CASE: PWD Technical Services (a business unit of the Public Works Department of the City of Helsinki)

INTRODUCTION

The average retirement age in Finland is 59 years. There is much talk of a time bomb ticking in the Finnish labour market and in the country in general as the baby-boom generation born in the immediate post-war years (1945-1950) is about to retire. Studies show that the assets that are currently accumulated in pension funds may not be enough to cover the baby-boomers' pensions unless there is a slowdown in the retirement rate. At the same time, Finnish working life is undergoing a transition where the retiring baby-boomers are taking a large amount of empirical knowledge with them. The aim of the pension legislation reform introduced in 2005 is to persuade employees to stay in working life beyond the normal retirement age of 65 years by providing them with economic incentives (i.e. substantially higher pensions). Under the new legislation, Finns can now work until the age of 68, or three years longer than it was possible to do under the old system, without any special arrangements with their employers. If they so wish, employees can retire at the age of 62, though on a significantly lower pension.

The new pension system does not provide employers with any incentives, such as gradually decreasing employers' contributions and it seems that a long and successful working career is mainly of interest to the Government and those producing studies on the subject. Moreover, few Finnish employers have deemed it necessary to focus on work ability and job satisfaction among staff members nearing retirement, as they have been able to rely on an ample supply of labour after the deep economic recession which hit Finland in the early 1990s.

Concern about the prospect of an ageing workforce reducing competitiveness and being unable to cope with the heavy work they were carrying out prompted the management of the PWD Technical Services, a business unit of the Public Works Department of the City of Helsinki, to launch a programme for its ageing staff members in 2002. The aim was to keep employees productive until the statutory retirement age. At the same time, the management wanted to reduce the number of workers seeking part-time pension, to increase attendance rates**,** to maintain the high level of input of the ageing workers and to keep the organization competitive.

The programme was carried out as an employee-specific scheme, which culminated in the drawing up of a work life cycle development plan (HEKS) for each participating staff member over 45. The aim was to find ways of enabling individuals to work productively and

efficiently for the whole duration of their remaining careers and allow them to step down at statutory retirement age **IN GOOD HEALTH**. Participatory methods helped to produce a number of measures enabling customized management to be applied to ageing workers.

Supervisors were provided with a toolkit that contained practical instruments for putting employee-specific plans into effect. In practice, the toolkit was a long list of guidelines and operating methods plus practical examples of how to deal with daily situations. The programme planning stage at the PWD Technical Services took place over the years 2002 and 2003 and practical implementation was carried out over the period 2004-2006. The lessons learned during the project are now being incorporated in the unit's management system and it has been decided that the best programme practices will be used at least until 2010.

The age programme at the PWD Technical Services was largely created in accordance with the principles contained in the Walker report (European Foundation for the Improvement of Living and Working Conditions, report by Allan Walker, 1999). It was fundamental for the success of the project that the management, shop stewards and the staff all recognized the need for a programme covering the unit's ageing workers. The operating culture at the PWD Technical Services, which puts great emphasis on cooperation, employee well-being and occupational health matters provided a sound basis for the programme, while at the same time statistics were compiled on the age structure, retirement forecasts and sickness-related absences of staff members. A major incentive for launching the programme was the fact that an ageing workforce and increasing competition threatened the performance, profitability and, ultimately, the existence of the PWD Technical Services.

PWD TECHNICAL SERVICES

PWD Technical Services is a business unit of the Public Works Department of the City of Helsinki, the capital of Finland, which provides construction, equipment rental and transport services in competition with the private sector. Most of the customers are City of Helsinki agencies and departments, though the unit also has neighbouring municipalities, central government organizations and, on a small scale, private sector operators among its customers. The unit has a permanent staff of about 420 plus a fixed-term workforce of around 80. The average age of the permanent employees is about 47, while 60% of the total staff is over 45 and 25% over 56. The tasks at the PWD Technical Services are physically demanding, and therefore few employees continue until the statutory retirement age.

Vision

The PWD Technical Services is a professional, cooperative and trustworthy production unit which provides the City with services. These services are in high demand and the unit is highly regarded by its employees.

Like all other City of Helsinki employees, staff members at the PWD Technical Services enjoy a high level of employment security, which means that permanent staff members are not made redundant on economic or production-related grounds. The City of Helsinki's poor financial state and the performance pressures on the unit in the early 1990s meant that, like all other municipal organizations, it had to undergo strict austerity and was not allowed to recruit new staff. This led to a highly distorted personnel structure in which half the unit's staff is now near retirement, while the other half are youngsters who have just left school. The unit's management and staff have, however, decided to join forces in developing operating approaches that will enable the unit to live with its present personnel structure and to compete successfully with the private sector for new workers. The struggle for survival was the factor that prompted the unit to launch a programme for its ageing workers.

Background

A few years ago, the PWD Technical Services was, for a number of reasons, in danger of losing both its competitiveness and profitability. Following the recession of the early 1990s and the consequent recruiting ban, the average age of the staff was very high and the personnel structure highly distorted. More than 10% of the employees were on different types of part-time pension, mostly for reasons of health and work ability. Sickness-related

absenteeism among workers with hourly wages was about four times higher than in the competing private sector operators, while among those with monthly pay the ratio was 2:1. It was clear that because of a large number of ageing staff members about to retire the unit would soon face massive employee attrition, while at the same time low pay levels at the City of Helsinki and a high demand for labour elsewhere would make recruiting new staff extremely difficult. Stiff competition for workforce in Helsinki was to be expected as both the central and local government had increased their investment by 40%, which meant that they had reached pre-recession levels.

The PWD Technical Services had to find ways of maintaining its competitiveness and profitability. It was decided that the best approach would be to keep turnover at reasonable levels and to ensure the smooth functioning of the production machinery in spite of the ageing of the workforce. A dramatic drop in the unit's production volumes would have caused its profitability to collapse. At the same time, less efficient utilization of the production machinery would have resulted in low level of competitiveness, causing turnover to drop. Thus, the unit had to provide its employees with the necessary skills, keep them working as long as possible, and to ensure that they remain healthy and efficient and that the core skills could be transferred to new workers. However, it was also clear that it would only be possible to recruit a substantial number of new staff if turnover increased. At the same time, it was also essential to get sickness-related absenteeism to private-sector-levels and to persuade employees to put off their retirement. All this had to be on a voluntary basis, as the unit's staff members are only accountable to themselves and to their closest family members. The situation was made more difficult by the fact that competing private operators were in dire need of additional workforce and were seeking recruits both in the PWD Technical Services and the private sector. It was clear that results could only be achieved if there was complete trust between the unit's management and staff, and thus the aim was to make employees fully committed using the win-win principle.

The age programme that started in 2002 (see above) had the following objectives:

1. To make it possible for individuals to work to the statutory retirement age.
2. To ensure that employees perform well and remain in good health for the whole duration of their careers.
3. To maintain and updating the skills of individual workers and providing them with more extensive or entirely new skills.
4. To collect the empirical knowledge possessed by ageing workers and transferring it to new recruits.
5. To replace the part-time pension with more flexible arrangements.

6. To keep the organization profitable and competitive.

The age programme was produced as part of the unit's personnel programme, and it laid down the principles for managing the last 15-20 working years of each employee. The aim is to maintain a high level of mental well-being, to ensure high levels of productivity until statutory retirement age, and to allow workers to retire in good health so that they are able to cope with the challenges of retirement.

The age programme was in two parts: the first part covers the personnel-policy principles adhered to by the PWD Technical Services, while the second part details the personnel-policy measures with which the programme is put into effect. The programme was strictly on an employee-specific basis.

AGE PROGRAMME PROCESSES

The programme was carried out as an employee-specific scheme, which culminated in the drawing up of a work life cycle development plan (HEKS) for each participant staff member over 45. The aim was to find ways for enabling individuals to work productively and efficiently for the whole duration of their remaining careers and allow them to step down at statutory retirement age in good health. Participatory methods helped to produce a number of approaches enabling customized management to be applied to ageing workers. The content of supervisor/subordinate discussions can be described as follows:

1. PERSONAL ORIENTATION AND SOCIAL FACTORS

1.1 Family background, family matters, hobbies
1.2 Basic education, other education, core skills
1.3 Opinions about work, workplace community and the employer
1.4 Expectations for the future

2. SKILLS, SKILLS UPDATING AND PERFORMANCE

2.1 Employment history
2.2 Performance
2.3 Courses attended, need for additional training
2.4 Expectations, job rotation, new career?

3. WORK ABILITY AND PERFORMANCE

3.1 State of health, illnesses, occupational accidents, well-being at work, physical condition
3.2 Workload (physical, psychological and social)
3.3 Equipment, technology, work facilities, occupational safety
3.4 Work content, ability to influence one's work tasks, work motivation
3.5 Fitness checks, fitness breaks, age-specific leaves

4. TEACHING ASSIGNMENTS, TRANSFERING SKILLS AND EXPERIENCE

4.1 Training to become an instructor and teaching
4.2 Transferring skills on the shop-floor level of in field work
4.3 Preparing written documentation (+ photographs + videos)

5. PAY LEVEL AND WORKING-HOURS MANAGEMENT

5.1 Working-hour arrangements, flexible working hours
5.2 Pay trends, targets

5.3 Overtime, shift work, factors influencing pay

6. RETIREMENT (APPLIES ONLY TO THOSE AGED 56 OR OVER)

6.1 Preparations

6.2 Postponing retirement and/or working during retirement

6.3 Senior teams, other cooperation with employer

7. EMPLOYEE EXPECTATIONS

7.1 from the employer

7.2 from the supervisor

7.3 from workplace communities

7.4 from co-workers

8. MATTERS TO BE ENTERED IN HEKS

8.1 Publishable information (vocational training, working-hour arrangements, age-specific leaves, fitness breaks, etc.)

8.2 Confidential information (state of health, physical condition, well-being at work, motivation, job rotation, new career, retirement, transferring skills, pay)

Supervisors were provided with a versatile toolkit for implementing personal plans. Figure 2 outlines the planning, construction and implementation of the age programme. The programme planning stage at the PWD Technical Services covered the years 2002-2003, and practical implementation followed in 2004-2006. Since the completion of the programme, the focus has been on incorporating the lessons learned during the scheme into the unit's management system.

In order to ensure a smooth working career for each staff member, supervisors and employees were provided with tools that would secure the achievement of the age programme objectives. The first priority was to keep skills up-to-date and to see to it that they can be transferred to the younger generation. This was done in connection with the supervisor/subordinate discussions by providing each employee of 45 and over with a skills updating programme (HEKS), which, if necessary and when possible, also included a job-rotation plan. The aim of the job-rotation plan was to support skills and assist in skills updating and it was either detailed in scope or merely covered the main points. If there was a danger that the retirement of a staff member would deprive the PWD Technical Services of expertise, the skills of the person concerned were mapped and classified for transfer as part of skills management. Supervisors drew up a documentation and transfer programme for the information and skills to be preserved, containing the methods and resources used for the documentation and

transfer process (for example, apprenticeship contract, work pairs practice, mentoring and induction). A great deal of emphasis was put on vocational training of ageing workers, so that those employees who so wish can work in sufficiently challenging tasks for the remaining years of their career.

The second task was to secure the work ability and performance of the employees concerned. For this purpose, an electronic process was generated for the eHR system, allowing the workload and work ability of individual workers to be monitored by the employees themselves, their supervisors and the occupational health staff. Supervisors were obliged to have regular discussions with their subordinates on their work ability and performance, covering coping at work and within the workplace community, performance, personal work safety and work ergonomics. Those in physically demanding work were given the chance of adopting a work life cycle that would gradually become easier and in which, depending on the tasks, employees would be able to remain productive but at the same time have their work load gradually lightened (Figure 3). As part of the health guarantee, all those over 56 were provided with annual fitness checks, personal fitness guidance and a health-check with feedback.

As a replacement for part-time pensions, those over 56 were provided with an age-specific leave system in which the number of paid days off is tied to workload. A 56-year old employee may get two age-specific days off, while a worker at 65 may get twenty. All workers at 45 and over are entitled to a guided one-week fitness break paid for by the employer, during which they are given information about how to maintain and/or improve their physical condition. The fitness break is outside normal working hours.

Moreover, the PWD Technical Services got better opportunities for flexible arrangements in working hours and in wages and salaries to promote the aims of the age programme. These increased opportunities for flexibility can then be utilized by supervisors in their discussions with subordinates and when drawing up personal work life cycle development plans with them. Drawing up working-hour schemes is always at the employee-specific level and, whenever possible, also involves the option of telecommuting.

As part of the age programme, the unit was able to adjust the pay level of its ageing staff members in accordance with their working hours and tasks. Work tasks could be made more demanding, while at the same time, special tasks connected with the transfer of skills to younger workers also mean higher earnings. Before any agreement is made on these matters, the workers in question are presented with calculations on how the measures affecting pay would impact their pension levels.

At the same time, however, the workplace communities are treated as a social network in which key figures on work climate and changes in them are monitored by carrying out annual surveys on well-being at work. Supervisors were provided with better capabilities to manage people and a social system, so that they would be in a better position to react to changes in workplace communities. Ageing employees were provided with working groups focusing on work, working methods, performance and work climate and on how to improve them. These groups, called future groups, provide a joint platform for experienced skilled workers and work life development experts for working out new approaches to the above issues.

Finally, providing retiring employees with training involving the option of drawing up a personal plan makes withdrawal from working life easier and helps them to deal with the challenges of retirement. At the same time, rules were also drawn up for assignments during retirement (such as teaching and project work). Stepping down at statutory retirement age is preceded by a voluntary health check-up and, should the employee so wish, advice regarding the retirement years.

The PWD Technical Services' age programme was included in the Finnish Ministry of Labour's Workplace Development Programme during its 2002-2003 planning stage and during programme implementation in the years 2004-2006. The age programme has attracted a great deal of attention in both Finland and elsewhere in Europe on account of the results achieved and the novel implementation methods applied. It has been a subject of television interviews and newspaper articles, while the City of Helsinki intends to apply at least some of the programme methods for the training of its remaining 38,000 employees. At the same time, the Ministry of Labour is encouraging Finnish companies to learn from the lessons accumulated by the PWD Technical Services in the management of an ageing workforce. Like the PWD Technical Services, they are urged to focus on a new type of personal understanding between the employer and the employees, in which use is made of a broad range of measures that will help to make work more attractive and, consequently, keep workers of all ages productive.

Table 1. Age programme – important dates.

Year	**CRITICAL JUNCTURES IN THE PWD TECHNICAL SERVICES' AGE PROGRAMME**
2002	Launching programme planning and carrying out studies on the staff members

2002	Compiling networks and initiating network-based cooperation with partner companies
2002	Setting up a programme policy in cooperation with all workers over 45 (at work seminars and working groups)
2003	Planning and testing policy-implementing measures
2003	Drawing up methods supporting occupational health and making work physically less demanding
2003	December: approval of the age programme by the City of Helsinki central administration
2004	Developing electronic eHR database in cooperation with the partner company ARC Technology
2004	Providing all 250 workers over 45 with personal work life cycle development plans using electronic eHR database
2005	Rehabilitation Foundation launches project evaluation
2005	Age programme now fully operational
2006	Age programme concluded at the end of the year
2007	Results published at the HR Summit in Finlandia Hall in Helsinki on 30 January 2007
2007	Rehabilitation Foundation publishes the evaluation results on 14 June 2007
2007-2009	Continuing application of the best programme practices: • Annual HEKS updating • Occupational health checks • Age-specific leaves • Flexible working hours • Fitness breaks

RESULTS

The programme helped to bring about substantial improvements in the PWD Technical Services' business. Both the management and the staff committed themselves to the programme from the very start, enabling an operating model tailored to the unit's needs to be drawn up. The programme also significantly improved the image of the PWD Technical Services as an employer, which helped to keep the flow of staff members moving to other organizations at tolerable levels, and enabled the unit to recruit new personnel in accordance with business volumes. At the same time, the age programme enabled the unit to learn from the best practices of other organizations.

The most important result was the halving of sickness-related absenteeism in 2006, compared with 2005 levels. The age programme helped to improve average occupational health and performance levels and it also resulted in a higher average retirement age among the participant employees. Moreover, as a large number of workers in need of a gradually lightening work life cycle could be provided with such an arrangement, part-time retirement came to an almost complete end. At the same time, employee well-being and job satisfaction at the PWD Technical Services remained high.

The age programme helped the PWD Technical Services to remain competitive and profitable, even though business volumes decreased.

The eHR information system set up as part of the programme provided the supervisors with a management support tool. The system supports daily interaction between supervisors and subordinates, and has helped to speed up cooperation with occupational health services and put it on an improved footing. In fact one of the most important programme results has been the substantial eHR-driven improvement in the way the unit's occupational health service operates.

eHR stands for 'electronic human resource'. In the PWD Technical Services the system provides a joint tool for supervisors and subordinates. The purpose of the system is to provide the right information to the right people at the right time. The eHR system is on a self-service basis and all employees are personally responsible for keeping the information on it up-to-date. All permanent employees of the unit have the right to access the system. Skills management helps the PWD Technical Services to ensure that skills can be systematically improved in accordance with the unit's targets. Business strategies determine core skills, which have been made into key operating skills. Skills management also helps to ensure that the departments, work departments, business units and the PWD Technical Services in

general always have access to the necessary skills. Surveys provide a basis for skills development, skills planning and the transfer of tacit knowledge. Skills are assessed using a five-grade system and linked to given roles, in which skills are divided into three different areas. The supervisor/subordinate discussions conducted with each employee at least once a year demonstrate the usefulness of skills surveys. In the discussions, a supervisor and a subordinate draw up skills development plans for the following period.

Skills management, training register, supervisor/subordinate discussions and reporting make the eHR system a strategic tool for the PWD Technical Services management that enables it to guide personnel resources in a productive manner.

The age programme did, however, leave the PWD Technical Services with a number of problems to tackle the most serious of which is an annual five-per cent decline in turnover. The drop has affected profitability and prevented the unit from recruiting a sufficient number of new staff. At the same time, the implementation of the projected improvements has been slower than planned, while some of the changes have not materialized in the scale envisaged (training of supervisors to consolidate the changes in the management system, computer training for employees so that more efficient use could be made of the eHR system, launching of the future groups, extensive use of flexible working hours, and internal job rotation).

Part-time pensions and sickness-related absenteeism remain the most important factors influencing current personnel resources, and they will also determine the severity of the future staff shortages. Sickness-related absenteeism should therefore be halved from present levels, while those in part-time pension that are able to work should be persuaded to return to full-time employment. The future shortage of resources might also be alleviated if more employees who are able and willing to work longer were prepared to postpone their retirement, and if pensioned employees were given the opportunity to work during retirement.

CONCLUSIONS

The age programme at the PWD Technical Services produced planning and management tools that helped to improve the health and work ability of the ageing workers, enabled them to cope with their work and made them more productive. At the same time, by helping to raise the retirement age and cutting the number of part-time pensions, it also put the retirement process on a more manageable basis. Moreover, the age programme also resulted in procedures for drawing up work life cycle development plans (HEKS plans) for each employee covering the years preceding retirement. The procedures focused on the content of the work tasks, their social structure and the development needs of the employees concerned.

Therefore, from 2007, the PWD Technical Services will incorporate as many age-programme elements as possible into its personnel policy and strategies, and operative personnel management. Some of the measures are, however, subject to approval by the City central administration. The aim is to keep the flexible working-hour practices and age-specific leaves introduced as part of the programme in place, and to continue the system of fitness breaks granted as part of capacity utilization. Providing occupational health service users with a service level that is twice as high as what is offered to other City of Helsinki employees will be problematic, however. In other respects, the PWD Technical Services is free to decide which measures tried as part of the age programme it will adopt for continuous use.

The health guarantee, the operating models connected with occupational health, work ability and workload, and close cooperation with occupational health services will become daily routines. At the same time, the future groups working on tacit knowledge and the development of new operating approaches will also be put on a regular basis. This will ensure the transfer of skills and the development of improved work practices by senior workers.

The PWD Technical Services' age programme has a number of elements that can also be adopted by other local and central government and private sector organizations, particularly those competing with other players. It should be remembered, however, that this requires close cooperation and mutual trust between the management and the workers. It is also necessary to have participatory and interactive methods so that the strategic and tactical objectives of the age programme and the practical methods used can be understood and approved and so that all parties can make a broad commitment to them.

Owners should also draw up long-term development plans, which can guarantee both the future of their organizations and sound personnel policy practices. Thus, the age programme is best suited to the municipal sector in which employees stay in the service of one employer

longer than in the private sector. In such organizations schemes like the age programme would be useful, as the investments would only bear fruit in the long run.

Management practices incorporated in the PWD Technical Services' age programme can also be applied to units using official authority that operate on fixed budgets. This is because management requirements concerning ageing workers in them are very similar to those in other public sector bodies. At the same time, persuading such bodies to adopt the PWD Technical Services' model is likely to be difficult because they do not market services, or have absolute deadlines and continuous capacity utilization to worry about.

The City of Helsinki will have to incorporate substantial changes in its personnel policy, especially in the area of human resources and management. The desire of ageing workers to decide on how they would like to spend their time, keeping work as challenging as possible and supportive of lifelong learning are factors that must be considered when ways for raising the general retirement age are sought. At the same time, tripartite cooperation involving the occupational health service, and maintenance of occupational health and work ability, partly at employers' expense, is probably also important to all other City of Helsinki employees when they are wondering whether to continue at work or to withdraw from working life.

Lessons learned

It was noticed during the age programme that participatory and interactive factors played a very important role, both during the planning stage and programme implementation. Active involvement of staff members in the development of the management system, the fact that they were able to cooperate closely with their immediate supervisors, and the attention paid to their needs helped employees to become committed to the scheme and encouraged them to put forward new views. Commitment demonstrated by the management and its active involvement were of great importance during the early stages of the programme. At the same time, putting the subject forward by the management, the way management members described their problems as issues relevant to the age programme, and the fact that they were able to identify themselves with ageing employees helped to create a sense of togetherness.

In addition to employee involvement, shop stewards and key staff members were also active in providing information about the project and in generating interaction between the shop floor and the management. After all, these are the people that employees listen to and are prepared to talk to.

The project had a monitoring group, which enabled expert information to be used extensively as the project progressed. The monitoring group had, among others, Juhani Ilmarinen from the Finnish Institute of Occupational Health, Timo Suurnäkki from the Centre for Occupational Safety, Marja-Leena Suhonen from the Local Government Pensions Institution and a number of other top Finnish experts as members. They all played an importance role in the dissemination and application of information.

The project once again showed us that it is not enough to merely debate the issue of ageing and provide information about the progress of the project. All those involved must also be genuinely committed to the things they have agreed to do, while at the same time total participation and a two-way information flow are also key factors. The employer must keep its promises, as otherwise employees would not be prepared to commit themselves to the project.

Looking back, it can be said that the extensive training received by the supervisors working at the PWD Technical Services for the 3-10 days at both the individual and group level was insufficient for turning a performance-oriented management culture into a human-oriented system. What is also needed is a lot of faith and a management culture that can support the current change process.

Supervisors can only shift their focus from processes to humans if they have the tools that enable them to do their job properly. The eHR information system developed during the project and drawing on ideas put forward by the supervisors is an example of such an innovation. It substantially facilitates supervisors' work and helps to create interaction with the occupational health service.

Carrying out such a major project requires a commitment from all those involved. In our view, such a commitment is only possible if an organization has a common vision on the matter and is determined to achieve the vision. Ageing is a matter for both the young and old; after all we all grow older. Respect for seniors, collection of empirical knowledge and genuine interest towards all employees by supervisors have helped to provide us with a crucial competitive advantage and a better working environment. We all want to influence our own lives as individuals doing work. We all want to achieve something important and to do important work. Deciding on how to spend the last fifteen years of our working careers helps us to determine our role as members of the workplace communities, in other words, determine our work motivation and state of health as employees. This is actually of global importance, as it has clear impacts on human health and, consequently, on the economy as a whole.