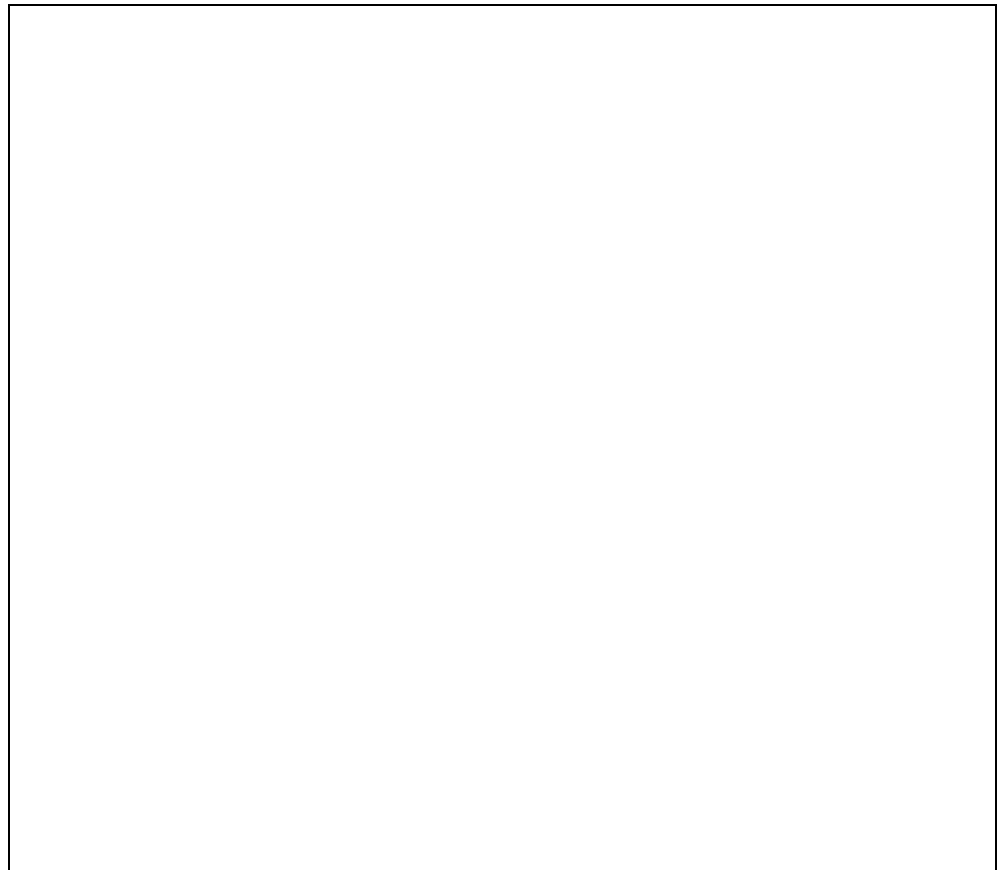




Eurofound

Impact of the recession on age management policies

*Case Study: Kiruna Regional Administration,
Sweden*



Organisational background

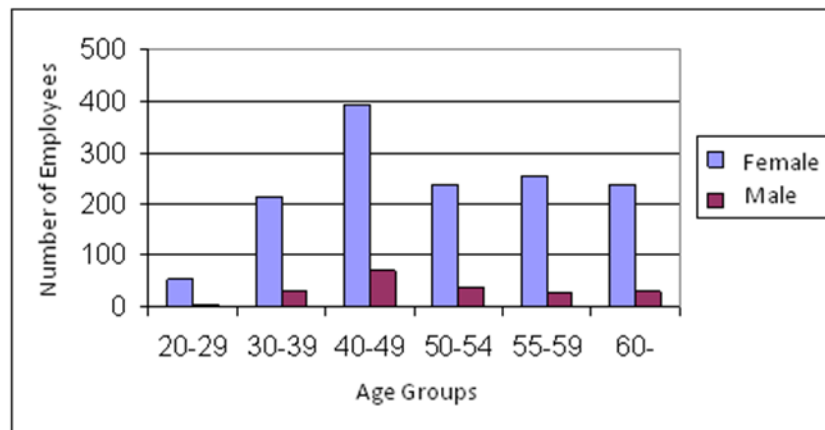
Kiruna Regional Administration is responsible for a range of public services in Kiruna county, Sweden. Kiruna county has a population of 23,000 people and is located in the north of Sweden. The largest industry in the area is the mining industry (about 20% of total employment), dominated by the LKAB mining company. The area is also home to space research and tourism ventures (Annual report 2009).

The county is governed by a directly elected body of 45 members, comprising the local government council. This body appoints a county board and four specialised political committees responsible for each of the four departments delivering front-line services. These areas are: children and education; social services; leisure and culture; and environment and construction. The committee for children and education is responsible for day care, pre-school, elementary school, high-school and school health services as well as delivering meals to all county schools and retirement homes (NACE P 85.1-3). The social service committee delivers in-home services, such as old age homes and special care homes (NACE Q 87), home support services for people requiring special support (handicapped, old age, psychological illness) as well as individual and family social services such as addiction and family support (NACE Q 88). The committee for leisure and culture runs sports facilities, libraries and library services, culture schools, and youth support (NACE R area). The committee for environment and construction is responsible for construction permits and planning, environmental protection and traffic (NACE O 84).

A central support directorate coordinates activities in the county, with management and support functions for IT, economy, staff support and HR. The central HR function is responsible for initiating and running strategic development relating to HR issues as well as providing support in matters of labour regulation, contracts, recruitment, work environment and training. HR participates in meetings with managers where HR policy is discussed and decided upon. Union representatives are not represented directly in this meeting or executive team, but are invited to special negotiations on all matters concerning reorganisation of staffing or working activities, in accordance with Swedish law (interviews with HR-manager, line manager). A central HR policy exists to guide the HR work within the county. This policy guides decision-makers on issues concerning values, leadership, competency, wages, working-times, work environment, health and wellbeing, threats and violence, rehabilitation, alcohol and drugs, equality, traffic, and age management. The section on age management discusses age management as a strategy for individually adapted leadership that takes account of individual needs regardless of age and emphasises flexibility and communications. How this strategy relates to practice in the organisation is discussed further below.

The county had approximately 1,674 employees in 2010, and an annual turnover of around SEK 1.15 billion (about €127 million at 2011 exchange rates). Ninety-two per cent of employees were on full-time contracts and the remaining 8% were part-time or hourly contracted staff (Annual staff report, 2010). 87.6% of staff are female and 12.4% are male. The average age of all employees was 48.1 years old, with the committee for children and education reaching the highest mean age of 49.8 years and environment and construction having the lowest average at 45.5 years. This means that workers aged 50+ constitute almost half of the workforce. In 2010, the average retirement age in the county was 63.8 years, and the county estimates that 200 staff members will retire between 2011 and 2015, making knowledge management and retaining key skills and competences a strategic future issue for the county. The age distribution is illustrated in Figure 1.

Figure 1: Age distribution of Kiruna Regional Administration employees



Policies and practice in relation to age management

Respondents in Kiruna Regional Administration agree that there have been rapid developments within local governments with relation to age management. In the early 2000s, the primary concern of local governments was to encourage older employees to leave employment early. Strict seniority rules in the Swedish labour market (last in first out principles) bring challenges for organisations seeking to avoid terminating the employment of younger staff at times of economic uncertainty. By 2010, concerns had shifted, and local governments have realised that there will be high levels of retirement, and it will probably become difficult to recruit staff with even the most common competences (such as teachers and social workers). Thus, counties now aim to provide incentives to prolong working lives as long as possible.

Relatively restrictive national law on early sickness retirement and pension reform were also seen as likely to have an impact on the supply side, providing incentives for employees to work longer (interviews). Finally, respondents agree that a shift in concerns about older workers occurred through the 2000s; whereas employers often discussed how to encourage early retirement in the early 2000s, by 2010 discussions often became focused on how working lives could be extended beyond 65 (HR-manager, Line-manager).

Kiruna Regional Administration started its active age-management work in 2003 through a project focused on raising awareness. The project was handled by external consultants based on experience from Finland. Ten managers and 10 employees were interviewed in the organisation to map out attitudes and issues relating to an ageing workforce. Based on findings from these interviews, several full-day seminars were arranged for managers and leading union representatives where specific Kiruna Regional Administration issues were discussed, awareness raised, and experiences and academic knowledge on ageing workforces presented, including the relationship between work environment and sick-leave and individual adaptations of working conditions that could be applied. This was followed up with additional seminars for 60 front-line managers specifically geared towards leadership in relation to an ageing workforce, and larger-scale lectures for employees of the county, attended by around 13% of the employees (Project report, HR-office 2004). The programme was evaluated in 2004 (Lundgren et. al). The evaluation concluded that the project had raised awareness among managers about issues surrounding management of an ageing workforce, and that managers found this knowledge to be a helpful tool in everyday management of employees.

Since the 2003 programme, age management has been treated as a part of strategic HR policy in the county. The approach that managers take is focused on individualisation and customisation of working times and working tasks (HR-Manager, Line manager). Working time customisation relates specifically to employees who wish to remain in work for longer but on a part-time basis. The approach is supported by an instruction from the county

leadership stipulating that managers should 'have the ability to find individual solutions that are suited to the strengths and weaknesses of older workers' (HR-policy, 2006).

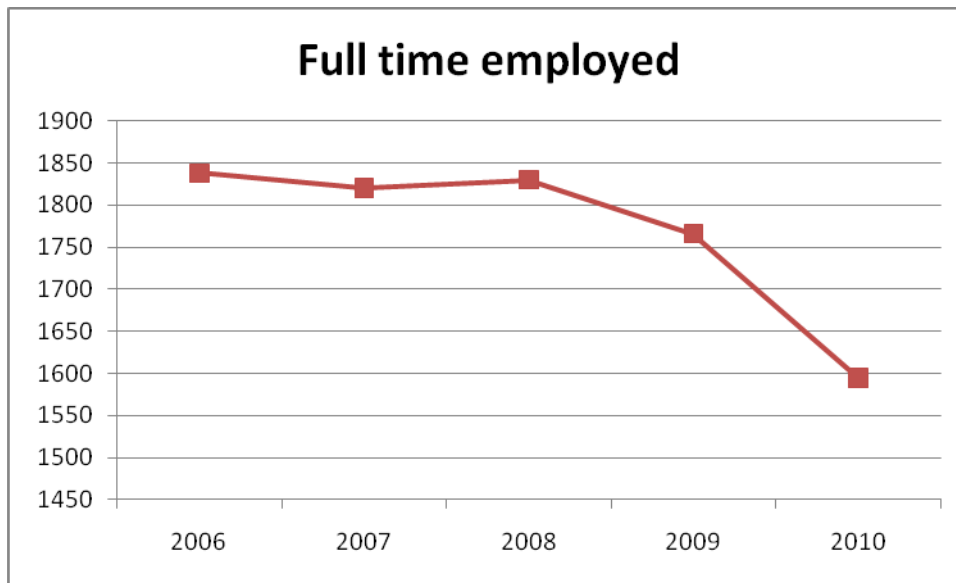
Task customisation has meant creating an open environment for discussion of work-related issues and building understanding of the issues facing older workers. Examples include new complex work tasks, where open conversations determine either where more training could be given to an older worker, or how the ageing employee can be allocated work that he or she is more familiar with. An example of this has been the way in which employees in the construction permits department dealt with changes in regulations. Some of the older workers formed a specialised team to deal with the unchanged aspects of the regulation, while the younger workers specialised in the new aspects (Interview with Line Manager). This approach is captured in a policy that all workers 50+ will have specific discussions with their managers on age management issues at least every year. These conversations are intended to focus on how the rest of the individual's working life could be planned or managed better, to see whether there are health issues that should be treated, and find out if the employee wishes to try a new set of work tasks or is more comfortable with current tasks (Interview with HR manager). These practices are closely related to the changes in legislation that came into effect in 2003, removing the standard pension age of 65 and prolonging employment protection of employees up to the age of 67. Employees can now retire at any time between 61 and 67, but there are strong financial incentives to retire later. The line manager explained that before these changes, 65 was seen as the norm for retirement; no one would work beyond that age, and many would discuss an earlier exit. Now, the pension age is seen as much more fluid and is more dependent on health and family factors than any single cut-off age, and part time arrangements after the age of 65 are very common. There are employees over the age of 70 who still come in to perform certain tasks on a regular basis (Interview with a line manager)

Respondents feel that age management practices have become more important since the 2003 project because of the increasing difficulty in finding competent and specialised staff for many functions. It is becoming increasingly important that they have specific agreements with staff who can continue to work after the age of 65. There does seem to be a clear gender difference. Women in relationships are generally set on leaving at the age of retirement as their husbands (on average older) have already been retired for a couple of years. The opposite is also true, with men agreeing to work for longer because of the fact that their wives will be working anyway (Interview with line manager).

Changes in age management policies and practice post-2008

Like many Swedish local governments, Kiruna was affected by the financial crisis through a fall in tax revenues, and the number of full time employees dropped quickly from around 1830 in 2008 to 1595 in 2010, as illustrated in Figure 2.

Figure 2: Full time employed in Kiruna Regional Administration



Restructuring was handled by reducing temporary staffing levels and through collective redundancies. Because of strict seniority rules in the Swedish labour market (the last in, first out principle), large scale redundancies would have meant losing many of the youngest employees (Interview with HR-manager). This was seen as a problem by county officials because younger staff made redundant very seldom return in an upturn when there is a skills shortage (Interview with HR manager). Kiruna Regional Administration thus offered a programme of voluntary redundancy for older employees where everyone aged 61 and over was offered 25% of their wage up until the age of 65 for departing voluntarily, taking out their final pension entitlements through retirement (Staff report 2010). This sum could also be obtained as a lump sum at the time of termination of the employment contract (Interview with HR manager). Twenty six employees accepted this offer in 2009 and an additional 13 accepted in 2010 (Staff report 2009 and 2010), which covered around 20% of the overall layoffs required (HR-manager).

The financial crisis, however, did not affect the age management policies at the County other than requiring a number of redundancies through the programme described above. There was a continued need to recruit certain categories of staff throughout the whole process, and the average age has remained largely unchanged at around 48 years old.

Summary

The first lesson learnt is that Kiruna's age management policies focuses on a dialogue based on a deep understanding of the issues facing older workers and their contributions to the organisation. Both respondents emphasise that the development of age management and training at Kiruna Regional Administration has made managers much more aware of the attributes and added value of older workers. One specifically mentioned that before training took place, the common belief was that older workers were inherently opposed to innovation. After training, many people saw this as an asset since older workers often had experience with similar innovative schemes that had failed. This information needed to be captured and used in implementation rather than dismissed as old-age scepticism or resistance to change (Interview with HR-manager). It was emphasised that dialogue led to increased appreciation of older workers and active efforts should be made to ensure that average wage increases were maintained all the way to retirement. This was contrary to previous practices where wage increases gradually became smaller when employees came close to retirement. The organisation also looked at flexible ways of leveraging the rich experience and knowledge of the organisation that older workers had (Interview with line manager)

The second main lesson learned is that even with an organisational culture valuing older workers, and an age management approach in place, older workers were still offered early retirement in order to avoid having to make restructuring layoffs among the youngest members of the labour force. The reasons given were the strict seniority rules for layoffs in the Swedish labour market and the fact that once younger workers had been made redundant, they were very difficult to recruit back into the public service during an upturn.

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