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in 2005 and older employees' continued work

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ABSTRAKTI

Työnantajat ja joustava vanhuuseläke -raportissa tarkastellaan työnantajien arvioita Suomen vanhuuseläkeuudistuksesta, ikääntyneiden työllistämisestä ja työssä jatkamismahdollisuuksista sekä työssä jatkamista tukevista toimenpiteistä työpaikoilla. Aineiston keräsi Tilastokeskus kesällä 2004 puhelinhaastatteluna. Toimipaikkoja tutkimusaineistossa on 1 930. Vastausprosentti on 78 ja aineiston edustavuus hyvä.

Vuoden 2005 alusta voimaan tulleessa suuressa eläkeuudistuksessa mm. eräitä varhaiseläkeuotoja lakkautettiin ja eläkkeelle pääsyn ikärajoja muutettiin. Tärkeä muutos on joustavan vanhuuseläkeiän voimaan tulo. Eläkkeelle voi jäädä joustavasti ikävälillä 63–68 vuotta, kun aikaisemmin eläkeikä oli 65 vuotta. Varhennetun vanhuuseläkkeen ikäraja nousi samalla 60 vuodesta 62 vuoteen.

Joustavaan vanhuuseläkejärjestelmään siirtyminen nähdään suurimmassa osassa työpaikkoja myönteisenä muutoksena. Valtion toimipaikoissa ja suurissa, vähintään 250 henkilöä työllistävissä toimipaikoissa muutos nähdään muita yleisemmin positiivisena asiana. Vaikka joustavuutta pidetään työpaikoilla yleisesti hyvänä asiana, uusia ikärajoja pidetään liian korkeina. Varhennetun vanhuuseläkkeen 62 vuoden alaikäraja pitää kolmasosa työnantajista liian korkeana ja varsinaisen vanhuuseläkkeen 68 vuoden yläikärajaa valtaosa työnantajista.

Työnantajien arvion mukaan noin puolessa toimipaikoista useimmat työntekijät voisivat jatkaa työntekoa 65 vuoden ikään asti, mutta 68 vuoden ikään vain viidesosassa toimipaikoista. Jatkamismahdollisuuksia on työnantajien näkemyksen mukaan enemmän kuin työntekijöiden keskuudessa on jatkamisaikeita. Vanhimmista työntekijöistä noin neljäsosa aikoo jatkaa työssä 65 vuoden ikään asti ja vain pari prosenttia 68 ikään asti.

Toimipaikoista noin puolet voisi tulevaisuudessa käyttää nykyistä enemmän 55 vuotta täyttäneitä työvoimaa. Mahdollisuudet tämänikäisten työllistämiseen arvioidaan kunta-sektorilla jonkin verran paremmiksi kuin muilla sektoreilla. Työnantajien näkemyksiin vaikuttaa työvoiman tarve. Lähivuosina noin joka neljännessä toimipaikassa aiotaan palkata lisää työvoimaa.

Työssä jatkamista vanhuuseläkeikään saakka tuetaan lähes kahdessa toimipaikassa kolmesta vähintään jossain määrin. Voimakasta tukea annetaan runsaassa kymmenesosassa työpaikoista ja julkisella sektorilla yleisemmin kuin yksityisaloilla.

Työnantajien ja työntekijöiden näkemykset työssä jatkamista edistävien asioiden tärkeydestä ovat melko yhdenmukaiset. Molempien vastauksissa tärkeimpiä ovat työyhteisön hyvä ilmapiiri, hyvä ja toimiva työympäristö ja hyvä esimiestoiminta.

ABSTRACT

The report “Työnantajat ja joustava vanhuuseläke” (Employers and the Flexible Retirement Age) investigates employers’ views on the old-age pension reform, on employing older employees and on the possibilities of older employees to continue working as well as on measures at workplaces supporting continued work. The data was collected during the summer of 2004 through phone interviews by Statistics Finland. The establishments in the research data numbered 1930. The reply rate was 78 %.

The extensive pension reform which took effect at the beginning of 2005 meant, among other things, the abolishment of certain types of pre-retirement pension and changes in the age limits for retirement. An especially important change was the introduction of the flexible retirement age. It is now possible to retire flexibly between the ages of 63 and 68 years, whereas previously the retirement age was 65 years. At the same time the age limit for the early old-age pension was increased from 60 to 62 years.

In the majority of the workplaces the change to a scheme with a flexible retirement age for an old-age pension is considered positive. In state establishments and in large establishments employing at least 250 persons the reform is more frequently considered a positive change than in other establishments.

The lower age limit of 62 years for an old-age pension is considered appropriate by more than 50 % of the employers and too high by 33 %. The upper age limit of 68 years is commonly perceived as too high.

Employers in about 50 % of the establishments estimate that most employees could continue working until the age of 65 years, but continued working until the age of 68 gained support only in 20 % of the establishments.

About 50 % of the establishments think they could in the future employ a larger workforce aged over 55 than at present. The possibilities for employing persons of this age are considered somewhat better in the local government sector than in other sectors. The views of the employers are affected by the need for labour and about 25 % of establishments have plans to hire more employees in the next few years.

Continuing to work until the retirement age is supported at least to some extent in almost two establishments out of three. Strong support is given in about 10 % of the workplaces, and this more frequently in the public sector than in the private sector.

The views of employers and of employees on the importance of factors that promote continued participation in working life are fairly similar. In the replies of both groups the factors that rise to the fore are a good atmosphere in the workplace community, a good and well-functioning working environment and good leadership.

CONTENTS

1	Summary	7
	Flexible retirement on an old-age pension and the new age limits	7
	Continued work among the oldest employees	8
	Employment among the oldest employees and part-time work	9
	Supporting continued work at the workplaces.....	10
2	Introduction	11
3	The Finnish pension system and the 2005 pension reform	13
4	Description of research data	16
	Research data	16
	Sector	17
	Industry.....	17
	Number of personnel	18
	Age structure of the personnel, personnel changes and the financial situation of the establishment	19
5	Results	23
	Evaluations of the flexible retirement age	23
	The new upper and lower age limits for an old-age pension	26
	Evaluations of continued work.....	30
	Evaluation of the effect of the accelerated accrual rate	34
	Support for continued work at the workplaces	35
	Employing older employees	41
	Part-time pension	44
	References	47
	Appendix 1. Representativeness of the data	49

1 Summary

The report "Työnantajat ja joustava vanhuuseläke" (Employers and the Flexible Retirement Age) studies the employers' evaluations of the flexible retirement age which took effect from the beginning of 2005 and their views on employees' continued work. From the beginning of 2005 it is possible in Finland to retire on an old-age pension flexibly between the ages of 63 and 68 instead of at 65 as previously. Continued work after age 63 is encouraged through an accelerated accrual rate of 4.5 %. At the same time it became more difficult to retire on an early old-age pension. Now an old-age pension may be taken early at the age of 62, whereas previously the age limit was 60 years.

One main aim of the pension reform is to postpone effective retirement by 2–3 years in the long term. To achieve this aim it is important that the employees continue working longer than before and also that the employers are positive towards employing older employees and supporting continued work. The employer study also looked at how interested employers are to employ older employees and offer them part-time work. The study also investigated the employers' views on supporting continued work. The Finnish population is ageing rapidly and an ever larger share of people of working age has reached the age of 55. A key role in achieving the employment and pension policy aims is even more active participation in working life of persons in this age group.

Flexible retirement on an old-age pension and the new age limits

Changing to a flexible retirement age is in most establishments seen as a positive change. In state establishments and in large establishments employing at least 250 employees the reform is more frequently than elsewhere seen as a positive change. The positive attitude at large workplaces is significant, since they employ a significant proportion of the employees. In the private sector about 40 % of the employees work in enterprises which employ at least 250 persons.

The reasons for the employers' positive view were usually the freedom of choice connected with the reform and the possibility to take into account individual situations, such as one's own stamina and state of health, when deciding on retirement. 25 % of the establishments consider the reform a negative change, and the main reasons were the high age limits as well as heavy or demanding professions or jobs.

The lower age limit of 62 years for an early old-age pension is considered appropriate by more than 50 % and too high by over 33 % of the employers. In the public sector the attitude towards the age limit of 62 years is somewhat more negative. Almost 50 % of the state and local government establishments consider the age limit too high. In the public sector the retirement age has for decades been lower than in the private sector, which has probably affected the views in state and local government establishments. Even though the

public sector is more critical than the private sector towards the two year increase in the age limit for the early old-age pension, the public sector is somewhat more interested than the private sector in employing over 55-year-olds and offering part-time work.

The upper age limit of 68 years is generally considered too high. Of the employers only 25 % think that the age limit is appropriate. When evaluating the result one should keep in mind that the upper age limit has a different significance for the employer and the employee. With the flexible retirement age the possibility of retiring over a period of five years and, if one so wishes, postponing retirement until the age of 68 is an advantage for the employee as the person in question may retire according to his/her own choice. For the employer the flexible retirement age poses challenges for human resources when planning as retirement may occur over a five year period. Also concern about the oldest employees' ability to cope with their work in demanding and heavy jobs is for its part one reason for the negative view. However, advanced age cannot be grounds for giving notice since the employee's compulsory age of retirement was increased from the beginning of 2005 to the same as the upper age limit for an old-age pension, i.e. 68 years. In the next few years the upper age limit will in practice concern a fairly small share of employees. According to employee surveys and interview studies, only a very small percentage of employees would be willing to continue working until the age of 68.

Continued work among the oldest employees

From the beginning of 2005 an employee may retire on an old-age pension between the ages of 63 and 68. The interview surveyed the employers' views on how the decision on continued work is made when the employee is willing to continue working after reaching the age of 63. Most employers think that the employee and the employer together decide on continued work. In only about 10 % of the workplaces was the decision considered to be primarily up to the employee. In the state sector the attitude that it is up to the employee to decide is more common than elsewhere. At fairly few workplaces is it considered that the decision is solely up to the employer. The employee's right of choice was not yet very well-known at the time of conducting the interviews, in the summer of 2004.

In the employers' opinion the employees' possibilities of continuing to work are fairly good. According to the employers' view, about 50 % of the establishments interviewed state that most employees could continue working until the age of 65. The employers' thoughts on the possibilities of continued work are remarkably positive, since at present slightly less than 20 % of the age group retire at 65. There is also comparatively little interest in continued work. According to employee surveys and interview studies, only about 20 % would be willing to continue working until the age of 65.

At just over 20 % of the establishments the employers' opinion is that most of the employees could continue working until the upper age limit of 68 years before retiring on

an old-age pension. There seems to be considerably more potential for long work histories than there is currently interest in them. According to studies, only a very small percentage of employees would want to continue working until the new upper age limit for an old-age pension. In the state sector there is more frequently than elsewhere considerable possibilities for very long work histories. State employees are highly educated and often work as senior officials and as experts, in positions where an advanced age is seldom a hindrance. In the local government sector the attitude towards continued work until the age of 68 is the most sceptical. The differences between sectors can probably for their part be explained by differences in jobs. For instance, heavy care work restricts long work histories in the local government sector.

33 % of the employers believe in the effect of the accelerated accrual rate. Also in this respect they take a somewhat more optimistic view than the employees. According to employee studies, about 25 % would like to continue working in order to receive a higher pension. Private sector and state employers believe slightly more strongly than local government employers in the effect of the economic incentive. The result is similar to that of employee studies. Local government employees are slightly less attracted by continued work in order to get a higher pension than are employees in other sectors.

Employment among the oldest employees and part-time work

About 50 % of the establishments could in the future employ more extensively a workforce aged over 55. In the local government sector the possibilities of employing persons of this age group are considered somewhat better than in other sectors. The interest in employing older employees is the lowest in the state sector, which can probably be explained by the more frequent need than in other sectors to reduce the workforce.

From 1 January 2005 a pension accrues also for recipients of an old-age pension who continue working. Employers are not that interested in offering permanent full-time jobs to recipients of an old-age pension who have reached the age of 63, but at a considerable number of workplaces there are possibilities of offering temporary or part-time work. About two out of every three establishments could offer old-age pensioners temporary or part-time work. There is interest especially in local government in offering such employment.

When the pension reform took effect the possibilities of early retirement became more restricted than before. If the work during the last years of the work history becomes heavy, a part-time pension may be used to lessen the burden during the remaining years of the work history. In the employers' opinion the opportunities for establishments to arrange part-time work are good. Four out of every five establishments are able to offer work to persons who want to take a part-time pension. In state and local government establishments the possibilities of arranging part-time work are somewhat better than in the private sector.

Supporting continued work at the workplaces

Continued work until retirement age is supported at least to some extent in almost two out of every three establishments. Strong support is given by just over 10 % of the workplaces, and more frequently in the public sector than in the private sector. According to the employers' estimate, the support is strong at 20 % of the public sector workplaces and at 10 % of the private sector workplaces. The result for the private sector does not differ notably from the estimate of the private sector employees. 10 % of the oldest private sector employees think that the workplace strongly supports continued work.

The employers' and the employees' views on the importance of factors which promote continued work are fairly similar and the order of importance is more or less the same. In the answers of both groups the most important factors are a good atmosphere in the workplace community, a good and properly functioning working environment, and good leadership. Also the possibility to influence one's own work is ranked high. The viewpoints mainly differ towards vocational training which is more appreciated among employers than among employees. They also differ as regards economic incentives. Employees consider increased pay or other remuneration for continued work more important than do employers, even though in both groups remuneration comes under factors that are not that important.

To summarize the employers' views, one can say that there are possibilities for making the goals of longer work histories and postponed effective retirement become reality. The attitude towards flexible retirement is positive and there are estimated to be considerably more options to continue working than are currently being utilised as is the case with the intention of using them since the pension reform took effect. Thus it becomes a matter of importance to make working life attractive for persons who reach the retirement age of 63 and then ponder the alternatives of retirement and continued work. The starting point for developing working life is favourable, since the views of employers and of employees on the measures to promote continued work are very similar.

2 Introduction

The main aim of the 2005 pension reform is to postpone effective retirement in Finland by 2–3 years. The pension reform includes many legislative changes which support this aim, and one of the most important is the flexible retirement age. From the beginning of 2005 the general age limit of 65 years was abolished and it is now possible to retire between the ages of 63 and 68. If one so wishes, the pension accrued up to that point may be taken at the age of 63.

At the same time continued work is rewarded. From the age of 63 a pension accrues according to an accelerated accrual rate, whereas for persons younger than this the accrual rate is considerably lower. Not only has the age limit for an old-age pension been lowered, the attractiveness of continued work has been increased through economic incentives. On the other hand, the conditions for early retirement have been made stricter. From the beginning of 2005 the age limit for the early old-age pension was increased by two years. In addition, certain types of early retirement pension have been abolished and, furthermore the old-age pension accrual during the part-time pension has been weakened. These changes are explained more closely in the next chapter.

In Finland the employment rate among older employees is low compared to the other Nordic countries and it is especially low among persons aged over 60. The reform is expected to increase employment particularly among persons in this age group. The interest of older persons in continued work has lately been investigated in various surveys and interview studies. The study “Joustava eläkeikä” (flexible retirement age) investigated the thoughts on retirement and on continued work of the age groups who will in the next few years reach the new age limits for choosing flexible retirement. The study concerned private sector employees aged 58–63 (Tuominen and Pelkonen 2004). The effects of the flexible retirement age on retirement intentions have also been studied in private sector, local government and state employees groups aged 45–64 (Forma, Tuominen and Väänänen-Tomppo 2004). According to these studies, continued work does not attract any large proportion of employees. Both studies showed that after the age of 63 about 25 % of the oldest employees would continue working. Likewise about 25 % think that the accelerated accrual rate from age 63 onwards increases the willingness to continue working after reaching the lower age limit for an old-age pension.

According to recent studies, self-employed persons are more interested than employees in continuing to work after the age of 63 (Hyrkkänen 2004). Also persons who work part-time but who do not draw a part-time pension are more interested in continued work than are other employee groups. On the other hand, the retirement intentions of persons drawing

a part-time pension are not significantly different from those working full-time (Takala 2004).

The "Joustava eläkeikä" (flexible retirement age) survey also investigated employees' evaluations of employers' attitudes towards continued work and support for this. Only a few thought that the employer would actively support plans for continued work if the person himself or herself was interested in continuing to work after the age of 63. Almost 50 % of the employees estimated that the employer would also not object to continued work. Slightly less than 20 % felt that the employer's attitude would be negative. The employees were also asked whether the employer acts in support of the personnel's continued work until retirement age. Slightly less than 50 % of the private sector employees estimate that the employer does so. Strong support is given only in 10 % of workplaces and in about 50 % of the workplaces employees felt little or no support is given for continued work (Tuominen and Pelkonen 2004).

From the replies to the questions in the employee survey concerning employers' attitudes, it is not possible to draw firm conclusions about the employers' attitudes towards older employees' continued work and support for this. There is also no information on the possibilities and willingness to employ aged persons. The pension reform encourages old-age pensioners to work, since from 1 January 2005 a pension also accrues for recipients of an old-age pension who are working. One requirement for continued work is, of course, that the employers have work to offer to persons drawing an old-age pension. Taking into account the aims of the pension reform and also the need for labour in the coming years, it is important that employers can in the future employ older employees more extensively than before.

In order to clarify these issues the Finnish Centre for Pensions decided in the spring of 2004 to continue the "Joustava eläkeikä" (flexible retirement age) research project through an employer survey. The survey was intended to investigate the employers' views on the old-age pension reform, the new age limits and the effects of economic incentives on continued work as well as options to continue work after the age of 63. In the employee surveys the employer's support for continued work has been found to be an important factor promoting continued work (Forma et al. 2004). The employers' views on this aspect was to be clarified together with the interesting subject of how support for continued work shows in the activities to promote wellbeing at work.

3 The Finnish pension system and the 2005 pension reform

The Finnish pension system consists mainly of two statutory schemes, earnings-related pension insurance and national pension insurance. The benefits of the earnings-related pension scheme are based on earnings and the national pension supplements pension provision for persons who are not entitled to an earnings-related pension or whose earnings-related pension is small (Hietaniemi and Vidlund 2003). No national pension is paid when the earnings-related pension exceeds a certain level (slightly less than 1000 euros/month). Together the schemes secure pension provision in the event of old age, disability, long-term unemployment¹ and the family breadwinner's death. The importance of the national pension is decreasing. Nowadays the earnings-related pension is the main source of pension income for most pension recipients.

In Finland the earnings-related pension and the national pension belong to the first pillar of pension provision, covering statutory provision. Pension provision supplementing statutory provision plays a minor role. Second pillar provision agreed on in the labour market or third pillar personal pension insurance have not been needed to any large extent, since statutory earnings-related pension insurance covers the working population, different employment contracts and self-employment extensively. The need for supplementary provision is also reduced by the fact that in Finland the earnings covered by mandatory earnings-related pension insurance or the size of the pension have no fixed upper limit.

The average effective retirement age in 2003 was 58.9 years measured by the expected effective retirement age. No significant increase in the effective retirement age has been observed during the last ten years (Kannisto 2004). Since the beginning of the 1990s the legislation on earnings-related pensions has changed several times, the aim being to increase the effective retirement age and reduce the expenditure growth. The largest of the reforms is the one which took effect from the beginning of 2005 which aims at increasing the average effective retirement age by 2–3 years in the long term. The main contents of the reform are described in Table 1. The changes are expected to increase employment among older persons. A larger proportion of the insured than before is expected to exit working life retiring directly on an old-age pension (Takala and Uusitalo 2002).

In the pension reform the fixed retirement age of 65 became flexible making it possible to retire on a regular old-age pension between the ages of 63 and 68. One receives the old-age pension accrued up to that point from the age of 63. The flexible retirement age rules

¹ The pension scheme has included the unemployment pension, to which the long-term older unemployed have been entitled on certain conditions. In the 2005 pension reform the unemployment pension was abolished for persons born in 1950 and after (see Table 1).

apply to both the private and the public sector. The lower retirement ages of the oldest public sector employees, however, have been secured through the reform.

Continued work is rewarded with an accelerated accrual rate. From the age of 63 a pension accrues at the rate of 4.5 % on annual earnings, whereas the accrual rate for persons younger than this is considerably lower. Starting in 2005 the pension is calculated on the basis of the earnings for each year, whereas previously the pension was determined on the basis of the earnings for the ten last years of each employment contract. This change strengthens the earnings principle of the scheme.

Postponed effective retirement is also aimed at through the increase in the age limit for the early old-age pension. From the beginning of 2005 the age limit was increased by two years, from 60 to 62 years. Now an old-age pension can be taken early by, at the most, only one year and the reduction for early retirement per year is 7.2 %. The reduction is permanent. Postponed effective retirement is also aimed at through the two-year increase of the age limit for the part-time pension and through abolishment of the individual early retirement pension and the unemployment pension.

Table 1. *Main features of the 2005 pension reform.*

More extensive accrual time for the pension:

- decreased lower age limit for accrual from 23 to 18 years
- increased upper age limit for accrual from 65 to 68 years

Changed calculation mode for the pension:

- a pension accrues on the wage for each year with the age-related accrual rates
- previously the pension was calculated separately for each employment contract on the basis of the ten last years of each employment contract

Accrual rates for an old-age pension in different age groups:

- ages 18–52 1.5 % on the annual earnings
- ages 53–62 1.9 % on the annual earnings
- ages 63–67 4.5 % on the annual earnings

Flexible retirement age:

- it is now possible to retire on a regular old-age pension flexibly between the ages of 63 and 68. Previously the retirement age was fixed at 65 and in the public sector according to the old rules 63 years
- an old-age pension may be taken early by one year, one may retire at 62, in which case the pension is reduced by a permanent abate for early retirement of 7.2 %; previously an old-age pension could be taken early between the ages of 60 and 64 and the abate for early retirement was 4.8 % a year.

Previously the upper limit of the pension was 60 % of the highest wage during the work history. This so-called upper limit for integration was abolished from the beginning of 2005.

Starting in 2009 a life expectancy coefficient will be applied, adjusting pensions to changes in life expectancy. If life expectancy increases, the life expectancy coefficient cuts the pensions.

The age limit for a part-time pension was increased from 56 to 58 years, and the conditions for pension accrual were tightened.

The unemployment pension and the individual early retirement pension are abolished. On certain conditions persons having reached the age of 60 have been entitled to these pensions.

For persons born before 1950 the unemployment pension mainly remains the same. For younger persons the unemployment pension is abolished. Instead they receive continued unemployment allowance until the old-age retirement.

The individual early retirement pension is replaced by entitlement of persons having reached the age of 60 to a regular disability pension on slightly more lenient conditions.

The changes with similar contents mainly concern both the private and the public sector.

4 Description of research data

Research data

The study was conducted in the form of interviews. The questions were formulated at the Finnish Centre for Pensions and Statistics Finland collected the research data in the summer of 2004. The study was part of the "Työvoimapalvelut ja avoimet työpaikat" (employment services and open job positions) study, which is a joint project of the Finnish Ministry of Labour and the EU, carried out four times a year. The data was collected by interviewing persons responsible for recruitment in establishments with at least one salaried employee.

The framework for the sample was the business register of Statistics Finland, from which a sample of 2556 establishments was taken. The sampling method used was stratified simple random sampling, where the classification variable was the size and regional location of the establishment. The results are weighted, i.e. the observations are increased by weighting coefficients based on the classification factors to the level of the framework population to represent all establishments.

The data was collected through computer-assisted phone interviews. The duration of a whole interview was on average 17 minutes, of which the "Joustava eläkeikä" (flexible retirement age) part took about 10 minutes. The interview was usually answered by the owner-entrepreneur or the managing director (45 %). The respondents were also often personnel managers (11 %) or other persons in management (9 %). In the public sector the respondent was often the head of the office or the person responsible for personnel matters. Their share of all respondents was slightly less than a fifth (17 %). For some respondents more detailed information on the person's position in the establishment was lacking (18 %).

The interviews were conducted from 10 June to 11 August 2004. The response rate was 78 %. The research data includes a total of 1 930 establishments and it is representative of all establishments as regards different factors (see specification of the representativeness in Appendix 1).

The establishment, the focus of the interview, is an enterprise or a unit of the enterprise or a public sector workplace functioning at one address. Both enterprises and public sector offices may function in several different establishments. The research data includes register data on the number of establishments in which the enterprise or public sector workplace functions.

The methods used are examination of frequencies and cross-tabulation and Chi-Square test for finding out statistical significance of differences. The p-value of the test is in parentheses in the tables.

The results are divided according to employer sector, industry and size of establishment followed by a description of how the establishments in the study and the employees of the

establishments, i.e. all wage-earners in Finland, are distributed according to these background factors.

Sector

Of the establishments in the study, 66 % are private sector establishments, 22 % are local government establishments and 4 % state establishments. The share of associations and non-profit organisations is 8 %. The study was restricted to private sector and public sector establishments because the results would carry the most weight when seen from the viewpoint of the number of personnel.

Special emphasis is given to private sector establishments and the private sector employers' views on the flexible retirement age and on older employees' continued work. In 2002 there were a total of 2,068,000 wage-earners, of which 1,424,000 persons, that is 69 %, worked in the private sector. The local government sector also has a significant role as an employer. The local government sector employed 498,000 persons, i.e. 24 % of the wage-earners. The State employed 146,000 persons, that is, 7 % of all wage-earners (Statistical Yearbook of Finland 2003).

Industry

The research data in Table 2 shows how the establishments in the study and all wage-earners are distributed according to industry. The distribution shows that the significance of some industries is greater than that of employer. Correspondingly, some industries have a larger significance as employers than the share of the industry of all establishments. In particular establishments in manufacturing and also in health care and social services are "underrepresented" in terms of the number of employees. Clearly "overrepresented" in this respect are establishments in the wholesale and retail trade as well as in real estate, renting and research services.

Table 2. Wage-earners according to industry in 2002 and establishments in the study according to industry. Private sector, local government and state establishments.

Industry	Employees ¹		Establishments in the study	
			Private, local gov. and state	
	Number	%	Number	%
Agriculture and forestry, fishing	35 000	1.7	51	3.1
Mining, manufacturing etc.	460 400	22.3	300	10.6
Construction	118 100	5.7	121	8.6
Wholesale and retail trade etc.	239 800	11.6	237	19.3
Hotel and restaurant trade	70 800	3.4	74	6.6
Traffic, transport etc.	148 400	7.2	149	8.2
Financial and insurance businesses	45 500	2.2	39	1.7
Real estate, renting and research services etc.	226 000	10.9	225	15.1
Public admin., national defence, social insurance	117 100	5.7	165	6.7
Education	160 600	7.8	137	5.0
Health care and social services	333 500	16.1	331	11.2
Other community and personal services	107 200	5.2	101	3.8
Unknown	6 300	0.3	-	-
All	2 068 700	100.0	1 813	100.0

¹ Source: Statistics Finland, Labour Force Survey 2002.

The results show that industries with large numbers of employees are especially emphasised, the largest being manufacturing, which employs almost half a million people. The second largest employer is health care and social services with a good 300,000 employees. More than 200,000 employees are in trade and different real estate, renting and research services mainly serving business life. A great number of activities employ more than 100,000 persons, the largest being education with about 160,000 employees followed closely by traffic and transport and then construction, public administration and other community and personal services. The largest group employing less than 100,000 is the hotel and restaurant trade with about 70,000 employees. A significant employer is also the financial and insurance businesses with almost 50,000 employees.

Number of personnel

Table 3 shows the distribution of the establishments according to the number of personnel. This information is compared to statistical data on the enterprises, which shows the distribution of the enterprises according to the number of personnel. It should be noted that in this study establishment is not the same as enterprise. An enterprise may have several different establishments functioning at different addresses. It should also be noted that

enterprises cover private sector workplaces. The public sector is absent from the statistical data.

When looking at the results by size of establishment it is important to pay attention to the significance the replies have with regard to the whole population of wage-earners. Through the enterprise data this can be shown more clearly even without data on public sector wage-earners which is not available in the statistics.

Table 3. *Enterprises according to size and number of personnel in 2002 and the establishments in the study according to number of personnel.*

Number of personnel	Number of enterprises ¹	Enterprises' share of all ¹	Number of personnel ¹	Share of the whole number of personnel ¹	Establishments in the study according to number of personnel
	Private sector enterprises				Private, local gov. and state
	Number	%	Number	%	%
less than 5	194 029	85.6	216 090	16.4	39.5
5–9	16 455	7.3	105 449	8.0	27.4
10–49	13 237	5.8	255 614	19.4	25.8
50–99	1 451	0.6	99 218	7.5	4.3
100–249	852	0.4	132 406	10.1	2.4
250 and more	569	0.2	506 298	38.5	0.6
All	226 593	100.0	1 315 075	100.0	100.0

¹ Source: Statistics Finland, Statistical News 2004:003.

An important observation when evaluating the results is that most enterprises (99 %) and establishments in the study (93 %) are ones with less than 50 persons. However, enterprises of this size employ less than half of all employees employed by enterprises. The largest enterprises with more than 250 persons employ well over a third of the personnel of the enterprises, although their share of all enterprises is less than 1 %. Therefore special attention is paid to the results of large establishments. However, enterprises with less than 10 persons employ 24 % of all those employed by enterprises in general, so weight also has to be given to their replies and the viewpoints of small establishments.

Age structure of the personnel, personnel changes and the financial situation of the establishment

Table 4 presents the establishments in the study according to employer sector as regards number of personnel, age structure of the personnel and personnel changes. The table also shows the financial situation of the establishments at the time of the study.

The size of the establishments varies considerably between employer sectors. The largest share of the smallest establishments is found in the private sector. Almost 50 % of the private sector establishments are ones with fewer than 5 persons. In the local government sector the corresponding share is a fourth and in the state sector almost a fifth. The largest share of establishments with at least 50 persons is found in the state sector. 25 % of the state establishments exceed the threshold of 50 persons, whereas in the local government sector 10 % of establishments and in the private sector only 5 % of establishments exceed this limit.

Questions regarding the old-age pension reform are topical in enterprises where there are employees aged over 55 and especially in establishments where the share of employees in this age group is large. In this respect there are considerable differences in the age structure of the personnel. The age structure of the personnel in the public sector and especially in the state sector tends more than in the private sector towards persons having reached the age of 55. In the private sector, in 52 % of workplaces there are no employees who have reached the age of 55. In the local government sector this is true for 34 % of the establishments and in the state sector for only 13 %.

Workplaces with no older employees are mainly small establishments with less than 50 persons. In establishments with more than 50 persons there are scarcely any enterprises with no employees at all who have reached the age of 55. When looking at the results it should be noted that a large proportion of the establishments with less than 50 persons are establishments with no employees in the oldest age group.

The study also covered recruitment of over 55-year-olds during the last 12 months. A positive answer was given by 9 % of all establishments. The public sector has been more active than the private sector in employing older persons. The share of establishments having employed over 55-year-olds is three times higher in the public sector compared to the private sector.

The number of personnel has in most establishments stayed the same during the last three years. Only in 21 % of the establishments has the number of personnel increased and in 14 % it has decreased. The increase is somewhat more common in the private sector than in the public sector. On the other hand, the number of personnel has decreased significantly in state establishments compared to other sectors.

Table 4. Establishments according to employer sector, number of personnel, personnel structure and personnel changes and the financial situation of the establishment, per cent.

	Private	Local gov.	State	All
	%	%	%	%
Number of personnel				
1–4	45	28	18	39
5–9	29	22	27	28
10–49	21	40	30	26
50–99	3	6	14	4
100–249	2	4	9	3
250–	0	0	2	0
Total	100	100	100	100
(p=0.000)	(1 059)	(578)	(176)	(1 813)
Share of over 55–year-olds, %				
0	52	34	13	46
1–9	6	9	13	7
10–24	17	34	41	22
25–49	14	16	25	15
50–100	10	6	7	9
Do not know	1	1	0	1
Total	100	100	100	100
(p=0.000)	(1 059)	(578)	(176)	(1 813)
Have over 55–year-olds been recruited during the last 12 months				
Yes	6	18	16	9
No	94	81	84	91
Do not know	0	1	0	0
Total	100	100	100	100
(p=0.000)	(1 059)	(578)	(176)	(1 813)
Has the number of personnel during the last 3 years				
Increased	22	18	14	21
Stayed the same	62	74	58	65
Decreased	16	8	28	14
Do not know	0	0	0	0
Total	100	100	100	100
(p=.001)	(1 059)	(578)	(176)	(1 813)
Is there in the next few years a need to increase or to reduce the personnel				
Increase	25	27	15	25
Stays the same	67	62	65	66
Reduce	4	9	18	5
Difficult to say	4	2	2	4
Total	100	100	100	100
(p=0.005)	(1 059)	(578)	(176)	(1 813)
Is the financial situation of the establishment				
Quite stable and secure	41	21	42	37
Fairly stable and secure	43	50	50	45
Somewhat insecure	13	24	8	15
Very insecure	2	4	0	2
Do not know	1	1	0	1
Total	100	100	100	100
(p=0.000)	(1 059)	(578)	(176)	(1 813)

A need to increase the number of personnel is estimated in 25 % of establishments. The need is greater in the private sector and in the local government sector than in state establishments. A need to reduce the number of personnel does not occur very frequently. Only in the state sector is the need to reduce the number of personnel notable and even somewhat larger than the need to hire additional personnel. All in all, there is a greater need for additional personnel than there is a need to reduce staff, which should be noted when evaluating the possibilities and willingness of establishments to employ older persons.

The study also asked for an evaluation of the financial situation of the establishment. A good 33 % were estimated to be financially quite stable and secure, and almost 50 % to be fairly stable and secure. The financial situation seemed insecure in less than 20 % of the establishments. In the private sector and the state sector the financial situation was estimated to be more stable than in the local government sector. The result reflects the acute financial difficulties of the municipalities. The estimated weaker financial situation of the municipalities can also be seen in the sector comparison based on the "Työolot 2003" (working conditions 2003) study of Statistics Finland (Forma et al. 2004).

5 Results

Evaluations of the flexible retirement age

Employers view the flexible retirement age favourably (Table 5). Two out of every three consider the new flexible retirement age as a fairly positive change for their establishment. 24 % of establishments think that the change is negative. The majority of the interviewees opted to express their opinion on this topic.

Although most respondents in both the private and the public sector considered the change positive, there are clear differences between sectors. State establishments differ from local government and private sector establishments through their clearly more positive view on the reform. Only 11 % of state establishments consider the reform negative, whereas about 22 % in the private sector and 32 % in the local government sector consider the reform negative. The difference is statistically significant.

Table 5. Is the transfer to the flexible retirement age a positive or a negative change from the viewpoint of the establishment.

	Very positive	Fairly positive	Fairly negative	Very negative	Do not know	Total	Number
	%	%	%	%	%	%	
Employer sector							
Private	14	54	18	4	10	100	1 059
Local government	14	49	23	9	5	100	578
State	9	78	9	2	2	100	176
All (p=0.002)	14	54	19	5	8	100	1 813
Number of personnel							
1–4	13	53	21	6	7	100	237
5–9	16	49	16	5	14	100	328
10–49	12	59	17	6	6	100	750
50–99	10	63	22	2	3	100	167
100–249	11	57	27	4	2	100	233
250–	14	74	8	1	3	100	98
All (p=0.005)	14	54	19	5	8	100	1 813

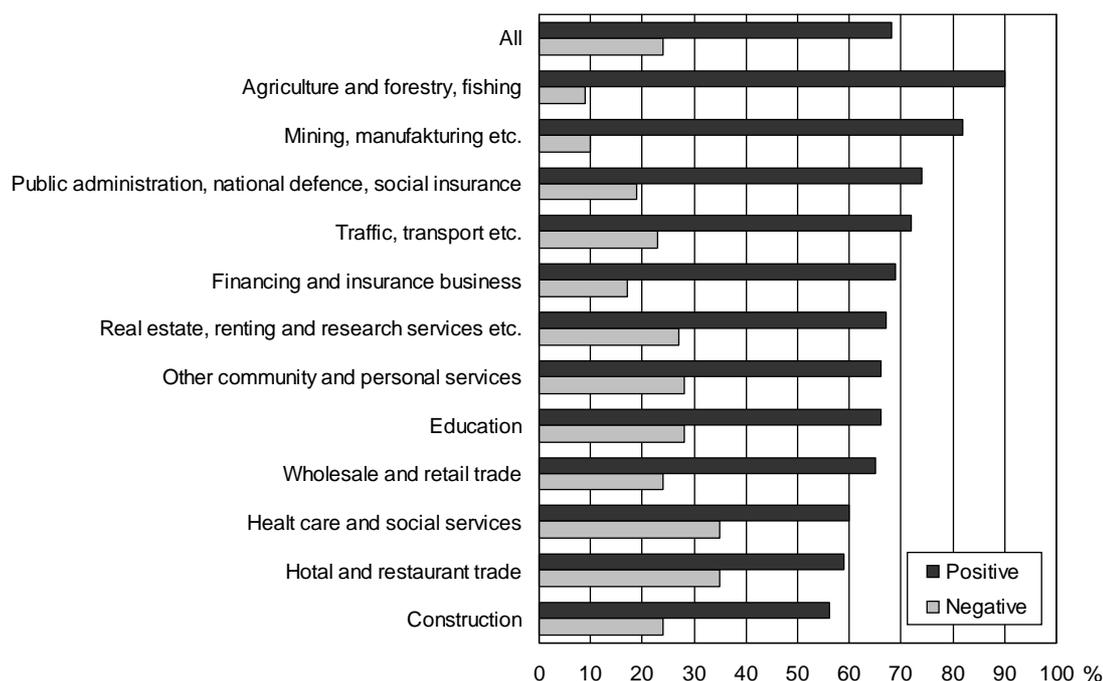
The viewpoints also differ according to the size of the establishment. In middle-sized establishments of 100–249 persons the share of negative views is higher than elsewhere. Of the establishments of this size, a third consider the change negative, whereas in larger establishments of at least 250 persons the share of negative views is exceptionally small. Only in every tenth large workplace was the change considered negative. The positive

attitude of large establishments is significant. Well over 33 % of the private sector employees work in enterprises employing more than 250 employees, whereas only 10 % of the whole number of the enterprises' personnel in the private sector work in enterprises employing 100–249 persons (Table 3).

The views on the flexible retirement age also vary between industries. The change is considered especially positive in agriculture, forestry and fishing. Also in manufacturing and mining the views are more positive than in other industries which is significant, since about a quarter of the employees work in these areas (Table 2).

A clearly more negative view on the flexible retirement age than on average is seen in the hotel and restaurant trade as well as in health care and social services. Of the latter a large proportion are found in the local government sector, where the views on the reform are more critical than in other sectors. In the aforementioned industries a good 33 % consider the reform fairly or very negative. The hotel and restaurant trade as well as health care and social services employ together 20 % of the employees (Table 2).

Figure 1. Proportion viewing the flexible retirement age reform as positive or negative by industry.



Reasons for positive evaluations

The employers were also asked to give reasons for their positive or negative view on the reform. About 70 % considered the reform positive and 50 % of them stated as their reasons the flexibility of the scheme, freedom of choice and individuality (Table 6). These

replies did not describe in more detail the significance of the flexibility for the establishment in question. About 20 % of the establishments saw the advantage of the flexibility lying in the possibility of individually taking into account the person's state of health and ability to cope when deciding on retirement and continued work. This was particularly the view in state establishments.

Flexibility was also appreciated for the decrease in the age limit for an old-age pension. This was considered positive by a good 10 % of the establishments and was more positively expressed in the private sector responses than in the public sector ones.

The possibility to continue working longer was also seen as positive. The proportion of establishments expressing this was a very low percentage and likewise, a very low percentage thought that the know-how and skills of the oldest employees would be needed. The reform was also seen as facilitating the employer's personnel arrangements.

Table 6. *Reasons for a positive view on the flexible retirement age by employer sector.*

Why the flexible retirement age is a positive change:	Private	Local gov.	State	All
	%	%	%	%
Flexibility, freedom of choice, individuality	52	57	50	53
Can take into account one's own stamina, health and ability to cope	20	22	32	21
Decreased age limit good	16	6	6	13
Can work longer if one so wishes	3	4	5	3
Facilitates employer's personnel arrangements	3	3	1	3
Older person's know-how and skills needed	2	6	4	3
Other reason	4	2	2	3
Total	100	100	100	100
Number	721	363	135	1 219

Reasons for negative evaluations

About 25 % of the establishments saw the reform as negative. The most common reasons given referred to the heavy industry, profession or job, and the high age limits (Table 7). Of those who considered the reform negative, about 40 % felt that the upper age limit or the lower age limit, or both, are too high. Usually the replies pointed to the age limits generally being high. Just under 10 % of those who had a negative view on the flexible retirement age saw only the upper age limit as too high. This is clearly the most frequently stated reason in the private sector, where 50 % of establishments stated that in contrast to the public sector.

On the other hand, in the public sector the strain or requirements of the industry, of the profession or of the job were emphasised. Of the public sector respondents who saw the reform as negative, half gave as their reason the fact that the work is heavy or demanding. In the private sector this reason was mentioned half as frequently. In these replies some

jobs were considered so heavy that work at an advanced age was not appropriate for that particular industry, profession or job. The nature of the job or of the profession was also seen to demand such output capacity or skills that an old-age pension scheme enabling long work histories is not suitable for these industries. The reasons connected with the heaviness or requirements of the job are, as to their interpretations, close to the replies of those who consider the age limits too high. In establishments where the work is considered very demanding or heavy the age limits are also often considered too high.

Table 7. *Reasons for a negative view on the flexible retirement age by employer sector.*

Why the flexible retirement age is a negative change:	Private	Local gov.	State	All
	%	%	%	%
Age limits too high	52	19	13	41
Heavy/demanding industry, profession or job	28	51	50	35
Older persons' knowledge, skills or output capacity insufficient	5	9	6	6
Employee's right of choice not good	3	8	8	5
Availability of labour and anticipating difficult	4	1	9	4
Reform causes additional costs	1	0	5	1
Young people should be taken instead	1	1	0	1
Postponed too much	3	3	3	3
Other reason	3	8	6	4
Total	100	100	100	100
Number	188	173	30	391

Reference was also made in the replies to older persons having insufficient knowledge and skills or output capacity. Such reasons were stated in slightly less than 10 % of the replies and are very close to the aforementioned views of those who described the work as demanding.

The employees' right of choice is seen as negative by 5 % of those who considered the reform negative. A very low percentage estimate that the reform will make it more difficult to obtain labour and to forecast the need of labour. A very low percentage also estimate that retirement will be postponed too often. Only a few state as the reason for their negative view that young people should replace older persons.

The new upper and lower age limits for an old-age pension

The age limit for an early old-age pension is increased from 60 to 62 years. More than 50 % of the establishments think that the new lower age limit is appropriate (Table 8). Only a very low percentage see it as too low whereas more than 33 % consider the new age limit too high. Although the questions posed to the employers and the employees were formulated differently, the evaluation of the age limit was the same. Also more than 33 %

of the oldest private sector employees saw the age limit as too high (Tuominen and Pelkonen 2004, 36).

In the public sector the share of establishments which consider the age limit too high is clearly larger than in the private sector. In the public sector the opinions may still be influenced by the old public sector retirement ages which are lower than in the private sector.

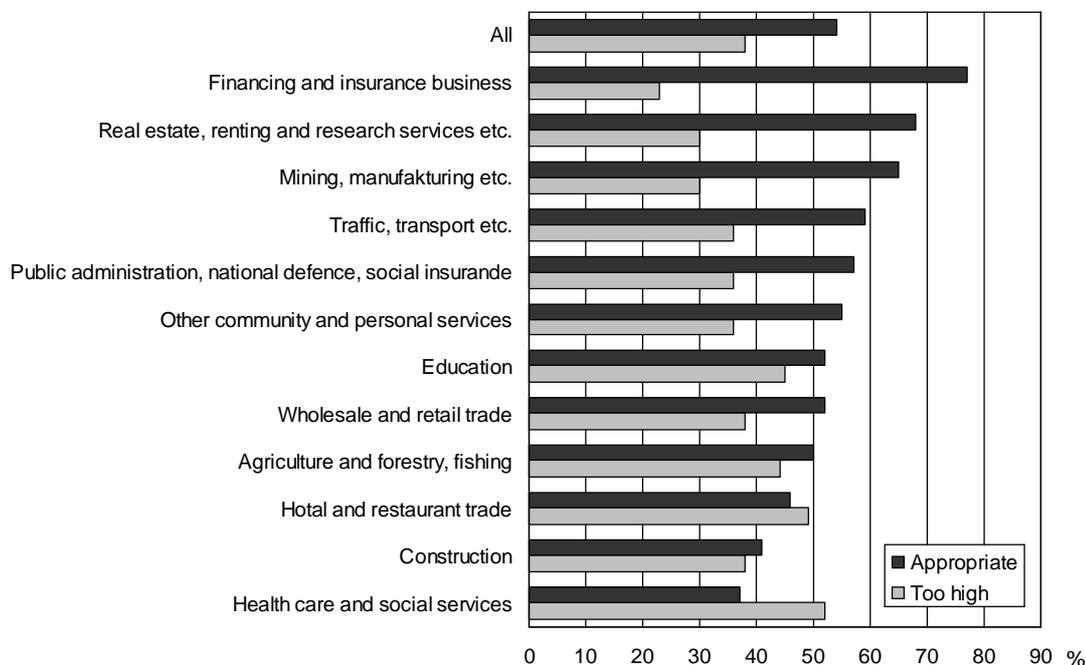
Table 8. *Employers' views on the lower age limit of 62 for the flexible retirement age.*

	Too low	Fine	Too high	Do not know	Total	Number
	%	%	%	%	%	
Employer sector						
Private	4	56	36	4	100	1 059
Local government	3	49	45	3	100	578
State	2	54	44	0	100	176
All ($p=0.005$)	4	54	38	4	100	1 813
Number of personnel						
1-4	5	52	39	4	100	237
5-9	3	55	35	7	100	328
10-49	3	56	41	0	100	750
50-99	2	54	42	2	100	167
100-249	4	57	37	1	100	233
250-	11	65	20	4	100	98
All ($p=0.021$)	4	54	38	4	100	1 813

The size of the workplace also affects the evaluations. The age limit is considered too high more frequently than on average in establishments with 10-99 persons. The most positive view on the new age limit is observed in the largest establishments with at least 250 persons. Of these, only 20 % see the age limit as too high, whereas in middle-sized establishments the proportion is double. The positive view of the large establishments, which consider the new age limit fine or too low, is highly significant because they employ almost 40 % of the employees in private sector (Table 3).

The attitude to the new lower age limit of 62 years also differs between industries (Figure 2). The most positive view is observed in the financial and insurance businesses, in real estate, renting and research services as well as in manufacturing and mining. A good 33 % of the wage-earners work in these industries (Table 2). The age limit is more frequently than in other industries thought too high in health care and social services as well as in the hotel and restaurant trade. About 50 % of the establishments in these industries, in which a fifth of the wage-earners work, consider the age limit too high (Table 2). Also in education as well as in agriculture and forestry the age limit is more frequently than on average considered too high.

Figure 2. Employers' view on the lower age limit of 62 for the flexible retirement age according to industry.



The evaluations of the new upper age limit of 68 years are shown in Table 9. The replies strongly tend towards the opinion that an upper age limit of 68 is too high. 74 % of establishments concur with this. Only 23 % of establishments consider the age limit appropriate. Especially in local government establishments the age limit was considered too high more frequently than elsewhere. Then again, in the state sector an upper age limit of 68 was seen as appropriate more frequently than on average.

With regard to this point in the study the questions for employers and for employees were formulated differently, since the upper age limit has a different significance for both parties. From the employee's viewpoint the high upper age limit is advantageous as a person may choose when to retire between the ages of 63 and 68 years. The high upper age limit gives a greater number of alternatives to choose from. From the employee's viewpoint the age limit may even be too low. According to the employee survey, the upper age limit becomes a hindrance only for very few people. Only a very small percentage of the oldest private sector employees thought that they would continue working until the age of 68, health permitting, and that the age limit could even be higher (Tuominen and Pelkonen 2004, 17, 36).

For the employer the high upper age limit means a new situation as regards personnel planning, as retirement is spread out over a span of five years with the 2005 reform and the lay-off age being increased to the same age as the upper age limit of 68 years for the old-age pension. Age in itself cannot be considered grounds for giving notice. Factored into the

employers' negative view may also be concern about older employees' output capacity and their ability to cope in an environment that emphasises efficiency and productivity.

Table 9. *Employers' view on the upper age limit of 68 for the flexible retirement age.*

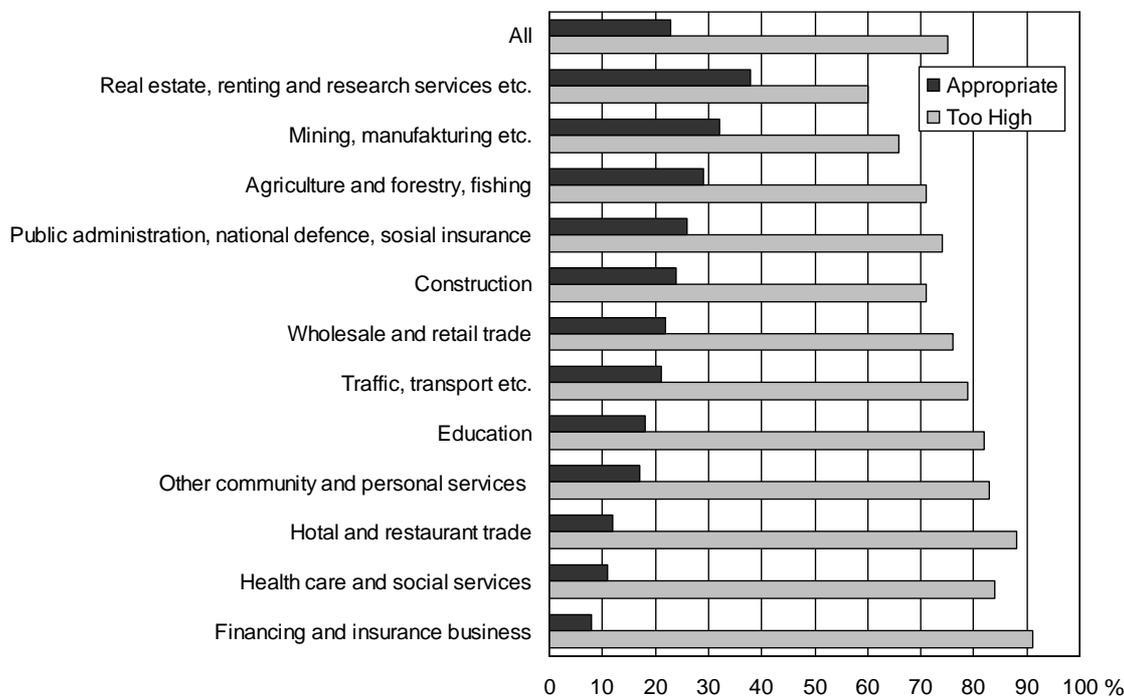
	Too low	Fine	Too high	Do not know	Total	Number
	%	%	%	%	%	
Employer sector						
Private	1	25	72	2	100	1 059
Local government	0	17	82	1	100	578
State	0	34	66	0	100	176
All ($p=0.005$)	1	23	74	2	100	1 813
Number of personnel						
1–4	1	26	71	2	100	237
5–9	0	24	74	2	100	328
10–49	1	20	79	0	100	750
50–99	0	19	81	0	100	167
100–249	1	17	81	1	100	233
250–	1	20	77	2	100	78
All ($p=0.200$)	1	23	74	2	100	1 813

The employers' views on the upper age limit of 68 years do not vary significantly according to the size of the establishment. However, the results indicate that in the smallest establishments the age limit is considered appropriate slightly more often than in larger establishments. For a considerable proportion of the smallest establishments this matter is incidental. Of the establishments with fewer than 5 employees, there were in more than half no employees who had reached the age of 55.

There are clear differences between industries (Figure 3). The view on the upper age limit is more positive than on average in real estate, renting, research and similar industries which mainly serve business life. Almost 40 % of the aforementioned establishments see the age limit as appropriate, whereas only 23 % of all the establishments take this view. Also in manufacturing the attitude towards the age limit of 68 is more positive than on average. Problems with the availability of a labour force may reflect in the employers' opinions in industries where young people have shown decreasing interest, such as manufacturing.

The age limit is considered too high more frequently in the financial and insurance businesses as well as in the hotel and restaurant trade. In health care and social services and in education as well as in other community and personal services the age limit is also seen as too high compared to the average. These industries cover a good third of wage-earners (Table 2).

Figure 3. Employers' view on the upper age limit of 68 for the flexible retirement age according to industry.



Evaluations of continued work

Who decides on continued work

The flexible retirement age between the ages of 63 and 68 gives the employee the right to choose when to take an old-age pension. The old-age pension may also be taken earlier by one year at the age of 62. In that case a reduction for early retirement is applied to the pension and the reduction is permanent.

According to the new legislation, the employee is the person who has the right of choice. In practice exercising this right will probably be significantly affected by the employer's view of the situation; for instance, the need of a workforce in different jobs. The study strived to investigate who ultimately decides on continued work if the employee is willing to continue working after reaching the age of 63.

The employers are fairly unanimous in their view that continued work should be decided on together with the employee (Table 10). 73 % of employers share this opinion. Only slightly more than 10 % think that this is ultimately up to the employee to decide. In very few establishments, only 7 %, does the employer take the view that the employer should decide this matter alone. Limited knowledge of the legislation which took effect from the

beginning of 2005 may for its part explain why, at the time of conducting the interviews, the employee's right of choice was not very well-known in workplaces.

The differences in replies between employer sectors are not statistically significant, although the state sector takes the view that it is up to the employee to decide slightly more often than other sectors. The State has many senior officials working as experts and in leading positions, jobs that enable long work histories (e.g. universities, different research institutes, the legal system). In such positions it is natural that the persons themselves may decide on their retirement. Highly educated persons are also more interested in continued work than less educated persons (Forma et al. 2004, 36).

With regard to the size of the establishment employers' views vary only a little. In the largest establishments with more than 250 persons the opinion that the decision is up to the employee is expressed slightly more frequently than in smaller establishments. The differences according to the size of the establishment are not statistically significant.

Table 10. Who decides on continued work, if the employee is willing to continue working after reaching the age of 63.

	Employee	Employer	Employee and employer together	Do not know	Total	Number
	%	%	%	%	%	
Employer sector						
Private	14	7	73	5	100	1 059
Local government	11	7	74	8	100	578
State	22	4	71	3	100	176
All (p=0.209)	14	7	73	6	100	1 813
Number of personnel						
1-4	14	8	72	5	100	237
5-9	14	6	73	7	100	328
10-49	13	7	74	6	100	750
50-99	9	6	83	2	100	167
100-249	14	4	77	5	100	233
250-	18	11	69	2	100	98
All (p=0.397)	14	7	73	6	100	1 813

Can most of the employees continue working until the ages of 65 and 68?

The opinions regarding the age limits were specified through further questions which were designed and presented in the form of statements. The first statement was: in most jobs in our establishment it is quite possible to continue working until the age of 65. It monitors the employers' view on the retirement age of 65 and at the same time charts an evaluation of how frequently employers think that employees could continue working from the age of 63

to the age of 65. When the pension reform took effect from the beginning of 2005 it became possible to take the regular old-age pension at the age of 63. The former age limit was 65 years.

The second statement increased the challenge: in most jobs in our establishment it is quite possible to continue working until the age of 68. This tested the practicality of the new upper age limit. The replies evaluate how frequently employers think that employees could continue working until the new upper age limit.

Figure 4. Proportion of employers agreeing with the following statements according to employer sector: in most jobs in our establishment it is quite possible to continue working until the age of 65/68, per cent.

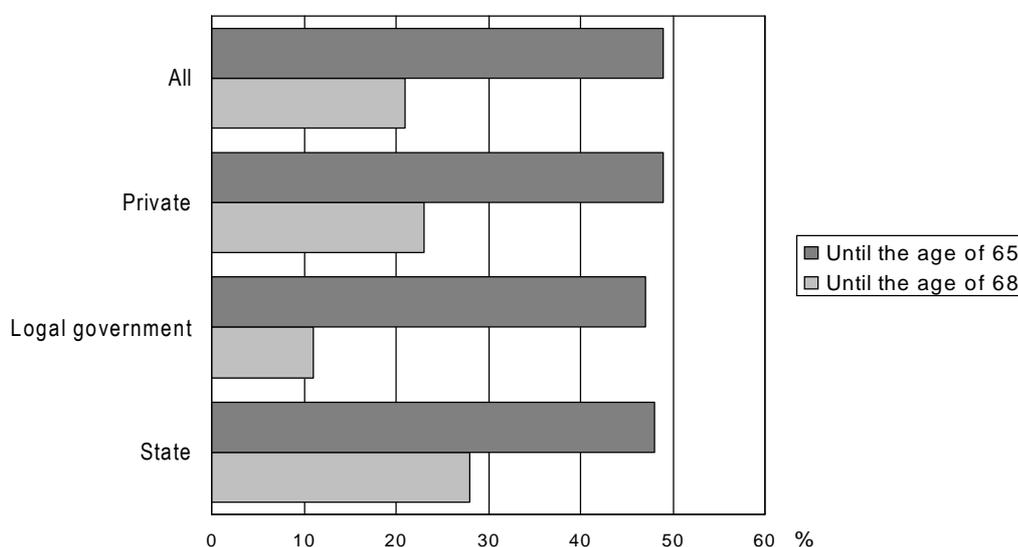


Figure 4 shows that in half of the establishments most employees could well continue working until the retirement age of 65. Clearly there are more possibilities now available to continue working compared to the extent to which people are currently working until the general retirement age: 13 % of 64-year-olds are gainfully employed and only 8 % of 65-year-olds work (Labour Force Survey 2003, one-year age tables). The employers' view on the possibilities to continue working is remarkably positive compared to the employees' views on the subject. According to recent studies, about 25 % of the oldest employees intend to continue working after reaching the age of 63, health permitting. Most of them plan to retire at the age of 65 (Forma et al. 2004, 48–49; Tuominen and Pelkonen 2004, 18).

The establishments' views on the possibilities to continue working do not significantly differ from each other according to individual employer sector. About 50 % of the private sector and public sector employers think that most employees could continue working until the age of 65. The differences in employer opinions according to sectors increases in regards to continued work until the age of 68. The most positive attitude in this context is observed in state establishments and the most negative in local government establishments. In more than 25 % of state establishments the employer thinks that most employees could continue working until the age of 68. Of the private sector employers, slightly less than 25 % considered continued work until the new upper age limit possible for most employees. Of the local government establishments, this view is taken only by 11 % of establishments. Differences in jobs probably explain the differing views between the employer sectors. A considerable proportion of state employees are highly educated and they often hold senior positions whereas in the local government sector most employees work in heavy care and service jobs. Also in the private sector the share of persons working in operational jobs is large (Forma et al. 2004, 35–43).

When comparing the employers' views on the opportunities to continue working and the employees' intentions of continuing to work until the age of 68, there seems to be considerably more possibilities to continue working for longer than there are employees with intentions to do so. According to the "Joustava eläkeikä" (flexible retirement age) employee survey, only a very small percentage intend to continue working until the age of 68 (Tuominen and Pelkonen 2004, 17, 36).

Table 11 shows the employers' replies to the statements regarding the ages of 65 and 68 according to the size of the establishment. The employers' views do not show very strong variation for either statement. The differences in attitude according to the size of the establishment regarding the statement about the age of 65 are however statistically significant. In large workplaces continued work until the age of 65 is considered possible somewhat more frequently than at smaller workplaces. On the other hand, the differences in attitude to continued work until the age of 68 according to the size of the workplace are not statistically significant.

Table 11. *Employers' reply to statements according to size of establishment: in most jobs in our establishment it is quite possible to continue work until the age of 65/68.*

Number of personnel	Fully agree %	Agree with reservation %	Disagree with reservation %	Disagree %	Do not know %	Total %	Number
Until age 65							
1-4	22	25	24	28	1	100	237
5-9	25	25	22	26	2	100	328
10-49	20	31	25	23	1	100	750
50-99	16	28	42	14	1	100	167
100-249	23	22	47	8	0	100	233
250-	31	25	33	11	0	100	98
All (p=0.009)	23	26	25	25	1	100	1 813
Until age 68							
1-4	9	11	24	55	2	100	237
5-9	10	15	23	51	1	100	328
10-49	5	13	29	51	2	100	750
50-99	2	10	31	57	0	100	167
100-249	8	11	30	50	1	100	233
250-	6	15	32	45	2	100	98
All (p=0.431)	8	13	25	53	2	100	1 813

Evaluation of the effect of the accelerated accrual rate

The interview also charted the employer's evaluation of the effect of the accelerated accrual rate on employees' continued work. The question was put in the form of a statement: continued work increases in our establishment due to the accelerated accrual rate of 4.5 %. About 33 % of the establishments fully agree or agree with reservation with this statement (Table 12). According to recent employee surveys, the accelerated accrual rate increases about 25 % of employee's interest in continued work after the age of 63 (Forma et al. 2004, 52; Tuominen and Pelkonen 2004, 26).

There are clear differences in the evaluations between employer sectors. State establishments expressed belief in the effect of the 4.5 % accrual rate more than the private sector and especially the local government sector. Almost 40 % of the state establishments, slightly more than 33 % of the private sector establishments and 25 % of the local government establishments think that continued work will increase due to the accelerated accrual rate. All in all, the employers' views on both the possibilities to continue working and employees' continued work are more optimistic than the employees' views on their continued work.

Table 12. *Employers' replies to the statement: continued work increases in our establishment due to the accrual rate of 4.5 per cent.*

	Fully agree	Agree with reservation	Disagree with reservation	Disagree	Do not know	Total	Number
	%	%	%	%	%	%	
Employer sector							
Private	6	29	32	25	8	100	1 059
Local government	3	22	43	27	5	100	578
State	3	36	41	13	7	100	176
All (p=0.010)	5	28	35	25	7	100	1 813
Number of personnel							
1–4	6	25	34	28	7	100	237
5–9	6	32	28	24	10	100	328
10–49	3	28	42	22	5	100	750
50–99	1	31	43	20	5	100	167
100–249	4	23	38	16	19	100	233
250–	4	36	46	9	5	100	98
All (p=0.001)	5	28	35	25	7	100	1 813

Table 12 shows that large establishments with more than 250 persons believe slightly more frequently in the effect of the accelerated accrual rate than do smaller establishments. Due to this, continued work is expected to increase in 40 % of the large establishments. This question proved especially difficult to answer for workplaces with 100–249 persons. Of these workplaces, about 20 % was unable to forecast the effect of the accelerated accrual rate on continued work. For all establishments the share of replies of “Do not know” was less than 10 %.

Support for continued work at the workplaces

According to the employers, older employees' continued work is fairly commonly supported in workplaces. At more than 50 % of the workplaces, employees' continued work until retirement age is supported at least to some extent and strong support is given by a good 10 % (Table 13).

The differences between employer sectors are fairly large (Table 13). Of the state workplaces, as many as 82 % support continued work at least to some extent and of the local government workplaces 74 % do this, but of the private sector workplaces only 52 % support continued work. The proportion is about the same as in the “Joustava eläkeikä” (flexible retirement age) employee survey, where in just under 50 % of employees in the private sector think that the employer supports continued work (Tuominen and Pelkonen 2004, 37).

Table 13. Does your establishment function in such a way that employees receive support to continue working until the retirement age?

	Strongly	To some extent	Not especially	Not at all	Do not know	Total	Number
	%	%	%	%	%	%	%
Employer sector							
Private	11	41	29	13	6	100	1 059
Local government	18	56	21	4	1	100	578
State	21	61	17	1	0	100	176
All	13	46	27	10	4	100	1 813
(p=0.000)							
Number of personnel							
1–4	9	40	31	15	5	100	237
5–9	15	44	24	11	6	100	328
10–49	15	51	27	4	3	100	750
50–99	21	58	19	2	0	100	167
100–249	22	64	13	1	0	100	233
250–	22	57	20	1	0	100	98
All	13	46	27	10	4	100	1 813
(p=0.000)							

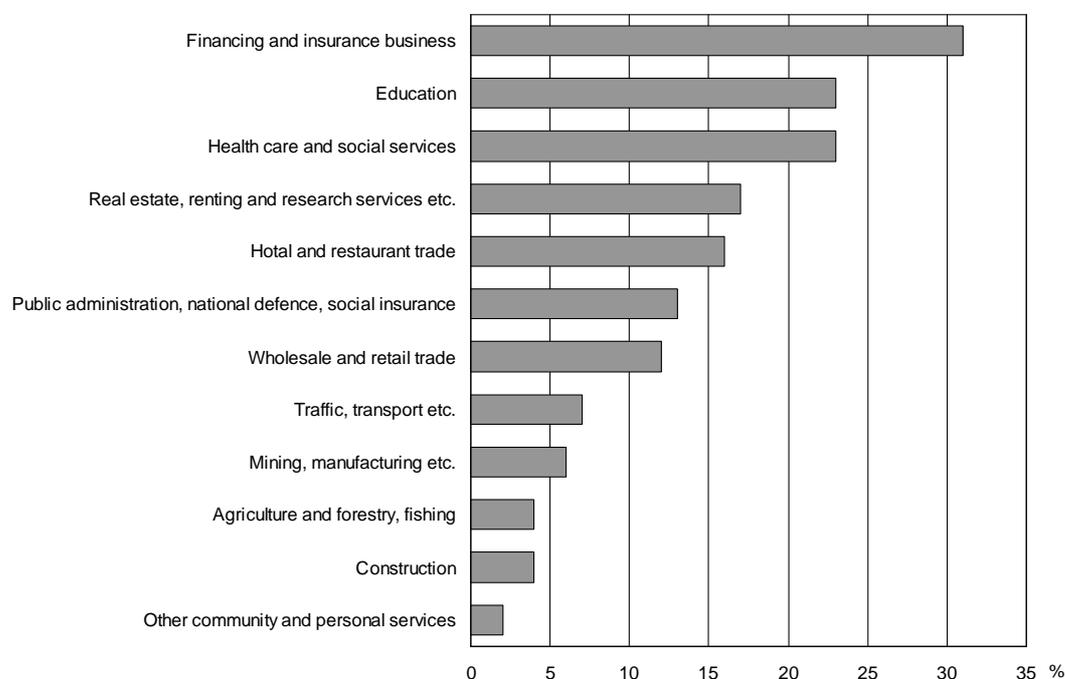
As regards the number of personnel at the workplace most support is provided in large establishments and least in establishments with less than 50 persons. Then again, of these workplaces a large proportion are ones with no employees aged over 55.

The differences in support for continued work are also considerable according to different industries. Most support is provided in the financial and insurance businesses. In addition, support is frequently provided in education as well as in health care and social services, i.e. at workplaces typically included in the public sector (Figure 5).

In industries where support is frequently provided there are however not especially more employees aged over 55 than in other industries with the single exception of the financial and insurance businesses, where the share of older employees in 33 % of workplaces is between 25–49 % of the personnel. However, this industry is small compared to, for instance, health care and social services (Table 2).

Staying on at work is least supported in agriculture and forestry, construction and in the community and personal services. In traffic and transport, mining and manufacturing the provision of support is also not common, at least not strong support. These industries employ about 50 % of the current wage-earners (Table 2).

Figure 5. Share of establishments where strong support is provided for employees to continue working until the retirement age.



Factors connected with the quality of working life have been shown to be linked with continued work. In this study the employers' representatives were asked to evaluate the significance of the following factors for continued work in their own establishment: good working environment, atmosphere in the workplace community, flexible working hours, additional training, leadership, possibilities to influence one's work, possibilities for rehabilitation and increase in pay.

The most important factors in the establishments are considered to be a good atmosphere in the workplace community as well as a good and properly functioning working environment and also the significance of leadership and the employees' possibilities to influence their work (Figure 6).

According to employer sector private sector employers consider all the aforementioned factors less important than do the representatives of other sectors. The only exception is flexibility in working hours, which is just as appreciated in the private sector too.

Figure 6. Factors considered very important by the employers at their establishment in order to promote continued work for as long as possible.

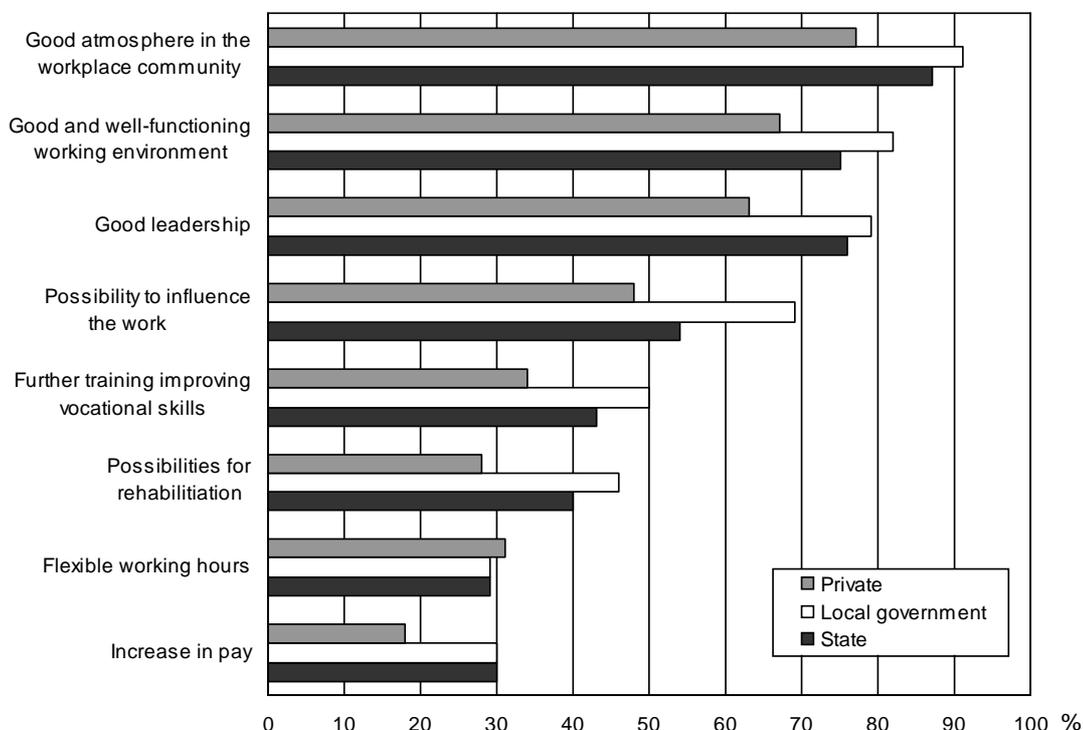
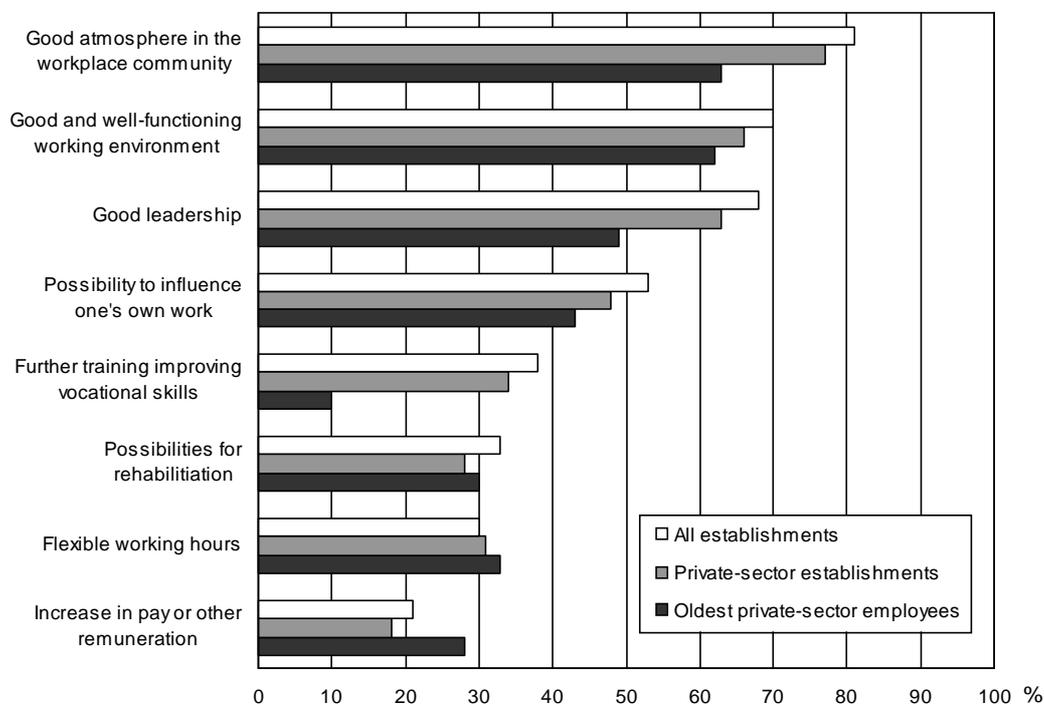


Figure 7 compares the employers' replies to the employees' replies. A comparison is possible regarding the private sector, since the employee survey concerned private sector employees aged 58–63 (Tuominen and Pelkonen 2004). The Figure 7 shows that the views of employers and of employees on the factors which are important for continued work are similar. The main difference is that the employers have emphasised more factors than the employees.

The biggest difference in the replies of the employers' representatives and of the employees regards additional training to promote vocational skills. 34 % of the employers consider this very important compared to only 10 % of the employees.

From the employers' point of view a good atmosphere in the workplace community as well as leadership may also be somewhat more significant than from the employees' viewpoint. On the other hand, the employees place greater emphasis on an increase in pay.

Figure 7. Share of establishments and of employees who consider the following factors very important for continued work.



Measures to develop the workplace community

The employers' representatives were also asked whether a clear strategic choice to invest in wellbeing at work had been made in the establishment. More than 50 % report that such a strategic choice has been made. According to the employer sector such a decision has most frequently been made in state establishments (73 %) and least frequently in private sector establishments (47 %). In local government workplaces this is more frequent (61 %) than in the private sector.

Based on the number of personnel in the establishment the probability of the existence of a strategy increases directly with the size of the establishment: in establishments with 1–4 persons 37 % and in establishments with over 250 persons almost 100 %. According to the industry investing in wellbeing at work is most commonly a strategic choice in the health care and social services, in education, and in the financial and insurance businesses.

The employers' representatives were also asked what measures to develop the organisation and the workplace community have been taken in their establishment during the last 12 months (Table 14). Of the establishments included in this survey, about 50 % have developed management and leadership or increased the flexibility in job arrangements. These are the most usual measures.

Between the sectors the largest difference occurs in developing management and leadership (Table 14). This has been done most extensively in the state sector and also very frequently in the local government sector, but is clearly low in the private sector. In state establishments flexibility in working hours has also been improved slightly more frequently than elsewhere. In addition, flexibility in job arrangements has been increased and older employees have been placed in other jobs somewhat more efficiently in the public sector than in the private sector.

Table 14. *The following measures to develop the workplace community and organisation have been taken in the establishment within the last 12 months.*

	Increase flexibility in job arrangements	Develop management and leadership	Reduce rush and time pressure	Improve flexibility in working hours	When necessary place older people in other jobs
Employer sector	%	%	%	%	%
Private	53	43	39	35	9
Local government	62	72	42	33	21
State	66	84	45	45	28
All	55 (p=0.003)	51 (p=0.000)	40 (p=0.000)	35 (p=0.000)	13 (p=0.000)
Number of personnel					
1-4	46	34	36	32	6
5-9	56	51	41	34	14
10-49	65	68	42	40	18
50-99	69	86	46	39	26
100-249	68	88	39	45	23
250-	69	95	33	48	58
All	55 (p=0.000)	51 (p=0.000)	39 (p=0.002)	35 (p=0.013)	13 (p=0.000)

Development of management and leadership in the workplace increases directly with the size of the establishment: in establishments with 1-4 persons the adoption rate as such measure is 34 % and in establishments with more than 250 persons it is almost 100 %. Older persons have also, when necessary, been placed in other jobs much more frequently in establishments with more than 250 persons. An increase in the flexibility in job arrangements has been most frequent in units with more than 10 persons. There is, however, no clear difference in terms of the number of persons in an establishment with regard to reducing rush and time pressure.

If for health reasons it is no longer possible to work in one's old job, changing jobs may provide the solution. Of the public sector employers, more than 25 % reply that, when necessary, older employees have been placed in other jobs.

According to industry replacement of older employees has been most common in health care and social services, in public administration, and in traffic and transport bodies.

There are also differences between industries regarding the use of development measures. In health care and social services the measures listed above have been adopted more frequently than in other industries, with the exception of management and leadership. This factor has been developed in an even larger proportion of establishments in education, and in public administration.

Flexibility in working hours has been increased most often in both health care and social services and the hotel and restaurant trade. Flexibility in job arrangements has been improved more frequently than on average also in construction, in public administration and in the hotel and restaurant trade.

Measures to reduce rush and time pressure occur more in health care and social services than in other industries. Such measures have, to a lesser extent than on average, been adopted in agriculture and forestry, in the wholesale and retail trade, and in other community services.

Employing older employees

Good economic development and the reduced need to give notice towards the end of the previous decade explain the increasing proportion staying on at work among older employees. The employment rate for persons who have reached the age of 55 has clearly increased in recent years: the employment rate for persons aged 55-59 was 50 % in 1997 and in 2003 it was already up to 66 %. The labour force share of persons who have reached the age of 60 has also increased, but not quite as strongly.

Table 15. Employment rate for persons aged 55-59 and 60-64 in 1997-2003, per cent.

Employment rates	Men		Women		Both genders	
	Age		Age		Age	
Year	55-59	60-64	55-59	60-64	55-59	60-64
1997	50.5	22.7	49.2	16.3	49.8	19.4
1998	51.7	22.7	50.6	16.7	51.2	19.6
1999	54.7	23.3	55.8	20.1	55.2	21.6
2000	58.7	26.7	59.9	20.2	59.3	23.4
2001	62.0	28.4	63.7	22.2	62.9	25.2
2002	64.5	28.8	65.6	23.4	65.1	26.1
2003	64.9	31.1	66.3	23.7	65.6	27.3

Future developments in employment among older persons depend on both the employees' intentions to retire and the employers' willingness to employ older employees. The employers' views on the hiring of older employees and their possibilities of continuing to work are affected by the need for a workforce. Every fourth establishment will need to hire

more employees in the next few years. Only a very small percentage will need to reduce staff.

According to the results of this survey, employers are willing to employ older employees to a greater extent than is currently the case. Employers were asked whether they thought that older employees could be employed more extensively in the future. The question was further specified so that increased employment meant either continued work among existing employees or recruiting new employees who have reached the age of 55.

25 % of employer representatives feel confident that it would possible in the future to employ older employees to a greater extent than at present. There is a similar number of unsure respondents who nevertheless still take a positive view. Most of the rest think that they cannot in the future employ more older employees than their current quota. A very small percentage could not answer the question. Thus employers are pretty evenly divided on this issue: those who can increase employment of older employees (51 %) and those who cannot (49 %).

The most positive attitude towards employing older employees is in local government establishments. Of the different industries, the financial and insurance businesses, education, health care and social services as well as other services are more prepared than others to employ older employees in the future.

Table 16. *Can the establishment in the future employ workers who have reached the age of 55 more extensively?*

	Yes	Possibly	No	Do not know	Total	Number
	%	%	%	%	%	
Employer sector						
Private	25	23	50	2	100	1 059
Local government	27	35	37	2	100	578
State	27	16	57	0	100	176
All ($p=0.000$)	25	26	47	2	100	1 813
Number of personnel						
1–4	27	23	48	3	100	237
5–9	23	22	55	1	100	328
10–49	26	33	40	1	100	750
50–99	27	27	45	0	100	167
100–249	25	27	48	0	100	233
250–	37	37	26	0	100	98
All ($p=0.000$)	25	26	47	2	100	1 813

Large enterprises (employing more than 250 persons) have the most positive view on increased employment of older employees and this is in line with the earlier findings that large enterprises in general have a more positive attitude to the flexible retirement age

compared to smaller enterprises. The most negative attitude is observed in establishments which employ 5-9 persons.

In enterprises which already have employees who have reached the age of 55 the views on increased employment of older employees are more positive than in enterprises where there were no older employees at the time of the interviews.

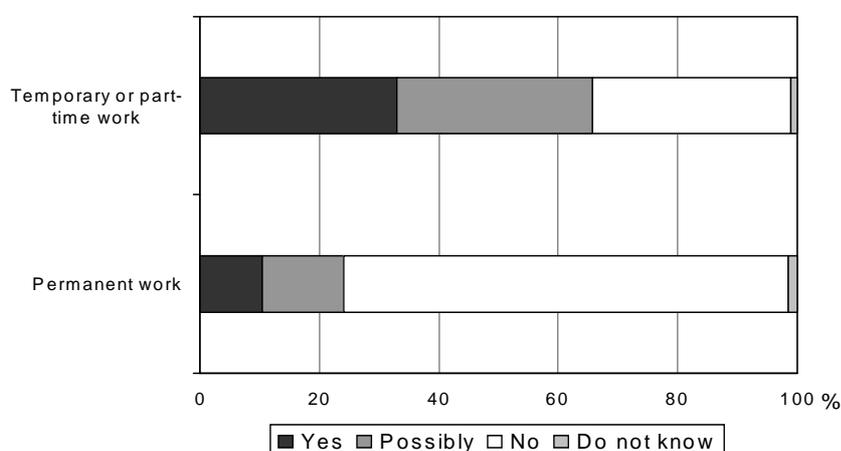
Working while drawing an old-age pension

Work among persons who draw an old-age pension is rare in Finland and of those who have reached the age of 65 only a very small percentage are working. Previously no pension accrued from work while drawing an old-age pension, but under the reform a pension also accrues on the basis of work while drawing an old-age pension. When a new employment contract comes into force a pension begins to accrue at the rate of 1.5 % on the annual earnings. The pension accrued from work while drawing an old-age pension is paid from the age of 68.

Employers were asked for evaluations on whether they could in the future offer permanent, temporary or part-time work to persons drawing an old-age pension. In practice this means hiring persons who have reached the age of 62. 10 % of employers claim they are able to or are willing to offer permanent jobs to persons drawing an old-age pension. A strictly negative view on such a possibility is taken by 74 % of the employers. There are no significant differences between the private and the public sector concerning this matter.

On the other hand, a clearly higher proportion of the employers consider it possible to offer temporary or part-time work. 33 % of the employers are sure that they can offer temporary or part-time work to persons drawing an old-age pension, another 33 % of employers think that it is a possibility. The remainder are not interested in hiring persons drawing an old-age pension. In the public sector there is somewhat more interest in hiring temporary or part-time employees than there is in the private sector.

Figure 8. *Can the establishment offer permanent or temporary/part-time work to persons drawing an old-age pension.*



In large establishments (more than 250 persons) the possibilities to employ persons drawing an old-age pension are better than at small workplaces. 20 % of large enterprises think that it is definitely possible to offer permanent work and almost 50 % to offer temporary or part-time work.

The employment possibilities for persons drawing an old-age pension are optimum in the public sector. Readiness to offer permanent work is more frequent than on average in health care and social services. Temporary or part-time work may be mostly available in education and in health care and social services.

Part-time pension

The number of persons having retired on a part-time pension increased rapidly in Finland after 1998, when the lower age limit for the part-time pension was temporarily decreased to 56 years. In connection with pension reform the age limit was increased back to 58 from the beginning of 2003. At the end of 2004 about 36,000 persons were drawing a part-time pension.

According to this survey, during the last three years people have retired on a part-time pension in 25 % of enterprises. Since this question was posed to all respondents, the share of persons having retired on a part-time pension in different sectors reflects the age structure of the establishments (see Table 4), i.e. the higher the number of older employees, the more there are persons who have retired on a part-time pension: in the state sector people have retired on a part-time pension in every other establishment, in the local government sector in 40 % of the establishments and in the private sector in 20 % of establishments.

People have retired on a part-time pension slightly less frequently in establishments where the financial situation is stable and secure than in establishments where the financial situation is insecure. People have retired on a part-time pension in 44 % of the establishments with a stable financial situation and in 52 % of establishments with a less stable financial situation.

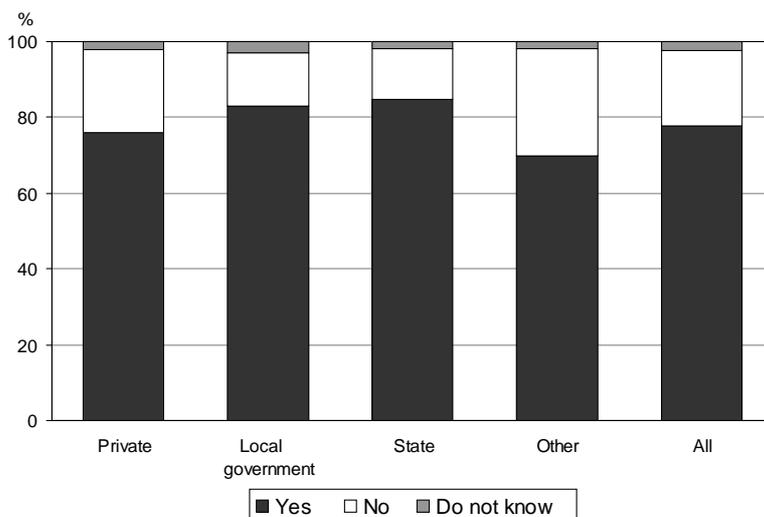
The significance of the financial situation of the establishment is also evident when looking at retirement on a part-time pension according to whether there is a need to increase or to reduce the workforce. During the last three years the proportion of persons having retired on a part-time pension is the largest in establishments where there is a need to reduce the workforce.

From the beginning of 2005 it became possible to take a part-time pension between the ages of 58 and 67. Employers were asked what possibilities the establishment had for arranging part-time work for persons who wanted to take a part-time pension. The question was only posed if the establishment had employees who had reached the age of 55 or if

there were people in the establishment who had retired on a part-time pension during the last three years.

Almost 80 per cent of the respondents consider that offering part-time work to persons who want to take a part-time pension is possible and of these slightly more in the public sector supported the idea compared to the private sector.

Figure 9. *Is it possible in the establishment to arrange part-time work for persons who want to retire on a part-time pension.*

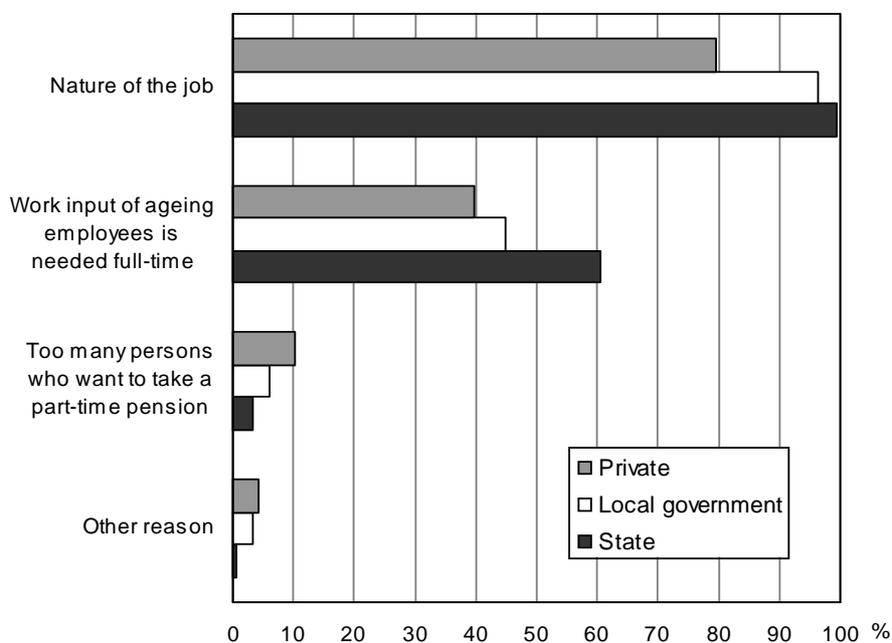


In small establishments there are somewhat fewer prospects than in large establishments. Nevertheless of the small establishments which employ less than 10 persons, more than 70 % consider it feasible to arrange part-time work. In establishments which employ more than 10 persons the proportion lies between 80 and 90 %.

Obstacles to retirement on a part-time pension

The biggest obstacle to the arranging of part-time work for persons who want to take a part-time pension is the nature of the job. The second most important reason is that the work input of the older employees is needed full-time. In state and local government establishments both these reasons are mentioned more frequently than in private sector establishments. A less frequently stated reason for the inability to arrange part-time work is that there are so many persons who want to take a part-time pension. This reason is more common in private sector establishments.

Figure 10. What is the obstacle to arranging part-time work for persons who want to take a part-time pension, percentage share of those having responded positively to each question.



In administration, in education, in health care and social services the nature of the job is emphasised as an obstacle to part-time work. On the other hand, in certain industries in the private sector there are too many persons who want to take a part-time pension, especially in trade and in the financial and insurance businesses.

Only 20 % of respondents say that it is not possible to arrange part-time work for persons who want to take a part-time pension. Thus in most establishments it is feasible to arrange part-time work also in the future.

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Appendix 1. Representativeness of the data

The sample included 2556 establishments, of which 78 % answered the interview. There are a total of 1930 establishments in the research data. The data is representative as regards different factors. The loss rate was 22 %. The most usual reason for this was that no person in the establishment could be contacted who could have answered the questions. As the data was collected during the summer holiday season, this was more common than would be otherwise. The second-most common reason for loss was refusal and the most common reason given for refusal was lack of time.

Appendix table 1. Net sample, respondents and loss.

	Received N	Loss N	All N	Received %	Loss %
Province					
Suothern Finland	660	227	887	74.4	25.6
Western Finland and Åland	748	182	930	80.4	19.6
Eastern Finland	263	61	324	81.2	18.8
Oulu	188	57	245	76.7	23.3
Lapland	71	22	93	76.3	23.7
Sector					
Private	1 025	413	1438	71.3	28.7
Local government	587	60	647	90.7	9.3
State	194	27	221	87.8	12.2
Associations and others	124	49	173	71.7	28.3
Industry					
Agriculture, forestry	51	8	59	86.4	13.6
Manufakturing	300	106	406	73.9	26.1
Construction	121	49	170	71.2	28.8
Trade etc.	311	127	438	71.0	29.0
Traffic	149	52	201	74.1	25.9
Business life services	264	78	342	77.2	22.8
Public services	633	99	732	86.5	13.5
Other services	101	30	131	77.1	22.9
Number of personnel					
1–4	267	131	398	67.1	32.9
5–9	351	108	459	76.5	23.5
10–49	797	185	982	81.2	18.8
50–99	175	44	219	79.9	20.1
100–	340	81	421	80.8	19.2
All	1 930	549	2479	77.9	22.1

According to the classification factors, i.e. location and size of the establishment, there is some difference in reply activity. However, the regional differences are not large (74–81 %). The highest share of replies was received in Western Finland and Eastern Finland. The share of respondents varies more according to the size of the establishment. In establishments with the smallest number of employees the reply rate stays at 67 %, whereas it reaches 81 % in the largest establishments. However, the share of respondents was also high enough in small establishments when evaluating the representativeness of the data.

The share of respondents also varies according to factors other than the classification factors. Of the employer sectors, public sector establishments have been more diligent in replying (96–98 %) than have private sector establishments (87 %). The reply rate also varies between industries (71–87 %). However, the share of respondents is in all industries fairly good, so the differences between industries can be studied quite effectively.



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