

9 June 2011

Policy Agenda 2020: Investing in Participation and Employability

1. Foreword

In June 2010, the social partners in the Labour Foundation [*Stichting van de Arbeid*] entered into the Pension Accord Spring 2010 [*Pensioen Akkoord Voorjaar 2010*] ('Pension Accord'). The Pension Accord contains the social partners' agreements regarding the necessary adjustments to second-pillar occupational pensions, for which the social partners are specifically responsible. In connection with their responsibility, the social partners also included in the Pension Accord proposals for the future sustainability of the Dutch state old-age pension [*AOW*] ('AOW') in the first pillar. The social partners believe that significant adjustments must be made in order to ensure the sustainability of the Dutch pension system as a whole. The two pillars in the Dutch pension system are harmonised with one another, and they must remain closely compatible in future.

The Pension Accord, however, also includes a third agreement that will have to be fleshed out before the Accord can be considered a success: increasing the labour-market participation of older employees through incentives that make it attractive for both employers and employees to continue their working relationship.

This third agreement is set out as follows in the Pension Accord: 'Older employees' participation on the labour market has gradually increased over the past decade, partly as a consequence of changes in social security and early retirement regulations. The implementation of the changes to the state pension and supplementary pensions agreed in this Accord will further encourage this positive development. In addition, incentives are needed to make it more attractive for employers and employees to continue their mutual relationships.

The social partners will therefore develop an additional policy agenda to substantially improve the labour-market participation and mobility of older employees. This policy will discuss all of the relevant topics: age-conscious staff policies, recruitment and selection, employability, training, job flexibility (including aspects influencing their legal position and social security, as well as the "ill-conceived incentives" in decentralised schemes¹). Proposals will also be made regarding social security in relation to the implementation of labour market measures that are specifically geared to older employees. The social

¹ Such aspects might be the provisions which are still included in early-retirement schemes that demand that employees stop working upon reaching a certain age (< 65 years) on pain of forfeiting their rights.

partners undertake to present this policy agenda in the autumn of 2010 and to periodically monitor its effects.'

Policy, practice and social image and culture must be oriented towards the positive contribution that participating older employees can – and will – supply, and the policy must support that contribution. Participation is equally important to the older employees themselves. The opportunities for that participation must be seized and the obstacles eliminated. Instead of putting older workers 'out to pasture', the premise for the labour market must be investing in putting all generations to work. Employers and employees on the shop floor, the centralised and 'decentralised' social partners (the decentralised social partners being those at the sector or company level) and the government should take the initiative to use supporting policy as a means to tackle this challenge. This will promote the interests of a well-equipped workforce, regardless of age, as well as the respectful and appreciative treatment of older employees. Employers *and* employees must make an effort to find common ground and create a situation in which it is normal for both groups to make their best efforts so that employees remain healthy, motivated and employed until they reach the age at which they are eligible to receive their AOW.

2. Introduction

The current labour-market position of older employees, which refers to those who are age 55 and older,² reflects, both in actuality and in terms of image, the economic situation as it was at the end of the 1970s and beginning of the 1980s. The economic crisis at that time led to high unemployment, particularly amongst younger employees. To prevent an unemployment explosion amongst younger people and to keep the generation entering the labour market at that time from being 'doomed to fail', the conscious decision was made to implement a 'young for old' policy.

This conscious policy ensured that the retirement age began dropping starting in the early 1980s. The introduction of the early-retirement scheme [*VUT*], in particular, resulted in the retirement age dropping below 60. Many employees availed themselves of that

² Most of the recommendations also apply to under 55s, as they are the over 55s of the future. Or, as the SER earlier pointed out in his advice *From all ages* [*Van alle leeftijden* (2005)]: a policy for older people that is exclusively aimed at older people is 'a policy too late'. The current market position of older employees, which refers to those who are age 55 and older, reflects, both in actuality and in terms of image, the economic situation as it was at the end of the 1970s and beginning of the 1980s. A policy on the elderly that focuses only on the elderly is 'a tardy policy'. A future-orientated elderly policy does not focus on the elderly as an independent group, but also takes younger generations (and thus all generations) into account.

The Labour Foundation has elected to define an 'older employee' as one who is age 55 or older. This choice was made for the following reasons:

1. The Pension Accord contains an agreement that the AOW-eligible age and the retirement age will be raised to 66 years in 2020. By 2020, the proposed measures in this policy agenda must have resulted in the over 55s – the current over 45s – having the same chances on the labour market as the under 55s.
2. The chances for labour-market participation and rejoining the workforce are much higher for those aged between 45 and 55 than they are for those aged between 55 and 65.
3. The reasons for retiring do not generally come into play for employees under the age of 57.5 years.
4. The influence of taxing working conditions are much harder on employees who are 55 and older.

opportunity, sometimes in connection with reorganisations, in order to make way for younger generations. As these schemes resulted in very little income loss, it was easier for older workers to leave the labour market.

The opportunities for older employees to participate for fewer days/hours were then expanded by the introduction of special provisions for older workers [*ontzietmaatregelen*] ('Special Provisions') and other incentives resulting from negotiations on employment benefits. When the economic situation picked up in the second half of the 1980s and first part of the 1990s, a surplus of potential employees enabled the schemes to be continued even after the crisis passed, and it was considered an achievement that people could fully and finally retire long before they achieved the age at which they would begin receiving AOW benefits ('AOW age').

However, the measures for older employees at the beginning of the 1980s also contributed to the negative image – which one might go so far as to term a stigma – of these older employees. The massive exodus of older employees from the job market created the impression that they were somehow of less value to the labour market. This perception was reinforced by the large number of elderly workers who began receiving occupational disability benefits [*WAO*] at that time.

The increasing international competition and rapid technological developments that have taken place since then have reinforced and perpetuated the myth that older employees lack the requisite flexibility to develop in modern organisations. Employers began to consider investments in training and similar programmes as being wasted on the over 55s, whose departure from the workforce was considered imminent.

The expansion of the early retirement scheme, which was merely intended to relieve a crisis, and the image it created of its participants has resulted in the undesirable effect of putting older employees at a disadvantage on the labour market. Since then, partly due to the partial conversion of the early retirement scheme into a pre-pension scheme implemented at the end of the 1990s, as well as the subsequent implementation of the Vendrik amendment,³ the retirement age has climbed to over 62.

Since the mid-1990s, labour-market participation by over 55s has been on the rise. In order to foster this development, government support has been used to take a number of measures to change the image of older employees, which will aid in keeping them working or attracting them to the labour market. In 1994, the National Bureau Age Discrimination [*Landelijk Bureau Leeftijdsdiscriminatie*] was established as part of these measures.⁴ The Elderly and Labour Market Task Force [*Taskforce Ouderen en Arbeidsmarkt*]⁵ started in

³ The Vendrik motion passed in 2006 means that the early retirement schemes will have to be converted, based on a reversal system, into pre-pension schemes (based on capital coverage). This will enable employees who work longer before opting for the scheme to receive a proportionally higher early retirement benefit.

⁴ Initially, this task force was primarily intended to prevent unjustified, age-based discrimination for all age groups and in all areas of society. Since 2008, the task force's successor, Expertisecentrum LEEftijd, has been independent and focuses on providing advice in the field of ageing.

⁵ The Elderly and Labour Market Task Force, And they worked happily ever after, Final Advice of the Elderly and Labour Market Task Force, 2003.

2001. Its duties were assumed by the governmental agency GrijsWerkt,⁶ which was established in 2005, for the next three years.

These measures, however, have not had a sufficient effect on the labour-market position of older employees, particularly those who are unemployed, or on the societal image of these individuals. This is despite the fact that the demographic development (ageing and rejuvenation) demands motivated and productive participation.

This course must be changed so that, in future, older employees will want – and will be able – to work until they reach retirement age. The future raising of the age for AOW eligibility and retirement will further reduce the possibilities for early retirement; the retirement age could rise even higher after the first step in 2020.⁷

In this respect, the social partners will have to take into account that, currently, there are significant differences in life expectancy between lower-educated and higher-educated people, and that people with lower levels of education often begin working at a young age. The actual retirement age for people within the group that began working at a younger age, therefore, is actually earlier than the AOW age. The earlier retirement age is also common for employees whose careers involve an age limitation designed to ensure the safety of themselves and others (known as the ‘functional retirement age’). As the Pension Accord notes, the social partners are advocates for flexibilisation that would permit actual retirement ages to deviate from pension-computation age.⁸

Also noted is the fact that the results of the new pension contract and pension fund recovery plans will also result in pushing the retirement age closer to the AOW age.

3. Goals of the Policy Agenda

The labour-market participation by older employees has been on the increase over the last 15 years. Their level of participation in comparison with that of younger employees, however, is still insufficient. The increase is primarily attributable to the older employees who have continued to work. The rate of success of older employees finding new jobs after losing old ones is very low.

The Labour Foundation’s Policy Agenda 2020 is designed to improve the labour-market position of older employees. The goal that the Labour Foundation is striving to achieve is to have labour-market participation by older employees be a normal state of affairs within ten years. That is to say, that there will be no fundamental difference in the average labour-market participation between under 55s and over 55s.

The Policy Agenda 2020 is therefore intended not just for older employees and job seekers receiving a benefit, but also for job seekers who do not receive a benefit, the so-called ineligible.

⁶ GrijsWerkt, *Say B, final report of GrijsWerkt*, 2008.

⁷ In the *Pension Accord Spring 2010* the Labour Foundation has agreed to raise the retirement age to 66 in 2020.

⁸ Working past the pension computation age means that increased benefits can be accrued. Benefits would also be increased by having them paid out later. This would enable individuals to achieve higher pensions by postponing retirement. The opposite situation will arise for employees who wish to retire early.

The Foundation also refers to labour-market participation by older self-employed persons with no employees [ZZP'ers] ('ZZPs'), as it is also important that – keeping their participation in mind – they continue working on their employability, to which training, vitality and occupational safety are essential.

The social partners are aware that the implementation of the Pension Accord will not be an easy matter. This Policy Agenda must enable decentralised parties to collective labour agreements ('CLAs') to reach agreements in order to enable older employees to retain their vitality so that they can, and will want to, continue working (either in the same company or institution or elsewhere) and so that older job seekers will be offered real opportunities to resume working.

The Labour Foundation urges both employers and employees to invest in good employment relationships so that they can work together on approaching and implementing these recommendations. The success of this Policy Agenda is virtually entirely dependent on the level of trust between the parties.

The Labour Foundation hopes that this Policy Agenda will act as a catalyst in the creation of a new mindset for both employers and employees with regard to the labour-market participation of older employees.

The recommendations are not only aimed at decentralised CLA Parties, but also at individual organisations and their works councils. The implementation of the recommendations must of course be structured and given substance by the companies and institutions themselves, and they must result in a sustainable employability policy (perhaps through a staff policy that takes the phases of life into account) that can give support to both employees and employers.

In this respect, the Labour Foundation emphasises that the implementation of the aforesaid age-linked staff and labour-market policy may differ from sector to sector and company to company, taking into account the possibilities, wishes and status of those sectors and companies. Learning from one another (best practices) may be of tremendous assistance in this regard.

Recommendations are also being made to the government concerning the more effective implementation of current legislative tools designed to improve the labour-market position of older employees.

This Policy Agenda may be considered a 'trip planner' that can be used for the next ten years, starting today, to encourage the local and national social partners to get started on improving the labour-market position of older employees.

The Labour Foundation provides the details for this trip planner by using a series of core themes that are inextricably linked to one another and to both the promotion of employability and the labour-market participation of older employees. The core themes are:

- employability and training;
- vitality, health and occupational safety;
- labour costs and productivity; and
- mobility and reintegration.

The implementation takes into account the level at which the envisaged agreement will have to be made: either nationally or on a sector-by-sector or company-by-company basis. Progress must be monitored in order to determine whether the decentralised CLA Parties are implementing the recommendations. This monitoring may result in supplementing, amending or expediting the policy being applied. The Labour Foundation will charge a project group that has yet to be established with handling these monitoring activities and, where necessary, proposing adjustments to the Policy Agenda.

4. Developments⁹

- *General*

In 2009, the gross labour-market participation of the workforce (both employed and unemployed) stood at 71%. Between 1996 and 2009, the gross participation of those aged 55 to 65 climbed from just over 28% to around 50%. The average retirement age has risen to 62 in recent years. There is a significant difference in retirement age among various sectors.

Gross and net labour-market participation of different age groups in 1996 and 2009

	Gross labour-market participation (%)		Net labour-market participation (%)	
	1996	2009	1996	2009
15-65	63.5	71.2	58.7	67.8
15-25	45.3	45.2	39.5	40.2
25-35	81.3	88.3	75.6	84.3
35-45	76.5	86.5	71.1	83.3
45-55	68.3	81.6	64.0	78.7
50-55	63.3	79.2	59.5	76.4
55-65	27.6	50.1	26.4	47.9
55-60	41.8	68.2	39.8	65.2
60-65	11.6	31.6	11.4	30.1
65 and older			1.7	3.5

Source: Statistics Netherlands Statline: Workforce: Gender and Labour Participation; Ages 15 and Up [*Beroepsbevolking; geslacht en arbeidsdeelname; 15 jaar of ouder*] (consulted on 19 October 2010).

The participation rate drops sharply for employees aged 65 and older. In 2009, those aged 55-65 held 964,000 jobs, while 83,000 over 65s held paid jobs and worked at least 12 hours a week. That is just over 1 percent of all persons who are employed. Amongst the

⁹ This section provides the most important data on labour-market participation and the position of older employees on that market. The data in this section is based on multiple studies performed by Statistics Netherlands [CBS], the Employees Insurance Agency [UWV] and TNO. Appendix 1 explains the data and cites its sources. (The appendices are available at www.stvda.nl).

over 65s, the job holders were mostly aged between 65 and 69. Their net labour participation is 9%. A total of 6,000 jobs were held by persons aged 75 and older.¹⁰

The term ‘gross labour-market participation’ must be understood to mean the portion of the occupationally able population (all persons between the ages of 15 and 65) who are part of the workforce, and who hold paid jobs and work at least 12 hours per week or are seeking such jobs (this figure also includes the unemployed portion of the workforce). The term ‘net labour-market participation’ indicates the percentage of the occupationally able population that is actually employed.

The growth of the employed workforce is attributable partly to the fact that, starting in the mid-1990s, people began working longer and partly to the fact that, since the 1980s, the number of women in the workforce has been increasing. The increase in the labour-market participation of older employees is largely the result of the fact that employees are continuing to work longer for the same employer. It is also noted that older employees have become more willing to work longer.

Approximately 6 out of 10 employees aged between 55 and 60 hold jobs. The decrease in participation becomes pronounced after employees reach the age of 61 or 62, the ages at which many employees elect to take a pre-pension. Approximately 3 out of 10 employees aged 60 to 65 hold jobs, but this group’s participation has increased significantly since 1996 (see the table above).

- ***The increase in labour-market participation by older employees***

In the years following the Wassenaar Agreement of 1982 [*Akkoord van Wassenaar van 1982*], it was common for reorganisations to involve offering older employees financial incentives to retire early; these were referred to as 55+ schemes [*55-plusregelingen*]. The aim of the Agreement was to create job opportunities for younger employees. The first early retirement schemes dated from the 1970s, when mass redundancies were prompted by events such as mine closures and the transfer abroad of opportunities in the textile and shipbuilding industries.

A sharp reversal in this trend occurred after 1994. Since that time, reorganisations offering specific schemes for older employees have become less common. The participation of older workers in the workforce has been increasing ever since. The labour-market participation by older males has since climbed to just over what it was in 1981, while, in the same period, the labour-market participation by older female employees has nearly tripled since 1981, and reached its highest point ever.

‘A New Course’ [*Een nieuwe Koers*]¹¹ contributed to this development. The customisation and diversity endorsed in this recommendation are intended to contribute to increasing labour-market participation.

¹⁰ Statistics Netherlands, *Dutch Society 2010* [*De Nederlandse samenleving 2010*]. Also noted is the fact that more persons aged 65 and 66 are employed than persons over those ages.

¹¹ Labour Foundation, *A New Course: Agenda for the 1994 CLA Negotiations from a Middle-Term Perspective* [*Een nieuwe Koers: agenda voor het cao-overleg 1994 in het perspectief van de middellange termijn*], December 1993.

Appendix 4 contains the Labour Foundation’s recommendations, advice and covenants, which include the promotion of labour-market participation by older employees. (This appendix is available at www.stvda.nl.)

According to the CPB Netherlands Bureau for Economic Policy Analysis ('CPB'), the increase in the participation of older males between 1995 and 2006 stems from the increased level of education of older males, the various early retirement and pre-pension programme reforms and the Occupational Disability Benefits Act [*WAO*].

After 2007, there was another sharp increase in participation by older employees. This increase began even before the recent economic crisis. The labour-market participation of those aged between 55 and 60 increased from 67.4% in the first quarter of 2009 to 68.8% in the first quarter of 2010. For those aged 60 to 65, the percentage increased from 31.7% to 32.6%. The modification or revocation of early retirement schemes and the restriction of new occupational disability benefit recipients played a role in these increases. Moreover, companies needed their employees to keep working as a result of scarcities on the labour market in 2007 and 2008.

The labour-market participation of employees aged 55 and older now exceeds the EU-15 average. In this regard, it is noted that older employees who are seeking jobs contributed very little to the growing labour-market participation of this category of employee. Up until now, the chances of returning to work remain low.

- ***Accompanying government policy***

In recent years, the government has implemented a number of measures to promote the labour-market participation of older employees. This contribution amounts to some EUR 1.2 billion and includes:

- the stay-on bonus (EUR 300 million);
- the earned income tax credit [*arbeidskorting*] for older employees (EUR 250 million)
- the contribution reduction for older employees and wage-cost subsidy in case of illness for older employees (EUR 655 million).

- ***The labour-market participation by over 65s***

Beginning in 2012, the number of over 65s will increase by 75,000 people per year. The number of over 65s who are again participating in the employment process is also increasing, although they are working for fewer hours and for different employers. According to TNO/Statistics Netherlands, the number of those aged 65 to 70 who hold jobs for less than 12 hours a week grew from over 2% to 4% between 1996 and 2009. The number of employed people aged 70s and older grew from 2% to 3% in the same period.

- ***Ageing and dejuvenation***

Aging and dejuvenation ensure that, starting in 2012, not only will the workforce decrease, the proportion of older people in the workforce will increase. In 2001, the average age of employees was 38.3 years. By 2009, the average age had risen to 40.7 years. This increase is explained by both the larger number of older employees and their increased participation.

According to the CPB's estimate from April 2009, the labour-market participation of those aged 55-65 will increase to 60% in 2020. Based on this estimate, the gross participation of those aged 55-59 under an unchanged policy – that is to say, without taking the effect of the Pension Accord and other factors into account – will be approximately 77% in 2020, while the participation of those aged 60-64 will be 46 percent.

- ***Chances for resumption of work by employees aged 55 and older***

According to the Employees Insurance Agency [UWV] ('UWV'), the chances of the resumption of work by older employees has increased over the last ten years in comparison to younger employees. In contrast, the UWV also states that older employees have a substantially smaller chance of resuming work than younger employees.

Those giving finding work as a reason for discontinuing receiving benefits, in %	99	00	01	02	03	04	05	06	07	08	09	10
over 55s	23	25	21	22	24	27	33	38	38	33	28	34
under 55s	59	57	52	55	54	56	56	56	54	55	51	54

Source: UWV, November 2010

- ***Conclusion***

Based on the data above, it is clear that, since the mid-1990s, the labour-market participation of older employees has steadily increased, and that that increase is attributable to the fact that both male and female employees are staying on longer to work for their employers. It can also be concluded that more and more older employees are changing their mindsets and wish to continue working, which is a positive development in itself.

The above also makes it clear, however, that the participation of older employees is not even close to the level that is desirable both for demographic reasons and for the reasons set out in the Pension Accord.

5. Image of Older Employees

As stated above, there is a clear image of older employees, both at labour organisations and on the labour market. Although these images may of course differ sharply from person to person and many positive qualities are attributed to older employees, the overriding image is that older employees will inherently retire early and that that is a good thing. Another factor that plays a role in this image, however, is the fact that many employers believe that their ageing staffs will have primarily negative consequences for their businesses.

This image was created partly as a result of the choices made at the end of the 1970s and beginning of the 1980s in order to combat the enormous unemployment problems at the time. The methods for accomplishing this included providing older employees with the opportunity to accept early retirement and pre-pension schemes in order to make room for

younger employees on the job market. Both employers and employees viewed as a given the fact that people were retiring years before reaching AOW age. This policy was implemented for well over two decades and, thanks to the good intentions underlying it, it helped create the impression that older employees are less productive, employable and flexible. Although many of the original schemes, such as the early retirement scheme, have been scrapped, the image of non-participating older workers persists.

Image formation is not just about the images created by history. Recent surveys and questionnaires show that both employers and fellow employees have a more negative attitude about the costs and competencies of older employees in comparison with younger employees, as well as the effect this has on the participation of those older employees. This section briefly examines the currently prevailing images of older employees.¹²

- ***Images employers have of older employees***

Employers rate older employees' training and skills with new technology lower than for their younger colleagues. Older employees' physical capacity is also considered to be lower than that of their younger colleagues and many employers view older employees as being ill more often.

This creates the impression, specifically amongst employers, that older employees are more expensive while being less flexible and mobile. This contributes to older employees' productivity being rated lower. Some 77% of the employers interviewed indicated that the labour costs of an ageing workforce would increase, while only 7% expected an increase in productivity.¹³

In contrast, employers view older employees as having more knowledge and experience in their current positions. In addition, they are viewed as more loyal to the organisation and more reliable and committed than their younger colleagues. Employers also view older employees as making fewer mistakes and using more care in performing their work.

A recent survey in the metal industry shows that employers believe that older employees work more slowly than their younger counterparts. However, the employers interviewed generally did not consider older employees to be less productive, because older employees work 'smarter'.¹⁴

- ***Images younger employees' have of their older colleagues***

Surveys¹⁵ of how colleagues of various generations view one another revealed a changeable image of older employees. More than half of those interviewed believed that the older employees currently employed profit most from the employment benefits and welfare state. In response to the question of which colleagues benefit most from training

¹² The surveys on which this section is based are also included and explained in the appendix.

¹³ Van Dalen, Henkens and Schippers, 'Older employees seen through employers' eyes' [*Oudere werknemers door de lens van de werkgever*], 2007.

¹⁴ L. Woudstra, J. de Rooij, F. van Wersch, K. Korevaar, 'Life-phase awareness in staff policy in the metal and technology industry' [*Levensfasebewust Personeelsbeleid in de sector Metaal en Techniek*], IVA Tilburg, May 2010.

¹⁵ Survey performed by *Trouw* newspaper and CNV Vakmensen.

and promotion, however, less than 1% indicated that older employees were the biggest beneficiaries.¹⁶

Younger employees view their older colleagues as more loyal, reliable and careful, as well as being better at transferring knowledge and having better social skills. They are also viewed as more expensive, less productive, less willing to attend trainings, less willing to accept change and less stress-resistant.¹⁷

- ***Images older employees have of themselves***

Image influences the working environment. Older employees indicate that they are troubled by the images their younger colleagues have of them.

Older employees are significantly less negative about their productivity than their fellow employees and employers; they estimate it as being considerably higher than that of employees aged under 35. They also generally consider themselves more loyal, more stress-resistant and more client-friendly than their younger colleagues.

- ***Conclusion***

The fact that a number of clearly positive qualities are attributed to older employees does not keep people from having an image of those employees that is, on balance and sometimes in contravention of the facts, negative. The adjustments to the schemes from the 80s and 90s that facilitated early retirement have not yet reversed this negativity.

Both employers and younger colleagues have a more negative image of the employability of older employees than do the older employees themselves. These images are still an important reason why employers make few efforts or investments in encouraging older employees to stay on and why employers and/or co-workers who function as HR or line managers are unwilling to hire older employees.

Older employees themselves are also generally still orientated towards retiring before they reach AOW age.

6. Facts and circumstances

6.1 Employability and training

- Older employees generally have the required competencies and skills to function well in their current positions. This may have a positive effect on their labour productivity and labour-market position in a broader sense.

¹⁶ *Trouw*, edition published 14 August 2010.

¹⁷ Ecorys, 'Are older people staying on at work?' [*Werkt grijs door?*], 2007, survey performed at the behest of GrijsWerk.

- In general, those aged over 55 have a lower level of formal education than those aged 25-35. This may negatively influence older employees' labour productivity (per hour) and labour-market position.
- Employee trainings are generally orientated towards the employees' current position.
- As employees age, their participation in trainings proportionally decreases – even with regard to keeping abreast of developments that are relevant to their positions – in comparison to younger employees. This is primarily the case for employees who hold a position for a longer period of time for the same employer. The mindset of older employees, primarily those who have a lower level of education, makes them much less likely to consider participating in trainings as a matter of routine. In addition, lower-educated older employees in particular have little affinity or positive experience with formal education and their need for such education is correspondingly low.
- Many employees have a tendency to consider older employees ineligible for training and/or to fail to optimally utilise their wealth of experience. In situations in which the staff policy makes age-based distinctions, there is a definite tendency to consider training to be wasted or less profitable for older employees due to their impending retirement. Meanwhile, it is older employees who tend to stay on longer with the same employer.
- Employees with a low level of education or (to a lesser extent) those who have not obtained post-secondary education have a greater risk of losing their jobs because they lack, or lack sufficient, current knowledge.¹⁸

6.2 *Vitality, health and employment benefits*¹⁹

- Contrary to their image, most older employees remain flexibly and vitally employable until they reach retirement age.
- Older employees have an increased chance of a reduction in their physical capabilities. This is primarily a risk for those employees with low levels of education who primarily work in positions that require a great deal of physical exertion. Older employees have little mobility when it comes to transferring into positions that are less physically challenging.
- The reduction in older employees' physical capabilities is a natural consequence of ageing. Both working conditions and lifestyle affect employee health. The impact of taxing working conditions is greater for those who began working at younger ages. The consequence is that older employees in this group have a greater chance of a long-term absence from work.

¹⁸ Thijssen & Van der Heijden, 2009.

¹⁹ See, e.g., SER Advisories, 'A Question of Common Sense' [*Een kwestie van gezond verstand*], 'Broad Preventative Policy Within Labour Organisations' [*Breed preventiebeleid binnen arbeidsorganisaties*] (2009) and 'An Evaluation of the Dutch Occupational Health and Safety Act 1998' [*Evaluatie Arbowet 1998*] (2005).

- Over a course of years, the psychosocial circumstances at work may also be so taxing that employees become fully or partly occupationally disabled and unable to perform the duties associated with their positions.
- Over the last two decades, significant progress has been made with companies' embedding sufficient occupational health and safety provisions in their staff policies. New legislation regarding absence due to illness and occupational disability has drawn attention to the importance of an occupational health and safety policy.
- An increasing number of companies are implementing a vitality policy, which attends to their employees' health and lifestyle.
- Older employees are generally absent due to illness less often, but their absences last longer than those of their younger colleagues.

6.3 Labour costs and productivity

- On average, the salary level of employees aged 55 and older is the same or barely above that of employees aged 40-55 years in similar positions. Of course, there may be salary differences between these employees and colleagues – in many cases younger colleagues – who hold similar positions in a lower salary scale or at a lower level in the same scale. For most positions, salary-scale income increases along with work experience (seniority principle) but there is often a ceiling on these increases once the employee has reached the top of the scale.
- The productivity of older employees (over 55) per hour worked is generally positive in comparison to younger employees in the same position. There is a definite difference in the competencies used to achieve productivity. Older employees have the knowledge and experience associated with their current function, while younger employees have acquired the most recent technological skills through their education.
- It may be said that the balance between costs and output associated with older employees (per hour worked) is not significantly different to that workforce's average. In addition, there are specific professions and sectors in which the productivity of individual older employees may be clearly reduced and which may upset the balance between cost and output (including as a result of reduced physical capabilities and difficulty adapting to technological developments).

When extra labour costs are incurred for older employees, these costs are generally caused by:

- the aforementioned Special Provisions. Specifically, extra hours/days off for which there is no corresponding productivity. This decreases the total number of productive hours worked by older employees. Extra vacation days for older employees are included in 70% of CLAs. These CLAs apply to 58% of the employees covered by a CLA;²⁰

²⁰ Ministry of Sociaal Affairs and Employment [SZW], 'Perspective of Staying On at Work' [*Perspectief op langer doorwerken*], table 3.13, 2010.

- the breadth of the scales and the remuneration structure. Older employees are often at the top of their pay scale. CBAs, however, often include agreements regarding extra occasional or fixed salary elements to be paid once that top is reached. Some 25% of CBAs contain these extras for lower-educated employees, while 50% contain them for employees with secondary and post-secondary education;²¹
- the pension costs. The extra costs associated with pension schemes for older employees may be substantial in the case of company pension funds and directly insured pension schemes.²² This otherwise plays very little role in industry pension funds, which cover the lion's share of employees, because of the 'normal' contribution phenomenon;
- longer average duration of illness. If older employees become ill – and they are ill less frequently than younger colleagues – their illnesses last longer. When this occurs, the result is fewer productive hours and significant costs for employing a substitute.

It must be kept in mind, on the one hand, that part of these costs are mitigated by government tax incentives designed to foster the labour-market participation of older employees, and, on the other, that extra labour costs may occasionally be incurred with regard to other groups on the labour market.

6.4. *Mobility and reintegration*

- To their own satisfaction, as well as that of their employers, most older employees stay on at their organisations and in their positions as a result of the knowledge and experience they have accrued. The labour-market mobility of older employees is significantly lower than that of younger employees. This is partly attributable to the fact that, particularly at the beginning of their careers, employees look for a position/employer that suits them.
- Mobility contributes to the acquisition of a broader range of experience and increases the chances of employability and job location, even for older employees. Mobility is one method of staying active on the labour market and improving oneself; it is not a goal per se for the individual employee.
- More experience is acquired the longer an employment relationship lasts. If this experience is specific to that position or company, however, employability for other positions or at other companies may be reduced. This is inimical to employers' tendency to seek out employees who can be employed in a wider range of tasks or in multiple positions. Competition, demanding customers and governmental regulations all prompt companies to increasingly require employees to make rapid and smooth adjustments to changing production and service procedures.
For older employees, who generally work longer in the same position for the same employer, and who have received little or no training during that time, this can be a problem.
- Mobility may be a voluntary choice or may be forced by being made redundant, unsatisfactory performance or partial occupational disability. In the case of forced

²¹ Analysis by the AWVN (an employers' organisation in the Netherlands).

²² This is caused by the actuarial contribution, which is age-linked in the Netherlands, which means that higher contributions are calculated for women and older men.

mobility, the chance of resuming work decreases in proportion to the job seeker's age. This is attributable to such factors as overly specific/unvaried experience, lack of recent training and lack of competencies but is primarily attributable to the image others have of older employees.

In addition, the terms and conditions of income-replacement provisions may influence (particularly in the short term) older employees' job-seeking conduct or focus on the labour market. In certain cases, new jobs are not initially accepted because they would provide a lower income than that provided by the income-replacement provision. This may result in long-term, or longer-term, unemployment, which further worsens an employee's chances of returning to the labour market.

- Images and facts regarding older employees' employability, training, vitality, health and occupational safety, labour costs and productivity affect these employees' desire and opportunity for mobility.
- It is a fact that older employees stay on with the same employer due to the rights they have accrued and the position (salary, pensions, incentives for older employees) they have achieved and due to their perceived security (job security, security concerning pension accrual and, in the case of involuntary dismissal, a possible severance package linked to their years of service).
- The mobility of older employees is reduced by the extra costs potential employers must pay as a result of the employment benefit provisions for older employees (including extra vacation days).
- One factor that may affect limited mobility is the feeling of security/status within the present work organisation and the feeling of insecurity associated with seeking and accepting another position/job, particularly outside the current organisation, partly with regard to the probationary period and/or a fixed-term contract. In the latter situations, no rights are accrued/acquired. There is no guarantee that the new position/job/employer will be acceptable to the employee, and vice versa. Often, it is a plunge into the deep end.
- In addition, mobility is restricted by the image potential employers have regarding older employees' employability, flexibility and productivity.

6.5 Conclusions based on the facts and circumstances

The most common situation by far is one in which, after they reach the age of 55, employees continue to work for the same employer, both to their own satisfaction and that of their employer, until they accept a pre-pension. The labour-market participation of older employees, especially those aged over 60, however, is substantially below average.

When considering the core themes of employability/training, vitality, health and occupational safety, labour costs and productivity, and mobility and reintegration, the facts and circumstances can be summed up as follows.

- Regarding employability/training, it can be said that many older employees generally have the required competencies and skills to continue to function well in their current positions. Nevertheless, training participation decreases in proportion to age, even for employees staying on in their current positions. Lower-educated older employees are less likely to consider participating in formal training.
- In the areas of vitality, health and working conditions, older employees are generally vital and employable until they reach retirement age. They do have an increased risk of

long-term absence due to illness (but are not ill more often). There are an above-average number of older employees participating in occupational disability schemes.

- As far as labour costs and productivity are concerned, it may be said that many older employees' salaries are little or no higher than those received by middle-aged employees in comparable positions. A number of Special Provisions are the primary cause of extra labour costs.
- As far as job mobility (job switching) is concerned, older employees' job mobility is lower than that of young or middle-aged employees. This means that, in cases of unemployment, older employees have a smaller chance of quickly resuming work.
- Image and facts regarding labour costs, productivity, training, employability, health, working conditions and job mobility, both from the perspective of employees and employers, is an obstacle to older employees' mobility, both internally and externally, as well as to their chances for resuming work.

7. Final Conclusion

The Pension Accord discusses a substantial improvement of older employees' participation on the labour market and job mobility. Both facts and image must be taken into account in analysing this issue and working out the details of the Accord. Having employees stay on will thus require an adjustment to both their image and to the facts. This adjustment must result in people actually being motivated to stay on the job.

It may be noted that the participation of older employees has increased in the last decade and that employability and productivity may generally be viewed positively. The fact that older employees are increasingly working until they reach retirement age is a situation that both the employees themselves and their employers find satisfactory.

Facts about and the image of older employees have influenced decisions regarding keeping older employees on, as well as the ability of older employees to find work and those employees' mobility. If the facts, circumstances, and image set out above are viewed in conjunction with one another, it becomes clear that there are many more nuances in and positive aspects to the *facts*, although certain elements are less positive in comparison to younger employees in the same position.

The image presents an entirely different picture. With regard to the core themes identified above, the image that employers and employees have of older employees is less positive. Employers and fellow employees doubt the productivity value of older employees' capabilities. Conversely, older employees are seen as more loyal to the organisation, more reliable and more committed than their younger colleagues.

Facts and image influence one another and may result in a downward spiral for older employees' image. Naturally, a negative image affects older employees' labour-market participation. The *facts* are more important, however, and those facts indicate that while many older employees are happy to stay on the job, too many others are unable or unwilling to do so. The causes for this include a lack of training, extra labour costs, increased risk of long-term absence due to ageing, being made redundant at an older age, the hiring policy regarding older employees or voluntary resignation (pre-pension).

The Labour Foundation would like this positive agenda to eradicate the portion of the image that is not based on fact and change the facts to enable older employees to continue to work – and to wish to do so – until they reach retirement age. Employers and employees bear joint responsibility for offering older employees a future. The solutions described below will discuss these issues.

8. Solutions

Points of Departure for the Core Themes of the Policy Agenda 2020

8.1 Introduction

Against the backdrop of an ageing population, the predictions for an increasingly scarce labour market and the raising of the AOW age, the coming decade will mean challenging the social partners to contribute to having employees stay on the job. This will require an investment agenda regarding participation and sustainable employability, with the focus being on sustainable productive participation rather than putting older employees out to pasture.²³ The focus must be on creating participation and employability, so that employees with suitable competencies will be resilient, flexible, healthy, vital and motivated, and thus happy to go to work. This is also essential to creating vital labour organisations that are competitive and innovative.

Promoting participation and employability is a responsibility shared by both employees and employers. Reciprocity is a key concept in this regard. Investing in employment relationships, with trust as the foundation, will contribute to, or will perhaps be a condition to, optimising participation and employability.

- *Ambition and reality*

The centralised social partners believe that there is a binding obligation to provide the necessary incentives to facilitate older employees' labour-market position and mobility. They are committing themselves fully to the policy agenda and take the view that it must be actively approached at every level by including agreements in CLAs and at organisations regarding supporting this goal and which will result in participation and employability agreements between employees and employers at the individual organisational level.

Both employers and employees have special obligations in implementing this agenda. Employers will be responsible for staff policy. Employees will be primarily responsible for their careers, which may be facilitated by their employers given that – if the employer has a career policy in place – it will be embedded in the HR/staff policy.

The implementation of this agenda means that the staff and career policy will have to be age-conscious for the first few years. In other words, employees' ages will have to be taken into account where necessary. The shift from *age-consciousness* to *age-independent* will have to be made in due course.

The Foundation intends the proposed career and staff policy to improve the labour-market position of over 55s. The Foundation would like to see a tailor-made approach be taken to doing everything necessary to have these employees become employable or to ensure that

²³ References in the text to 'participation' should be read as 'sustainable productive participation', and those to 'employability' should be read as 'sustainable employability'.

they continue participating on the labour market.²⁴ (See also the text box on Staff and HR Policy.)

It should also be noted in this regard that a number of sectors and companies have already initiated or begun planning policy and activities touching on the various core themes. Ultimately, this will always mean tailor-made efforts, both in reaching agreements and in implementing them, both at the sector/industry level and at the level of individual organisations. The scope and speed of the arrangements and their results will vary. The goal, however, will be shared and will be the premise for the policy and activities.

Targets and goals must be clear and borne by all the relevant parties. The target cannot be achieved free of consequences, and it must result in discussion of the labour-market participation and employability of older employees being seen as a routine course of conduct. This will affect individual employers as well as employees.

In addition to the efforts of the social partners at all levels, we would like to see accompanying policy developed by the government. The government, as both legislature and employer, can of course make a significant contribution to the improvement of older employees' labour-market position.

8.2 The core themes in more detail

Given that image, as well as facts and circumstances, influence older employees position (on the labour market as well), a parallel, two-pronged approach is needed. This will include communication strategy as a way of combating images of older employees that are not based in fact. The communication will have to be aimed at employers and younger fellow employees, as well as at the older employees themselves. HR and line managers responsible for recruitment and selection will also have to be included in this communication.

The mindset of employers, fellow employees and older employees must change with regard to participation and the procedures leading to participation. At the same time, obstacles that may influence employability and participation must be eliminated.

In addition to employability in the workplace and participation on the labour market, the policy agenda also provides for an approach focusing on the chances for older employees who are now, or who will be, unemployed to resume work. The goal that the Labour Foundation is striving to achieve is to have labour-market participation by older employees be a normal state of affairs within ten years (by 2020).²⁵ In other words, the goal for 2020 is to have very little fundamental difference between this participation figure and the average gross labour-market participation figure²⁶ of under 55s.

²⁴ Where the text refers to 'career policy' and 'HR/staff policy', it should be read as referring to an age-conscious policy for the next several years and an age-independent policy for the period that the measures have proved their effectiveness in accordance with this agenda.

²⁵ In the Pension Accord, the Labour Foundation has agreed to raise the retirement age to 66 in 2020.

²⁶ The term 'gross labour-market participation' intends to express both the share of able workforce and the share of able workforce holding jobs.

The desire to achieve this goal may mean that, over the course of time, additional policy will have to be developed.

8.3 *Cultural turnaround*

There must be a drastic cultural turnaround in thinking and attitude when it comes to the labour-market participation and employability of older employees. This is true for both employers and employees (both younger colleagues and the older employees themselves). The premise must be that it is considered perfectly normal and that employers and employees themselves do everything to continue to stay healthy, motivated and employed until they reach AOW age. This must ultimately be achieved by implementing a staff and career policy.²⁷ In addition, non-fact-based images of older employees must be eradicated so that unfounded perceptions of these employees' participation and employability may be eliminated.

The following points of attention and action are specifically noted:

- a communication campaign set up in joint collaboration between the social partners and the government that supports the activities promoting the labour-market participation and employability of older employees and that is focused on employers and employees in all sectors and companies.
Within the context of the campaign, it would be useful to raise awareness of the accompanying tax and social security opportunities that will be available for keeping or hiring older employees. The same goes for eliminating misunderstandings about these opportunities; for example, with regard to the consequences a new job will have for such an employee's right to unemployment benefit [*WW*].
- organising specific staff policy devoting attention to training, vitality policy and occupational health and safety at the organisational level. This policy must contribute to eradicating groundless prejudices and judgments regarding older employees and to promoting these employees' labour-market participation;
- promoting specifically looking at older employees' competencies, such as knowledge, experience, reliability, accuracy and loyalty.

The Labour Foundation believes it would be advisable for CLA parties to implement a step-by-step plan for carrying out the recommendations below at the company and/or sector and industry levels. The step-by-step plan might look something like this:

1. Analyse the current status of the employability and position of older employees in sectors, industries and organisations.
2. Based on the results of this analysis, formulate goals. These will in many case lead to a strengthened method of approach.
3. List the tools that may be used to strengthen the method of approach and any concomitant budget consequences.
4. Make agreements regarding monitoring the progress and effectiveness of the tools deployed and the budget, as well as any adjustment and/or modification needed.

²⁷ Appendix 5 contains good example of staff and career policy as agreed regarding the Triojobs [*Triobanen*] at PPG, the scheme promoting labour-market participation by older employees [*BAPO-regeling*] in primary and secondary education or the 'From Work to Work' scheme [*VWNW-regeling*] at KLM. (This appendix is available at www.stvda.nl.)

8.4 *Employability and training*

Many older employees generally have the required competencies and skills to continue functioning well in their current positions. As employees age, their participation in training decreases; this is also true with regard to keeping abreast of developments relevant to their current jobs. Employers often choose to refrain from making additional investments in developing older employees' competencies, while many older employees opt out of such training in anticipation of their imminent retirement.

Training and employability are, in a broad sense, foundational elements for older employees' participation. An express investment agenda must be developed that must ultimately be imbued with a specific form and content at the shop floor level, between employers and employees. Maintaining employability and a good labour-market position begins long before people reach the age of 55. Both current and future older employees must be sufficiently equipped in this regard.

The Labour Foundation recommends – taking into account the policy that has already been implemented in various sectors and labour organisations – to include provisions on employability and training²⁸ in CLAs and/or in agreements made at the organisational level:

- develop and facilitate a career policy at the sector/industry level and provide incentives and support for applying that policy at the level of the labour organisation. Portions of a career policy include a career path discussion and periodic career scans (see the text box on Career Path Policy);
- implement a focused HR/staff policy that provides incentives for and facilitates employability (see the box on HR/Staff Policy);
- intensify employability and training arrangements that expressly contribute to the employability and labour participation of future older workers; this may be accomplished, for example, by introducing a personal education and/or employability budget at the sector or company level that would permit the employee to take the budget with him or her upon transfer to another employer. Such a personal budget could be used for cross-company and/or cross-sector training, education, vitality and similar endeavours;
- make training arrangements at the sector and company level more career-focused, meaning that cross-company and/or cross-sector training should be included in the arrangement (such as is now the case in the construction sector and at a large number of companies);
- Use experience certification [*EVC*] more wisely as a tool for older employees to derive rights from the knowledge and training they have acquired informally and on the shop floor;
- expressly implement arrangements through a redundancy plan [*sociaal plan*], including any financial compensation, for older employees to improve their competencies and thus improve their employability elsewhere.

The Foundation also recommends that, if an individual severance payment has been agreed with an employer on a voluntary basis, part of that payment be used for activities designed to return the older employee to the job market.

²⁸ The term 'training' as used in this memorandum refers to short-term courses that may or may not result in a formal qualification. 'Education' refers to longer-term schooling aimed at obtaining a formal degree/qualification.

Career path policy in the construction industry, an example

Every employee in the construction industry has a right to consult, at his own initiative and once every five years, a regionally operating and independent career path adviser to obtain confidential advice with regard to orientating himself towards his future career and to obtain guidance concerning training for a different career ('retraining'). Career paths are also available for those who are ill, occupationally disabled or unemployed.

An advisory procedure comprises various phases, namely: intake, further research, preparation of an individual education plan [IOP] ('IEP'), implementation of the IEP and aftercare.

Only IEPs agreed between employers and employees are implemented. As necessary, the advisors may play an active role in reaching agreement.

Each procedure is financed on a customised basis. The employer, employee and advisor consult to determine the best method of arranging financing for the procedure. In addition to joint investment by employers and employees, the Construction and Infrastructure Industry's Career Path [Loopbaantraject Bouw & Infra] ('Construction Industry Fund') fund will bear a substantial portion of the costs. Financing for a subsequent procedure may be sought from the education and development [O&O] fund or from the Construction Industry Fund.

Since 2006, 10,000 workers in the construction industry have availed themselves of Career Path Procedures. Nearly three-quarters did so either in keeping with their own ambitions or in order to avoid becoming occupationally disabled or unable to perform in their current position. The others were ill or unemployed. Two-thirds of the participants have undergone a procedure, the rest are still under way. Of those completing the procedure, 56% are successful: they were able to continue developing their career.

The Career Path Procedure is highly valued. Participating employees give it a grade of 7.9, with employers rating it at 7.3. Of the employees, one-sixth (17%) are over age 50. Their ratings are comparable to those of their younger colleagues. Participation by older employees occurs relatively frequently in connection with a long-term illness, threatened inability to perform their work, occupational disability or unemployment. For older workers in the construction industry, the Career Path Procedure is thus an important tool that prevents workers from leaving the labour market as a result of the threat of an inability to perform in their current position.

8.5 Vitality, health and working conditions

The vast majority of employees stay on, to their own satisfaction and to that of their employer, at their current jobs until they reach retirement age. However, some types of employment that are physically or psychologically wearing cannot be carried on indefinitely without incurring a certain – and excessive – inability to perform in their current position. The deliberate implementation of an occupational health and safety policy is vital to prevent or reduce the loss of both older and younger employees.

In addition to an occupational health and safety plan at the workplace, comprehensive vitality and health policies must contribute to making employees fit for the job. Investments in these policies are the responsibility of both employees and employers.

The Labour Foundation makes the following recommendations regarding health and working conditions:

- at the sector and industry level, particularly for professions and positions with an increased risk of absence or inability to perform in their current position, introduce a personal employability scan for advising on employee participation. One example of such a scan is the WorkAbility Index (see the box on the WorkAbility Index). Obviously, employers and employees (or their representatives) will make agreements on how the scan, results and follow-up will be used;
- an employability-orientated medical examination should be included in or integrated into the employability scan if needed;
- in mutual consultation, to research whether a position and/or workplace may be adjusted if the results of scan prompts such adjustment, for example, if a scan leads the employer *and* employee to conclude that there is an increased risk of an inability to perform in the employee's current position and/or if that position provides insufficient prospects for participation and employability. If adjustment is impossible, another position will have to be sought, taking into account the changing degree to which older employees may be taxed;
- intensify the occupational health and safety approach through such things as occupational health and safety catalogues. This policy must be designed to eliminate the risk of an inability to perform in one's current position. Points requiring attention in this respect:
 - providing incentives to companies and industries that do not yet have such health and safety catalogues to implement them;
 - if there is such a health and safety catalogue in place, regularly investigating whether individual employers are sufficiently familiar with it and use it and intensifying that use where necessary;
 - regularly evaluating whether the occupational health and safety catalogue is sufficiently updated and adjusting it to reflect changes in circumstances;
- further promoting proactive and preventative policy by devoting extra attention to health management, vitality policy and promoting a healthy lifestyle at the workplace;
- promoting the inclusion in CLAs/employment terms and conditions of opportunities for partial retirement (to be tied to pension rules). Making accepting part-time retirement an individual choice. In individual cases, part-time retirement will contribute to labour-market participation.

Obviously, if an employee opts to take partial retirement and the employer and employee agree terms for a partial pension, it is also an option to discuss whether continuing to work part time after reaching AOW age would be an option.²⁹

N.B. With regard to 'continuing to work after reaching AOW age', the Labour Foundation refers to a recommendation that is still timely. This recommendation contained the following lines: "*Reaching the age of 65 (or the future AOW age) need not spell the end of one's working life. It is up to employers and employees to consult*

²⁹ The Pension Accord agrees that the age for an automatic age-based dismissal will be equivalent to the AOW age.

one another to determine whether the employee will continue working, possibly under the terms of a new employment contract.

The Labour Foundation's view is that continuing to work after reaching age 65 (or the future AOW age) in the same position or in a new position, for the same employer or for a new employer, must be a possibility if both parties wish to reach agreement to that effect (bilateral voluntariness).³⁰

HR/Staff Policy

An age-conscious HR/staff policy is essential to promoting the employability and participation of older employees. This policy must ultimately develop into an age-independent staff policy. In order to structure this policy and give it substance, employers and employee representatives must obviously negotiate with one another about implementation as well as results.

The following are among those points meriting attention with regard to an age-conscious HR/staff policy:

- availability of information about future ageing patterns in the company and sector. It is essential that this be anticipated in good time;
- carry out performance reviews from the perspective of career policy and employability;
- when engaged in recruitment and selection, the premise should be that every candidate has an equal chance and all age categories must be consciously considered in order to avoid age discrimination;
- In this context, the Labour Foundation notes the importance of having a grievance procedure available at the sector or company level. The Recruitment Code promulgated by the Dutch Association for Personnel Management & Organisation Development [NVP] may be used as a guideline in this respect;
- when engaged in recruitment and selection, use the services of intermediaries and recruiters that are used by older employees and job seekers;
- examine the possibilities for enlarging internal job mobility, duty rotation, internships and other measures that may promote internal mobility.

³⁰ Labour Foundation, 'Employment and Age: Recommendations for Promoting Labour-market Participation Amongst Ageing Employees' [*Arbeid & Leef tijd: Aanbevelingen ter bevordering van de arbeidsdeelname van ouder wordende werknemers*], 20 January 2006, page 24.

WorkAbility Index, a sample employability scan

The WorkAbility Index ('WAI') is a questionnaire that assesses work capacity: the extent to which an employee can continue working in good physical and psychological health.

Using the WAI questionnaire, individual employees make a voluntary estimate of their work capacity. This is a good predictor of someone's employability now and in the future. Work capacity does not exist in a vacuum; it is strongly related to the nature of someone's work as well as to that person's standards, values, competencies and health. All of these factors are reflected in the questionnaire. The answers result in a score; the higher the score, the better the work capacity. This is important information for health management and policy.

The WAI is used only as the basis for interventions that may have a preventative and positive effect on the work capacity of individual or groups of employees. It serves no other purpose. Data regarding a particular individual is therefore accessible only by the individual in question or by professionals whose position entrusts them with handling confidential information and who comply with privacy regulations or a code of conduct.

The WAI was developed in Finland, where ageing has been a current issue for 20 years. With governmental support, experts carried out research and experiments in order to allow people to continue working in good health while enjoying doing so. The WAI was the result. The questionnaire has since been translated into 26 languages and is used in many countries.

There is an instruction manual available for individual employers and employees. More information is available at www.workabilityindex.nl.

8.6 Labour costs and productivity

Many older employees' salary is little or no higher than their middle-aged counterparts in comparable positions. The productivity of older employees is generally also satisfactory. Extra labour costs are usually attributable to certain Special Provisions, such as extra hours/days off for which there is no corresponding productivity.

In the past, specific Special Provisions were created with the intention of increasing the employability and labour-market participation of older employees. Negotiations regarding employment terms and conditions also led to the creation of more generic Special Provisions which had no direct link to continued participation and employability. The extra labour costs associated with these Special Provisions has, in comparison with their younger counterparts, decreased the job mobility of older employees and has reduced the chances older unemployed persons have of resuming work.

In recent years, the Special Provisions in a number of CLAs have been adjusted in order to promote the employability of older employees and to reduce the labour costs associated with them. These also recognise the increasing need for tailor-made provisions, individual opportunities for choice and possible conflicts with the Dutch Equal Treatment in

Employment (Age Discrimination) Act [*Wet gelijke behandeling op grond van leeftijd bij arbeid*].

The Labour Foundation makes the following recommendations regarding labour costs and productivity:

- modify existing generic Special Provisions if assessments show that they make no actual contribution to the participation and employability of older employees. Individual opportunity for choice, as well as the fact that the reform must be accomplished in a budget-neutral fashion, are the points of departure in this regard;
- examine the remuneration structure in order to determine whether there are differences between older and younger employees that cannot be objectively justified. If that is the case, these differences will obviously have to be harmonised by revising the total employment benefits package.

8.7. *Mobility, preventative policy*

To their own satisfaction, as well as that of their employers, most older employees stay on at their organisations and/or in their positions, partly as a result of the knowledge and experience they have accrued.

Job mobility amongst older employees is low. Mobility, in the form of a change in position and/or career, contributes to the promotion of broad experience and employability. This is a primary reinforcement for one's future labour-market position.

Job mobility amongst older employees must be improved and potential obstacles must be eliminated. Continuing participation must be the goal. From work to work is the premise in this regard.

The Labour Foundation makes the following recommendations regarding mobility:

- assess, at the sector level and/or at the level of large companies, the possibilities employees have for internal promotions and their careers. This knowledge will promote the development of possible career paths for employees;
- promote and increase job mobility within organisations by investing in retaining and/or broadening positions, improving productive employability and offering incentives for internal job mobility. Job rotation, internships and similar measures may promote internal mobility;
- in the event of an older employee's imminent redundancy, first seek another suitable function within the organisation. If this proves impossible and the employee so requires, the employer will facilitate a transfer to another job;
- promote cross-sector job mobility by providing employees with training in their current or a different career, particularly those employees who are destined for work in another sector in the foreseeable future. We therefore recommend that the decentralised social partners consult one another with regard to the following:
 - making agreements in sectors/industries or at the level of large companies regarding 'from work to work' policy and new 'from work to work' structures (in conjunction with career, internal transfer and job-seeker policies). In this respect, attention may be devoted to a collaboration between the UWV mobility centres, education and development funds ('O&O Funds') and/or company funds and similar institutions;

- promoting voluntary cooperation between sectors and O&O Funds, particularly between sectors and O&O Funds in related sectors;
- supporting ‘from work to work’ activities by engaging the services and facilities of mobility centres, the UWV and/or private intermediaries for employees who are threatened with unemployment.

8.8 *Reintegration and chances of resuming work for older unemployed persons*

The aforementioned agenda will not automatically result in a significant increase in older persons’ chances of participation. In addition to permanent measures to be made for the long term, a shorter-term approach must be developed to aid those older persons who are currently unemployed, as well as those who are threatened with unemployment, to return to the job market in the coming years.

The Labour Foundation recommends the following to the decentralised social partners with regard to reintegration and chances for resuming work:

- take initiatives in sectors and companies to increase the chances older job seekers have of finding work by actively participating in the 55+ Project sponsored by the central social partners and the government (see below);
- make action plans at the sector and/or large company level in order to facilitate older job seekers’ entrance onto the job market. Consider such measures as creating opportunities for learning on the job, coaching jobs and internships, make funds available for this at the sector level and formulate objectives;
- ensure that older job seekers (who may or may not be unemployed) who are qualified for a position are invited to interview for that position and offer them a real chance of being hired.

The ‘55+ Project: still working strong’ a national campaign to aid over 55s in finding jobs

As a result of the social partners’ ambition, in the context of this policy agenda, to develop activities in the foreseeable future that are designed to increase the chances current and future older job seekers have of finding jobs, the Labour Foundation intends to implement an initiative between 2012 and 2015 that is intended to reduce unemployment among older unemployed persons who are fit and available for work.

The social partners would like to formulate a project plan with the government and then with the decentralised CLA parties. Public labour mediation (UWV WERKbedrijf) and interested private intermediaries will be involved in this project.

The national project plan includes the following:

- actively recruiting older job seekers for job vacancies;
- providing a format for adequate selection and referral;
- providing incentives for inviting older job seekers to interview for jobs;
- actively presenting the CVs of older job seekers to potential employers;
- the voluntary drafting of a ‘perspective plan’ by the UWV and older job seekers to focus and intensify how they are going about their search and making choices;

- routinely facilitating regional networking meetings for over 55s;
- a continuous information campaign aimed at employers and employees.

The approaches taken by the SME Minorities Project [*MKB minderhedenproject*] in the period between 2000 and 2003 and by the Action Plan 45+ [*Actieplan 45+*] should serve as examples. These projects involved recruiting and filling vacancies on a project-by-project basis, with focused mediation being the priority. Active communication and the deployment of unorthodox tools guaranteed positive results.³¹

The success of this 55+ Project is dependent on the efforts made by the decentralised partners, as well as on the collaboration between the UWV and municipalities and how they spend the reintegration funds and participation budgets in order to find jobs for the target group.

9. Investment Agenda

The social partners realise that the implementation of this ambitious agenda will depend not only on a change in employers' and employees' mindsets, but also on the availability of the necessary financing. In this regard, the Labour Foundation notes that while the envisaged change will involve spending and reprioritisation of spending, it will also, over the course of time, involve revenue. Having older employees stay on at their jobs is necessary to preventing staffing shortages in a labour market that is becoming scarce.

The goal is to have the agreements made in connection with this policy agenda incorporated into CLAs, company operations and staff policy by 2020.

The Labour Foundation believes the necessary financing may be found in multiple sources. The premise for this view is that the revenues from the agenda must be reinvested to benefit the participation and employability of older employees. The details of this plan will of course have to be worked out at the decentralised level during CLA negotiations and negotiations at the company level.

The Labour Foundation recommends that, in the context of CLA and company-level negotiations, the decentralised social partners reach agreements on:

- reprioritising financial measures and agreements ensuing from the recommendations in Section 8 (such as the envisaged conversion of Special Provisions into investment measures);
- using existing funds differently or more effectively for various policy issues (such as using existing training funds differently);
- where necessary, intensifying measures such as those focussing on career path, occupational health and safety and vitality policies or 'from work to work';
- where necessary, devote extra financing to achieving the aims of this policy agenda.

³¹ Appendix 2 contains a brief explanation of the SME Minorities Project and Action Plan 45+. (This appendix is available at www.stvda.nl.)

10. Accompanying government policy

10.1 Introduction

In recent years, the government has implemented a number of measures to encourage older employees to keep working longer. These include policy measures, such as revoking older unemployed persons' exemption from the requirement to apply for jobs and prohibiting age discrimination, and financial measures such as the stay-on bonus. By 2015, the existing tax incentives for promoting older employee participation will amount to approximately EUR 1.8 billion per 12-month period.³²

The Labour Foundation has established that implementing this investment agenda will also require a long-term contribution from the government. This will regard both continuing the current government policy and promulgating a new one. The Labour Foundation assumes that the government will want to contribute to improving older employees' labour-market position and job mobility, since an increase in older employees' labour-market participation is crucial to keeping society functioning smoothly in relating to the imminent shortage on the labour market that will result from the ageing and dejuvenation of the workforce. This increase will also promote societal unity and contribute to broadening the support for financing future social security needs.

Below, the Labour Foundation makes several proposals regarding implementing the government policy. These regard a policy of support and the financing for carrying out that policy.

The goal of the proposals, therefore, is to improve the labour-market position of older employees, which means that the government funding will be used primarily for older employees and promoting their voluntary job mobility on that market ('voluntary mobility') and helping older job seekers find jobs ('re-entry'). The government measures proposed by the Foundation are primarily aimed at making this voluntary mobility and re-entry of over 55s more dynamic.

The Foundation notes that new policy may be funded, using budget neutrality as a premise, by changing how the funds that are now spent on improving older employees' labour-market participation are used.

Given that the policy agenda is based on the goal of normalising the labour-market position of older employees in 2020, it should be obvious that several of the proposed tax incentives are intended to be temporary.

Using these funds differently also means that certain elements would be subject to transitional rules, so that cases that are already pending can continue to utilise existing schemes and so only new cases would be subject to the new schemes. This is intended to preclude significant income consequences and salary cost adjustments.

³² The current government measures are included in Appendix 3. (The appendices are available at www.stvda.nl.)

The Labour Foundation intends the investment agenda to have the current accompanying government policy on older employees and job seekers focus more on participation; the focus of mobility will be less on ‘unemployment to employment’ and more on ‘from job to job’.

The development of participation and mobility will be routinely evaluated, and that evaluation could result in the measures being revised. A baseline measurement is needed in this regard, and that will be performed in the first half of 2011. (See Section 11.)

The proposed measures have not yet been quantified in terms of costs and revenues. The exact amounts and other parameters will have to be fleshed out in consultation with the government. The course being considered for the new set of measures is discussed below.

10.2 Details of accompanying government policy

1. Promoting job mobility

A mobility bonus will be implemented for employers and employed over 55s that will be intended to promote the voluntary job mobility of employees over 55s.

Mobility bonus for employers

- upon hiring an over 55, employers will receive a substantial remittance reduction;
- the remittance reduction will be spread over x years in order to promote the sustainable participation of older employees;
- an option is to have a higher mobility bonus paid in the initial years, with the amount decreasing in proportion to the increase in job-to-job mobility;
- another option is to combine the bonus with the contribution reduction to be continued for hiring older job seekers (see 2) without relinquishing the various goals (voluntary mobility and re-entry).

Mobility bonus for employees

- employees aged 55 and older will receive a substantial bonus (relating to the degree the stay-on bonus is decreasing) upon accepting a job at a new employer;
- the bonus will be a one-off payment; an option would to have this granted once in x years (partly to prevent misuse of the system and partly to promote sustainable participation/placement), while another would be to have this increase with age in order to encourage mobility at more advanced ages and to provide a higher reward for this.

2. Promoting the re-entry of older employees

The goal is to promote older job seekers finding jobs more quickly (increasing their chances of resuming work). The following measures are proposed:

Contribution reduction for employers

- employers would receive a contribution reduction for hiring an older job seeker (aged 55 or over) who is receiving a benefit;
- the contribution reduction would be harmonised with the current scheme. The age, however, would be increased to 55 years;
- the contribution reduction would be structured through a remittance reduction.

55+ Projects, communication campaign and personal prospects or career path plan

- making financing available for the 55+ Project;
- financing a joint communication campaign to better draw employers' and employees' attention to the financial and social security aspects of staying on the job longer;
- in the first three months of unemployment, older job seekers would be entitled to draw up a personal prospects or career path plan at the UWV or private intermediaries in order to rapidly establish their chances of finding work in the same or similar type of position;
- the premise of the foregoing proposals is the budget-neutral reprioritising within the UWV budget for activities for older job seekers (including communication and information to employers).

Compensation scheme for older employees who have been ill for long periods of time

- after 13 weeks of illness, the UWV will pay the employer the expenses of continuing to pay the employee's salary during illness in accordance with the Dutch Sickness Benefits Act [*Ziektewet*] for newly hired employees aged 55 and over who have, for example, received benefits for three months pursuant to the Dutch Unemployment Benefits Act [*WW*], the Dutch Older Unemployed Workers Income Support Act [*IOW*] or public assistance; the rule applies until 5 years after the employment start date.

3. Promoting sectoral and/or cross-sector training

In order to prevent unemployment, retraining in a new career may be necessary in cases in which similar positions are unavailable. A retraining bonus would follow up on the crisis measure that recently lapsed and on MP Hamer's proposal during the budget debates for the Ministry of Social Affairs and Employment 2011.³³

Retraining bonus for employers

- a remittance reduction for the costs of cross-sector retraining for newly hired employees who had previously received a benefit and newly hired employees who were threatened with unemployment.

Retraining for older job seekers

- rapidly, preventatively and broadly implementing retraining with retention of unemployment benefit if, after three months of focussed searching, it becomes evident that the job seeker must retrain for another sector or position in order to find employment again;
- along with the retraining, intermediation must be implemented for finding a new employer who needs this employee or who – with the retraining bonus – would be willing to bear the costs of retraining.

4. Promoting vitality

The governmental accord includes a new *vitality scheme*: *'The special leave scheme and the employee savings scheme will be integrated into a scheme that supports care activities, participating in training, setting up one's own business and accepting demotion or a part-time pension. The scheme cannot be used to take early retirement. The employee savings scheme and special leave scheme will be integrated, in a budget-neutral fashion, into a new vitality scheme.'*

³³ In addition, there are existing reintegration funds that can be used to promote cross-sector mobility.

Vitality scheme issues meriting attention

The scope of the vitality scheme may prove to exceed the personal training and employability budget at the sector or company level. More details must be added to the scheme, in which respect it will be important that it be a simple, individual incentive which employees may avail themselves of on a voluntary basis and to which employers can make contributions – only to participants – based on employment benefit agreements. People who are not wage earners, such as ZZPs, will also have to be able to participate in this scheme. This can be worked into the system by having it follow up the special leave scheme, in which respect the preference will be for a ‘lite’ version: simple in both form and practice.

It does not seem to be an obvious choice to use the vitality scheme to finance *training expenses*. That will generally be accomplished by using the present training deduction. Given the intended objectives of the vitality scheme, structuring it as a ‘lost-income scheme’ (as would be the case if income were reduced as a result of accepting a part-time pension or taking a sabbatical, etc.) may be a real option.

The Labour Foundation considers it advisable to retain the special leave scheme’s facility for contributing and spending funds on a pre-pension scheme.

On balance, the Labour Foundation considers a vitality scheme to be conceivable if:

- it can also be spent on early retirement³⁴ or
- the special leave scheme continues in its current form alongside the new scheme.

The Foundation believes that the employee savings scheme may be used as a source of financing for the vitality scheme.

5. Other measures

Continuing income support for older unemployed persons (‘IOW’)

In the context of a cohesive policy intended to achieve normalisation of the labour-market position of older employees, it would be advisable to continue the IOW for the time being. The current IOW applies to employees aged 60 and over who become unemployed before 1 July 2011, and the support expires on 1 July 2016.

One option that may be considered would be as follows (on condition that monitoring shows a substantial improvement in the chances over 60s have of resuming work): starting in 2015, the entrance age for participation in the scheme will be raised in one-year increments so that there are no new participants beginning in 2020.

Stay-on bonus for employees

To encourage older employees to continue working, the Labour Foundation advocates a partial retention of the stay-on bonus as it currently exists.

- the employee receives a stay-on bonus starting at age 62;
- the amount of the new stay-on bonus will be lower than the current stay-on bonus;

³⁴ If employees who have reached AOW age have retired and still have credit remaining, this credit may be deposited into their pension scheme in order to raise their pension benefit. At the end of their career, therefore, people will have to decide whether to retire early or to work longer for a higher pension. This is different from the prior early retirement schemes, where failure to avail themselves of the schemes would put employees at a financial disadvantage.

- the maximum amount of the stay-on bonus will increase incrementally the closer the employee comes to reaching AOW age.

Table 1 - Overview of proposed measures for accompanying government policy

Source: Labour Foundation

<i>New set of schemes</i>	<i>Goal of measure</i>	<i>Intended effect</i>
<i>Promoting the job mobility of older employees</i> <ul style="list-style-type: none"> • Mobility bonus for employers • Mobility bonus for employees 	Incentive for job mobility of over 55s	More mobility for over 55s and prevention of unemployment
<i>Promoting the re-entry of older employees in the labour process</i> <ul style="list-style-type: none"> • Reduction in contributions for older job seekers • Compensation scheme for older employees who have been ill for long periods of time • 55+ Project • personal prospects plan/career path planning for older unemployment benefit recipients 	Putting older job seekers to work Reducing financial risk for employers hiring over 55s Promoting return to work for over 55s	Fewer unemployed persons Incentive for employers' hiring over 55s Higher participation by older employees
<i>Promoting sectoral and/or cross-sector training</i> <ul style="list-style-type: none"> • Retraining bonus • Broader training possibilities and • Personal deduction for training expenses 	Prevention of unemployment Increasing employability and retraining for jobs in other sectors Encouraging learning for a lifetime	Preventing unemployment
<i>Promoting vitality</i> <ul style="list-style-type: none"> • Vitality scheme (special leave and employee savings schemes) 	Encouraging people to stay vital for work	Increasing employability
<i>Other Provisions</i> <ul style="list-style-type: none"> • Continuing the IOW 	Income protection for older people who have been unemployed for longer periods of time (for as long as their chances on the labour market remain below average)	Limiting further income losses
<ul style="list-style-type: none"> • Reduced stay-on bonus 	Encouraging over 62s to continue working	Increasing labour-market participation by older employees

The new schemes will be financed (budget neutrally) by the gradual elimination of part of the stay-on bonus, the higher earned income tax credit for older employees, the contribution reduction for the 62+ scheme, raising age eligibility for the contribution reduction for the 50+ scheme and raising age eligibility for the compensation scheme for older employees who are ill.

- *Situation after the measures are reprioritised*

Table 2 illustrates what older employees will receive when they change jobs and what employers will receive in the two situations.

Table 2 - Accompanying government policy for re-entry and voluntary mobility

Source: Labour Foundation

	Older employees (aged 55 and over)	Employers
Re-entry	Expanding training possibilities and personal prospects plan for over 55s Partial stay-on bonus Vitality scheme	Retraining bonus Compensation scheme for older employees who have been ill for long periods of time Broadening of contribution reductions for employers
Voluntary mobility	Mobility bonus for employees Personal deduction for education expenses Vitality scheme	Mobility bonus for employers Retraining bonus

11. Monitoring

The goal that the Labour Foundation is striving to achieve is to have labour-market participation by older employees be a normal state of affairs within ten years (by 2020).³⁵ That is to say that, by 2020, there will be no fundamental difference in the average labour-market participation between under 55s and over 55s. This ambition is consistent with the agreements made during the Participation Top conference [*Participatietop*] June 2007 and with the EU 2020 Strategy (formerly known as the Lisbon Strategy).

Each year, starting in the course of 2012, the effect of the proposed measures for older employees' labour-market position, employability and mobility will be monitored and evaluated from the perspective of one of the four elements from which this policy agenda has been constructed. Each monitoring portion will study the extent to which the labour-market position of older employees (including participation, chances of resuming work, retirement age, entrance into the social security system, inability to perform and the risk of that inability as a consequence of working conditions) has improved. A study will also be made of the extent to which the goals for average labour-market participation have been achieved. If the goal proves impossible to achieve with the underlying investment agenda, the social partners in the Labour Foundation will make interim agreements about adjusting or intensifying the policy agenda.

The baseline measurement will be performed in the first half of 2011.

The decentralised partners will be expressly involved in the set-up and results of the monitoring and evaluation. This might even be accomplished by establishing a committee at the sector and/or CLA level that will closely comply with the recommendations in this agenda and relate the results to the Labour Foundation.

³⁵ In the Pension Accord, the Labour Foundation has agreed to raise the retirement age to 66 in 2020.

The results of the annual monitoring and evaluation will be discussed by the Foundation's board, as will possible adjustments and/or intensifications of the policy agenda.

The evaluation will be performed by the Labour Foundation with the input of the Ministry of Social Affairs and Employment, the UWV, the Netherlands Interdisciplinary Demographics Institute [*NIDI*] and the Council for Work and Income [*RWI*] being an obvious requirement.