



SSP MEMORANDUM 3/2019

How can we make more people want to work longer?

Is there a blueprint for achieving this?

THE CENTER FOR SENIOR POLICY (SSP) is a resource centre dedicated to the stimulation and development of policies concerning senior employees in the workplace. SSP coordinates and contributes to consultation on senior issues with the government, businesses, job market, and human resource organisations. In addition, SSP initiates and supports research within the field.

What would it take to make more people want to work longer?

There are many different views on what it would take to make older workers want to stay longer in the working life. This memorandum briefly summarizes our knowledge about this topic.

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Is there a blueprint for achieving this?

There are many different views on what it would take to make older workers want to stay longer in the working life. This note *briefly* summarizes what we know about why some would happily continue to work until they reach the age of 70 or more, while others retire at the age of 62, or even earlier. There is a vast political consensus in Norway that the average retirement age needs to be increased, and that more people need to stay longer in the working life before they retire. So “everyone” seems to agree on this, and the reason why is obvious: In the coming decades, we will have an increasingly aging population. In order to ensure that the increase in life expectancy does not result in imbalances between those who are working and those who are not, the age of retirement must increase.

This memorandum describes what it will take to increase employment rates among the elderly in Norway, and which room for manoeuvring the politicians, employee representatives and seniors really have. We suggest three specific actions and focus areas which can contribute to increase the retirement age, and

which can be initiated right away (see the last paragraph). And yes, we do have a kind of blueprint. The question is rather: what prevents us from getting started?

Summary and conclusions

Politicians, leaders, employee representatives and the seniors themselves have a considerable room for manoeuvring. The best results are achieved when several factors are combined. Employment rates among seniors in Norway has been steadily increasing since 2001, and it is quite possible to achieve further increases of the retirement age beyond the current level. This, however, requires reinforced and renewed efforts on several fronts.

Much research has been carried out, so we know a great deal about which factors influence whether people choose to stay in the working life or become full-time pensioners. And in many cases, it's not really a matter of choice. Some indeed feel that they are "forcibly retired" too early. Some have to quit working for health reasons, while others have to work longer than they really want to for economic reasons. The factors that influence our working and retirement habits can be divided into three main groups:

1. **Pension schemes and retirement cultures:** Pension schemes and probably also other legislative changes can have an impact on the average age of retirement, and the Norwegian pension reform has doubtless contributed to increasing employment among seniors. Conversely, extra favourable "golden handshakes" for older workers can be a contributing factor in lowering the age of retirement. We nonetheless need to acknowledge that other factors than purely economic ones also have a great impact on the choices people make.
2. **Individual factors:** A person's health situation, personal preferences and family relationships have a great impact on when they choose to retire. Disability remains the main reason for early retirement, although the tendency is decreasing. High-quality initiatives for reducing the number of sick leaves and improving the working environment can help increase the retirement age. Even though the risk of illness increases with age, it does not necessarily have to be a barrier for continuing to work. The senior can also actively make conscious choices about competence development or changing job roles in order to facilitate a longer and better working life.
3. **Factors in the working place:** The way a person feels about their job and their place of work is probably the main decisive factor for many. It is well documented that an organization's leadership and personnel policy can have both a negative and positive impact on retirement behaviours. "A good working environment" is listed as being one of the main reasons for wanting to continue working after the age of 62 years. Working preventively with general working environment factors will indirectly have an impact on whether the seniors choose to retire or keep working. Opportunities for

competence development and lifelong learning have a significant impact on how long people will keep working. The workplace is a well-suited learning arena for seniors as long as they are allowed to participate “where it happens, when it happens”. Both young and older workers must be involved in the development of new working processes and new technologies, and both groups must be allowed to participate in competence development initiatives. Anti-discrimination and inclusion initiatives can prevent discrimination and age-stereotyping which contribute to a rejection of older workers.

The Pension – the Person – or the Job – which is most important?

We cannot single out one single factor which in itself is critical in increasing work participation among the elderly. For the vast majority of workers, several factors work together in influencing the decision about whether to retire or continue working. Such factors include pension schemes, individual factors and how things are at work. Different sectors and professions are associated with different senior political challenges, so having industry knowledge is important.

1. Pension: Pension schemes and retirement cultures – do current pension schemes stimulate continued work or early retirement?

On 1 January 2011, the Norwegian National Insurance Scheme implemented a new set of **retirement pension regulations**. Economic incentives have been introduced in the sense that you receive higher pension payments the longer you wait to retire, and the longer you work. This is especially true in the private sector. The mandatory occupational pension schemes do not fully conform to the new rules, and economic incentives are much weaker in the public sector. Changes have now been proposed in order to remedy this issue. Through its research programme “EVAPEN – Evaluering av pensjonsreformen”, the Research Council has carried out an evaluation of the impact the pension reform has had on employment rates among the elderly. Their report, titled “Pensjonsreformen i Norge – Funn fra evalueringen av reformen 2011-2018” concludes that the pension reform is having the intended effect. Employment among some senior groups has increased a great deal, particularly among those between the age of 62-66 in private companies implementing the new AFP pension scheme.

However, it might be argued that the effect we see is somewhat exaggerated, as the projects often use 2011 (the year the pension reform came into force) as the starting year for their efficacy studies, yet the trend we are seeing actually started long before 2011. Employment rates among the elderly in the public sectors are also increasing, and remain the highest, even without the incentives from the pension reform. This indicates that several factors affect employment rates among the elderly. We need to recognise that other factors than purely economic ones have a great impact on the choices people make.

Retirement cultures and attitudes towards retiring also play a part, and the effect can go both ways. Gratuity pension, gift pension and “golden handshake” schemes in combination with AFP can contribute to earlier retirement. In a survey of senior workers in the finance industry (Proba Samfunnsanalyse 2017: Seniorer i finansnæringen) it was found that “golden handshakes” or favourable severance pay agreements have been used frequently in connection with restructuring processes, with the result that the retirement age in the finance industry is lower than the national average in Norway. Conversely, when a company’s management explicitly expresses that they wish to retain employees for a long time, the chances of that happening may increase.

The upper **age limits in the Working Environment Act** have been the subject of much debate in Norway. Many have argued that by raising the upper limits for when one can be laid off due to one’s age, employment among the oldest workers will increase. On the other hand, some believe increased age limits will make employers more sceptical towards employing older job seekers. New regulations were introduced in 2015, where the upper age limit in the Working Environment Act was increased from 70 to 72 years, and the lower threshold for age limits set by corporations was raised from 67 to 70 years. We cannot yet tell if this has had any effect on employment rates; more time and research is probably required. However, it does appear that employers have *not* turned more sceptical towards employing older job seekers in spite of the increased age limit, so this fear may be unfounded. The Norwegian senior political barometer (Norsk seniorpolitisk barometer) for 2018 strengthens this assumption, as 73% of the management level respondents stated that the new upper age limit in the Working Environment Act has not made them more cautious against employing older employees. We should not disregard the possibility that the legislative changes and the debate on age limits in itself contributes to a positive change in attitudes over time, which would be in accordance with the experience gained from other unpopular legislative changes, such as the smoking ban.

Brief summary: Pension schemes and legislative changes can possibly contribute to increasing employment among older workers, and the pension reform has contributed to increasing employment. Conversely, extra favourable “golden handshakes” for older workers can be a contributing factor in lowering the age of retirement. We nonetheless need to recognise that other factors than purely economic ones also have a great impact on the choices people make.

2. The person: Individual factors – How does a person’s health, family relationships and personal preferences impact their choice to keep working or enter into retirement?

Health plays a significant part in this decision. Disability remains the most common reason for early retirement – but the trend is declining. Statistics from Statistics Norway (SSB article of 19.10.2018: uføretrygd) indicate a continued trend of lower disability rates for people aged 55 or over. Although this is due to several factors, it is safe to say that both a general increase in the education level of the more recent waves of older workers, in combination with general health

improvements in the population, play a part. The report “Aldringens betydning for helse, arbeidskapasitet og arbeidsprestasjoner” (Oslo Economics 2018) indicates that the risk of various ailments increases with age. However, there are great individual variations, and the variation in functional levels within the various age categories is far greater than the variation between them. Yet even though the risk of illness increases with advancing age, many can still continue working in spite of their health issues. Modern medical treatments make it possible for many to live well with their diagnoses, whereas others may require that the workplace makes special arrangements to accommodate for their needs if they are to continue working. According to NOVA report 6/12 “Ny kunnskap om aldring og arbeid”, dropout rates can be reduced through general preventative working environment initiatives and targeted initiatives related to ergonomic facilitation, the organization of work duties and psychosocial factors at the workplace. Failing health can also be associated with a wish to work less or even withdraw from the working life altogether.

A person’s **spouse or partner** is an important influence on their retirement decision. A survey conducted by NAV (NAV report 1/2013: Arbeid eller pensjon. En studie av hvilke faktorer som påvirker seniorers beslutning om å fortsette i jobb) shows that spouses and partners often choose to retire at the same time, and that the likelihood of this happening increases with advancing age. A person who chooses to stay longer in the working life may inspire his or her partner or spouse to do the same.

Some have strong preferences and interests that are unrelated to work, and retiring early gives them both time and opportunities to cultivate these interests. We could call it a preference for “**the good life**”. The above-mentioned NOVA report 6/12 points out that flexibility, the possibility for working part-time or changing jobs or work duties can make it easier to combine work and leisure time, and thereby postpone the workers’ retirement from the working life. Many retirees spend that new-found time doing voluntary work, which of course also benefits our society.

The senior himself or herself can make conscious choices and priorities to make the latter half of their career in the working life the best part. The Centre for Senior Policy has conducted a series of seminars titled **#de15beste** – “the 15 best”. This is a concept which highlights how the last leg of a person’s working life can be their best working years, both for the individual employee and for the organization in which they are employed. The concept highlights the importance of professional development for the seniors, the need for improved digital skills, and how the seniors need to take an active approach towards new tasks and new challenges – all through their last years in the working life.

Brief summary: Individual factors such as health and family relationships have an impact on the age in which people retire. Disability remains the main reason for early retirement, although the tendency is decreasing. High-quality initiatives for reducing the number of sick leaves and improving the working environment can also contribute to increase the retirement age. Even though the risk of illness increases with age, it does not necessarily have to be an

obstacle for continuing to work. The senior can also actively make conscious choices about competence development or changing job roles in order to facilitate a longer and better working life.

3. Conditions related to the workplace – How are things *at work*?

The way a person feels about their job and their place of work is probably the main decisive factor for many. It is also a matter of factors such as leadership and personnel/employer policies, the working environment, competence development and active inclusion and anti-discriminatory work.

Leadership and personnel/employer policies at the individual workplace has a great impact on when people choose to retire. It is well documented that leadership and personnel policy can have both a negative and positive impact on retirement behaviours; cf. *Langsiktig ledelse* by Salomon and Terjesen (Cappelen Damm 2016). It is a matter of leader attitudes, leader behaviour and the specific personnel policy initiatives taken. Such initiatives should in this context be understood as something other than “senior benefits” such as extra days off and longer vacations. Research into the efficacy of such senior benefits suggests that they actually have little impact on whether people choose to stay longer in the working life, and have not been sufficient to convince the target group – the seniors – that they should in fact do so. (Faf0 2016: *Aldersgrenser for oppsigelse og særordninger for eldre i arbeidslivet* og Hermansen 2017: *Retaining older workers*). However, we cannot disregard the possibility that these benefits have a positive impact on their working enthusiasm.

Other measures than such senior benefits probably have a greater impact on the age in which people retire (the list is not exhaustive):

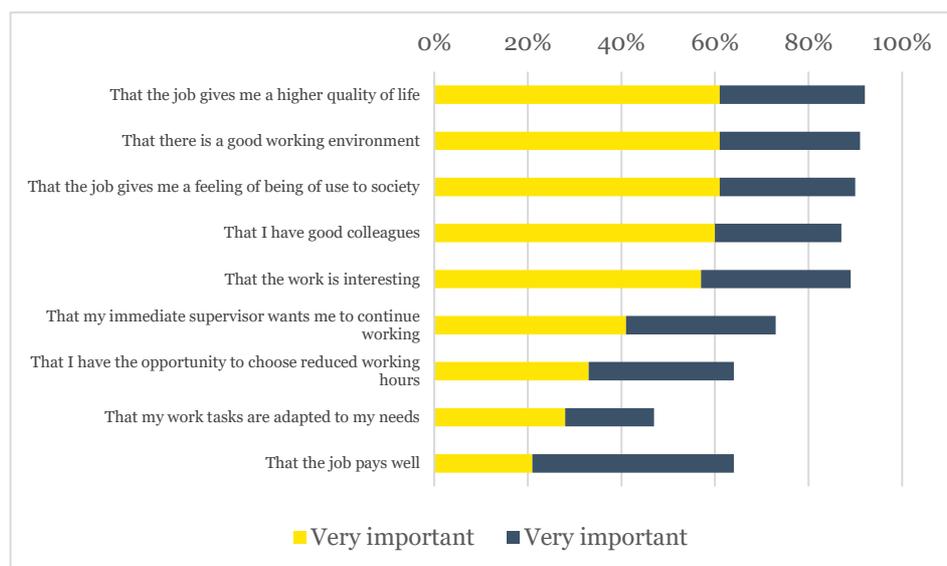
- Leadership training providing insights on aging workers, attitudes towards age and discrimination, knowledge about how to acquire new competence with advancing age and the factors that facilitate a good late career stage.
- Systematic late career planning, e.g. internal switching of job roles and being given tasks which are interesting and relevant
- Structured development discussions between the managers and employees
- Competence plans for everyone, regardless of age, with expectations for development
- Mentor systems and buddy schemes
- Incentives and accommodation measures

Organizations that have developed a unified and universal personnel policy which ensures that each employee is followed up and supported individually, and which makes clear demands for the employee's professional development *throughout their entire career*, are organizations that have well-functioning policies concerning senior employees in the workplace – including those who have not a specifically defined senior policy strategy. It is also of vital importance to ensure that leaders exercise leadership towards their senior staff on a basis of knowledge rather than myths and stereotypical views of older employees.

Leader training should therefore include senior policy issues and perspectives, and provide leaders with necessary knowledge about aging in the context of working life. Such an approach is unfortunately largely absent in most leadership training programmes currently, so even small initiatives in this regard might have a great impact. The work with developing good policies concerning older workers must be anchored among the leaders and line management. Participation-based development work in which both the seniors and employee representatives are included will help ensure greater ownership of the challenges, opportunities and manoeuvring room associated with the focus on retaining older workers. It is vital to have a long-term perspective, and to accept that changing attitudes and behaviours takes time. (Søkelys på arbeidslivet no. 01–02/2014: Seniorpolitikk - behov for nytt kart og kompass?) The Centre for Senior Policy (SSP) has developed a [guidebook for senior policy](#) which gives advice on how to develop and implement a suitable senior policy in an organization in three steps. The guidebook is based on the principles referred to above.

The working environment also plays an important part in people's decision to retire. Working preventively with general working environment factors will indirectly have an impact on whether the seniors choose to retire or keep working. In the Norwegian senior policy barometer for 2018 (Norsk seniorpolitisk barometer), "A good working environment" is listed as one of the main reasons why the respondents have continued to work after the age of 62 (see Figure 1 below). Good preventive measures to facilitate a good working environment will thus potentially have a "double" positive effect: In addition to reducing sick leave and dropout rates among employees of all age groups, it can also help increase the retirement age. Challenges associated with the working environment varies greatly between different sectors and professions. This means that the specific working environment factors that can have an impact on work retention of older workers at the individual workplace will also differ depending on the profession or industry. However, a good working environment for the individual older worker will also be dependent on a number of factors: how the work is organized, the working hours, flexibility, facilitation measures, motivation, inclusion, psycho-social working environment factors and the physical working environment. (NOVA report 6/12 and Fafo & STAMI 2017: The impact of the working environment on work retention of older workers). Including a senior perspective in the work with facilitating the work environment will be very valuable.

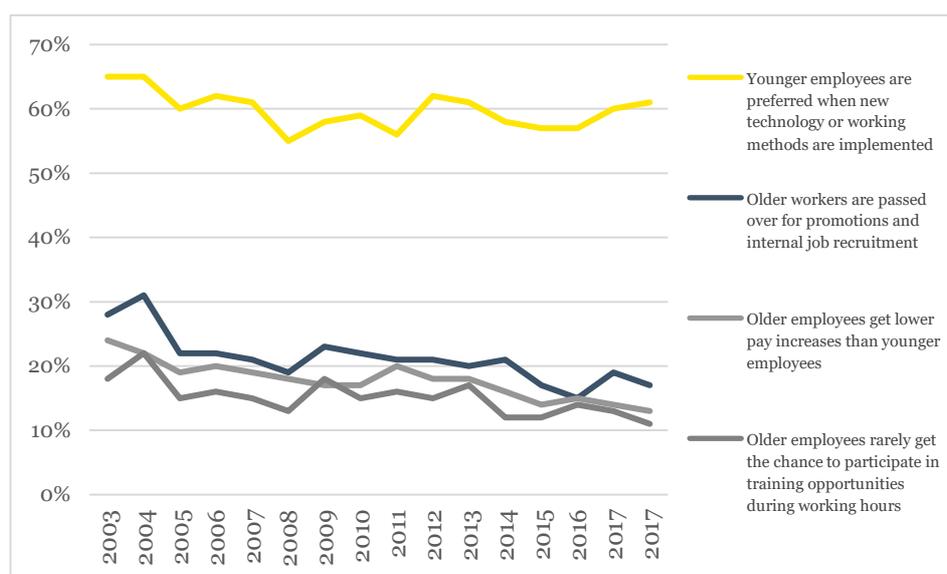
Figure 1: How important are the following reasons for you in your decision to continue working after being entitled to retire?



Opportunities for competence development and lifelong learning

have a significant effect on how long people will keep working. Rapid changes in the working life result in an increased need for professional development and competence building throughout one's entire working life. The opportunities older workers have for competence development is highlighted as a key area in NOU 2019:2 about the competence needs of the future. Research shows that the workplace is a well-suited learning arena for seniors, but depends on allowing them to participate "where it happens, when it happens". (Proba & NIFU 2015: Livslang læring og ansettbarhet for arbeidstakere over 55 år). It seems that seniors are to a lesser degree involved in the development of new working processes and technologies, and thereby new learning. The Norwegian senior policy barometer for 2018 (Norsk seniorpolitisk barometer) shows that younger workers are preferred when new technologies and new ways of working are being introduced (Figure 2). This is worrisome, as it reduces the opportunities older workers have to gain the competence they need to work in new ways. We have to stop thinking that the "new" and modern working life is better suited for younger people. Both young and older workers must be involved in the development of new working processes and new technologies, and both groups must be allowed to participate in competence development programmes. Older workers are less interested in participating in formal education programmes with academic credits (NOU 2019:12 Fremtidige kompetansebehov I), but they participate almost as much as other workers in non-formal training programmes (such as competence building courses and in-service training at the workplace). This is a good starting point, but training initiatives must be strengthened further – and yes, this also requires that the seniors themselves take ownership of their own learning and say yes to new opportunities for competence development.

Figure 2: How often have you experienced the following in the working life?



Inclusion and anti-discrimination initiatives at the individual workplace can have an impact on the retirement age. Negative attitudes and stereotypical beliefs about older workers can contribute to prematurely excluding older workers from the working life. Some common age-related stereotypes include how older employees find it difficult to learn new things, have less adaptability and have a lower intellectual capacity. Such stereotyping can make managers consistently avoid considering job seekers over the age of 55, or can make seniors refrain from attending training courses or competence building programmes because they believe they are too old. The individual workplace can do a lot to prevent this trend: (Per Erik Solem 2017: Aldersdiskriminering i arbeidslivet/seniorpolitikk.no/fagtekster):

1. *Managers and decision-makers need more knowledge about and increased awareness of age-related stereotypes.* Management training, personnel policies and HR strategies should include information about how to address age-related stereotypes in the workplace.
2. *Increased contact between young and older workers at the workplace.* A gap between older and younger generations at the workplace can provide fertile ground for negative stereotypes. If younger and older colleagues work more closely together on concrete work assignments, they may gain a more positive attitude towards each other.
3. *An open and unbiased discussion about age-related stereotypes among both leaders and employees.* Research shows that addressing the issue can in itself help reduce negative perceptions of older workers and increase their job satisfaction.

The **IA agreement** (a letter of intent regarding a more inclusive working life between the government and the employer/employee organisations) has played

an important part in achieving this and has contributed to put work participation for older workers on the agenda, in addition to providing increased knowledge about senior political issues. This is described in more detail in SSP memorandum no. 1.

Brief summary: How happy we are at work is probably the most important factor in the decision to stay longer in the working life. It is well documented that an organization's leadership and personnel policy can have both a negative and positive impact on retirement behaviours. "A good working environment" is listed as being one of the main reasons for wanting to continue working after the age of 62 years. Working preventively with general working environment factors will indirectly have an impact on whether the seniors choose to retire or keep working. Opportunities for competence development and lifelong learning have a significant impact on how long people will keep working. The workplace is a well-suited learning arena for seniors as long as they are allowed to participate "where it happens, when it happens". Both young and older workers must be involved in the development of new working processes and new technologies, and both groups must be allowed to participate in competence development initiatives. Anti-discrimination and inclusion initiatives can prevent discrimination and age-stereotyping which contribute to a rejection of older workers.

Recommendations and the way forward:

It is quite possible to increase employment among the elderly beyond the current levels, but it will require reinforced and renewed efforts on several fronts. Below, we suggest three concrete measures and initiatives which could contribute to increasing work retention and employment rates for older workers in Norway and which can be implemented right away:

1. Much more can be done on the level of individual workplaces and organizations, and even relatively small initiatives can have a great impact:
 - **Leader training** should include senior policy issues and perspectives, and provide leaders with necessary knowledge about aging in the context of working life. The training initiatives which are made available to leaders and managers should include topics on aging workers, attitudes towards age and discrimination, knowledge about acquiring new competence with advancing age and the factors which facilitate a good late career stage.
 - **HR strategies and personnel policies** can integrate senior perspectives by establishing requirements for conducting structured development discussions with employees from a senior perspective, and ensuring that systematic work is being done on facilitating competence development and late career planning for everyone.

- **The government** can lead the way in establishing sound employment principles both through the leadership training offered for government workers, and through carrying out HR strategies and personnel policies linked to the issues we have discussed.
2. **Knowledge and competence building for all.** One of the general objectives of the IA agreement is to increase employee retention and prevent withdrawal from working life for example due to early retirement. As a part of the work on the new and updated IA agreement, we need to develop concrete measures to reduce early retirement rates. A starting point would be to require that the NAV working life centres should include guidance in and courses on policies concerning senior employees in the workplace (e.g. on the guidebook for senior policy) to managers and employee representatives.
 3. **The senior perspective needs to be integrated into the work to reduce sick leave and implementing preventative measures in the working environment.** A new working environment initiative is launched in the new IA agreement for 2019-2022. The Norwegian Labour Inspection Authority has been given the task of developing a unified web-based solution/portal for disseminating knowledge about efficient preventative working environment initiatives to the various industries/sectors and organizations, which requires knowledge and expertise on the factors that contribute to increasing employment and retention of older workers.

In the case of factors such as pension schemes and retirement cultures, an extension of the pension reform in the public sector and any new reforms would be of great importance. Other legal reforms related to age limits and anti-discrimination legislation should also be taken into consideration.

Sources:

Many people have contributed with a lot of important research and knowledge. This means that we do not have to wait for further research and new studies – We already possess much of the knowledge we need. There is a lot of material to choose from for those who want to know more:

NOU 2019:2 – Fremtidige kompetansebehov II

Ipsos 2018: *Norsk seniorpolitisk barometer* by Lene Rathe and Helen Haugsdal Holmefjord

Report from the Norwegian Research Council: “Pensjonsreformen i Norge - Funn fra evalueringen av reformen 2011-2018”

SSB article 19.10.2018: Uføretrygd by Tor Morten Normann

Oslo Economics 2018: *Aldringens betydning for helse, arbeidskapasitet og arbeidsprestasjoner* by Erik Magnus Sæther et al.

Proba Samfunnsanalyse 2017: *Seniorer i finansnæringen* by Audun Gleinsvik

Per Erik Solem 2017: *Aldersdiskriminering i arbeidslivet*, published under seniorpolitikk.no/fagtekster

Fafo and STAMI 2017: *The impact of the working environment on work retention of older workers* by Tove Midtsundstad, Ingrid Sivesind Mehlum and Anne Inga Hilsen

Fafo 2017: *Retaining Older workers* – doctoral thesis by Åsmund Hermansen

Cappelen Damm 2016: *Langsiktig ledelse* by Robert Salomon and Hans Christoffer Aargaard Terjesen

Fafo 2016: *Aldersgrenser for oppsigelse og særordninger for eldre i arbeidslivet* by Jørgen Svalund and Geir Veland

Proba and NIFU 2015: *Livslang læring og ansettbarhet for arbeidstakere over 55 år*, Lars Erik Becken et al.

Søkelys på arbeidslivet no. 01–02/2014: *Seniorpolitikk - behov for nytt kart og kompass?* By Tove Midtsundstad and Anne Inga Hilsen

NAV report 1/2013: *Arbeid eller pensjon. En studie av hvilke faktorer som påvirker seniorers beslutning om å fortsette i jobb* by Magne Bråthen and Frøydis Bakken

Fafo 2013: *Virksomhetenes seniortiltak - Har de effekt på seniorenenes sykefravær og tidligpensjonering?* By Tove Midtsundstad, Roy A. Nielsen and Åsmund Hermansen

NOVA report 6/12, *“Ny kunnskap om aldring og arbeid”* by Per Erik Solem