



LATE-CAREER MOBILITY IN FINLAND

The impact of institutions and policies

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Introduction

As in the case of the Netherlands, Finland succeeded in increasing the employment rate of older workers considerably during the 2000s¹. The country is considered a precursor in the field of age-related policies, as it entered the period of demographic and economic transition earlier than most European countries: population ageing started in Finland during the 1990s, and its economic effects were further aggravated by the collapse of the Soviet Union, which had been one of Finland's main economic partners during the 20th century.

Table 1. Basic indicators

		Finland	Belgium
Population over 65	% of working population	27.4	28.8
Public pension spending	% of GDP	8.3	8.9
Persons 55-64 in employment	% of population in age group (2010)	56.3	37.3
Participation in training of workers aged 55-64	% of the age group (2008)	13.3	13.6
Average exit age from the labour force	2007	61.6	61.6
Average job tenure of workers aged 55-64	Years	20.7	24.2

Sources: European Commission. DG Employment Social Affairs and Equal Opportunities, 2010; OECD, 2011, 2012; "OECD Statistics," n.d.

In response to the changes, several policies were implemented during the 1990s. Two country-level initiatives stick out among those policies: a comprehensive reform of the pension system, carried out during the first half of the 2000s and fully implemented by 2005, and the Finnish National Programme on Ageing Workers (FINPAW), which ran from 1998 to 2002 and which served as a precedent for other age-related policies. The FINPAW's was, above all, a broad coordination effort across ministries by which a uniform approach towards ageing, the Work Ability concept, was embedded into different policies. It paved the way for the introduction, in 2005, of a flexible retirement age which replaced the compulsory retirement age and the early

¹ A 2006 research report highlighted the fact that the Finnish older workers' employment rate lagged far behind its Nordic neighbors (Hytti, 2006).

retirement schemes. In addition, other programs have tackled ageing issues directly or indirectly by focusing on training (Noste), worklife (TYKE-FWDP) and well-being at work (VETO).

Even though the Finnish approach towards older workers is not centered on mobility as such, it is worth assessing due to the fact that it presents an alternative approach towards older workers, based on a comprehensive notion of work, strongly centered in the individual as opposed to the firm or the economy as a whole. It is in function of the individual worker that the Finnish system looks at company and policy processes, with policies being designed accordingly. The remainder of this chapter expands on this approach by shedding light on both the institutional background and the policy instruments governing the Finnish setting. The first section addresses the institutional foundations of the Finnish mobility regime. The second section sets out the most relevant policies of the last decade, namely the FINPAW, Noste, VETO and TYKE-FWDP programs.

1 | Institutional context

1.1 Employment relations system

The most recent version of the OECD employment protection indicators (Venn, 2009) places Finland slightly above the OECD average. In this sense, the Finnish level of protection is comparable to the Dutch one, albeit with some differences regarding the roles of different types of restrictions to dismissal².

There are two reasons to dismiss a worker under a permanent contract: for personal reasons or due to lack of work. In the former case, the employee may request a statement of reasons and information on the ways in which he can appeal the decision. He also has the right to ask for consultations with the trade union. In the latter case, firms with more than 20 workers should notify the dismissal to the employment office and trade unions, and conduct consultations on ways to avoid a lay-off. This creates a delay before the notice period can start, as consultations should conclude before notice starts. If the firm has less than 20 workers (which represent 27% of total employment, see Venn, 2009, p. 20), the dismissal should only be notified to the employment office. The notice period itself varies along with tenure (from 14 days if tenure is less or equal than one year, to six months if it is larger than 12 years), and applies to all workers. There is no severance pay, although in the case of unfair dismissals compensation may be granted (3 to 24 months, with an average of 14 months for 20 years of tenure). Notice periods were subsequently reduced between 1991 and 2001 (OECD, 2004, p. 119).

Collective dismissals take place if more than nine workers are dismissed in firms with more than 20 employees due to financial and production-related reasons, and should be notified to both the trade union or staff representatives and the local employment office, and additional delays of the notice period if an employer with more than 30 workers is considering to lay off at least 10 of them. Consultations cover alternatives to redundancy, and the selection of the workers to be dismissed takes into account seniority, family circumstances and the retention of skilled personnel. In this regard, collective agreements supplementing the Employment Contracts Act generally state that qualified employees and employees “who have lost part of

² Finland features a stronger regulation of temporary forms of employment, whereas the Netherlands has stricter requirements regarding collective dismissal. For a more detailed comparison, see Venn (2009) or the final report of the project.

their working capacity in the service of the same employer” should be dismissed last. However, those arrangements protecting older workers are not often used³ (OECD, 2006 ageing policies).

Fixed-term contracts are allowed in case of temporary replacements, traineeships and special business needs such as the unstable nature of service activity. Until 2011, there was no maximum limit for the number of fixed term contracts an employee could be offered. However, a law reform was introduced following a ruling from the supreme court, in which “the use of consecutive contracts is not permissible when the number of fixed-term contracts or their duration as a sum or their sum show that the employer’s need for a work force is long-term” (ILO, EPLEX).

Besides the general principles governing Finnish employment relations, there are two specific features relevant to the setting of this project. First, special dismissal rules apply to employees beyond the upper limit of the pension age (cf. infra): an employee may be dismissed without a notice period “at the end of the calendar month during which [he] becomes 68 years of age”, unless otherwise agreed by him and the employer. If agreement is reached regarding employment, the rules for fixed-term contract do not apply to them (Venn, 2009, p. 23).

Second, there is a strong interaction between employment protection legislation and other policies such as unemployment insurance and disability pensions, in which Finland applies a limited version of Experience Rating (ER). In an ER system, the contributions of employers to a certain collectively arranged provision (e.g. unemployment or disability insurance) varies according to the extent to which that employer makes use of the provision. This implies that the contributions of employers with a high turnover rate or a higher number of workers going into disability are larger than other employers⁴. Finland applies a system of experience rating to disability and unemployment pensions to companies with more than 50 employees. The contributions increase with firm size until 80%, which is paid by firms with 800 or more employees. However, in order to limit the negative effects of the arrangement on the recruitment of older workers, no ER is applied to contracts that have lasted less than three years and that started after the age of 50 (OECD, 2004, p. 93).

1.2 Pension system

The current Finnish pension system is composed of four tiers: a basic, means-tested state pension, an earnings-related pension, occupational pensions provided by the employers or by labor market agreements and personal private pension insurance. It is, however, the two first tiers that make the bulk of pension income (REF old-age pension systems in the Nordic countries).

Finnish pensions underwent a comprehensive reform during the first half of the 2000s. That reform, which entered into force in 2005, tightened the link between earnings and pension benefits. Its main objectives were to increase the sustainability of the earnings-related scheme, to increase labor force participation among older workers and to make the pension system more equitable (Börsch-Supan, 2005).

³ It should also be noted that collective agreements do not provide supplementary employment protection regarding severance pay nor notice periods for individual dismissal (Venn, 2009, p. 16).

⁴ See the United States case further in this report for a more extended explanation of ER.

The main measures adopted to achieve those objectives (Börsch-Supan, 2005, pp. 21-27) were:

- A change in the funding systems, by which a “demographic buffer fund” was created by an increase in contribution rates.
- Pension benefits were linked to life expectancy: as life expectancy increases, the present value of the benefits remains the same instead of increasing as well. This creates a “pension gap”: individuals need to either work longer or save privately, or to accept a smaller pension.
- The introduction of a flexible retirement age. Instead of a fixed retirement age (65) with the possibility to retire early (between 60 and 64), a “window of retirement” was introduced, by which employees can retire between 63 and 68. Early retirement may be taken up at age 62.
- The choice for a “window of retirement” was a conscious one, embedded in the Finnish approach towards ageing policies, in which soft, gradual measures are preferred to coercive approaches such as the implementation of a fixed retirement age.
- Increased accrual rates at the end of the career. In order to encourage late retirement, the benefit entitlement from age 63 onwards increases to 4.5 percent of pensionable earning from 1.9 percent between ages 53 and 62. Conversely, there is a benefit reduction of 0.6 percentage points per month if the individual retires earlier than 63.
- The cap on the replacement rate was abolished. That cap was set at 60 percent of the highest pensionable wage during the career.
- Unemployment pensions and some modalities of disability pensions were abolished, and part-time pensions were made less attractive.
- Instead of calculating benefits on the basis of the last 10 years of each job, the new system takes all wages into account.
- The age at which individuals start paying pension contributions (previously 14) and the age from which benefit accrual starts (previously 23) were equalized to 18 years old.
- Pension benefits were indexed largely according to the increases in the cost of living, rather than on both the costs of living and wage increases.

Even though the reform was qualified as “an admirable combination of sticks and carrots” (Börsch-Supan, 2005, p. 33), it has not led to impressive results. The effective retirement age remains low: according to the OECD (2010), the system is “skewed” towards retirement at 63. The number of workers retiring at 64 or 65 is significantly lower, and there is virtually no one retiring after 65.

1.3 Occupational system

Finland is mentioned among the countries where skills production happens mostly in a school setting, and where the role of firm-based learning is rather reduced (Korpi & Mertens, 2003, p. 598).

Vocational Education and Training (VET) policies in Finland are the collective responsibility of several administrative layers, that interact according to principles of decentralization: the Ministries of Education, the Ministry of Employment and the Economy, the provincial offices, and the municipalities, which are not required to provide training themselves, they are responsible for funding VET activities for adults. In practice, VET services for adults are often provided by municipalities through vocational adult education centres. Polytechnics (i.e. community colleges) and universities also have their own continuing education centres.

The social partners are involved in VET policy making through their participation in training committees, advisory boards and consultative committees at the level of ministries and educational institutions, and conclude “training agreements” at the sector level (Eurydice Unit, 2010). In addition, a tripartite Council for Labor and Training Affairs was instituted in 2004. At the local level, cooperation with the social partners takes place informally (Kyrö, 2006).

VET is focused on both youngsters (curriculum-based training) as on adults (competence-based training), even though the distinction among both categories is sometimes unclear (Kyrö, 2006). Adult training may take place in the form of self-motivated learning, which is in charge of the educational administration; labor market training for the unemployed, provided by the Ministry of Labor, and in-service training, which may take place at the workplace or at the same institutions as self-motivated learning (Kyrö, 2006). With the exception of specialist vocational qualifications, adult education and training is provided free of charge.

It is clear from the above that skills production in Finland is largely state-led and is managed on the basis of decentralization principles. Enterprises may organize and fund in-service training and company-specific training for staff, as well as maintain vocational institutions and finance their staff’s self-motivated training (paid leave, training costs). Although there is no government regulation for in-service (i.e. employer-based) training, enterprises with 30 or more employees are required by law to design annual training plans. In addition, employers are obliged to provide training when it can prevent layoff.

Even though employer-based training was crucial to the Finnish system during the period preceding the Industrial Revolution, the post-war period saw the introduction of a classroom-based system for the production of competences. Some attempts were made during the 1990s to revive the system of employer-based apprenticeships⁵, and their use for adult further education increased, but yet they remained limited in comparison with the broader system of skills production (Kivinen & Peltomäki, 1999). Kyrö (2006) also points at the fact that most young people chooses school-based training over apprenticeships, and that most of the apprentices are adults. It should be noted, however, that

1.4 Employment sustaining policy

⁵ For instance, the 1993 Reform of Apprenticeship Act laid out new grounds to use apprenticeships, such as the lack of vocational training or formal qualifications, the incorporation of new tasks to a job or the verification of vocational skills.

The Finnish labor market regime has two essential characteristics. First, contrary to the Anglo-Saxon system and following the Nordic tradition, it features a high level of income protection. Second, contrary to other Nordic systems, Finnish employment sustaining policies feature a sharp distinction between employment and unemployment. Labor market transitions are transitions from full-time employment to full-time unemployment.

The first feature is reflected in high replacement rates of unemployment benefits, and relatively little conditionality of active labor market policies vis-à-vis other countries such as the United Kingdom (see UK report in this series). Benefits include both earning-related allowances and basic allowances for those who are not entitled to the former. Benefits last for 500 days, and afterwards a further 180 days are available, with no means-testing. The basic allowances to which the unemployed have access thereafter are means-tested, and the replacement rate (an average 79% of the last wage for an average earner) is high. In addition, housing benefits are available after the initial 680 days period of employment-related allowances. The little degree of conditionality is reflected in the fact that compulsory referral to active labor market policies occurs only after 100 weeks of unemployment (OECD, 2006).

Second, there is a sharp distinction between employment and unemployment, with little options for part-time benefits. Even though the employment rate of Finns is lower than in the neighboring countries (Hytti, 2006), employment grew in Finland for the consecutive fifteen years previous to the 2008 recession (OECD, 2010). However, at the same time it has the largest number of hours worked. This implies that both part-time work and part-time unemployment are rather uncommon. There is, in other words, a strong segmentation of the labor market, in which those in full-time employment enjoy high minimum wages that have been negotiated at the centralized level (Finland has an important tradition of collective wage bargaining and an important role for trade unions and employers' associations). On the other side of the spectrum are workers on permanent disability pensions, mothers caring for small children and early retirees (Hytti, 2006).

2 | Working longer policies

2.1 General policy framework

2.1.1 The Work Ability concept

As it was said in the introduction to this report, Finland is a pioneer in age management and age-conscious policies, both at the national as at the enterprise level. Worklife-enhancing policies are built on a strong scientific basis, namely the Work Ability approach, which looks at the match between an individual and his work from a multi-dimensional perspective that incorporates both different analytical levels and policy fields.

Though the Work Ability concept is a scientific one, it emerged in a policy context in the framework of the Finnish Institute of Occupational Health. The concept first originated from a follow-up study of ageing employees in 1981, and was originally defined as a question: “How

good is the worker at present, in the near future, and how able is he or she to do his or her work with respect to the work demands, health and mental resources?”.

Throughout the years, several models of Work Ability were developed. Whereas early models focused on the medical and health-related aspects of the concept⁶, more recent approaches integrate a multi-dimensional perspective (Ilmarinen et al 2008). For instance, Ilmarinen, Tuomi & Seitsamo (2005), operationalize Work Ability in terms of five main constructs⁷: work (strain, possibilities for development, support and autonomy), values (joy and enthusiasm), competence (activity, basic education and vocational training), health (functional capacity and symptoms) and family (marital status and income). Some of the elements of those constructs include “composite measures” such as “activity (e.g. hobbies, free time activities), functional capacity (e.g. running, walking, lifting).

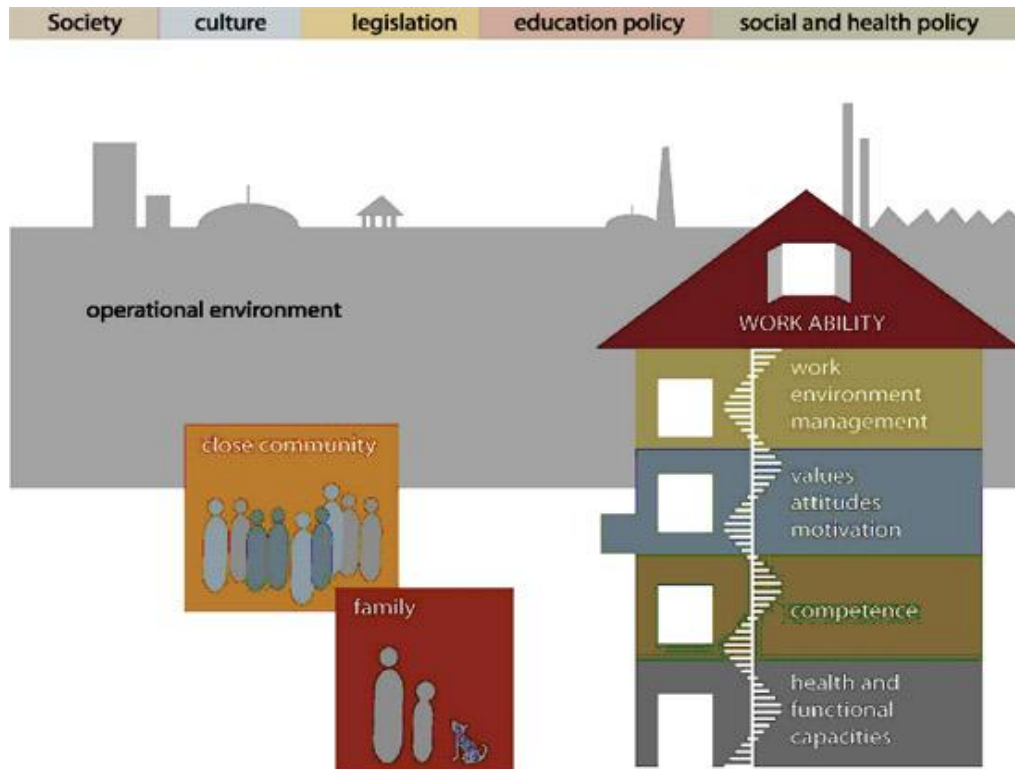
The different components of Work Ability are not only assessed at the individual level: they are situated at different analytical levels. In this context, Work Ability policies are pictured in the form of a house (see figure below) with four floors:

- The first floor of the house includes human resources (health, physical, mental and social functioning).
- The second floor covers the individual’s capacities (knowledge and skills), updated throughout his or her life.
- The third floor covers the person’s value orientation towards work.
- The fourth floor is related to the work itself, and comprises work conditions, work content and demands, work community and organization and supervisory work and management (Ilmarinen, 2006).

⁶ Those models drew from the stress-strain model of Rohmert and Rutenfranz (1983, quoted in Ilmarinen et al, 2008).

⁷ For an overview of other Work Ability models see Ilmarinen et al. (2008).

Figur 1. The workability approach



Source: Finnish Institute of Occupational Health, 2011.

The work ability house and its components are not a static construct, but feature several interactions. First, the fourth floor – the characteristics of the individual’s work – affects all the other components: if there is a balance between the individual’s characteristics (the first three floors) and his work environment, work ability will be reinforced (hence the stairs in the figure). This implies that managers have an important role in maintaining the work ability of their employees.

The second dynamic component of the Work Ability concept is the embeddedness of the concept in social and health policies, education policies, legislation, culture and society. Whereas the first policy fields (social and health and education policies) are the closest sources of influence, work ability is affected by all domains. In addition, the family and community situation have an impact on Work Ability in the form of work-life balance, and society may shape a more favorable work environment through, for instance, collective negotiations by the social partners.

Third, the balance between the different elements of Work Ability is perceived as subjected to changes along an individual’s life. For instance, ageing workers’ need for health and other work ability services will grow along with ageing (Ilmarinen et al, 2008, p. 20).

In short, we can describe Work Ability as a worker-centered, holistic and dynamic concept:

- The starting point of Work Ability as a scientific and policy context is the worker: the policy looks in the first place at the way in which the individual experiences his work.
- The concept’s holistic nature originates from the fact that looks at the whole of an individual’s life in order to study his or her functioning at work.

- The concept's dynamic nature is related to the emphasis of the approach, which lies in the first place in the *relationship or interaction* between the individual and his or her environment as opposed to the rather static view of the individual and the environment (i.e. his work) separately.

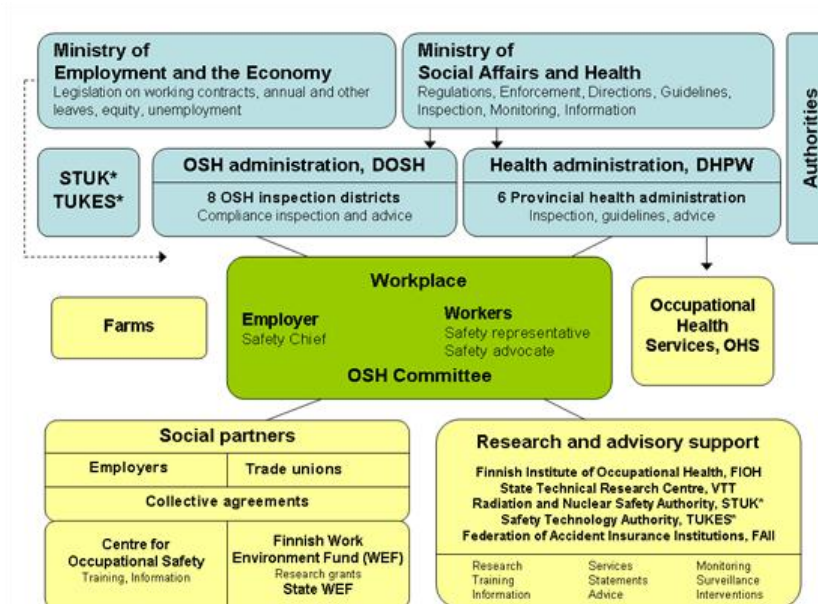
2.1.2 The institutional basis of the Work Ability approach

Given the holistic emphasis of the Work Ability concept, its translation into policy requires a strong coordination infrastructure between ministries. In this sense, Piekkola (2004) points at the fact that the policy networks among different actors are crucial to the success of age-related policies. Those networks adopt the form of:

- Inter-ministerial cooperation between the Ministries of Social Affairs and Health, the Ministry of Labour (currently Ministry of Employment and the Economy), and the Ministry of Education.
- The inclusion of social partners in policy-making.
- The support of policies by research organizations.
- The focus on firm-level and workplace issues besides individual and society-oriented measures.

The network approach towards policies mentioned above is illustrated in the figure below, which depicts the policy-making structure for the domain of occupational safety and health in Finland.

Figur 2. Occupational Safety and Health policies in Finland



Source: Finnish Institute of Occupational Health

2.2 The Finnish National Programme for Ageing Workers

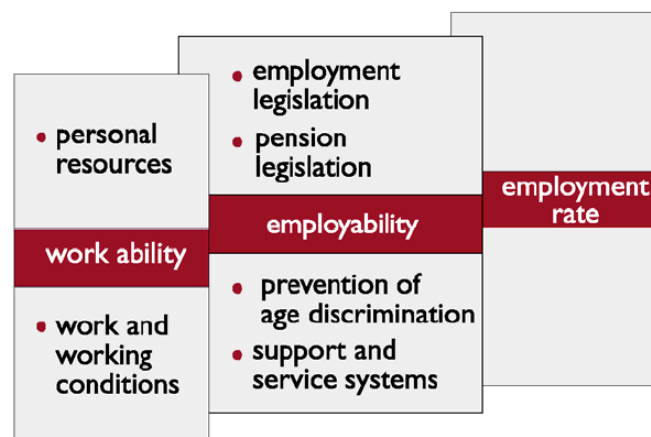
In 1996, a committee was set up by the Finnish government in the context of population ageing, to investigate the possible input of older workers to working life. The committee proposed a National Programme on Ageing Workers, which was taken over by the government and implemented from 1998 to 2002 (Arnkil et al, 2003).

The FINPAW was directed at workers aged 45-64 (at the time retirement age was 65), and it had two main objectives:

- To maintain workers' Work Ability, which "creates the basis of the ability of individual to find work". In other words, it attempted to "help the employees' human resources rise according to the challenge of technological development".
- To facilitate the employability of older workers. This implies the cration of "properly aimed incentives that can prevent a resurgence of hard core exclusion from the labor market and employment".

The cornerstones of the programme were the in other words the concepts of Work Ability and employability, which made it possible to tackle not only labor supply but also labor demand (Ministry of Social Affairs and Health, 2003, p. 18). Within the FINPAW, Work Ability played a role at the individual level, whereas employability was regarded as belonging to the individual's context. Employability creates the conditions within which that individual can find work (cf. employment and pension legislation, societal values). In this way the process leading to employment is influenced, resulting in a higher employment rate, equal to that of workers aged 35-45. The relationship between the three goals is depicted in the figure below.

Figure 1. The FINPAW's objectives



Source: Ministry of Social Affairs and Health (2003, p. 20).

The programe implemented 40 actions tackling the different components of Work Ability, and included⁸:

⁸ For an extended overview of the actions per ministry, see Myhrmann (2000, pp. 52-56).

- Information and training for various target groups (occupational health and safety staff, regional occupational safety authorities and labour administration staff, workplaces, individuals) to encourage workplace health promotion.
- Practical workplace health promotion work.
- Research on employment issues related to ageing workers.
- Promotion activities in public employment ageing customers.
- Preparation for legislation regarding redundancy, termination of employment, a reform of the financial support system for adult education, pension reforms and social security contributions, as well as the preparation of changes to the Occupational Safety Act.
- A paragraph was added to the law covering the relations of management and staff at the company level (Act on Codetermination in Companies) stating the personnel and training plans should “seek to devote attention to the special needs of ageing workers and officials”.

The FINPAW’s substantive focus varied throughout the implementation period: whereas the beginning of the program was focused on legislative changes and dissemination activities, the second period (1999-2000) was characterized by a focus on research and development. Training was a priority during the third phase of the program (2000-2001).

Given the program’s multi-dimensional nature and the Finnish tradition of policy networks, it was implemented by several ministries. Key actors were:

- The Ministry of Social Affairs and Health, which was in charge of measures regarding occupational health, education and information issues.
- The Ministry of Labour, which dealt with employment issues and the employment administration (training and rehabilitation measures, active labor market policies).
- The Ministry of Education, which implemented life-long learning activities.
- The Finnish Institute of Occupational Health.
- The social partners.

It is relevant to note that, rather than implementing a set of wholly new measures, the FINPAW contributed to nest existing measures adopted at the level of ministries into a national strategy. This is clearly to be seen from the overview of activities, where several programmes such as the Ministry of Social Affairs and Health’s Age Management Training Programme, which aimed at educating foremen and managers in age management issues, and which was described as a measure to support the implementation of the FINPAW. Similarly, the Ministry of Social Affairs and Health (2003) describes how the FINPAW’s aims were taken into account in the plans and decisions of each ministry.

The FINPAW was funded with government resources (25 million Finnish marks, about 6 million EUR). The budget was allocated to the three responsible ministries (cf. supra), and the amount of resources varied according to the program’s phase.

Even though the impact of the FINPAW is difficult to estimate due to the multiplicity of measures, extensive monitoring and evaluation efforts were made:

- An expert group was appointed to monitor the implementation of the program. Monitoring activities focused on the employment rate, the calculated retirement age, trends in target areas such as work ability and vocational skills. In addition, a work health promotion barometer was created. Annual reports were published yearly (in

Finnish). In addition, each ministry monitored the implementation, and a joint report was published by the Ministry of Social Affairs and Health.

- An external (qualitative) evaluation based on monitoring and evaluation materials produced by the program itself was conducted. Interviews with key actors complemented the process.

Taking into account the complexity of the dynamics involved in the FINPAW's implementation and its coordinatory nature, the main effects of its actions can be summarized as follows (Ministry of social Affairs and Health, 2003):

- The employment rate of Finnish ageing workers increased to 42 per cent in 2003.
- Workplace health promotion became more common.
- The volume of adult education for ageing workers increased, and the needs of older workers were taken more carefully into account when planning training.
- Cooperation was created among the actors implicated in the implementation of the FINPAW.

The perceived success of the FINPAW context is ascribed by Arnkil et al (2003) to a multiplicity of contextual factors:

- The fact that Finland is a “small and homogenous country”, what allowed to implement the programme on a national scale.
- The institutional embeddedness of networks on work health and safety, what facilitated the incorporation of a holistic dimension to the program.
- The incorporation of the tripartite partners to the reform process.
- The political conjuncture, in which a “rainbow coalition” incorporating social democrats, conservatives, greens, leftists and the Swedish-speaking minority party.
- The favorable economic situation, driven by the development of ICT technologies and the success of Nokia.

We could add to those factors the observation that ageing policies may also have benefited from the strong interactions between scientific research and policy.

2.3 The aftermath of the FINPAW: the TYKE-FWDP, VETO and Noste programs.

The FINPAW was a unique initiative in terms of comprehensiveness and reach. It was, however, not the only program dealing with matters affecting older workers. After its conclusion, the ministries that had been responsible for its implementation adopted separate programmes: Noste (Ministry of Education and Culture) and VETO (Ministry of Social Affairs and Health). In addition, the ministry of labor implemented the TYKES-FWDP, which set forth the work of the TYKE-FWDP programme that had run since the mid-nineties. Even though those programs did not specifically deal with older workers, they are assessed below due to the fact that they are illustrative of the Finnish policy approach and to their implicit impact on ageing workers.

2.3.1 The Noste Program

The Noste program ran from 2003 to 2009. Its main aims were to (Ministry of Education and Culture, 2010):

- Strengthen the participation in working life and career development of adults with no more than basic education.
- Confront the demographic challenge posed by the retirement of the baby-boom generation.
- Improve the employment rate.

The program's target group were working adults between 30 and 59 years of age, with an exception for those younger than 30 who had not completed basic education. A quantitative target was set to reach a minimum of 10% of the target group. The policy actions involved comprised:

- The promotion of access to education through the dissemination of information and other outreach activities.
- Improvement of access to vocational education and training.
- Increase of the number of available study places in vocational education and training and IT
- Increase of the support measures available in general education and vocational education and training.

The types of education covered by the program were vocational upper secondary qualifications, specialist vocational qualifications, computer driving licences (aimed at serving as a stepping stone for other vocational education programs) and unfinished secondary school programs. The program aimed at designing tailor-made approaches and take into account the needs of individual workers.

Concretely, the program was run in a decentralized manner. A large part of the funds (79% of 124.5 million) were employed in subsidizing projects at the regional level, whereas 18% was used to finance dissemination and outreach activities⁹. In order for subsidies to be granted, tripartite cooperation between education providers and workplace representatives was required. Cooperation was ensured for instance through steering groups.

In total, 68 projects were financed. They were mostly of a regional nature, although one project at the national level was carried out by one of the major trade union confederations (SAK). Most of the activities focused on the provision of training, although some apprenticeships were also implemented in 2004.

The implementation of the programme was ensured by means of an existing database in which the number of students in education could be followed. Moreover, qualitative evaluations and monitoring were conducted by two universities.

The programme was able to reach 7.3% of the target group (25680 students), and proved particularly successful in reaching older adults: 75% of the students were older than 40, although

⁹ For example, a Road Show took place, and several communication materials were produced in order to make the programme known. In addition, seminars were arranged in order to share best practices, and local and regional training events were also financed in order to develop cooperation among stakeholders. Moreover, skills needs assessments were conducted for some companies each year.

the group of 55-59 year olds was the smallest compared to the other over 40s. Most of the training took place in the field of ICT: 42% of the users acquired computer driving licences, and 19% followed courses on technology, communication and transport. 61% of all the initiated trainings led to a qualification (either vocational or in the form of a “computer driving license”¹⁰).

The qualitative effects of the programme included an increase in the competence and work motivation of the participants, as well as in their self-esteem and sense of security. Qualifications did not, however, necessarily lead to new jobs, positions or pay rises. In addition, the program broadened the role of trainers in order to provide tailor-made guidance.

Among the conditions for success, the programme’s final report mentions:

- The role of the networks of project leaders and the support of educational institutions, which explains different performance of the projects across regions (in some provinces participation was larger than in others).
- Tripartite cooperation. The most successful projects proved to be those where “both employers and employees were committed to the educational process” (Ministry of Education and Culture, 2010).

2.3.2 The VETO Program

The VETO program (National action programme on extending working life, well-being at work and rehabilitation) was a comprehensive initiative, similar to the FINPAW, that ran from 2003 to 2007, involving mainly the Ministry of Social Affairs and Health and other instances. Its overall objective was to “promote people’s full engagement with professional life and enhance the attractiveness of work as an alternative prospect to simply retirement” (Ministry of Social Affairs and Health, 2007). It further defined nine specific objectives:

- The extension of careers by 2-3 years by 2010 (reference year: 2002).
- A reduction in the absences due to illness by 15 percentage points by 2007 (reference year: 2002).
- A reduction in the frequency of accidents at work and the trend in new occupational diseases by 40 percentage points by 2010 (reference year: 2002).
- A reduction in the tobacco and alcohol consumption.
- An improvement in the quality and availability of occupational health services.
- Greater subsistence security (minimum income) and incentives for pension schemes.
- Establishment and implementation of a comprehensive family policy programme.
- General climate and attitude change in a way which allows the program’s objectives to be approved and reached.

Even though some of the measures did apply directly to older workers, the program was targeted on the working population as a whole. It was described as “an operational entity in which measures from the administrative sector of the Ministry of Social Affairs and Health and

¹⁰ Drop-out was sometimes due to unemployment: as participants became unemployed, they transferred to other types of training (cf. Noste’s focus on the employed).

other administrative sectors and organizations have been collected to ensure that the objectives will be achieved” (Ministry of Social Affairs and Health, 2004). In this sense, it was rather a mechanism for coordination among different instances than a purposeful set of measures (it is comparable, in this sense, to the FINPAW). For instance, coordination with the TYKES program (cf. infra) was often mentioned.

The programme received initial funding for research and development for 450 000 EUR, and later on 1 million for the 2004-2007 period. Concrete actions nested in the programme were funded through the budgets of the participating organizations or other national programmes.

The coordination mechanism set up by the programme involved the creation of a leading group that met 2-3 times a year. Participants to the leading group were representatives from the Ministries of Social Affairs and Health (chairmanship), Education, Trade and Industry, Labour, the social partners’ organizations, and the Finnish Institute of Occupational Health (cf. supra). The group followed the activities of the participating organizations and monitored their effect. Participants were clustered in action groups along the lines of the four sections reporting to the governing body on their activities.

Within the four sections, concrete objectives were set. They are summarized in the table below.

High quality work life and good safety culture	Efficient occupational health service and rehabilitation	Diversity and equality in working life	Minimum income guarantee and working life incentives
Reduction in the frequency of accidents and occupational diseases	Occupational health service will be improved	Materialisation of equality will be promoted in all stages of life	Reforms in accordance with the amended pensions law will be implemented
The promotion of mental well-being at the workplace	Rehabilitation services will be made more efficient and cooperation with occupational health service	Immigrants’ position will be improved and their integration to working life will be intensified	The needs to reform the occupational health care compensation system will be studied
Musculo-skeletal disorders will be decreased	Occupational health service and rehabilitation services will be supported through communication	Work arrangements will be planned and optimized with the needs of young people and families with children in mind	The utilization of the revised legislation concerning accident insurance and occupational diseases
The employers and employees’ skills and ability to act will be strengthened		The continuation of national working life programme measures will be confirmed and their effects evaluated	Entrepreneurs’ social security will be improved and well-being promoted
Improvements in the utilization and application of work life research data		Healthy lifestyle will be promoted amongst young people	The student financial aid system will be developed
The status of occupational health and safety will be strengthened in all education		Equality will be supported through communication	The factors to boost employment will be investigated
Developing the work of the occupational safety and health authorities			
Promotion of			

entrepreneurship			
Cooperation with other programmes (VETO, TYKE) will be ensured			
Information and communication will have an effect on attitudes in work communities			

For each objective concrete activities taking place within each ministry were discussed. In order to monitor progress, a set of indicators was set for each objective (see Ministry of Social Affairs and Health, 2008), and progress was carefully monitored (two reports on progress were produced). However, given the coordination-related character of the program, no clear effects of concrete action were identified by the reports.

2.3.3 The TYKE-FWDP and TYKES programmes

The TYKES programme, which ran from 2004 to 2009, was rooted on both the FINPAW and its direct predecessor, the TYKE-Finnish Workplace Development (FWDP) programme, which ran in two phases from 1996 to 2003. The remainder of this section describes the characteristics and results of the TYKE-FWDP programme and the main ways in which the TYKES programme has drawn from it¹¹.

TYKE-FWDP¹² was run by the former Ministry of Labor, but its basis was laid by a multi-stakeholder steering group in which social partners, entrepreneurs' organizations and the Ministry were represented. In addition, input was also received from researchers and experts in working life development. This helped to guarantee the project's ownership.

The programme contributed to realize a transition in the Finnish mentality around working life within organizations, which until the 1990s was centered on technological innovation, towards strategies dealing with matters of work organization and human resources developments. The basic assumption underlying the policy was that "innovations are the engine of economic growth", and that those innovations (broadly conceived of as touching both the technological and human fields) are not exogenous but endogenous to the firm. Ultimately, the rationale of the programme was focused on "national survival" and the preservation and enhancement of the country's competitive edge after the economic crisis of the beginning of the 1990s (cf. supra).

The aim of the programme during its first phase (1996-1999) was officially defined as

"To improve productivity and quality of working life by promoting full use and development of staff knowledge and innovative power at Finnish workplaces. The programme aims at this by developing human resources and helping work organizations to reform their ways of operation." (Arnkil, 2004, p. 258).

In order to carry out that aim, three main lines of action were drawn:

¹¹ No evaluations of the TYKES program were found.

¹² This section is mainly based on the English language TYKE-FWDP evaluation produced by Arnkil (2004).

- Support would be provided to the utilization of external experts by individual workplaces aiming at changing their mode of operations or work organization (80-90% of the budget was allocated to this line).
- Knowledge dissemination on working life development.
- Contribution to the extension of the structures of working life development in Finland.

The programme worked under the assumptions that:

- Organizational survival in a complex environment requires holistic innovations (e.g. employee involvement, multi-skilling, teamwork, employee participation and networking).
- Research knowledge should be applied to workplace development.
- Management and employee commitment is needed for workplace development.
- The entire staff of a workplace is allowed to improve their work and the workplace's operations (bottom-up development and implementation).
- Government should promote organizational learning.
- Work organization development should be seen as part of innovation policies.

Concretely, the program consisted of the subsidization of individual projects by firms or local actors. Three types of projects were financed:

- Basic analyses (feasibility, needs analysis) of workplaces' development.
- Development projects by which changes in the modes of operation were promoted. Those changes could take place in five areas: the "promotion of new forms of work and work organization, development of management and cooperation skills, development of human resources, promotion of the status of ageing and young employees and equality".
- Network projects, by which different workplaces cooperated in the development of organizational innovations. Cooperation was encouraged between researchers and research institutes, workplaces, social partners and government at the national and regional levels.

The programme allocated about EUR 45 million to more than 500 projects. About half of those projects were mainly awarded to the health and social sectors within municipalities. An evaluation of 381 projects financed by TYKE-FWDP took place in 2005 and found the following results (NCSI):

- An improved quality of production (12.2% of the projects improved greatly, 67% slightly).
- An improved process quality (11% strongly, 59% slightly).
- An improvement of service provision to clients (11% strongly, 67% slightly).
- Enhanced productivity (9% strongly, 60% slightly).
- A better development of the production process (11% strongly, 55.3% slightly).

The evaluation conducted by Arnkil (2004) termed the program in general as successful: it enjoyed a large degree of legitimacy among stakeholders, sustainable results were achieved by the projects and learning networks were enhanced. An indicator of the programme's success is the fact that it withstood the political conjuncture throughout more than a decade.

Among the conditions behind the programme's success are:

- The broad political consensus behind innovation policy and workplace development in Finland.
- The high investment rate of Finland in R&D, technology and education, which shaped a favorable context to the program.
- The programme's flexible, non-bureaucratic, locally driven and easily approachable nature.
- A comprehensive approach to social innovation.

TYKE-FWDP was continued for the 2004-2009 period and reframed as the TYKES-FWDP program. The budget was increased to EUR 87 million, to be allocated to 1000 projects covering 250000 workers (i.e. 10% of the Finnish workforce).

3 | Conclusions

The brief overview of Finnish policies provided above allows us to infer several characteristics of the Finnish mobility regime and the nature of policy instruments used to enhance working life. Those instruments are placed within the project's typology in the following table:

	Institutional filter				Barrier addressed
	Employment relations system	Occupational system	Employment sustaining policy	Pension system	
Type of instrument	TYKES Program				Multiple barriers
Nodality					
Authority					
Treasury		NOSTE program			Lack of training
Organization	FINPAW VETO Program				Multiple barriers

Several observations can be made on the basis of the instruments' analysis:

- Finnish policies affecting older workers are rather centered in *prolonging* working life at the current workplace than on fostering mobility to another job. In other words, it is the jobs that should be adapted to the workers, rather than the workers to the jobs.
- The Finnish approach towards ageing is characterized by the precedence of *soft* incentives over *hard* or coercive ones. This is clearly to be seen if the Finnish institutional changes during the 1990s and 2000s are comprehensively regarded. The FINPAW did not involve immediate changes to pension ages, but aimed rather at enhancing work ability. In a second step, a *flexible* pension age was introduced, rather than a compulsory higher age¹³.

¹³ It should be noted, however, that the success of the flexible retirement age has been limited (cf. supra).

- The worker as an individual is or has been central to the policies, at least during the past decade. For instance, the Work Ability concept regards the whole societal and policy system in function of the capacity of an individual worker to carry out his work. This constitutes a large difference with the Netherlands, where the starting point of policies is often the collective level of the social partners in collective agreements. In this sense, the Finnish approach, where social partners have an important role, makes clear that a strongly tripartite system is compatible with an individual policy focus.
- Policies regarding ageing workers are approached from a holistic perspective in which health aspects are central. This characteristic, which becomes visible in the table above, is to be seen at three levels. First, the holistic approach is epitomized by the Work Ability notion, which lays the conceptual foundations of policies. Second, concrete policy initiatives such as the FINPAW and VETO programs, which are strongly influenced by those conceptual foundations, touch often upon the different aspects of working life beyond the work activities themselves (i.e. attitudes, work-life balance..). Third, the broad institutional infrastructure supporting policy initiatives, in which the Finnish Institute of Occupational Health occupies a privileged position along ministerial and social partners makes clear that a multi-disciplinary approach is adopted.
- The important role of the Institute makes furthermore clear that the holistic perspective is strongly linked to research and research findings. The important role of research is also to be seen in the approach adopted by TYKE-FWDP, in which networks were established between research and innovations at the workplace.
- The holistic policy perspective makes it necessary to adopt comprehensive policy programmes. This makes the implementation of targeted policy interventions difficult. In this sense, the assessed initiatives make two features of Finnish policies clear. First, they may acquire the character of coordination and mainstreaming initiatives at the meta-ministerial level (FINPAW, VETO) rather than concrete interventions in which purposeful actions (service provision, information campaigns, etc.) are undertaken. They fit, in other words, into the “organization” instruments of the project’s typology (cf. *infra*, general conclusion). Second, when concrete policies aiming at lengthening working lives do deliver concrete services, they do it mainly through subsidization and small-scale implementation by means of projects, as in the case of the Netherlands. This helps to ensure ownership and fosters bottom-up development of best practices.
- The division of responsibilities within the Finnish context and the role of a “conductor” are unclear. As opposed to the Netherlands, policy documents do not address the issue explicitly. It is obvious, however, that the Finnish authorities occupy a crucial role in the initiation of policies at the aggregate level, although concrete implementation is left to local and regional actors, as shown by the TYKE and Noste Approaches.

Policy lessons from Finland

Several lessons can be distilled from the Finnish case:

-Given the multi-disciplinary nature of ageing and mobility, it is necessary to tackle them through the strong coordination of measures.

-The establishment of institutional links between science and policy infrastructure is likely to facilitate the process of both designing and coordinating holistic, multi-disciplinary measures.

-Even in the absence of major legislative, “hard” measures, policies can be designed and implemented in order to keep older workers longer in employment. However, as the Finnish choice for “soft policies first” illustrates, the likely impact of such an approach is likely to be limited.

-Mobility is not a necessary component of policies directed at ageing workers. In this sense, we may ask the question whether keeping workers longer at work cannot better be achieved by a Work Ability-based approach, in which the work is adapted to the individual, rather than by stimulating individual transitions to other positions or employers. Given the structural lack of mobility in the Flemish labor market and the impossibility to change it unilaterally due to the fragmented nature of the Flemish competences, the former seems an interesting venue.

Bibliography

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