ASPIRE – Active Ageing through Social Partnership and Industrial Relations in Europe *

Improving how the older labour market is managed: a new era of social partnership

by Matt Flynn

Earlier this year, European level organisations representing employers and labour unions signed a framework agreement to promote social dialogue at the national, industrial and organisational levels on measures to address workplace ageism and make it easier for older workers to stay in the labour market until they reach pension age. At the same time, the agreement called for employers and unions to work together in order to address youth unemployment which in some countries is as high as over half the under 25's. Social partners recognised the impact which demographic change was having on both employers and workers and the agreement represented a commitment to work together to tailor European labour markets for ageing societies.

The agreement also represented a sea change to how social partners manage older workers. For most of the twentieth century, employers and unions had also worked together- but the aim of the collaboration was to remove older workers early from the labour market rather than to help them to make it to retirement age. German sociologist Bernard Ebbinghaus described this as a 'collusion toward early retirement.' Both sides had an interest in creating early retirement pathways. Employers could dispense with staff with outdated skills and replace them with young workers straight out of school. Unions meanwhile were helping their older constituents to draw their pensions early and free up jobs for their younger one. However, within the context of ageing populations, the 'collusion' proved myopic because early retirement has led to employers facing skills shortages, the state facing increased costs of sustaining a growing economically inactive population, and workers coming under threat of retiring on inadequate savings. In the UK, for example, over a third of the older population is retiring with only the State Pension to live on. At £153 per week, the British State pension would need to be increased 40% to get those living only on it up to the absolute poverty line.

If the two sides shared interest in colluding on getting older workers out of work early in the last century was apparent, what is the basis for agreement between them now to support older workers in staying in? There are a few shared goals which employers and unions have when it comes to older workers. First, both sides want older workers to be in jobs which they value and won't lead to early retirement due to poor health. Getting older workers into sustainable work is a challenge since late careers tend to sclerotic with many people in their sixties stuck in work which they could do easily in their forties but is now too physically demanding or stressful. Making late career job transitions easier is a goal which both employers and unions want. Second, promoting intergenerational knowledge sharing can benefit younger and older workers since the former gain skills which enhance their employability and the latter can share their knowledge and experience

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while reflecting on the contributions which they have made throughout their careers. Knowledge sharing also benefits the employer as it keeps inhouse and tacit knowledge within the business even after the older worker retires. Finally, both employers and workers can benefit from late career work flexibility. As employees wind-down toward retirement, older workers may want to reduce their workloads and/or pass on some work to younger colleagues. Phased retirement programmes in British companies like BAE Systems and British Telecom have been successful because they help everyone better manage career transitions, including the eventual transition into retirement.

Improving how ageing workplaces are managed can be a win-win for employers and unions, so it makes sense as to why European social partners want to work together on the issue. An audience outside of Europe might think that the framework agreement is a product of post-World War II industrial relations and wouldn't work well in economies like the United States where the relationship between employers and unions could be better described as conflict rather than collaboration. It is true that where social dialogue is strongest, like Germany or Sweden, collective agreements have been reached on managing age within workplaces across industrial sectors including manufacturing, chemical and steel. However, in European countries where social partnership is less robust, there are still interesting examples of employers and unions working together. In the UK, for example, National Health Service employers and staff sides have been working jointly to ensure health service professionals can sustain work as pension ages rise. In Italy, bilateral funds (managed jointly by managers and union reps) are being set up in order to fund programmes to promote healthy work and tackle workplace ageism. Finally, and most significantly, social partners in these two countries as well as Spain and Poland are working together regionally to find solutions to problems which traditional industrial relation structures have not been great at solving like older joblessness and improving intergenerational learning.

Improving how workplace ageing is addressed is a great way in which labour and management can work together in order to find innovative solutions. Not only are there many shared goals, but neither side has all of the solutions. Achieving the common objective- i.e. ensuing both younger and older workers have access to good work in which they can be productive- can best be achieved if everyone has a voice at the table.

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