment of older persons became a part of active employment policy aiming at stimulating the creation of new jobs, employment of hard-to-employ persons and training and education for employment. However, the employment of older persons became one of the government’s priorities only in 2004 and especially in 2005 when active employment policy schemes have been redirected towards addressing the problems of people aged over 55.
One important difference between Slovenia and other New member States is that in Slovenia some initiatives regarding the ageing workforce date back to the 1970s and 1980. However, those initiatives were mainly aiming at improving the education and knowledge of the adult population and consequently their employability (adult education) and particularly the quality of living (lifelong learning and third age education).

National strategic and other documents, especially in the field of employment, indicate that the government of the Republic of Slovenia is aware of the problems arising from the ageing of the Slovenian population and workforce. Major impetus for discussions and actions that are supposed to increase the employment of older workers in Slovenia has been a result of joining Slovenia to the European Union. Slovenia is obliged to follow and apply EU acquis communitaire also in the field of ageing workforce, but at the same time, more financial resources are available for realisation of projects.

The assessment of National Reform Programmes for realisation of Lisbon strategic goals, which Member States prepared in 2005, showed that policies to attract and retain more people in employment tend to be piecemeal and are not based on life-cycle approach (European Commission 2006a). Although there is a range of different measures aiming at the ageing workforce, the problems have been addressed mostly as a constituent part of the active employment policy and have not been harmonised at national level. Pension reforms still play an important role among measures to increase employment of older workers, but they are often insufficient. Largely neglected are measures to improve the adaptability of workers and enterprises.

These general conclusions are good description of situation in Slovenia. Slovenia has been for long time addressing problems of ageing workforce mainly through reforms of the pension system and active employment policy. The latter has predominantly included measures that should stimulate employers to create new jobs and employ disadvantaged groups (e.g. various financial incentives such as subsidies and social benefit reimbursement, public works). Much less has been done to improve the employability of workers and to remove employer barriers to employing older workers. The awareness raising campaigns to promote working potential of older workers has been for example included in the active employment policy programme not earlier than in 2006 and there is a strong opposition to changing the system of seniority wages. The creation of appropriate working conditions (quality and adaptation of the workplace), working time, healthcare, training and retraining, measures for employers and recommendations for the better adaptation of older people to the longer working period are going to be more emphasized only in the active ageing strategy that the Government plans to adopt by the end of June 2007.

Our research findings also allow the conclusion that Slovenian government measures are not compulsory and legally enforceable and are more in the form of recommendations to employers how they should behave in order to increase employment of older persons in the country. Being among EU countries with the lowest employment rate of older workers it is understandable the Commission’s observation that Slovenia should pay more attention to adopt stronger measures to promote active ageing and to ensure the long term sustainability of pension system (European Commission 2006a). Also social partners should be more engaged in looking for solutions.
In order to achieve the EU goal of the 50% employment rate of people aged 55–64 by 2010, active employment policy schemes are planned to be redirected towards the problems of the most disadvantaged groups (among them people aged over 55) in the labour market. The government also plans to reduce restrictions imposed on recruiting retired people, to promote schemes of flexible employment and retirement of the elderly, including early, partial, gradual retirement and retirement conditional on hiring young people, to encourage employment within the social economy and to enhance employment opportunities for disabled. In this perspective recently adopted Strategy for the Protection of Older People and the Quality of Population Ageing and a plan of Slovenian Government to adopt Active ageing strategy 2007-2013 by the end of June 2007 are steps further in achieving goals regarding the challenges of active ageing in Slovenia.

Policy implications

Experiences of Old EU Member States, which have been confronted with the potential consequences of ageing workforce long before Slovenia has provide important lesson: all initiatives and policies that have proven to be essential in keeping older workers in labour market are equally important. Therefore, in order to encourage active ageing, a complex and multidimensional approach is needed. Government has therefore a (professionally and politically) demanding task: to link together reasonable and equally the following policies that:

- abolish incentives for early retirement on one hand and encourage late and flexible retirement on the other hand;
- prevent age discrimination and promote awareness building of employers and change their attitudes towards older workforce;
- implement recommendations and training programmes targeted at older workers;
- implement job-creation schemes (i.e. active labour market policies and supply of workplaces for older people);
- provide nursing and care for children and older people;
- support creation of working conditions for older workers.

Experiences of Old EU Member States also show, that certain special measures are needed to increase employability and to keep older workers at work. However, good active ageing measures should address all workers, since measures aimed only at older workers may not have expected effects. Moreover, concentration only on ageing as central point of attention may blur the questions of social justice, such as intergeneration inequality from income, welfare, sex, and life expectancy point of view. If these inequalities are not considered the success of active ageing policy is put into question (Christensen, Ervik in Helgoy 2003). Active ageing strategy should completely overhaul discriminatory socio-institutional norms and practices and influence the way we think and behave. It is of essential importance that active ageing policy takes into consideration individual, social, economic, health, sex and cultural differences among older population and other age groups of population. Ageing is not a process that excludes other social processes, but rather a process that takes place within a particular institutional framework for which the sole responsibility is in the hands of economic policy actors. Therefore, the active ageing policies must be sensitive to differences that separate the old or ageing people group.
Against this background, the primary starting point for improving the situation regarding the integration of older people in the labour market can be seen to refer to the public/policy level. This argument is supported by the finding of Walker (1997), that in the EU-15 the public policy context has an important influence on the development of good practice at individual company/organisation level in combating age barriers. We could suggest that, first of all, coherent and sustainable framework conditions have to be created in order to raise employer’s awareness on the necessity to apply existing models or develop new practices of age management which extend working lives and postpone effective labour market exit. In this context, the following fields of action may be identified:

- Policies and measures should be more specifically targeted at the needs and requirements of the target group as regards both, employers and employees. As, however, comparatively little is known about these needs, a more in-depth cross-country comparison research studies analysing the situation of older persons on the labour market and the requirements for an efficient integration into gainful activity in detail are called for.

- A necessary pre-condition for the elaboration and implementation of such measures, however, constitutes the commitment of the public actors. Whereas the governmental or administrative institutions (such as ministries or employment agencies) in the meantime attribute a high level of the importance to the issue under consideration, it can be assumed that the passive role of social partners hampers any actual change.

- A more efficient communication and coordination process of public actors in the field of employment initiatives for an ageing workforce need to be implemented at the same time. The development of a specific national policy pinpointing clear responsibilities, resources and accountabilities for the implementation of policy regarding an ageing workforce would be recommended. A coordination of approaches (taking into account all relevant actors as well as pension and financial arrangements or health and rehabilitation elements) is necessary, to be, for example, attained by the establishment of a specific body being solely responsible for this task and having the means (e.g. financial and human resources) and power to do so.

- As a mere focus on rising the statutory retirement age is not sufficient for increasing the level of integration of older persons in the labour market, activities in other fields have to be taken up, most important of all in the field of awareness raising of the population and the economy. In order to meet the requirements articulated by the companies, for example, the field of training/skill development seems to be of high priority in order to equip older persons with the competences necessary to cope with the developments of the modern labour market.

- Concerning the measures aiming at employees (and in particular in the fields of education and training) a life cycle approach would be recommended. However, next to raising the willingness of the workforce to remain in activity, it is also necessary to increase their ability to do so. As an example, lifelong learning must be brought closer to the understanding of both, the population and employers. Promotion initiatives such as the Slovenian lifelong learning week seem to be very valuable.
An important challenge refers to the *raising of financial means* to fund the operational implementation of support measures. The findings of this study show that the access to the Structural Funds of the European Union will positively influence this situation. It has to be safeguarded, however, that scarce financial means are used efficiently, implying the establishment of a continuous monitoring of the outcome of each and every instrument as well as its cost efficiency in terms of price-performance-ratio.

In addition and with special relevance for Slovenia, policy measures should be more obligatory for employers. Much greater importance should be given to awareness building and attitude changing of employers and general public in order to increase employment of the older workforce. Unless they become aware that older people with their knowledge and experience can be a valuable resource for a company, policy measures aimed at improving working conditions of the ageing workforce can not be successful in the long run.

Changing the attitudes might take some time, but there are relatively few other alternatives to that (Piekkola and Kauhanen 2004, 17), if any. In order to tackle age discrimination and change negative employer attitudes towards older workers it is optimal for countries to combine a) anti-discrimination legislation and b) voluntary initiatives (OECD 2006; Duell et al. 2006; Ghosheh et al. 2006).

It is of great importance that companies and organizations that would like to benefit from older employees:

- consider all aspect of older employees including employees abilities, requests, willingness to stay active, and other issues;
- treat older employees as a subgroup and offer them various measures to meet their needs,
- implement measures, which are aimed at helping older employees to stay active, to feel useful, desired and contributed to the company;
- implement measures not only in private but also in public companies.

Media can play an important role in promoting the economic and social value of the ageing workforce. In addition, greater responsibility of individuals for their own social and health status should also be promoted. Thus, we all: government, society as a whole, employers, employees, and each individual are responsible for the success in confronting the challenges of ageing population.

Furthermore, even though many strategic and other documents were accepted at governmental level in Slovenia, experts suggest that some additional measures to improve the flexibility of the labour market are needed. They propose faster integration of unemployed into employment programmes, decentralisation of decision making and adjustment of employment programmes to regional needs, further encouragement for learning, introduction of ‘job-rotation’ programmes and the removal of bonuses for working years.

Although Slovenia has made an important step towards encouraging employment of older people by active employment policy, being adopted in 2004, demographic trends and circumstances in Slovenia demand the implementation of comprehensive active ageing strategy as soon as possible. Slovenian government is seriously confronted by the challenge how to
balance macroeconomic consequences of ageing population and consequences of ageing for the quality of live of individuals when they become elder. As we have already mentioned, the comprehensive and radical reform is needed, in particularly in the field of social security, taxation, retirement, education and life-long learning, working conditions and health care.


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