



Extending working lives of an ageing workforce

## **Final report EXTEND project:**

Overview, summary and key results

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## **1. EXTEND`s socio-political rationale**

Between 2016 and 2018, the project EXTEND ("Social Inequalities in Extending working lives of an ageing workforce") examined potential social inequalities in the opportunities and limits of older workers to achieve longer working lives (EWL), which is the key objective of numerous reforms of national retirement and pension policies in most EU member states, but also of many enterprises with corporate age management measures. In doing this EXTEND's research was embedded in the analysis of the inhibitory framework conditions in the workability and employability of older workers. It was one of six projects being carried out in five EU member states (Denmark, Finland, Germany, the Netherlands, United Kingdom) within the first call in 2015 of the Joint Programming Initiative (JPI) "More Years, Better Lives – The Potential and Challenges of Demographic Change".

EXTEND`s prime socio-political rationale can be viewed in a fundamental change of paradigm in recent national retirement and/or pension policies in most EU member states with a strong focus now on both closing early exit pathways as well as raising retirement ages, often linked with financially incentivizing longer working lives (and "punishments" of those who do not, for whatever reason) (for an overview see Naegele & Bauknecht 2017). This is viewed by most experts and policy makers (UN, OECD, EU, national, academic discourse) as one of the outstanding answers to (irreversible) demographic mega-trends like population ageing, ageing and shrinking of the workforce, labour-market exit of the "baby boomer" generation, (qualified) labour shortage and/or increasing life expectancy and their corresponding macro- and micro-economic implications, particularly for the financial sustainability of the social security systems.

Yet, so far, these policies have been only very insufficiently analysed in terms of their impact on existing or new social inequalities. This is the starting point for EXTEND`s core assumption that the paradigm shift for many has been at the price of growing social inequalities as follows: advantages mainly accrue to those able to work longer and disadvantages accrue to those unable to work longer (Hofäcker et al. 2015). This topic is the focus of EXTEND whose most important results are presented here in summary.

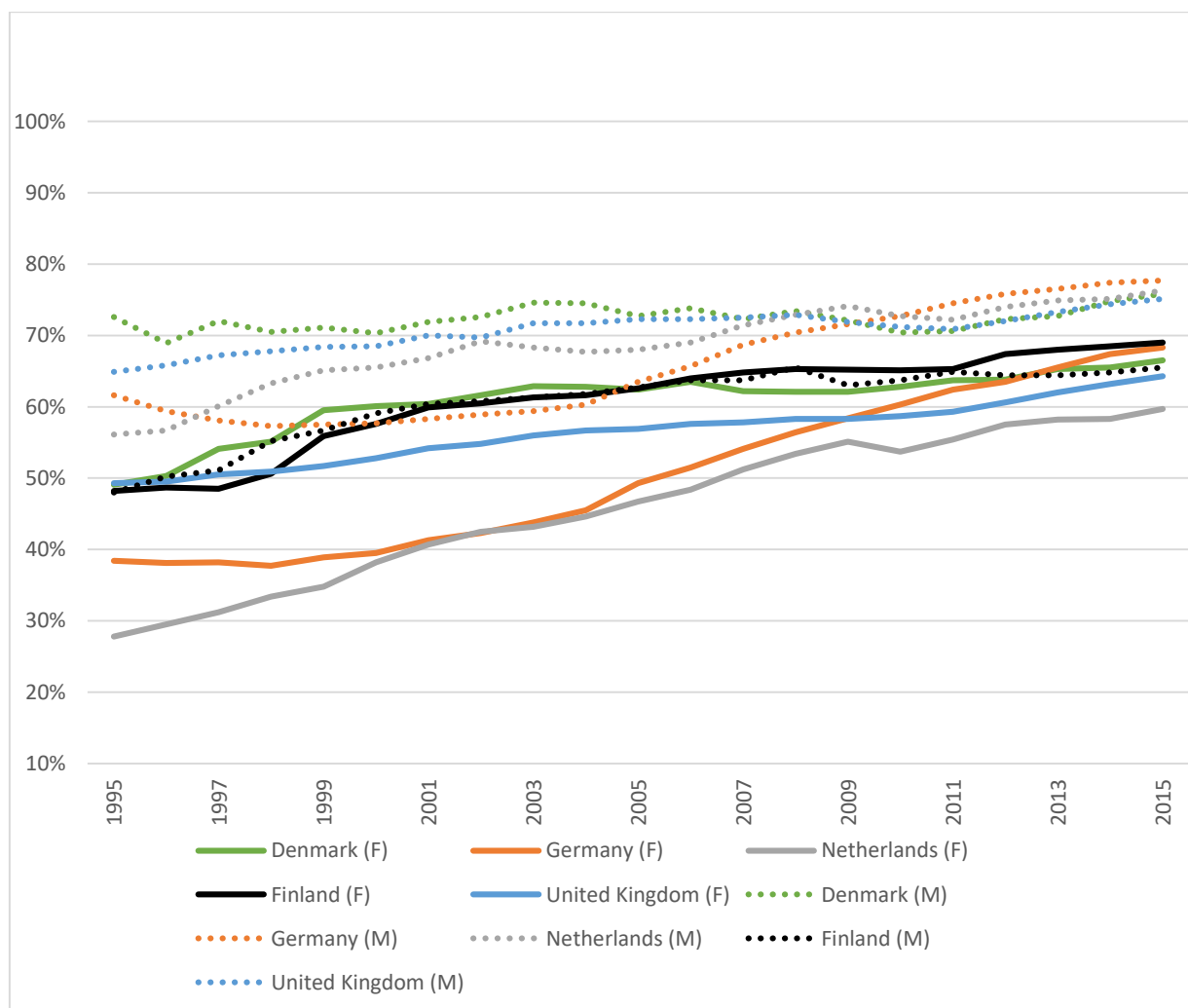
### **1.1 Changing EU Policy Context**

Until the mid-1990s 'non-employment in old age' (Bäcker et al. 2011) was predominant in most of Europe, as were manifold possibilities for an early exit from working life – for example in the form of explicit early retirement options, or early exit because of long-term unemployment or disability (van Oorschot & Jensen 2009). Among EXTEND`s partner countries Germany and the Netherlands were the most extensive in the use of early retirement policies while these were less pronounced in the United Kingdom and Finland (Naegele & Bauknecht 2017). Denmark had an intermediate position (Jensen & Øverbye 2013). The trend of early retirement policies has been reversed since the turn of the last century to one of extending working

lives and/or delayed retirement. The concurrent political objectives have since been to increase the employment rates of older people: older employees should work more years (OECD 2011).

This policy shift consisted mainly of different labour market, retirement and pension reforms. These include the increase of statutory retirement ages, in a few countries linking them to life-expectancy. Further, the different early retirement options were either abolished or made financially much less attractive. In addition, active labour market programs were initiated and measures of life-long learning implemented. These changes on the institutional and workplace levels – characterized as a shift of paradigm from ‘early’ to ‘late’ retirement – in combination with generally good economic development, rising female employment rates and educational expansion has caused an increase of older workers’ employment rates all over Europe, however with large cross-national variation and differences for certain groups of older workers (Ebbinghaus & Hofäcker 2013). Figure 1 shows older workers employment rates in the five EXTEND countries.

*Figure 1: Employment rates of older workers in the EXTEND countries (1995-2015)*



Source: OCED data

However, not only national governments became active. Companies in some sectors, e.g. high-technology and, increasingly, the health-care sector, are experiencing a shortage of skilled workers. They see older workers as a source of skilled and reliable workers that should be retained in the labour market instead of being pushed into early retirement. Companies started providing several age-management measures, such as preventive health-care programs, work-time flexibilisation, career planning or specific training programs.

It seems as if the efforts to extend working lives on both state as well as company level have been rather successful as employment rates of older workers all over Europe are increasing. It must, however, be mentioned that no causal link between the reforms and the increase of older workers can be made. Other explanations, e.g. an overall positive economic development, generally rising female employment rates, better qualification and health levels of new older workers were important as well (see chapter 4). However, EXTEND did not only focus the societal macro level but explicitly also looked into sectoral differences in selecting the social services sector where the goal of longer working lives for the professional care and nursing staff employed here is confronted with special barriers (see chapter 7). EXTEND's research was "solution driven" in that the project was looking for innovative solutions on different levels, including pension- and retirement policies, improving the employability of an ageing workforce, particularly through age-management measures aiming for healthy and productive ageing in work.

## **1.2 The "fairness challenge"**

This increase must be seen as a positive development as it relieves the pension systems from financial pressures and also results in higher general taxes. It is, however, accompanied by warnings that not all workers will be able to keep up with the requirements of the new active ageing credo. The concern is that some older workers might come under increasing economic pressure to delay retirement in often unfavourable working conditions to ensure a sufficient pension income and old social inequalities will re-emerge and new ones emerge in the late career phase, in the retirement transition and in the early post retirement phase. In analysing unequally distributed chances and risks of working longer on the one side and of implications for quality of life and wellbeing on the other, EXTEND is at the heart of a comparably new debate in pension policy on "fairness challenges" (Sinclair et al. 2014), very often resulting in social inequalities. Therefore, the most prominent objective of the project is to reduce social inequalities in retirement structures, which is necessary if extending working life is to become an alternative for many and not just for those already privileged in their employment prospects during their earlier working life.



## **2. The structure of EXTEND**

### **2.1 Countries involved**

EXTEND was carried out in five countries by a consortium of seven partners from different disciplinary backgrounds – economics, psychology, business administration, gerontology and sociology. The five countries were Denmark, Finland, Germany, the Netherlands and the United Kingdom (UK). The country selection was based on the idea to include countries with sufficient experience with the paradigm shift and at the same time show high levels of employment among older workers. In addition, the five countries represent different types of welfare state arrangements: The UK can be considered liberal, Germany conservative, Finland social democratic/conservative, Denmark social democratic/liberal and the Netherlands as a hybrid type.

### **2.2 Methods**

EXTEND required an integrated research perspective that explicitly explored interdependencies between macro, meso, and micro levels. The aim was “a systematic view on social inequalities and their respective implications for an individual’s employment opportunities and early labour market exits on different levels affected” (Riedel 2015: 41). In doing so EXTEND aimed at interdisciplinary research, represented (among others) through both the scientific composition of the research group (representing mainly “early mover-countries”) as well as the Advisory Board, which was characterized by different experiences and responsibilities and explicitly included NGOs. A further characteristic was the mix of research methods of EXTEND that included quantitative as well as qualitative methods, depending on the issues addressed.

### **2.3 Partners and advisory board members**

The partners from the involved countries were:

- Denmark: Aalborg University (AAU) represented by Prof. Dr. Per Jensen, Dr. Wouter De Tavernier and Jeevitha Yogachandiran Qvist and funded by the Innovation Fund Denmark.
- Finland: Finnish Institute of Occupational Health (FIOH) represented by Prof. Dr. Jukka Vuori, Dr. Salla Toppinen-Tanner, Dr. Mervi Ruokolainen, Dr. Jorma Seitsamo, Dr. Kaisa Törnroos and Dr. Marjo Wallin and funded by the Academy of Finland.
- Germany: Institute for Work and Technology (IAT) and the Institute for Gerontology at the Technical University Dortmund (TUD), funded by the Federal Ministry for Education and Research. The IAT has been represented by Prof. Dr. Josef Hilbert and Dr. Sebastian Merkel. The TUD has been represented by Prof. Dr. Gerhard Naegele, Prof. Dr. Monika Reichert, Dr. Moritz Hess, Dr. Mariann Rigó, Jana Mäcken and Philipp Stiemke.

In addition, TUD has been the coordinating institute with Prof. Dr. Gerhard Naegele as Principal Investigator and Dr. Moritz Hess as Co-Principal Investigator.

- The Netherlands: University Medical Center Amsterdam (UMCA) represented by Prof. Dr. Dorly J.H. Deeg, Prof. Dr. Martijn Huisman and Sascha de Breij and funded by the Nederlandse organisatie voor gezondheidsonderzoek en zorginnovatie.
- United Kingdom: Sheffield University (UoS) represented by Prof. Dr. Alan Walker and Dr. Daniel Holman and funded by the Economic and Social Research Council.

The researchers were supported and consulted from an advisory board including:

- Robert Anderson, European Foundation for the Improvement of Living and Working Conditions
- Prof. Dr. Anne Martin-Matthews, University of British Columbia
- Anne-Sophie Parent and Phillippe Seidel, AGE Platform Europe
- Prof. Dr. Ursula Staudinger, Columbia University
- Dr. Tarmo Valkonen, Research Institute of the Finnish Economy

## **2.4 Promotion of young researchers**

Besides the explicit aim of researching social inequalities in the retirement transition and deriving “solution driven” implications EXTEND also contributed in several ways to qualifying early career researchers and master students. Three PhD thesis were written within the project, linked to AAU, UMCA and TUD, and it can be expected that the thesis will be handed in 2019. The PhD students received the support of experienced scientist in EXTEND and at every meeting they had the opportunity to present their work and to get feedback. Here the role of WP 4 and 5 should be emphasized as all three PhD thesis were related to work done in these two WPs. The three PhD students and the working titles of their dissertations are:

- Sascha de Breij (Amsterdam UMC): Social inequalities in extending working lives: the role of working conditions and health.
- Jana Mäcken (TUD): The influence of job characteristics on retirement age: a multilevel analysis.
- Jeevitha Yogachandiran Qvist (AAU): Social inequalities in retirement and life after retirement. Evidence from Denmark.

In addition two M.A. theses, linked to TUD, have been written within the EXTEND project allowing students to experience project-based research first hand. Both M.A. thesis made a substantial contribution to the EXTEND project. The two M.A. students and the titles of their thesis are:

- Ronja Christofczik: Rentenübergänge von informellen Pflegepersonen - ein Vergleich von Wunsch und Erwartung (in English: Retirement transitions of informal care givers – a comparison of preferences and expectations)

- Philipp Stiemke: Von der Frühverrentung zum längeren Arbeiten: politische Reformen, Beschäftigung und Rentenübergänge älterer Arbeitnehmer\*innen - Deutschland im europäischen Vergleich (in English: From early retirement to extending working lives: reforms and employment rates and retirement transitions of older workers – Germany and Europe)

## 2.5 EXTEND's work packages (WPs)

EXTEND was subdivided in 9 WPs with different sub-research objectives and questions. The structure of this report is following WPs:

- In WP 1 the theoretical classification of EXTEND was made by reference to the following concepts: cumulative disadvantage theory (CDA), institutionalism, the concept of agency and the "life-situation concept" ("Lebenslagekonzept"). In a second step, the final research questions and the leading hypotheses were derived.
- WP 2 dealt with the institutional changes in pension and retirement policies which can be observed in most EU member states. The general institutional shift from early retirement to extending working lives in the five EXTEND countries was examined and the respective (social) consequences were surveyed.
- WP 3 took up the issue of indexing retirement ages and pension entitlements according to the residual life expectancy, which has already been introduced in some EU member states. The primary level of investigation was on social inequalities in the impact of such regulations.
- WP 4 and 5 foci were social inequalities in the relations between health and retirement. The first part of the investigation focussed on the influence of the state of health on retirement timing and the second on the state of health after retirement.
- EXTEND's research agenda does not only refer to the macro level. A meso and micro perspective investigating the social services sector as an example (with a special focus on the professional health and caring sector) is added. In doing so a particular occupational "problem group" is addressed: Professional care-workers can be viewed as at high risk of early exit from the workforce and thus highly affected by the accompanying social inequalities.
- WP 6's focus was on "double-care duties", meaning professional care-workers, and how they reconcile their professional care-work with private (mostly family) care responsibilities.
- WP 7(1) was examining the impacts of working conditions and work design on retirement and pension processes in the professional care sector (elderly care and hospitals) and in this context was looking for "good practices".
- WP 7(2)'s focus was on a successful Finnish intervention measure aiming at prolonging working careers on a voluntary basis.
- Using selected examples, WP 8 asked whether and how it is possible to prevent social inequalities in the retirement and pension system through selected examples of "good

practice" at the respective levels of intervention or to compensate for their negative effects.

- WP7 (2) and 8 thus react directly to the EXTEND proposition to be "solution driven".
- In WP 9 a cost-benefit analysis of certain age(ing) friendly human resource measures was conducted. The question of investigation was whether age management "calculates".
- The concrete contributions of the colleagues from the United Kingdom stand crosswise to all WPs. They were involved in WPs 2, 3, 4, 5, 7(1).

### 3. WP 1: Developing a conceptual framework (cf)<sup>1</sup>

The key research hypothesis of EXTEND states:

*The measures to achieve extension of working lives will exacerbate social inequalities that have existed during the life-course and will lead to increasingly greater inequality.*

Starting from this the cf developed had the prime aim to structure the research and to frame the overarching objectives of the project. The main research aim was to explore potential social inequalities in pre and post retirement phase against the background of the change of paradigm of closing early exit pathways, delaying retirement and extending working life (see section 1.1).

#### 3.1 Identifying social inequalities

Social inequality is characterized by the existence of unequal opportunities and rewards for different social positions or statuses within a group or society. It entails structured and recurrent patterns of unequal distributions of goods, wealth, opportunities, rewards, and punishments (Wade 2014). For EXTEND this means the focus is on the difference between groups that have more difficulties accessing the labour market retirement than others. Furthermore, they have fewer resources or advantaged social positions in the life-course phase of late career, retirement transitions and post-retirement and these differences are perceived as a social problem. These social inequalities exist firstly and primarily between social groups (older workers, retirees, men, women, rich, poor, healthy, unhealthy, high- and low-skilled, high and low occupational status (each with strong internal differences for specific occupational groups), migrants, non-migrants, unemployed and those with or without private care burdens etc.).

Social inequalities in late career stages might secondly also exist between different occupational sectors and between countries (“early mover” vs. “late movers”) (Naegele & Bauknecht 2017). E.g., it is empirically evident that care-professionals in average are forced to retire earlier due to unfavourable working conditions and heavier work-loads than other groups of personal service deliverers (Naegele 2015). On the other side older workers occupied in sectors with good experiences in corporate age-management – in Germany very often typical for strongly unionised sectors – have better chances to reach later retirement ages than others (Eitner & Naegele 2013).

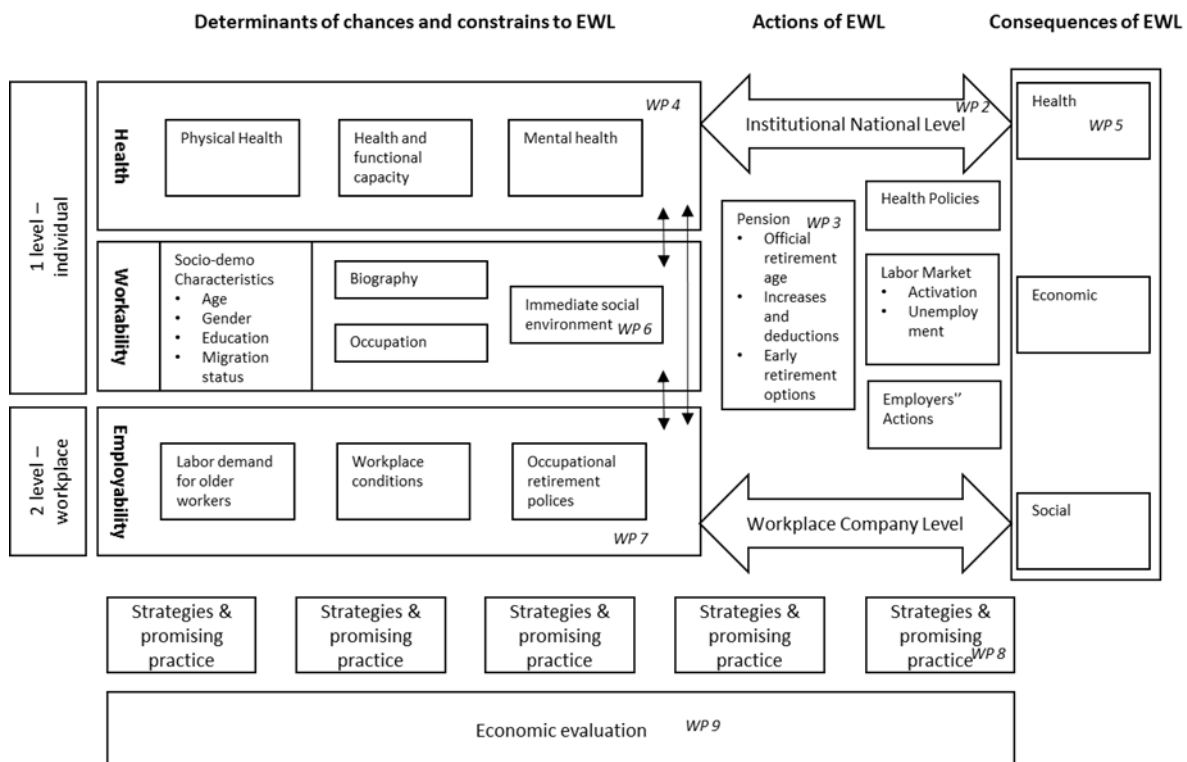
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<sup>1</sup> Based on the report on WP 1 written by Gerhard Naegele & Moritz Hess.

### 3.2 Illustrating the structure of EXTEND

The structure of EXTEND's cf is illustrated in Figure 2. On the left side, it shows the determinants for chances and constraints to EWL – with health in the centre with a twofold perspective (as significant dimension of the well-known concepts of workability and employability (Ilmarinen 2005) and at the same time a prominent point of departure for political and practical actions to promote EWL). Among the determinants, the first group refers mainly to the individual and the second to the labour-market/company/workplace level. EXTEND assumes the respective determinants to be unequally distributed among older workers; depending - among others – on age, gender, individual work(place)- dimensions, vocational biography, skills, ethnicity and/or private life circumstances including family and/or residential circumstances. On the right side, two arrows focus the levels of action (national (“institutional/national”) as well as the organisational (“workplace/company”)) and the respective key actor groups here depicting the different strategies and approaches aiming at EWL. They point to possible consequences (outcomes) of interactions of determinants and policies/approaches actions; using the three key dimensions of the ‘life-situation’ approach: health, income and social integration. Thus the twofold perspective of health is further enlarged now also as a reliable indicator for post-retirement social inequalities. All stages offer scope for both promising (in the sense of ‘good practices’; WP 8) policies and measures to EWL as well as for economic evaluation (cost benefit analysis; WP 9).

Figure 2: Dimensions and relations of social inequality affecting extending working lives



### **3.3 EXTEND`s theoretical approaches – drivers of social inequality**

Theoretically EXTEND combines four approaches: (1) cumulative disadvantage theory (CDA), (2) institutionalism, (3) “agency” and (4) the “life-situation” approach (“Lebenslage-Konzept”). Whereas the first three are mainly used to explain and describe drivers, the latter is mainly used to describe and explain outcomes.

The CDA-concept states that social (dis)advantages from earlier in the life course accumulate and lead to even larger differences in old age (Dannefer 2003). Transmitted to EXTEND`s leading hypothesis it can be assumed that individual chances to reach a longer working life voluntarily and “in dignity” (or not) have their origins in individual advantages and/or disadvantages experienced in earlier – mainly educational and/or occupational – life stages of the individual working life course.

The institutionalism concept (Hall & Taylor 1996) assumes that institutions shape people`s behaviour and ask how changes in objectives and strategies of relevant institutions influence individuals` behaviour and/or constraints and thus might strengthen and/or mitigate social inequalities. Transmitted to our leading hypothesis EXTEND lays a special focus on those private and/or public measures (specifically on recent policy changes) that shape employment dangers and risks next to the premature loss of workability/employability, disability, unemployment and retirement in later stages of working life.

The concept of agency refers to the ability to formulate and to pursue life-plans (Damman & Henkens 2017). In terms of retirement decisions e.g. the concept asks for chances to exercise agency in retirement decisions (e.g. leisure- or work-oriented, retirement planning, timing, financial savings/preparation, planned removals, and others); with respect to social inequalities it is asked for constrained individual agency among different SES groups.

The “Lebenslage Konzept”, finally, has its prime focus on manifestations of social inequality and is primarily used to describe and explain outcomes. It indicates whether and if yes how current life-situations in a certain stage of an individual life course are characterised by social privileges and/or disadvantages and how these display themselves in different dimensions – mainly in those of quality of life. The concept aims at reliable conclusions in terms of identifying life-course related drivers and whether individuals have had (and used) `room for manoeuvre` to avoid `social shortcoming`. EXTEND understands the latter as an indicator for existing social inequalities in both individually as well societally highly acknowledged dimensions – among them and with a special focus on older workers/persons in particular income, health and social integration (Amann 1983). Transmitted to the leading hypothesis EXTEND uses the life-situation approach to identify and assess possible negative and/or positive outcomes in the pre- and post-retirement phase of both working-life-course related privileges/disadvantages as well as institutional drivers.

## **4. WP 2 Policies intended to prolong working lives and their effects on social inequalities<sup>2</sup>**

### **4.1 Prolonging working lives – a complex endeavour**

Since the late 1990s, the shifting demographic and economic outlook has called for policymakers and governments to keep us working longer. Most European governments have redesigned their social security systems: State pension age has been raised and incentives to retire early have been modified by reducing benefits and restricting early retirement eligibility (Ebbinghaus 2011; Vickerstaff et al. 2007). In parallel to this more workers, especially in the Northern part of Europe, are postponing retirement (see for example figure 1).

Some have argued that changes in the employment practices of older workers are primarily an outcome of changes in early retirement or pension policy systems (e.g. Hanel & Riphahn 2012). This may be true in some countries, situations or for specific social groups. However, changing pension policies may not be the only factor affecting the employment rate among older workers.

In Denmark, for instance, the employment rate among older workers has grown continuously between 2000 and 2016. The Ministry of Finance (Finansministeriet 2017) in Denmark has argued that early retirement and pensions reforms in 2006 and 2011 have substantially contributed to increase the employment rate among older workers as off 2000. However it is unlikely that this is the case. The 2006 and 2011 reforms were not phased in before 2014, and they will not be fully implemented until 2022. Similarly, a pension reform from 2007 cannot directly account for Germany's strongly increasing older worker employment rates between 2000 and 2016; not least because the German 2007 reform of increasing the official retirement age will not be fully implemented until 2031. Other factors than changing welfare policies are bound to affect the behaviour of older workers.

Accordingly, a substantial amount of research has shown that a multiplicity of factors influences the timing of retirement. Recent literature reviews have thus shown that factors affecting the timing of retirement operate at the macro (socio-economic factors, including social security system & government policies and programs), meso (job and organizational factors; family factors) and micro (individual attributes) level, and in different spheres of society, i.e. the welfare state, labour market (including companies) and family (Wang et al. 2013; Fisher et al. 2016; Naegele & Bauknecht 2017).

Existing studies have identified and analysed a long range of factors that are influencing the timing of retirement. A major problem within existing studies is, however, that they are short of sociological theory. It is hardly ever clarified how specific factors (e.g. welfare policies as compared to family factors) refer to each other in an organic and systematic way. And more

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<sup>2</sup> Based on the report on WP 3 written by Per Jensen.



basically and problematic, factors affecting the timing of retirement are analysed disconnected from any basic notion of society.

## **4.2 A comprehensive theoretical model**

It is a basic idea that changes in older worker's labour force participation is associated with (1) macro-structural changes, (2) changes in discourses, (3) changes in institutions (the welfare state, labour market and family) and (4) changes in individual properties and dispositions. At the macro-structural level it is argued that changes in older workers practices are conditioned by a change from a welfare to a work society (e.g. Walters 1997). A characteristic feature of the welfare society was that the population was divided into workers (prime age males) and various categories of non-workers (e.g. early retirees, housewives etc.), while paid employment in the work society is a normative ideal for all social groups. The work society expects that elderly, mothers, long term unemployed, handicapped etc. are working.

Discourses have changed. In the welfare society discourses centred on a just redistribution of income and jobs, and that retirement creates new job openings for unemployed segments of the labour market, rooted in ideas about older people's disengagement from society. In the work society working longer has been discursively constructed as a necessity. Older people must work longer because they are needed ("your country needs you!"), that older workers are a resource ("grey gold"), that (early)retirement is expensive, and that it is healthy for older workers to work longer (cf. the discourse about active ageing).

Welfare states have been transformed into an enabling state. In the welfare state, low levels of employment among older workers were associated with emancipation from paid work and de-commodification, allowing individuals to uphold "a socially acceptable standard of living independently of market participation" (Esping-Andersen 1990:37). By contrast, the coming of the enabling state is associated with retrenchment and privatization of pension systems.

Labour markets and companies have changed. Labour markets have changed from being closed to become open (Weber 1978). In a closed labour market participation of certain persons (e.g. women) is excluded, limited, or subject to conditions, enforced by high levels of unemployment (in an industrial economy) and the prevalence of age stereotypes at the company level and among colleagues and trade unions. By contrast, open labour markets do not deny participation to anyone who wishes to join and is actually in a position to do so, enforced by low levels of unemployment (in a service economy) and the prevalence of age management at the company level.

Family structures have changed. The male breadwinner (patriarchy) model positioning women as housewives engaged in informal work (care) has faded away. Instead, the dual breadwinner fostering equality and democracy within the family has emerged. The dual breadwinner model indicates that women have become enrolled in formal, paid employment, and that couples coordinate retirement.

Individuals have changed in several dimensions: First, work orientations among older workers (and the population as a whole) have changed, i.e. from a weak to a strong work orientation. Second, health and educational level among older workers have improved. In the industrial/welfare society older workers were suffering from poor health and poor education, while in the work society older workers are in good health and relatively well educated. That is, they are able to work longer.

### **4.3 Conclusion and policy recommendations**

No single causal factor can fully explain or predict an increase in the labour force participation of older workers, as changing behaviour of older workers is an out-come of a multiplicity of interacting factors. This insight leads to the following conclusions that might also be the basis for policy recommendations:

Pension reforms are not a sine-qua-non for older workers working longer. Actually, employment rates can increase without making use of pension reforms. Pension reforms may cause social suffering, generate social conflicts, undermine social cohesion and lead to social inequalities. For example, if extensive pension reforms are planned or implemented while unemployment rates are high and the population not dispositioned to work longer (a weak work orientation predominates) workers with low employability will be caught between the aim of the reforms to extend working lives and the labour market situation that does not provide enough jobs for them. Workers with a higher employability, in contrast are less threatened by unemployment and, thus, able to work longer. A second, example for rising social inequalities is a contradiction between the factors of labour market and the family structure. Female employment rates have been increasing, however at the same time – although the family structure is changing – most of the domestic work and also informal care is still done by women. This point to new social inequalities between men and women, with the latter struggling to reconcile work and care.

As many different factors influence the employment rate of older workers' policy maker should approach the policy aim of working longer on many fronts simultaneously. First and foremost, a stable economy and stable demand for labour is a prime precondition for older workers working longer. This will also stimulate employers to take on board senior policies like age-management measures etc. To secure high levels of workability/employability it is furthermore important to improve the work environment and working conditions and to promote healthy living in work, just as measures to promote lifelong learning opportunities are central. Identities and individual dispositions (e.g. work orientation) can be changed by means of comprehensive discourses and new forms of steering, e.g. culture steering. And it is important to take into account special needs and wishes of women, who to some extent make up an untapped resource for the labour market. To secure decent living conditions for new entrants into the labour market (e.g. older female workers) precarious forms of jobs should be avoided resp. eliminated.

#### **4.4 The increase of women's state pension age in the UK as Example<sup>3</sup>**

An illustrative example, in which factors that influence employment rates contradict each other, is the increase of women's state pension age in the UK. This was first proposed formally in 1995, and begun to be implemented from 2010, to happen incrementally until 2020. Subsequent legislation has both accelerated the speed of the increase, and proposed further increases beyond 65. There has been a great deal of controversy with how this policy has been implemented. In particular, women affected by the increase were given little notice of it, and in some cases, women have reported receiving no notice at all. There have been debates in parliament over this issue as well as demonstrations and the forming of the very active campaign group WASPI (Women Against State Pension Age Inequality). These women have had their retirement plans derailed as they were not able to receive their state pension when they originally planned.

In this case the pension reform was implemented without considering the discourse – many women still planned around the old state pension age – and also the labour market, on which the possibilities for older women to find a job are low. These contradictions – between the pension reforms aimed at extending working lives and the lack of jobs to do so – have been studied in the EXTEND project and the results have been published by Holman et al. (2018), using data from the English Longitudinal Study of Ageing (ELSA). They found that in 2006/7 15% of women affected by the increase did not know about it – just 3-4 years before it was to start being implemented. Of particular interest were socioeconomic differences in awareness because if already disadvantaged women were less likely to know about the policy this would have had the potential to widen inequalities. It was found that there were indeed differences: 80% of women with low education knew about the change compared with 92% of women with high education. Those who were disabled or not in employment were also less likely to know – 70% compared with 89% for those who were in employment. There were similar differences for income. These disparities suggest that the lack of notice the government gave disproportionately affected already disadvantaged women, and therefore likely further increased inequalities.

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<sup>3</sup> Based on a report written by Daniel Holman on the UK contribution to EXTEND as well as the paper by Holman et. 2018-

## 5. WP 3 Indexing the pensionable age to life expectancy<sup>4</sup>

### 5.1 Political rationale and “fairness challenge”

One general argument that supports the idea of extending working life is that as life-expectancy increases people spend relatively more time in retirement and less in the labour market, i.e. the tripartite division of the life course increasingly shifts to the disadvantage of the employment phase. This development has become known in the literature as the “work age paradox”, which is overlaid by better starting conditions in workability and employability among the succeeding cohorts of older workers. One of the most prominent policy responses of European governments to this is raising retirement ages, but only in very rare cases argumentatively linked to the rising life expectancy. However, in four of the five EXTEND countries, namely Denmark, Finland, Netherlands and the UK, corresponding solutions have been implemented. In Germany there have been also strong advocates for this, but their position has not yet been politically majority-capable.

The main criticism is directed in particular to the fact that people with a lower life expectancy would be disadvantaged as a result. There is sufficient empirical evidence available confirming that the higher the old age income, the better are the chances of living longer better (even in better health). This is supported by recent (worldwide) research confirming the strong (and even increasing) relationship between a good education and a higher life expectancy (Jasilionis & Shkolnikov 2016). Possible contradictory impacts on retirement and pension policies have been repeatedly emphasized (Sinclair et al. 2014; Phillipson 2018). For example, AGE-Platform Europe (2015) is criticising socio-political risks of linking retirement ages and pension entitlements to residual life expectancy as follows (2015):

“Given unequally distributed (healthy) residual life expectancy and following the “Matthew principle” (gains primarily for those already advantaged) in terms of quality of life it can be assumed that in the case of a parallel development of rising inequalities both in pension incomes as well as in residual life expectancy differences in the total amount of pension benefits drawn (pension wealth) will further increase. In consequence, public pension schemes would redistribute wealth from low-status groups to higher-status groups.”

Following this argumentation, EXTEND WP 3 aimed at assessing the social-inequality-related consequences of retirement and pension policies indexing the pensionable age to life expectancy. WP 3 addressed two questions:

1. How does the indexation of retirement ages according to the residual (healthy) life expectancy affect social inequalities?
2. How are quality of life and well-being of the workers concerned affected?

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<sup>4</sup> Based on the report on WP 3 written by Wouter de Tavernier.

## 5.2 Indexation in practice

There are two different ways to make the indexation of pensionable age to life expectancy:

On the one hand, Finland and the United Kingdom have opted to fix the share of adult life spent in retirement and to use this share as a basis for the distribution of (additional) life time due to further rising life expectancy between working time and non-working pension time. Since about one third of adult life is spent in retirement, a one-year increase in life expectancy will lead to an increase in pensionable age of around 8 months, a two-year increase to an increase of around 16 months etc.

On the other hand, the Danish and the Dutch way: Both countries have opted to define periods of year people expected to spend in retirement. In the Netherlands the current average duration of receiving pension entitlements (18,26 years) was chosen, in Denmark the respective period of expected years in retirement was shortened by more than three years to 14,5 years, down from the peak of 18 years it is expected to reach in 2030.

However, all four countries use the average life expectancy as the point of reference to set the retirement age. Since life expectancy of the higher educated increases faster than average, and vice versa for the lower educated (see Brønnum-Hansen & Baadsgaard 2008 for Denmark; Valkonen & Martikainen 2006 for Finland; van Baal et al. 2016 for the Netherlands; Office for National Statistics 2011 for the United Kingdom), this means that the higher educated can expect an extension of years in retirement, whereas the lower educated can expect it to be reduced. This effect is even more pronounced when looking at healthy life expectancy (Brønnum-Hansen & Baadsgaard 2008; Unger & Schulze 2013; Phillipson 2018). This would mean that the former can expect more time in retirement, while the latter can expect less.

## 5.3 Method

To explore the linking of the official retirement age to life-expectancy under the EXTEND's focus on social inequalities WP 3's method of choice was a simulation study in which the impact of the reforms was evaluated for four average workers: a low educated woman, a high educated woman, a low educated man and a high educated man.

## 5.4 Results

To summarize the results: In defined contribution schemes (Denmark and the United Kingdom) an increase in social inequality is found, which is particularly strong for women in the UK. In the defined benefit schemes in Finland and the Netherlands, things look differently as everyone loses pension income (both monthly and over the lifetime). However, the monthly loss is minimal for the lower educated and is much larger for the higher educated, reflecting the larger occupational pensions of the latter – with the basic pensions making up a more important part of the income of the former. Over the lifetime, everyone loses, but again, the

losses are higher for the higher educated. This shows that when exploring the effects of linking the retirement age to life-expectancy one has to always to keep in mind the policy contexts.

More detailed, the results show that the policy context and accompanying measures have an important impact on the effect the indexation of the pensionable age to life expectancy has on inequality after retirement. From a Rawlsian social justice perspective, the indexation as it happens in Finland and the Netherlands might be preferable to that in Denmark and the United Kingdom. Whereas inequalities decrease in the former two countries, both in terms of monthly and lifetime pension income, they increase in the latter. Even if the lower educated are slightly worse off on a monthly basis after the reforms in Finland and the Netherlands, the impact of reducing the financial burden of the increasing group of retirees is targeted in particular to the higher incomes. Whether decreasing inequality, and thus following the Dutch and Finnish path, or maximising (monthly) incomes of the worst off is the main focus in terms of social justice, in which case the Danish example is the one to follow, from either point of view the reforms implemented in the United Kingdom are not acceptable from a social justice perspective, with one already particularly disadvantaged group, lower educated women, taking the blow.

## **5.6 Policy Implications**

Regarding the policy implications of the linking of the official retirement age to life expectancy one first has to acknowledge that it has much potential to increase social inequality. The main argument is, that although the life expectancy and its increase are higher for the high-educated the average increase of the life expectancy will be used for the calculation to rise the official retirement age. As a result, the indexation mechanism benefits the well-off at the expense of those in less fortunate economic positions. So the first policy implication would be to be very careful and mindful when discussing a linking of the official retirement age to the life-expectancy.

If such a linking is implemented, the surrounding policy context plays an important role. It seems that in systems with a solid and reliable basic pension that does not depend on contributions the increase in social inequalities is weaker. There are also differences between defined benefit and defined contribution pension schemes. Even though defined contribution schemes are preferred from a perspective of financial sustainability, defined benefit schemes with close monitoring of and possibly social corrections in accrual rates could be preferable from a perspective of social sustainability. In addition, official retirement ages could be individually tailored depending on for examples the educational level or occupation are worthwhile considering. Alternatively, accrual rates could be lowered or pension benefits increased for those who can expect to live less long in retirement.

## **6. WP 4 & 5: Health and Retirement<sup>5</sup>**

### **6.1 Pre-retirement and post-retirement health**

The relationship between health and retirement is very complex and remain under researched. On the one hand, health is a main determinant of retirement timing (Rijn et al. 2014) and on the other retirement and working conditions has shown to have an influence on post-retirement health (van der Heide et al. 2013). This relationship between health and retirement can be assumed to differ by the socioeconomic status (SES) of the older worker and pensioner. Those with a high SES might be more likely to compensate poor health by supportive workplace arrangements, while for those with low SES these workplace arrangements might be causing the poor health.

A vast body of literature provides evidence of a positive association between SES on the one hand and health and longevity on the other hand (Mackenbach et al. 2008). Those with lowest SES not only have a shorter life expectancy, but they also spend a larger part of their lives in poor health. Social inequality is also evident in health as a significant dimension in the concepts of workability and employability. People with higher SES work to higher ages, due to different reasons. However, a substantial number of low-SES workers also work longer due to financial necessity. Thus, for low and high SES workers, different mechanisms play a role in workability/employability.

Post-retirement health and longevity are important drivers of health care and pension costs (Oxley 2009), and are also relevant for “silver work”, e.g. paid work after retirement, voluntarily done or out of financial necessity. Empirical evidence on health changes after retirement is ambiguous. Poor pre-retirement health may further decline or improve. Individuals may be less motivated to maintain their health, due to the absence of employment responsibilities. Also, mental and physical activity may decrease and social networks may be lost. This suggests that retirement may have a detrimental effect on health. Conversely, retirement may imply relief from physical and mental work demands and therefore potentially may have a positive influence on health. This shows, that pre-retirement working conditions – bad or good – are important for the post-retirement health as well.

### **6.2 The research questions**

The main aim of EXTEND’s WP 4 and WP 5 was to investigate the relationship of health and retirement and how it is moderated by socio-economic status (SES). WP 4 and WP 5 follow a clear structure with six main research questions. These are:

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<sup>5</sup> Based on reports on WP 4 and 5 written by Sascha de Breijl.

#### WP 4

1. Are there SES-differences in the association between mental and physical health and early work exit?
2. What are individual and work-related risk factors of early work exit and do they differ by SES and health status?
3. What macro-level factors play a role in early work exit?

#### WP 5

1. To what extent can work characteristics explain SES-inequalities in health after work exit?
2. Is there an association between work characteristics and self-rated health in recent retirees and to what extent can lifestyle and emotional factors explain this association?
3. What is the role of macro-level factors in health and health inequalities after work exit?

### 6.3 Methods

The methods of choice for the analysis in WP 4 and 5 were replication across countries (research questions 1 of WP 4 and WP 5) and country-comparison using harmonised multi-country data (research questions 3 of WP 4 and WP 5). Longitudinal datasets as source of data were used: The Longitudinal Aging Study Amsterdam (LASA) from the Netherlands, the Danish Longitudinal Study of Aging (DLSA) from Denmark, the English Longitudinal Study of Ageing (ELSA) from England, and the German Aging Study (DEAS) from Germany. Different types of analytical techniques were conducted including Cox regressions, multilevel regressions (ML only in RQ's 3 which is already mentioned below, so I would not mention it here), linear regressions and Generalized Estimating Equations (GEE). To explore social inequalities most of the models were either stratified by SES or interaction effects with SES were included. Education was used to determine SES. To answer questions 4.3 and 5.3 data derived from Survey of Health, Ageing and Retirement in Europe (SHARE) were analysed using multilevel regressions and including a range of macro-factors.

### 6.4 Results

The analyses did yield manifold results and only an overview can be provided. These findings were rather stable across the five EXTEND countries. Only the English analysis showed different results. For example, in all five countries except for the English workers with a low SES did retire earlier than those with high SES. In England, the opposite was found. In addition, post-retirement health differences between high and low SES were larger in England. It seems as if social inequalities are larger in England than in the other four EXTEND countries. In the following WP specific results are reported.



### **6.4.1 Results from WP 4**

#### *Study 1*

In all countries except for England it was found that those with a low SES were at higher risk of early work exit than those with a high SES. In England, this result was the opposite: low SES workers were at lower risk of early exit than high SES workers (although this effect was not significant). Some country and gender differences were found, but in general, workers with a poor self-rated health, functional limitations, or depression, had a higher risk of early work exit than their healthy peers. Overall, the effect of poor health on work exit was not different between SES groups. Workers with a low SES, however, were generally in poorer health than workers with a high SES.

#### *Study 2*

We found SES differences in the risk factors of early work exit. Having high physical demands at work was a risk factor for early work exit in workers with a low SES only. A high variation in tasks at work was associated with a lower risk of early work exit in low SES workers and in intermediate SES workers, but only in those who did not have depression. High autonomy at work was a protective factor in the low and high SES group: the protective effect of autonomy was stronger for those without a depression than for those with depression. Higher scores on self-efficacy were associated with a lower risk of early work exit in the low and intermediate workers, but not in their high SES peers. Low and high SES workers who were dissatisfied with their income were more at risk of early work exit than those who were satisfied. Having a partner and not having a mortgage (compared to still having a mortgage to pay off) were also identified as risk factors of early work exit only in the intermediate SES group.

#### *Study 3*

In this study the focus was on SES differences in macro-level determinants of early work exit. Country- as well as SES differences in early work exit were found. On average, workers with a low SES were at greater risk of early work exit than their high SES peers.

Furthermore, SES and gender differences in the determinants of early work exit were shown. In low SES men, higher unemployment replacement rates and a higher expenditure on passive labour market policies (unemployment and early retirement benefits) were associated with a higher risk of early work exit, whereas no macro-level factors affected early work exit in high SES men. These results indicate that low SES workers' financial reasons to continue working become more important when facing less generous pension benefits. Furthermore, a stricter employment protection legislation (EPL) was a risk factor for early work exit in low SES men. Firms may 'push' their older employees into early retirement instead of making them redundant (which is harder under strict EPL). This may be a bigger risk for low SES workers, who generally have more physically demanding jobs that are, or by their employer are seen as, more easily carried out by younger workers.

In women, higher unemployment rates were associated with a lower risk of early work exit, regardless of SES. Because we selected only people with paid work in our study, high unemployment rates may be an incentive to stay in their jobs. However, for those already unemployed, it is expected that higher unemployment rates make it more difficult to return to the work force.

#### **6.4.2 Results from WP 5**

##### *Study 1*

The analysis showed that those with a low SES have worse self-rated health after work exit than those with a high SES. Results across countries showed differences in these health inequalities, with larger inequalities present in England, compared to the Netherlands, Germany and Denmark. The association between SES and health after work exit can in part be explained by work characteristics. Physical demands, psychosocial demands, variation in tasks and autonomy at work all explained part of the association. Variation in tasks and autonomy at work seemed to be the most important explanatory factors, but even after controlling for these work characteristics, SES differences in self-rated health were still present.

##### *Study 2*

High physical demands and low variation in tasks were associated with worse self-rated health after work exit, regardless of SES. Low autonomy at work was associated with worse health in low SES retirees only. High physical demands, low psychosocial demands, and low autonomy (which are all more common in low SES workers) were associated with less self-efficacy. High self-efficacy, in turn, was associated with better health after work exit. Self-efficacy explained part, but not all, of the association between the work characteristics and health.

Furthermore, being obese and having a depression were both associated with worse health. More physical activity and moderate and high alcohol use were associated with better health after work exit. However, work characteristics did not have an influence on these lifestyle and emotional factors.

Overall, results show that lifestyle and emotional factors do not necessarily explain the relation between work characteristics and health after work exit, but they do have a direct effect on health after work exit. The effects of these factors did not vary substantially by SES, but the prevalence of these adverse lifestyle and emotional factors is higher in those with a low compared to a high SES.

##### *Study 3*

Significant cross-country differences in post-retirement health were found, with highest self-rated health scores in Denmark and lowest in Estonia. In both men and women a higher total social expenditure as well as a higher expenditure on health, old age, housing, and 'other social policy areas' (non-categorical cash benefits to low-income households and other social services) was associated with better health.

Furthermore, a higher old age expenditure and a higher survivors expenditure (in men and women), a higher total social expenditure and higher expenditures on health, labour markets, and unemployment as well as a higher minimum pension replacement rate (in women only), and a higher expenditure on incapacity and family, and a higher minimum unemployment replacement rate (in men only) lead to smaller health inequalities (i.e. the effect of socioeconomic position on health diminished). Thus, social expenditure and replacement rates can (in part) explain the cross-country differences in post-retirement health and in health inequalities.

## 6.5 Implications

Several implications can be drawn from the research done in EXTEND's WP 4 and WP 5, however it must be acknowledged that the analysis done in WP 4 and WP 5 are based on observational data and, hence, one has to be careful when deriving implications. The first implication is that social inequalities between low and high SES older workers and pensioners exist in pre and post-retirement health.

One key-point in reducing health inequalities are the working conditions. Pre-retirement health interventions might be adjustments of the workplace, prevention programs, improving physical activity, or health literacy programs (Walker & Maltby 2012). Making adjustments in working conditions may also lead to more workers with health problems being able to remain in their jobs. Improving working conditions are also expected to have long-term effects on the health status in the post-retirement phase, will probably improve the health of all retirees and will reduce, but not dissolve, social inequalities in health after work exit. Measures to enhance variation and autonomy could be job rotation, which involves moving employees from job to job at regular intervals, job enlargement, which refers to expanding the tasks to add more variety, and job enrichment, which gives workers more responsibility and control over how they perform their own tasks.

The main mechanism through which this improvement of working conditions would work is that of self-efficacy of older workers; that is the belief of a person in his or her ability to organize and execute behaviours that are necessary to deal with prospective situations. Programs targeted directly at raising the self-efficacy might be in particular effective. One example that does this is the Work Engagement for Senior Employees Program, which was developed and evaluated in EXTEND by the Finnish partners and will be described in section 7.3.

However, when implementing preventive and curative health measures at the workplace it must always be acknowledged that these should be tailored as much as possible to the needs of the specific groups. As shown in the analyses, SES and gender differences exist. In addition, the country context plays an important role. The results of the replication studies in the EXTEND countries show general trends and differences between countries. This becomes even more obvious in the analysis of macro-level factors. One finding is, for example, that higher

social expenditures do increase the post-retirement health in general and also reduce social inequalities.

### **6.5.1 Policy recommendations with respect to pre-retirement health**

Both low and high SES workers are likely to benefit from health interventions with regard to working longer. Because health problems are more common among low SES workers, however, most gain is expected in this group. Thus, health interventions could be useful in reducing health inequalities. Making adjustments in working conditions may also lead to more workers with health problems being able to remain in their jobs.

Reducing physical demands and improving psychosocial resources (variation in tasks and autonomy) at work and improving the self-efficacy of workers, will likely reduce the risk of early work exit, especially among low SES workers. Thus, inequalities in early work exit will likely lessen. Training programs specifically targeting older workers may also reduce the risk of early work exit. It has previously been shown that employees with a low SES benefit from the training most (see chapter 7.2).

Our results show that gender and SES differences are important to take into account in retirement policy evaluation and implementation. It is also important to be careful when transferring good practices from one country context to another, as interactions between macro-level factors and gender and SES matter.

### **6.5.2 Policy recommendations with respect to post-retirement health**

Among working conditions, variation in tasks and autonomy at work appeared to be the most important explanatory factors of post-retirement health, but even after controlling for these work characteristics, SES differences in self-rated health were still present. Thus, it is expected that improving working conditions will improve the health of all retirees and will reduce, but not dissolve, social inequalities in health after work exit.

It is recommended that lifestyle and emotional factors are taken into account when designing interventions aimed at improving the health of recent retirees. Increasing social spending is likely to improve health after work exit and to reduce social inequalities in health after work exit.

## **7. WP 6, 7 (1), (2)-The Workplace Level - The Health and Care Sector**

WP 7 was divided into two sub-work packages: One focusing on the working conditions in the health and care sector (HCS) and one dealing with effective ways in which to enhance ageing employees' late-career management.

### **7.1 Early exit almost the normal case of retirement**

Next to the national level EXTEND regards the workplace or company level as being of utmost importance for the processes of retirement transition and for related social inequalities. EXTEND laid a particular emphasis on choosing one specific sector: the health and social care sector (HCS); for several reasons: First, this sector will gain importance as population ageing will increase the number of people in need of health as well as long-term care (Schulz & Radvanský 2014). Second, the HCS is characterized by special unfavourable working conditions. The work is physically and mentally very demanding as well as long-term absenteeism due to sickness and burn-out are comparably high and early retirement almost the normal case of exiting the labour market (Bowling et al. 2015; Mäcken et al. 2018). Thirdly, the share of part-time workers is high and the workforce in the sector is predominantly female (European Commission 2014). Thus, professional careers can be viewed as at high risk of early exit from the workforce and highly affected by related social inequalities. As a consequence, many European countries are currently facing a severe labour shortage in the HCS.

In EXTEND two WPs focus on the HCS. In WP 7 (1) the working conditions of older workers, in general, are explored in Germany, Finland and the UK under the leading question how they can be humanized in order to avoid social inequalities in the form of involuntary early retirement, mostly due to health and/or motivational reasons. WP 7 (2) addresses an award-winning Finnish intervention model aimed at motivating older workers to stay in working life. WP 6 deals with a special challenge older workers face in the HCS; that of double duty caring.

### **7.2 WP7 (1) Working conditions in the HCS and how to allow becoming old<sup>6</sup>**

#### **7.2.1 Methods**

To investigate the working conditions of older workers in the HCS multiple company case studies in three countries (Germany, Finland, and the UK) were conducted. Altogether 54 interviews in eleven case-study-companies (homes for the elderly and hospitals) were conducted. The largest had about 2.000 employees and the smallest 40. The ownership was either private, public or non-profit. The thematic analysis of the interviews addressed three main themes: (1) current challenges within the HCS, (2) individual perspectives on extending the working lives

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<sup>6</sup> Based on the report on WP 7.1 written by Sebastian Merkel, Daniel Holman, and Mervi Ruokolainen.

and individual strategies in dealing with those, and (3) organizational measures to improve the working situation of (older) workers.

### **7.2.2 Findings**

Particularly older workers in the eldercare-HCS are faced with very (physically and mentally) challenging working conditions which may lead to absenteeism, decrease in well-being (e.g., job exhaustion), and even early withdrawal. The characteristics of the sector combined with the rising demand for care result in the fact that many European countries are currently facing a general labour shortage in the HCS. This again is seen by most HCS experts as the most dominant current challenge facing this sector. The lack of skilled workers among others manifests in difficulties to recruit new skilled personnel, high employee turnover level and lack of short term substitutes. On the other side, hospitals seemed to face fewer problems than other types of organizations. Another challenge is the lack of acknowledgment of care work in general and, more specifically, insufficient financial rewards.

Professional care-workers of all age groups often doubt reaching the legal retirement age. An individual strategy to react is further training, refreshing qualifications and in not rare cases trying to withdraw from “core” care work to administrative tasks such as shift management. However, these jobs are limited. This indicates inequalities within the HCS as professional care-workers with lower qualification have limited room for manoeuvre (for instance, switching to managerial tasks).

Combining the case studies with other sources of data, in Germany older workers in the HCS would like to retire earlier than those working in other sectors (Mäcken et al. 2018). However, persons working in the HCS expect not to be able to do so in order to avoid reducing pension entitlements. Comparing the HCS with other sectors reveals potential inequalities between sectors as (older) workers in the HCS seem to have fewer possibilities/options within their career paths, in particular with respect to retirement transitions.

The main finding considering the organizational level was that there is only a very limited awareness of age-management as a concept or strategy. Most of the measures that could be identified were not age-specific. However, although not following explicitly a strategical age-management approach, organizations implemented several measures aiming at maintaining and promoting workability.

The most common organizational measures were found in the dimensions of recruitment (no age restrictions), qualification and competence development (also for those close to retirement), and transition into retirement (offering employees to continue working past retirement). Measures like these have been implemented in all cases studied. In the UK, HR policies were not specifically about older workers in particular, but focused on themes of diversity, inclusion and equality and thus at least indirectly focusing on older workers.

In the UK but also in Germany, many organizations make use of agency workers. This might be a significant challenge to social inequalities in extending working lives, as these workers, as

a rule, are precarious and lack pensions and other employee benefits. Further, they are not “really” integrated into the workforce due to the temporary and sporadic nature of their (moreover mostly non-existent) employment contract.

In summary, the case studies showed that companies in the HCS seem not yet prepared for older workers and have no holistic human resource strategy for the ageing workforce. At the same time, they acknowledge that the lack of skilled workers is the future key challenge in the sector. Interestingly these results were found in all three countries.

### **7.2.3 Conclusions**

In the HCS sector age-management is often understood as focusing exclusively on older workers (aged 50 plus). While changes in workability and employability accompanying the process of ageing cannot be neglected and ask for an ‘age-specific’ approach, age management should not only focus on the needs of older workers. To avoid this miss-interpretation, it could be helpful to speak of ‘life-course management’ rather than age management. Life-course management focuses on enhancing resources of employees especially during career transitions and changes so that everyone, regardless of age, career, life situation, or work ability, feels empowered in reaching both personal and corporate goals (Vuori & Toppinen-Tanner 2015).

Measures supporting the workability of (older) workers should encompass several dimensions such as recruitment, training, career development, flexible working practices, health promotion, redeployment, preparing the employment exit, and – at best - comprehensive approaches. Furthermore, they should not only focus on individual competences and work tasks but also on the work environment. Reduced working hours and flexible working time schedules/part-time work would help the HCS employees to cope with mentally and physically demanding work but they are seldomly used by the employees with lowest incomes due to income losses (i.e., the lower the incomes, the lower the pensions). Job/task modification would perhaps help the most stressed workers but these arrangements are not available for all, leaving room for improvement.

While nearly all organizations studied had implemented one or two measures, mostly related to health promotion and flexible working practices, strategies targeting multiple dimensions are missing and furthermore do not cover the work environment. When implementing life-course measures, organizations should not only implement single practices but also develop a strategy, which should include not only a roadmap but also evaluate outcomes and results.

If employers do not react adequately, the risk is evident that employees will withdraw from ‘core’ care work. Moreover, the employees may also retire earlier or have long (sickness) absences from work. This could result in inequalities between older and younger workers as well as between low-qualified and high-qualified employees. Furthermore, the distinction between statutory and non-statutory training should be kept in mind. The former is focused around health and safety issues and although necessary may be a burden to older workers. A promising way to increase awareness of age-management is by promoting good practices.

Two good examples found refer to increase digital competences of older workers and shaping retirement transition.

### **7.3 WP 7 (2) “Late career management”<sup>7</sup>**

Work organizations’ practices and work communities still often reflect stereotypical perceptions of older employees as resistant to change or less able to learn. Although these negative attributions have been widely refuted in the research literature, they still have detrimental implications for older employees’ positions in organizations, their employability, their perceptions of age-discrimination and their well-being (Posthuma & Campion 2009). Recent research findings indicate that in EU countries, 6% of employees have personally experienced age discrimination and 15% have witnessed it at the workplace (Eurobarometer 2012). Perception of age discrimination, together with approaching retirement age, may increase their late-career work disengagement (Damman et al. 2013) and intentions to retire (Bayl-Smith & Griffin 2014), and thus harm the continuity of their working career.

#### **7.3.1 FIOH Training program “Work Engagement for Senior Employees”**

The main aim of the intervention study of the Finnish Institute of Occupational Health (FIOH) is to demonstrate effective ways in which to enhance ageing employees’ late-career management, so that they perceive less threat of age discrimination in their work environment, have more control over their career situation and see more opportunities for their late working career. FIOH developed a group-based training program ‘Work Engagement for Senior Employees’ to enhance ageing employees’ (55+) late-career management preparedness, to reduce their perceptions of age discrimination at work and increase their engagement for working career. The intervention study tested the efficacy of the training program in a randomized controlled trial (RCT) in 17 Finnish work organizations. The RCT design was applied as the ‘golden standard’ of efficacy studies in order to collect the most reliable data on the individual level within organizations.

#### **7.3.2 RCT Study Procedure and Results**

The main aim of the program is to arm older workers against ageism and increase their work motivation. This was done by helping older workers recognizing and optimizing individual own personal resources via peer group activities. The program consists of a 16 hours program (4 times 4 hours) in which a trainer supports the 10 to 15 voluntary participants. The main goal is to promote ageing employees’ late-career management preparedness consisting of two intertwined dimensions: career management self-efficacy and preparation for dealing with career setbacks. During the training the following procedures are followed: The goals are first identified in peer groups, then solutions and tasks for carrying out these goals are defined,

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<sup>7</sup> Based on the report on WP 7.2 written by Jukka Vuori, Mervi Ruokolainen, Kaisa Törnroos, Marjo Wallin and Salla Toppinen-Tanner.



and lastly the required skills and actions are practiced in small groups. The participants exchange their practical ideas and learn tools for managing their late careers. With regard to preparedness to career setbacks, the participants share their experiences of setbacks and barriers during their late career and empathize with the feelings which these experiences arise. After the discussions, participants define plausible solutions to these setbacks and barriers and practice them in small groups. Altogether, the training is based on active learning, problem solving and practicing. In addition, peer support and positive feedback are essential elements of the training.

The program was tested in a randomized controlled field trial (RCT), which is considered the best ways to test causality. In it the participants are randomly assigned to either the intervention group – in this case, those who participated in the program – and a control group – in this case, those who did not participate in the program.

### **7.3.3 Conclusions**

The findings of the RCT study demonstrated how enhancing employees' resources for proactively managing their own late-career in work organizations and adapting to the role of a senior employee can also have longer-term beneficial effects on their career and motivation. The results showed that the targeted resource-building intervention can diminish concerns related to perceived age discrimination and work disengagement. Thus, the program was very much in line with the human capital approach of EXTEND by emphasizing the individuals' resources and development and change potential of employees. The program proved to be effective especially for employees with lower education. These employees may be a disadvantaged group in working life what comes to the physical demands of their jobs. These employees may also have fewer possibilities and/or be less willing to prolong their working career. The program for senior employees seemed to diminish these social inequalities.

### **7.4 WP 6 “Double duty” care-workers<sup>8</sup>**

As described above due to cohort effects, employment by older (female) workers will continue to rise also in the HCS sector. In addition, there is a further development that has gained in relevance in recent years under the topic of "reconciliation of work and care" (Klaus & Tesch-Römer 2017; Reichert 2012; Reichert et al.2014). Also due to the decline in the family care potential, a growing number of employees in the care sector must or would like to combine their work with the care and support of (older) family members (in the English literature these persons are referred to as "double duty carers" and are abbreviated to DDC in the following).

A better reconciliation of employment and family care for DDC would contribute to both maintaining and strengthening the employability of an ageing workforce and combat the labour shortage especially in the care sector as well as guaranteeing the provision of good quality

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<sup>8</sup> Based on the report on WP 6 written by Monika Reichert.

care at times of rising numbers of older people not only at home but also in nursing facilities. To this end, joint efforts by all societal actors concerned are required.

#### **7.4.1 Methods**

In order to obtain further information about DDC, nine DDCs - seven women and two men - were interviewed during the EXTEND project between February and April 2018. The average age of these nine interviewees was 47.7 years. Seven were employed as qualified nurses in nursing homes for older people; three of them in managerial positions. One interviewee worked as a social pedagogue, another had to quit work due to obligations at home.

Since - as reported - little is known about the situation of DDC especially in Germany, a qualitative-explorative study on the basis of guideline-supported interviews seemed to be the best methodological way to approach the subject. In addition to the collection of basic socio-demographic data and information on the home care situation, the focus was on the topic of "reconciliation of professional and home care". In particular, the aim was to determine whether the interviewees experienced advantages or disadvantages as DDC both in the workplace and in their private environment, to what extent their professional status or working conditions had an impact in this respect, and what requests and needs DDC had addressed to their employer and/or to politicians to improve their situation.

#### **7.4.2 Results**

One of the most important questions in this work package relates to the issue of social inequality in the context of reconciling professional and private care. The interviewees were asked to assess whether they generally experience advantages or disadvantages compared to other status groups in their institution and whether this also applies to other DDCs. In general, DDC had difficulties in answering this question, some said they never thought about any differences between themselves and their colleagues. Moreover, by their very nature, they could only rely on their own experience and fears that their statements might be interpreted unfavourably may also have played a role. Therefore, the majority said that they had neither experienced advantages nor disadvantages compared to other employees in their organisation. However, the three DDC who were in leading positions mentioned advantages (e.g., more flexibility in working time, less physical work, more "care knowledge") but also disadvantages (e.g., more responsibility) than lower status groups.

Another important question in the interview referred to the fact, whether the interviewees found their professional skills helpful for their private care obligations. In this respect, the opinion was clear: all interviewees emphasized to a lesser or higher degree that their professional knowledge is or was very helpful for the care of their relatives. The main focus was on knowledge of organizational and medical issues.

The question also arises as to whether carers who are simultaneously active in a social and caring profession are also regarded with their skills as "professionals" by those in need of care

and outside the working environment. As far as the perspective of those in need of support is concerned, the interviews give hardly any clues. Only one statement suggests this: In one case, a father allowed basic care to be provided only by a daughter qualified for care and not by other children. On the other hand, at least two of the interviewees mentioned how other professionals (e.g. doctors) deal with DDC: Here it was argued that, compared to "normal" carers, conversations with DDC are more likely to be "at eye level".

But the respondents also stated that taking on care for their relatives had reduced their free time, their psychological, physical and financial resources and had led to some changes at the workplace. In this context, the interviewees were asked whether they would give up gainful employment, if they could not balance job and caregiving duties at home any longer. All DDC answered this question with a clear „no“. Rather, as a solution they would choose or had chosen nursing home care for their relatives or make (further) changes in working time arrangements (e.g., part time work).

Therefore, it is not astonishing that DDC would find company measures helpful which refer to the last mentioned aspect. DDC demanded especially less shift work (no nightshift) and flexibility with regard to working time. In addition, they wished their employer would offer the possibility of work time accounts, stress management seminars, a different kind of job within the same organization, the chance of networking with other carers and, last but not least, better wages. However, requests to improve the reconciliation of work and care have also been addressed to politicians. DDC especially asked for financial support (e.g., more benefits in cash from the LTC, LTC as a „Vollkasko-Insurance“), more societal recognition of professional and informal care work and more information regarding helpful measures to combine work and care.

Against the background of working conditions that are often experienced as difficult, such as staff shortages, time pressure, shift work and physically strenuous care work, the question arises as to whether the interviewees assume that they will be working until the official retirement age. Seven out of nine DDC said that this will not be possible in their current job because of the heavy (physical) workload.

Finally, an interesting question from the point of view of labour market and pension policy is whether there should be a certain (earlier) retirement age for informal carers with pensions cuts. The majority of the interviewees think it would be a good idea to recognize the provision of informal care.

### **7.4.3 Implications**

What conclusions can be drawn from these results – although determined on a small sample for policy and practice? On the one hand, DDC derive satisfaction in providing care to their older relatives and in doing so they fulfil an important task for society. On the other hand, it can be very burdensome (financially, socially, in regard to health). However, and not surprisingly, some DDC (especially professional nurses who care for older people) can apply

knowledge and strategies they employ in professional practice to a familial setting. In comparison with other family caregivers, this can be seen as an important advantage.

But social inequalities do exist between DDC of different status groups in institutions but also between sectors (DDC employed in ambulatory care vs. home care) and professional experiences (DDC with experience in eldercare vs. DDC of other social professions). These differences have a direct or indirect effect on balancing work and (elder)care, i.e. some DDC are more vulnerable and under resourced than others (reasons: loss of income, cost of providing care for the relative, physical and psychological stressors at work and at home, little „knowledge about care“).

However, the interview results also indicate that the stress experienced by DDC is generally less due to family care obligations than to working conditions in care. This is supported by the fact that most DCC do not expect to be able to work until the official retirement age. Consequently, they demand better working conditions (e.g. (even) more flexible working hours, health promotion measures), more qualified personnel, social recognition of professional and informal care and, above all, better wages. If these measures are guaranteed, respondents think it to be easier to reconcile work and care. It is also important for policymakers that DDC asked for improvements regarding the LTC – above all better financial benefits. Furthermore, a special (earlier) retirement age for informal carers – if special preconditions are fulfilled - is seen as an opportunity to reduce social inequalities between carers and non-carers resp. as a “reward” from society which favours home care instead of institutional care. However, this contrasts the political demand to extend working life - at least for those who informally care for their family members and other dependent persons.

## **8. WP 8 “Good practices” (macro, meso and micro level)<sup>9</sup>**

### **8.1 “Good practice” in the EXTEND context**

In general terms, “good practice” is a technique, program, measures or methodology that has proven to reliably lead to the desired result (Bretschneider et al. 2004). This “good practice” then can be used as guidelines for other actors – individuals, companies or national/supranational policies – that want to achieve comparable results (Walker & Taylor 1998; Walker 1999).

EXTEND WP 8 interpreted “good practice” as follows: The main outcome or aim of the “good practices” should be to prevent and/or reduce social inequalities in late career, the retirement transition and the post-retirement time. This could be on different levels: the transnational European level, the macro country (policy) level, the meso social partners and company level and last but not least the individual level. The aim was to look for and to evaluate the causal link between the action of “good practices” and the reduction of social inequality as understood in the overall EXTEND context; namely between different social groups of older workers and retirees as well as between different occupational sectors as well as between countries.

### **8.2 Methods**

Methodologically the following procedure was applied: The EXTEND partners were asked to look for a selected number of cases of “good practice” in their countries within the framework of their actual EXTEND research work – at best as close as possible to their own EXTEND focal points. The basis for this was a guideline developed by TUD which at the same time served as guiding principle for analysing the cases finally selected. Partners were not forced to follow the guideline, however, they were “invited” to select cases they found particularly suitable/innovative for EXTEND’s rationale. In all, 10 examples of good practice were selected and have been explored, representing three levels of action (state, social partners and companies, individual).

### **8.3 Collection of “good practices”**

- The Danish early retirement scheme (Efterløn) was established in 1979 in order to create re-distributional justice and to better tackle with social inequalities in life expectancy.
- A second good practice from Finland and the Netherlands addresses pension policies. It is shown how to guarantee a basic income protection when increasing the retirement age.

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<sup>9</sup> Based on the report on WP 6 written by Gerhard Naegele and Moritz Hess, in turn based on reports from EXTEND partners and invited external contributions (Max Wilckens, Anne Marit Wöhrmann and Jürgen Deller as well as Tuukka Niemi).

- The Finnish “National Program on Ageing Workers (FINPAW)” was a five-year program launched in 1998 and reacted to urgent political, economic and demographic pressure. Its prime aim was to encourage workplace health promotion and to facilitate the capacities for older workers to remain in labour and adapt to changing work environments, as well as to raise awareness on issues related to ageing.
- The German program “Perspektive 50plus – Beschäftigungspakte für Ältere in den Regionen” aimed at reintegrating multi-disadvantaged older long-term unemployed back into the labour market focusing the local and regional level. This project can be seen as particularly suitable for EXTEND because it aims at the centre of social disadvantage among older workers.
- In 2006, the social partners in the iron and steel industry in Germany implement one of the first national Demographic Collective Agreement to face the challenges of demographic ageing in the labour market.
- The German “Later Life Work Index”, developed by German researchers around Jürgen Deller and colleagues adapting and further developing the idea of the “active ageing index” is a diagnostic tool to evaluate and to improve organizational age-management practices and thus better working conditions for an age-inclusive workforce. It is – not only in Germany – the first of its kind.
- The aim of the Finnish Life Course Management-approach aims at promoting healthy and sustainable work careers throughout the whole working life by fostering individuals’ career management in situations of career transitions.
- The UK not-for-profit organization South Yorkshire Housing Association are mainly providing local housing and care with a broad range of policies that are heavily geared towards diversity, flexibility and supporting employee’s wellbeing.
- The Sozial-Holding der Stadt Mönchengladbach in Germany is a very good example of “good practice” in the stationary eldercare sector. The example describes an organization with a long-lasting award-winning tradition in good practice in comprehensive corporate ageing-management; moreover, since recently explicitly aligned with the new concept of “life-course oriented personnel policies”.
- The main aim of the Finnish “Engagement for Late Career (ELC) program” is to reduce senior employees’ (55+) perceptions of age discrimination at work and increase their engagement for their current working career.

## 8.4 Implications and conclusions

Several conclusions can be drawn from the 10 good practices:

First, only very few action or measures could be found that explicitly aim to prevent or mitigate social inequalities. It seems that measures aimed at decreasing social inequalities are not at

the top of the priority list of policymakers and other key people with responsibility for retirement and pension decisions at the different levels concerned. This confirms EXTEND's core assumption, with which the project started, namely, that more attention should be paid to the significance of EXTEND's initial thesis in research and practice.

Second, good practices can be found on different level including the individual, company, sector and national level. This shows that fighting against social inequalities can be initiated on each level concerned. The same is true for the active participation of different key groups here. Further, taking into account the interlinkages between pre- and post-retirement phase, both phases can be starting points for measures but with a presumably more far-reaching (also preventive) effect in the pre-retirement phase.

Third, however, the respective levels and the key-actors working here must not act in isolation from one another. Only their coordinated interaction guarantees broad-based, comprehensive effects, which are essential for the implementation of a concern such as EXTEND's; even in order to prevent further drifting apart of opportunities and risks between different social groups in the working biography and especially in the pre- and post-retirement process. Fourth, when implementing and transferring good practices one must be very careful: good practices must be always seen within a context of political, demographic, labour market, economic, individual settings. For this reason, it is strongly recommend the respective (supportive or counterproductive) framework conditions for successfully and sustainably implemented good practices to be investigated through retrospective evaluation research and afterwards to be disseminated to avoid wrong conclusions and misleading recommendations.

In addition to these more general conclusions also ten applied implications were formulated:

- Raising the awareness of the needs and of older workers among companies and social partners (Later Life Work Index, Collective Agreement in the German Iron and Steel Industry).
- Supporting those older workers who are struggling to work up until the statutory retirement age (Guaranteeing basic income protection, Efterløn & Perspective 50+).
- Raising the awareness for social disadvantage groups among key persons in companies to secure that good "practice is managed with shared commitment and interests" (Niemi in his report on the Finnish National Program).
- Broadening the basis for co-operation between different groups of national partners (particularly social partners) on different levels and for a public discourse campaign against negative attitudes to older workers also with respect to the issue of social inequality (Finnish National Program).
- In this context: "The local or region matters" (Hess in his case-study-report), e.g. local and decentralized approaches are particularly helpful for integrating older workers that are excluded from paid work (Perspective 50+).
- Implementing a long-term, preventing and life-course oriented human resource-policy (Sozial-Holding, South Yorkshire Housing Association).

- That it is never too late to support older workers, and also programs just before retirement can be helpful (FIOH Life Course Management).
- Taking into account the interests on different levels, stakeholders and their respective interdependencies (Collective agreement & FIOH Life Course Management).
- Bottom-up approaches, empowering strategies and explicit “taking on board” older workers with “fewer resources” (Sozial-Holding, FIOH Life Course Management).
- Special measures to promote motivation (preferably in one-on-one interviews, as in the case of the Sozial-Holding) to break down barriers to participate in conducive measures among those who show the most resistance, but who have the greatest need.



## 9. Work Package 9: Cost-Benefit Analysis<sup>10</sup>

WP 9 aims to analyse the financial consequences of selected good practices aiming to prolong the working lives of employees. The respective analysis are based on three pillars. The first pillar includes the analysis of selected firm-level HR policies using the German IAB Establishment Database. An in-depth analysis is provided by the second pillar describing and evaluating the HR policies used by the Sozial-Holding Mönchengladbach. Finally, the third pillar tries to give a macro-level evaluation of the health costs consequences of longer working lives.

### 9.1 First Pillar

Company-level HR measures have the potential to provide an adequate and supporting working environment, thereby, might lead to improved workability as well as employability and longer working lives. Their impacts can be sizeable both at employee, firm and at national level. The analysis at the firm level focused on two specific HR policies: health management and age management policies. Empirical evidence on the impacts of these policy measures in Germany is scarce, and, if available, is related to shorter periods (Göbel & Zwick 2013) or provides descriptive evidence (Hollederer & Wießner 2015).

The analysis uses the 2002-2015 waves of the German IAB Establishment database (Fischer et al. 2009)<sup>11</sup>. The database, including annually ca. 16.000 establishment observations, is supplemented with information on numerous firm characteristics, such as accounting variables, information on industrial activity and employee composition. Selected waves include information on firms' corporate attitude, such as the use of specific HR measures.

In the regressions, financial performance indicators (labour productivity, profitability) are regressed on the time-lagged value of the HR status of the firm and other control variables. As it may take time that such management policies have an impact on firms' financial performance, a 2-year lagged values of the HR status was used. Besides, controls for several observable characteristics of the companies: sectoral affiliation (11 industry dummies), firm size, whether the firm belongs to a collective agreement, or has company-level staff representation, and dummies for the year of observation were included in the analysis. In some specifications, TUD also introduced the lagged dependent variable to take into account the initial value of firms' financial performance.

The first cross-sectional results without the lagged dependent variable provide an estimate of the average productivity/profitability differences between the two groups of companies (with

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<sup>10</sup> Based on the report on WP 6 written by Mariann Rigó.

<sup>11</sup> This part of the study uses the IAB Establishment Panel, Waves 2000 -2015, project number fdz1381. Data access was provided via on-site use at the Research Data Centre (FDZ) of the German Federal Employment Agency (BA) at the Institute for Employment Research (IAB) and subsequently remote data access. For further details on the data, see Fischer et al. 2009.

and without specific HR measures), taking into account the above listed observable firm characteristics. Our regression results based on a large, representative German database suggests that the use of firm-level specific HR measures have remarkable advantages. Introducing such measures is associated with higher productivity and higher profitability in those firms.

## **9.2 Second pillar**

The second pillar of WP 9 originates from the need to know more about the evaluation of company-level HR policies based on detailed company- and employee level data in the form of single-firm case studies. The company Sozial-Holding Mönchengladbach is an ideal candidate for HR policy program evaluation, and it participated in a joint project led by TUD to analyse the trends of employee turnover<sup>12</sup>.

This company is not only well-known about its professional services in the caring sector but also about its HR policy aiming to promote employees' ability, willingness and motivation to carry out proficient work. The reasons for offering a variety of HR measures to the employees are based on the mentally and physically difficult working conditions in the care sector. The care sector is characterized by heavy physical and mental strains, employees often suffer from burnout, and dropout rates are also high (see also section 7.2). Though psychological sicknesses are highly prevalent in the care sector, the availability of publicly financed psychological counselling is often difficult as these services are on high demand with long waiting lists. Therefore, the psychological counselling service offered for the employees and their family members is considered to be an innovative HR measure, and an important element of the company's comprehensive health package.

Analysis by TUD confirmed some of the beneficial impacts in the above mentioned TUD project, in which the personal turnovers in the long-term care sector were investigated in several firms including the Sozial-Holding Mönchengladach. Results based on quantitative analysis show that the more human resources measures are offered in the company, the lower the turnover and the higher the work satisfaction is. In qualitative interviews, the importance of human resources measures targeted particularly at older workers was emphasized. Based on these results and the company's extensive health management programs, the Sozial-Holding Mönchengladbach was also used as an example of good practices in EXTEND WP 8.

## **9.3 Third pillar**

The third pillar of the analysis in WP 9 takes again a national level, macro perspective, and, based on individual data, tries to establish a link between the prevalence of certain diseases, the individual's socioeconomic status (SES) and labour market activity. Analysing the above

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<sup>12</sup> "Personalfluktuaton in Einrichtungen der pflegerischen Versorgung – eine Analyse von Ursachen und Handlungsmöglichkeiten".

linkages can help estimating changes in health care costs of certain diseases associated with the transitions in labour market activity of certain demographic groups.

TUD analysed the question using the German sample from 2015 of the SHARE database. The database includes rich demographic information on the individuals coupled with various individual health attributes. The dependent variables include information on the prevalence of the most common diseases among the older population. Therefore, health costs related to the prevalence of cardiovascular diseases, musculoskeletal diseases and diabetes were analysed, and their relationship to socioeconomic status examined. Socioeconomic status is a categorical variable with two values. Individuals are grouped into high or low socioeconomic status depending on their highest level of education.

In sum, according to the analysis, SES has an important role in influencing the prevalence of musculoskeletal diseases and diabetes. People with high socioeconomic status, being equivalent with higher educational background, are less likely to develop symptoms of musculoskeletal diseases or diabetes. Therefore, the analysis highlights the importance of prevention and the emphasis on education and training activities to help people developing and maintaining a healthy lifestyle. Regarding the timing of the above suggested educational and training activities, „the sooner the better” principle is recommended. Preventive measures are likely to be most effective when implemented in each life phase according to the person’s need.

## **9.4 Policy implications**

The analysis aims to get insight into the financial consequences related to the use of specific HR methods. TUD focused the analysis on age management measures targeting older employees, and on the analysis of health management measures representing the group of life-cycle oriented HR measures and potentially targeting employees from all age groups. TUDs calculations suggest that the use of age- or health management measures is associated with 20-30 percent higher productivity, and firms with such measures are also more likely to have higher profitability. Therefore, EXTEND’s analysis has an encouraging message promoting the use of specific HR measures. Though the current analysis focuses on the company-level financial impacts, introducing such measures may be a win-win situation resulting in higher job satisfaction, better job attitude, lower absenteeism of the employees.

Both managers and researchers have a long way to learn more about the impacts and consequences of firm-level HR measures. One should learn more about their within-firm coverage, about the specific target group, and the impacts within that target group. This would only be possible using within-firm employee level data. The joint project of the Institute of Gerontology and the Sozial-Holding Mönchengladbach is a good example of such a case study and suggests that employees’ attitude is more positive in a firm with innovative HR measures compared to firms without such measures.

The analysis based on the SHARE data found that the prevalence of musculoskeletal diseases and diabetes is higher among people with low socioeconomic status. Therefore, it calls for

emphasizing the role of prevention and education in lowering sickness rates related to musculoskeletal problems and diabetes, which would consequently lead to lower health-related costs associated with those diseases. Company-level prevention and training, educational programs could be one example of such prevention measures.

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## 11. List of Output in EXTEND Project

### Publications

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### Working Papers

De Breij, S. & Deeg, D. [Contributors: D. Holman; J. Yogachandiran Qvist; J. Mäcken; M. Hess]: Early work exit in low and high socioeconomic groups: The influence of health. [Working Paper]

De Breij, S. & Deeg, D. [Contributors: D. Holman; J. Yogachandiran Qvist; J. Mäcken; M. Hess]: The relation between work characteristics and health after work exit in low and high socioeconomic groups: Do individual factors act as mediators? [Working Paper]

De Breij, S. & Deeg, D. [Contributors: D. Holman; J. Yogachandiran Qvist]: Risk factors for early work exit in low and high socioeconomic groups: Different for workers in good and poor health? [Working Paper]

De Breij, S. & Deeg, D. [Contributors: D. Holman; K. Törnroos; J. Yogachandiran Qvist; J. Mäcken; M. Hess]: Socioeconomic inequalities in health after work exit: A role for work characteristics? [Working Paper]

De Breij, S. & Deeg, D.: Macro-level determinants of post-retirement health and health inequalities: A multilevel analysis of 18 European countries. [Working Paper]

De Breij, S. & Deeg, D.: Socioeconomic differences in macro-level determinants of early exit from paid work: A multilevel analysis of 14 European countries. [Working Paper]

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Hess, M. & Naegele, G.: Conceptual Framework for the EXTEND project. WP 1: Social inequalities in realizing longer working lives. [Working Paper]

Hess, M., Bauknecht, J. & Naegele, G.: The Rise of older Workers Employment Rate in Germany. Explanations and Consequences. German Contribution to WP 2. [Working Paper]

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Holman, D.: Explaining the impact of diabetes on work exit. [Working Paper]

Holman, D.: Chronic conditions as drivers of later life disability employment exit: A gender analysis. [under review]

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Rigó, M.: WP 9: Economic evaluation of good practices. [Working Paper]

Vuori, J., Törnroos, K., Ruokolainen, M., & Wallin, M.: Enhancing Late-Career Management among Aging Employees – A Randomized Controlled Trial. [in revision]

Yogachandrian Qvist, J. & Qvist H.-P.: Explaining the Ethnic Gradient in Disability Pension. Evidence from Danish Administrative Register Data. [Working Paper]

Yogachandrian Qvist, J.: Explaining Social Class Inequalities in Early Retirement. The Role of Health, Volatile Employment Career, Lack of Job Control and Income. [Working Paper]

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## **Presentations**

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Rigó, M. (2018): Finanzielle Bewertung spezifischer HR-Maßnahmen durch das Deutsche Betriebspanel. Symposium: Das EXTEND-Projekt: Wachsende Soziale Ungleichheiten in der späten Erwerbsphase, beim Rentenübergang und in der Rentenphase. Deutsche Gesellschaft für Gerontologie und Geriatrie. Cologne, Germany.

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Holman, D. & Walker, A. (2018): Age management in the health and social care sector – findings from the EXTEND project – EXTEND Newsletter 2.

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Holman, D. (2018): Age Management approaches in the Social Care Sector. Seminar: Research and Policy Issues on Active Ageing and Employment in Later Life. 24th October 2018. University of Sheffield. Sheffield, United Kingdom.

i Academics (i News) (2018): How many 1950s women knew about the increase to their state pension age? (Comment). 30th August 2018. <https://inews.co.uk/opinion/comment/how-many-1950s-women-knew-about-the-increase-to-their-state-pension-age/>.

Naegele, G., Hess, M., Tschaut, M. & Wallrafen, H. (2018): Länger Arbeiten (müssen) – Herausforderungen und Chancen unter besonderer Berücksichtigung des professionellen Altenpflege-sektors. Deutscher Seniorentag. Dortmund, Germany.

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Extending working lives of an ageing workforce

# **EXTEND**

## **Policy Pointers**

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## **1. Paying more attention to social inequalities in the retirement process**

Although social inequalities in retirement processes are widespread, both politicians as well as practitioners (e.g. social partners, associations, companies) have little awareness of this problem. This also applies to the scientific discourse about retirement. What is needed is to create more attention as well as a better awareness of work in favour of a "neglected" social problem, which is becoming increasingly important in the context of demographic change. The most important prerequisites for this are relevant applied research work, the dissemination of its results to as many affected social levels and key actor groups as possible and the derivation of appropriate proposals for solutions for policy and practice and their forwarding to relevant decision-makers.

## **2. A broader understanding of social inequalities is needed**

Social inequalities in retirement processes do not only affect particularly vulnerable groups of employees (such as the low-skilled, low skilled women, the long-term unemployed, the health impaired, etc.). Also affected are older female employees in those jobs and sectors in which, due to working conditions and workloads, it is hardly possible to stay in work "with dignity" until the statutory retirement age. EXTEND shows this in particular for the professional health and care sector (see point 13).

## **3. Measures to ensure employability are unequal distributed**

Although age management is practised well in many companies, some of which - as in Germany - are triggered by (demographic) collective agreements, as a rule only countries whose workplaces are subject to such measures are also achieved whereas employees in sectors and companies without age management and/or without collective bargaining protection are excluded. Many companies also follow the "Matthew Principle", which means that conducive measures are preferably offered to those employees who already have good prerequisites for realising extended working lives. EXTEND also calls for the explicit inclusion of typical "problem-groups" on the labour market with usually shorter working lives, the widespread dissemination of "good practices" and more declarations of general applicability for collective bargaining agreements in favour of older employees. There is a particular need in small and medium-sized enterprises.

## **4. Social inequalities in retirement processes follow "career paths"**

Social inequalities in retirement processes often have their causes in the previous employment biography, being a result of a "cumulation" of precarious work and employment in the respective employment history, thus following "career paths". The fight against social inequalities should therefore begin early in the employment biography. An important prerequisite for this is seen in a life-course-oriented and holistic (company) employment and personnel policy including offers for lifelong learning (LLL) and a better work-life-balance. The basis for approaches like this must be the well-known concepts of workability and employability. As the Finnish experiences in EXTEND with "Late-Career-Management" (see point 12) show, it is never too late to begin.

## **6. Reforms at the state level alone or otherwise isolated are of limited effectiveness**

Although state pension, retirement age and labour market reforms are partly responsible for the remarkable increase in employment rates for older workers since the beginning of the new millennium, they are not sufficient as an isolated policy approach. EXTEND proves that the employment rates of older people can also rise independently of this. A robust economy and stable demand for labour are important prerequisites for extending working life. However, an overall ageing workforce requires much more than just economic incentives; in particular, more investment in employability, adequate working conditions including LLL and better work-life-balance and, in particular, more health promotion and protection. This is all the more true if disadvantaged employment groups are also to be reached. EXTEND used the example of the UK to show that fundamental retirement age reforms require a preparatory public discourse so that people can better adjust their life plans.

## **7. Co-ordinated action within a comprehensive 'multi-level' approach is needed**

In order to achieve the goal of extending the working life of as many people as possible on a voluntary basis and "in dignity", joint/integrated efforts are needed from as many stakeholders as possible at different levels (including pension policy, retirement age policy, LLL, prevention and health promotion; company measures to promote employability and work-life balance). Those affected also share responsibility, but need appropriate framework conditions. The trade unions and their company representatives have a special responsibility. EXTEND refers to the still exemplary Finnish "National Program on Ageing Workers" from the late 1990s. EXTEND advocates firm agreements between the state and companies on the one hand and collective agreements on the other.

## **8. Linking the statutory retirement age to life expectancy poses a significant risk for social inequalities**

Linking the statutory retirement age to life expectancy poses a significant risk for social inequalities. This is due to the fact that demographic change means that social differences in average, further and/or healthy life expectancy are growing. EXTEND proves that an automatic linking of retirement ages to the (average) life expectancy would benefit above all the higher educated and/or upper socio-economic groups and vice versa. The former not only have a longer life expectancy, but generally also receive higher retirement incomes - and this over a longer period of time, so that they can also expect a higher "pension wealth". EXTEND shows how important the respective national context of the pension system is when indexation is planned/implemented: defined benefit pension systems are more likely than contribution-based systems to prevent social inequalities or to mitigate their effects to a greater extent. Overall, a reliable basic pension reduces the risk of social inequalities in the case of indexation. In view of the growing popularity of this proposal in demographic change, EXTEND calls for more impact research. So far unresolved questions include which measure of life expectancy (average, distant, healthy) is applied and how the distribution of working life and pension time for additional life is structured.

## **9. Stressful and hazardous working conditions are central predictors of social inequalities in the pension system**

Particularly stressful and hazardous working conditions are a key predictor of not only health-related employment problems, but also involuntary/health-forced early retirement. Even in the post-professional phase of life, socially selective distributed remote effects can still be detected. Company risk analyses (in the sense of "early warning systems") - as provided for in some German demographic collective agreements - should be expanded. This also applies to special health and qualification prevention and personnel development programmes for particularly endangered occupations and sectors. EXTEND proves that it is "worthwhile" to invest, for example, in occupational health promotion and health protection (see point 18). Against this background, EXTEND also recommends the nationwide observance of the principle of prevention before rehabilitation and, in practice, its clear priority over financial compensation for health damages caused. In the rehabilitation practice itself, there are numerous disadvantages of older people which must be eliminated (e.g. linking benefits to age limits

or to "labour market policy requirements"). Overall, it is necessary to examine how the causal principle can also be applied to disability law.

#### **10. Special early retirement schemes for highly stressed occupations**

Despite all these efforts, health-related early retirement will continue to be unavoidable in the future. Experience shows, however, that they have a high potential for social inequalities in several respects: financial risks and a lower quality of life before and after retirement, even more frequent social exclusion in old age and, last but not least, clear health-related long-term consequences. Against this background, EXTEND is in favour of retaining options for earlier retirement for particularly highly burdened occupations and sectors, but not at any price and by no means as a (still open) "hidden path" into early retirement. What is needed first is the exhaustion of all prevention and rehabilitation reserves, which is by no means always the case (see point 10). In addition, clear and (scientifically) justified access criteria must be applied. Only when "nothing helps any more" should (socially designed) financial compensation be offered, preferably based on the causal principle. EXTEND states, however, that the existing state of experience and research in this field is still deficient, especially in detail and with regard to application practice. This complicates an appropriate discourse, especially in state pension and age limit policy. EXTEND therefore recommends more applied research in the respective national context.

#### **11. Affected persons as "experts on their own account "**

Affected persons are important "experts on their own account" for many, above all health risks in the world of work. Studies have also shown that many older employees are prepared to practice a high degree of health-conscious-related self-responsibility themselves in order to be able to stay longer in working life. EXTEND therefore calls for special efforts to build up health awareness and related competence with a special focus on the typical problem groups, as there is a special need here. The success of such efforts has been convincingly demonstrated by the example of the professional care sector (see point 13). Strengthening one's own health competence, however, is tied above all to the company's human resource measures aimed at improving and protecting the employees' health. Collective bargaining agreements can provide good incentives.

#### **12. Strengthen the willingness of those concerned to remain in employment**

The efforts of the Finnish EXTEND colleagues to "Late Career Management" have shown that even in the last years of their active working lives it is still possible to support employees to proactively participate in their willingness and preparedness to continue working. The results show that participants engaging with appropriate measures were less affected by age discrimination and had a higher motivation to work. The programme was particularly effective for low-skilled older people and therefore also has the potential to reduce social inequalities.

### **13. The special situation in the professional health and care sector**

Also against the background of the Europe-wide shortage of skilled workers in the professional health and care sector, it is essential to effectively combat the existing high level of early retirement practice and the low retention rates in the occupational field. Social inequalities arise here twofold: firstly in comparison with other sectors of personal social services (with less rates of early exit involvement and longer retention periods) and secondly with other individual and/or group-related differences *within* the health and care sector; above all in the case of inspired internal and/or inter-company vocational development and other alternative options. The change from direct care to administrative work, which many hope will be a "way out", is possible only for a minority, especially those with higher qualifications. EXTEND comes to a clear statement: the existing working conditions must be improved at as many levels of work organisation and personnel management as possible, in particular away from classical "age management" towards "life-course management", i.e. to promote alternative vocational development. However, there is often a lack of awareness at both supervisor as well as management level. Comprehensive collective agreements and chambers of professional care (as discussed in Germany just recently) could provide good impetus.

### **14. Outstanding importance of "healthy ageing" before and after retirement**

EXTEND confirms in many places the outstanding importance of the state of health for the quality of life both in the pre-pension and in the post-work phase of life. A poor state of health is not only a central predictor for forced early retirement (see point 10 above), but also for a lower quality of life in old age and thus lower chances of "healthy ageing". However, health before and in old age is as socially selective as healthy (further) life expectancy and thus represents a particularly striking risk of social inequality. Precisely because of demographic change, "Healthy Ageing" must therefore be at the top of the list of priorities of European countries and the EU as a whole, and apply equally to both the pre-retirement and post-retirement phases of life. "Healthy ageing" must not only

target the young elderly, but also explicitly the older and very old age groups. As is well proven by research, health prevention is also worthwhile even among the very old. From the point of view of inequality, a focus must be placed in all phases on the lower educational or lower social status groups in order to avoid aggravation of health problems that have already been present in earlier phases of working life and now "re-appear" in old age. Overall, "Healthy Ageing" needs more financial support on state level. EXTEND shows that these investments also "pay off" (see point 18).

### **15. Social inequalities due to insufficient reconciliation of work and care**

In the context of demographic change, reconciling gainful employment with private care obligations is a constantly growing challenge with a high potential for social inequalities. Although the socio-political discourse has (finally) arrived, related state, collective bargaining and/or company measures are still insufficiently developed and maintained. In addition, company support services often follow the "Matthew Principle", as EXTEND proves. Collective bargaining agreements, if they exist at all, are underused primarily because of ignorance or fear of discrimination in the workplace. For many affected women, unsuccessful reconciliation ends in unintentional part-time work and often in involuntary early retirement, each with risky consequences for financial security before and after retirement. Using the example of the professional care sector, EXTEND was able to demonstrate for the first time in Germany the special burden of double-duty carers (persons who care both professionally and privately). In addition to improvements in working conditions and their "work life balance", they would particularly like to see socially secured opportunities for early retirement to compensate for their double burden; if possible within the framework of German Social Code Book XI Long-Term Care Insurance.

### **16. Special efforts needed for further `problem groups`**

EXTEND was also able to identify further "problem groups" with special barriers to realise an extended working life in addition to those already mentioned: those threatened and/or affected by health-reduced earning capacity at an early stage of their working life need particular "tailor-made" vocational (further) development programmes. Older long-term unemployed need long-term integration support; at best with a focus on the local level. Increasing "digitisation" of work gives rise to fears of a variety of employment risks for the low-skilled in the future. Prevention programmes to avoid vocational dequalification and, in the worst case, unemployment are especially

necessary for them. For elderly female employees, it must be about normal employment relationships (beyond "precarious employment"; see point 5), health prevention programmes and better reconciliation measures within the framework of a targeted "work-life-balance policy". They in particular have a highly developed self-responsibility potential for their own employability (see point 11), which must be promoted especially on company level (e.g. positive age culture, anti-age discrimination, training of superiors and management, culture of recognition of performance).

### **17. Strengthen good practices in combating social inequalities**

EXTEND shows that measures aimed at avoiding and reducing social inequalities in retirement policies are a secondary priority for policy-makers and other relevant stakeholders and experts. Nevertheless, good practices in retirement transitions and processes have been identified at all EXTEND levels concerned (macro, meso, micro). When implementing respective models, the environmental societal contexts (political system, labour market, economic situation, individual conditions) should always be taken into account. In order to avoid wrong conclusions and wrong messages, evaluations of their specific transfer and implementation conditions should be carried out and made known.

### **18. Cost benefit analyses - "good practice" pays off**

In the European context there are so far only a few cost-benefit analyses scientifically evaluating conducive measures to extend working life and related "good practice". This unnecessarily deprives politicians and other relevant stakeholders and experts of knowledge with which they could take the initiative in demographic change in terms of promoting the employability of an ageing working force in an argumentatively better equipped way; based on the motto of "only what pays off". This applies equally to all levels examined by EXTEND: macro-, meso- and micro-level analyses have shown that it is worthwhile to invest in the employability of an ageing workforce while at the same time paying attention to avoiding social inequalities across the board.

### **19. To expand social inequality research with a view to ageing in the face of demographic change**

EXTEND is an outstanding example of the need to as well usefulness of social inequality research in applied social gerontology. Demographic change entails a further social-structural differentiation of old age, which is so far unknown. In close connection

with the parallel social and economic change, the levels at which social inequalities - in both the old and new garb - occur can be extended to rise and further differentiate. EXTEND has addressed an increasingly important level in this context, retirement processes in demographic change especially in times when baby boomers are retiring. To extend working lives for as many people as possible "with dignity" without creating new and/or deepening old social inequalities is a core prerequisite for a successfully political shaping of demographic change (for many reasons, above all to stabilize social security as well as generational relations, to guarantee quality of life and well-being of an ageing society). EXTEND hopes, with its (admittedly) limited possibilities, to have contributed to this.

## **20. Six key messages**

### **I. To strengthen problem awareness!**

The problem awareness among politicians, stake holders and even academics of social inequalities in retirement processes, which have arisen or grown as a result of the paradigm shift in pension and labor market policy in most EU member states since the turn of the millennium towards 'longer working lives', is poorly developed. Particularly affected by inequalities in their life situation are older employees who, among others, for health reasons, due to a lack of "age-appropriate" working conditions or a lack of demand for their labor, only have very limited or even no possibility of extending their working life and therefore not only have to retire earlier involuntarily, but also have to live permanently as pensioners with socially problematic 'long-distance effects' (e.g. financial, health-related, social integration). Although there are now many age management measures and also a few special collective agreements (such as the demographic collective agreements in Germany), they each have only a very limited sphere of influence and thus generate new, rather unintended social inequalities, since they do not apply across the board and inevitably lead to the exclusion of many with possibly particularly high needs. EXTEND was able to identify particular risk of inequality in the approach of linking the retirement age to the development of life expectancy, which has already been put forward in some EU Member States and is also popular among many politicians in this country, because the higher educated and/or upper occupational status groups benefit most from their longer life expectancy.

EXTEND recommendations include:

- More 'awareness work' at all relevant levels of influence (above all the state, collective bargaining partners, companies) in favor of a social problem that has so far been severely neglected;



- Implementation and impact research related to the concept of indexing retirement age and life expectancy (especially with a view to socially selective distribution effects, the life expectancy to be applied (average, further, healthy) or criteria for an appropriate distribution of remaining years over working and pension time);
- Focusing awareness work as well as research not only on typical ‘problem groups’ (such as the low-skilled, the long-term unemployed, those with health impairments, women with particular stress), but also on particularly affected sectors (above all the health and care sector);
- Explicit inclusion of hitherto ‘unprotected’ groups in measures to safeguard/promote the employability of older employees (above all company age management, collective agreements on demographic change);
- Expansion of inequality research related to retirement issues (so far strongly neglected).

## **II. To focus on typical ‘problem groups’ and ‘career paths’!**

Special barriers and limits to the possibility of working longer occur above all where there were already disadvantages in employment opportunities in earlier phases of working life (‘accumulation of risks’, ‘career paths’). Even those in precarious employment before retirement (e.g. part-time, temporary work, fixed-term contracts, false self-employment) have a high risk; furthermore, (older) employees with a limited state of health (often due to highly stressful work carried out over many years in earlier working-life-phases), overall employees on ‘insecure’ (endangered/threatened) jobs, the long-term unemployed as well as the rapidly growing number of mostly older employed women with informal care obligations.

EXTEND recommendations include:

- Identification and prevention of long-distance determinants of social inequality in later employment biography;
- Avoiding/combating precarious employment (especially of women), particularly in the later phases of employment;
- More targeted efforts to reintegrate the long-term unemployed (with a focus on the local/regional level);
- Expansion of (target group-specific) occupational health promotion/protection (see also point 4);
- Nationwide compliance with the principle of prevention and rehabilitation before retirement instead of financial compensation for damages incurred;
- More and above all socially secured measures to reconcile gainful employment and care and to increase their acceptance and use;

- Special support measures including special (early) retirement regulations for 'double-duty carers';
- Stronger overall focus on (low-skilled women).

### **III. Instead of isolated individual measures, holistic approaches within the framework of 'actor mix' and 'multi-level policy'!**

Isolated financial incentives of pension or labor market policy alone are highly likely to lead to social inequalities or to their deepening if they are not secured in parallel by favorable framework conditions at the respective concrete implementation levels of labor market and enterprise.

EXTEND recommendations include:

- Implementation of an organized mix of actors and multi-level approaches ('policy mix');
- Parallel creation of favorable framework conditions, in particular investment in employability and a better work-life balance, lifelong learning, health promotion and protection, and appropriate working conditions that make it possible in the first place to 'grow old' at work;
- Application of holistic, life-course oriented corporate personnel policy concepts (e.g. career planning, lifelong learning);
- Focus on the local/regional level;
- Preventive approach that start early in the life-course;
- However, it might also worthwhile to start this process just before retirement.
- In addition to the legislator, the companies and the collective bargaining parties are primarily addressed.

### **IV. To promote healthy ageing before and after retirement!**

A poor state of health is not only a key predictor for forced/involuntary early retirement, but also for a lower quality of life and significantly reduced chances for healthy ageing in old age. Health before and after retirement is socially selectively distributed and thus represents a particularly pronounced dimension of social inequality.

EXTEND recommendations include:

- Nationwide adherence to the principle of prevention and rehabilitation before retirement instead of financial compensation for damage to health;
- Despite all the exhaustion of prevention and rehabilitation reserves, it will not be possible to avoid health-related early retirement in the future,

especially for particularly highly burdened occupations and sectors; important criteria should include:

- clear and (scientifically) scientifically based access criteria
- socially acceptable early withdrawal options;
- co-financing of disability pensions according to the causal principle;
- Healthy ageing in the context of demographic change a key health policy objective with the highest priority and with more public funding even after retirement;
- Paying particular attention to socially vulnerable groups;
- Prevention and rehabilitation (as it has demonstrably proved its worth) also for the most senior age groups.

## **V. For more ‘good practice’ and cost-benefit analyses of successful and sustainable measures!**

EXTEND was able to show that good practice can be a suitable instrument for combating social inequalities in retirement processes at different levels, but could find only are few explicit but many more implicit examples of this. Since many politicians and practitioners follow the principle: ‘Only what pays off pays’, EXTEND also advocates the expansion and application of cost-benefit analyses of both successful as well as sustainable measures. In the national and European context there is a considerable backlog in this respect. This also corresponds to a deficit in inequality research on the entire old-age spectrum. The EXTEND project itself is an outstanding example of the necessity and ‘return’ of such research efforts.

EXTEND recommendations include:

- More good practice research;
- Cost-benefit analyses of sustainable successful policies and measures;
- Better dissemination of good practice results.