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National report for Denmark

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Introduction*

The past two decades have seen a more or less continuous debate in Denmark around the topic of extending working lives. It has often been framed around the need for reforms to the voluntary early retirement scheme, which has generally been seen as too generous, in particular, for low wage older workers, and therefore a threat to the sustainability of public finances.

The scheme was enacted to primarily help the group of low wage and often low skilled workers, who had had a long physically demanding career at the age of 60. Depending on the business cycle the argument that the voluntary early retirement scheme leads to a lack of future labour supply has been made more or less forcefully. With the latest reforms to the voluntary early retirement scheme the projection is that it will become increasingly irrelevant over the next 30 years. Together with the future indexation of the age of eligibility to life expectancy for both voluntary early retirement and public old age pension, the economic incentives to prolong the working life are in place. How the buildup of large labour market pension accounts for the majority of workers will interact with retirement decisions remains to be seen.

While the issue of economic incentives to retire early has had the main attention in the public discourse, there have also been several initiatives coming out from employers and employee organizations, and public bodies, aiming at raising awareness of age management practices, and rules and benefits in relation to a longer working career.

This report looks at the situation in Denmark concerning the main ingredients in successfully extending the working life of all able individuals, hereunder, the pension and retirement system, general health status of older workers, life-long learning issues, age management in companies and what conditions are likely to keep older workers longer in the job.¹

Retirement and pension systems

Retirement schemes and recent reforms to extend working lives

Since the late 1970s Denmark has had two main retirement pathways (in addition to a disability retirement scheme open for all age group with disabilities²); a voluntary early retirement scheme (“Efterløn” in Danish) available from the age of 60 and the public

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¹ A flexible approach is taken to the definition of older workers. Generally, but not always, older workers will refer to the population of workers aged 50+.

² The disability early retirement scheme is open to individuals with a significant decrease in workability which limits the ability to find unemployment in the future. Although there arguably can be some substitutions among pathways to retirement (Jensen and Hjeldgaard, 2002), the pathways into the disability early retirement scheme are distinct from those into the early retirement scheme and is not considered further here (Christensen and Kallestrup-Lamp, 2012).

pensionable retirement age of 65 (the official retirement age was lowered from 67 to 65 in 1999).³ As in many other countries (though not all) the effective average retirement age lies well below the official retirement age (OECD, 2011).

The most important pathway to retirement has for the last 20 years been the early retirement scheme (see below) for all employment groups except for people with a tertiary education. Before 1999 the requirements for entering the early retirement scheme were low and the rather low amount of co-financing was part of the public unemployment insurance scheme. In principle eligibility rested on reaching age 60 and having contributed to the public unemployment insurance scheme for the last 20 out of 25 years (thus no formal working requirement). There was a limited financial incentive for postponing entry into early retirement until turning 63 years old.

There have been several reforms of the early retirement scheme, most recently in 1999, 2006 (the “welfare reform”) and 2011 in order to limit eligibility and/or incentivize people to stay longer on the labour market.⁴

The 1999 reform lowered the payment in the first period from 60 to 62 years old and deducted private (voluntary and obligatory labour market) pension savings (accrued entitlements even if not paid out) from the voluntary early retirement amount paid out (even if the pension savings was not paid out from age 60 to 62). Postponing retirement to the age of 62 meant a higher early retirement payout and no deduction of private pension savings if it was not paid out in the period from the age of 62 to 65. At the same time a tax free subsidy was earned for each quarter worked beyond the age of 62. This changed the incentive structure for most individuals turning 60, and the gains from working beyond that age increased substantially.

The 2006 ‘welfare reform’ (Velfærdsreformen) and subsequent modification hereof in 2011 saw the official retirement age increase from 65 to 67 during the period 2019-2022 and the number of years in the early retirement programme decrease from five to three years. In 2022 the earliest age at which it is possible to retire and receive Government support is 64. Going forward both the retirement age and the earliest age of entry into early retirement will be indexed to life expectancy. Further means testing has also been built into the voluntary early retirement scheme making it a less attractive option the more an individual has built up labour market and/or voluntary private pension savings.

The 2011 reform also limited access to unemployment benefit to two years for all age groups, thus abolishing the previous right to prolonged unemployment benefit for the age group over 55 and thereby closing one path to early retirement.

The 2011 reforms have diminished considerably the importance of the voluntary early retirement scheme for future cohorts and projections suggest that the individual use of the voluntary early retirement scheme will be negligible from around 2040. They also imply that projections considering the likely demographic development and concomitant public

³ There have been various other paths to early retirement not described here. For a history of the Danish pension system see Andersen (2008), Green-Pedersen (2003).

⁴ See OECD (2012b), DØRS (2013) and DA (2012)

expenditures now show that for a public finance sustainability point of view no further prolonging of the working life is necessary (over and above what economic incentives now in place will contribute for future older cohorts).

The pension system

The Danish three pillar pension system interacts in complex ways with the individual retirement decision. The first pillar consists of public pensions – old age pension from the age of 65 (subsequently 67 and rising in line with life expectancy) and the voluntary early retirement scheme described above. Both are means tested with respect to other income, including pension income from labour market and private pension savings. Since 2004 old age pension has been deferrable (conditional on a minimum number of hours worked per year) with the deferred amount fully compensated (given average expected lifetime) in the remaining period of retirement.

The second pillar is the Danish labour market pension system which by now covers the vast majority of employees. Pension contributions are mandatory if the workplace is covered by a collective agreement between an employee and employers' organization. Contribution rates varies but are substantial and most often of the order of more than 10% of gross earnings (Arnberg and Barslund, 2012). Mandatory labour market pension schemes are either pension by instalments or annuity pension schemes. For most employment group the labour market pension system dates back to the early 1990s where it was rolled out beginning with much smaller contribution rates. This means that for those who have only started to pay into a labour market pension scheme late in the career, or have had long periods of absence from the labour market, the effective tax rate on further pension savings can be very high due to the means testing of first pillar schemes (DØRS, 2008; 2013). This lowers the economic incentive to work beyond a given age.

The third pillar is the voluntary private pension savings system. As with labour market pension schemes these are tax-deductible and with deferred taxation. Investment returns are also taxed favourably relative to other returns to savings. For most future pensioners the labour market pensions will be their main income during retirement.

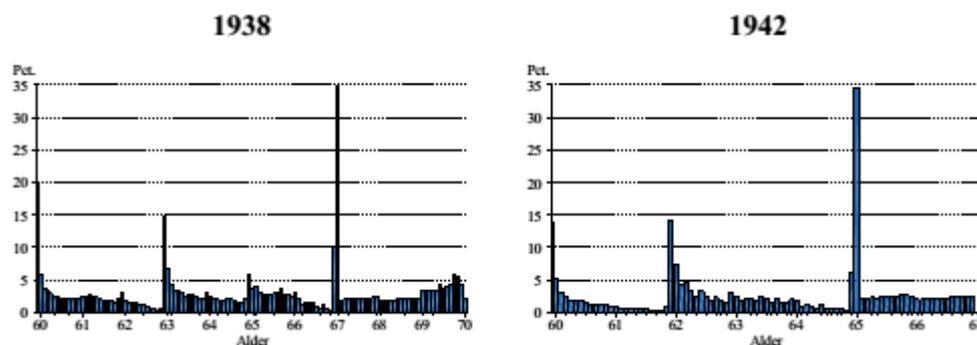
Economic incentives and retirement decisions

The 1999 reform of the voluntary early retirement scheme provides a good opportunity to illustrate the effect of economic incentives on the retirement decision. Prior to 1999 economic incentives to retire changed abruptly at the ages of 60, 63 and 67 years. At 60 years old eligibility for early retirement would set in, at 63 the higher rate of early retirement kicks in with eligibility for old age pension beginning at 67 years of age. After 1999, 60 was also the age of eligibility, but the other abrupt changes in incentives came at ages 62 and 65 (after the reduction of old age pension eligibility age).

The changes were reported and discussed widely and extensively in the media (in part due to the political process surrounding the changes). It is reasonable to assume that most people with personal interest in the subject were aware of the changes. DØRS (2013)

documents how entry into the early retirement scheme moved around for the two cohorts born in 1938 (not affected by the change) and in 1942 (affected by the change) (figure 1).

Figure 1. Entry into voluntary early retirement scheme for the cohorts born in 1938 and 1942 (percentage of cohort).



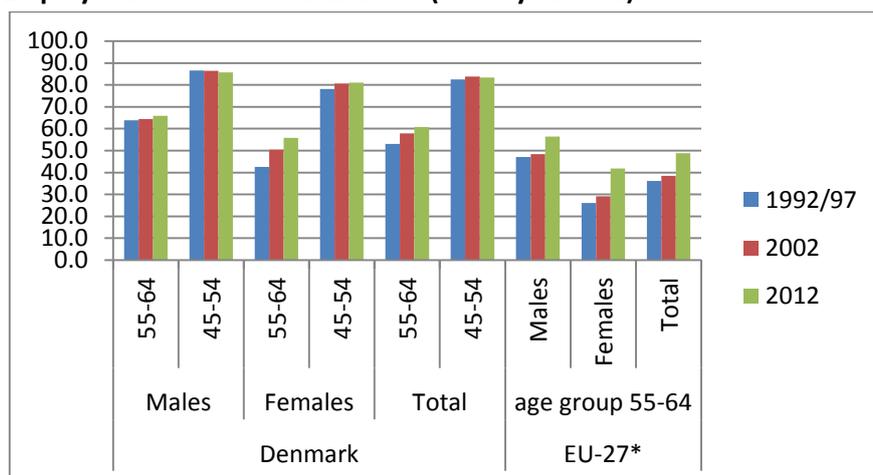
Source: DØRS (2013).

If economic incentives are to promote the largest behavioural response it is important that the level of information given is high and that the rules are sufficiently clear that most individuals are able to clearly identify what is the most attractive option for them. An example in the Danish context where it is far for clear that these two conditions are fulfilled is that of deferred pension. Deferred pension from the age of 65 was made possible in 2004 but with little – or at least not prolonged – media attention. At the same time the rule on deferred pension interact with a number of other rules on how much pensioners can work before income is deducted, and is ultimately most beneficial if you believe you will live longer than the average life time conditional on your age. Consequently, very few people have knowledge about this option and few have taken it up (Forsikring&Pension, 2010; Larsen et al., 2011).

Older workers and the labour market

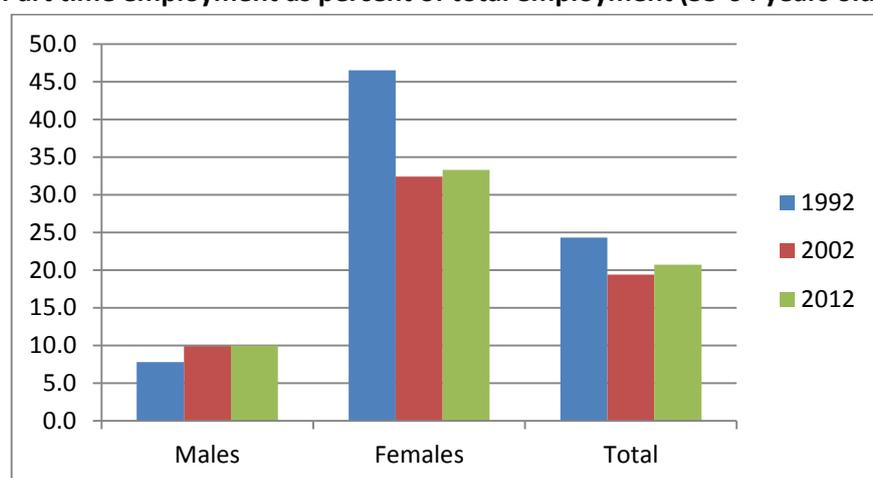
The Danish economy and the labour market as a whole have held up relatively well during the crisis since 2008. This is also the case for the situation of older workers in the labour force. In a European comparison the employment rate of those aged 55-64 is well above the average (Figure 2) and most of this is full time employment (Figure 3), although part time is common for women.

Figure 2. Employment rate of older workers (55-64 years old).



Source: Eurostat, own calculations.

Figure 3. Part time employment as percent of total employment (55-64 years old).



Source: Eurostat, own calculations.

As indicated above, the group of 55-64 year olds is very heterogeneous with respect to retirement options. Voluntary early retirement is available from the age of 60 and this is evident if the age group is split in two (Table 1). There is a marked drop off in the employment rate for the 60-64 year olds compared with those 5 years younger. This is particularly evident for women testifying to the fact that women are much more likely to enroll in the voluntary early retirement scheme.

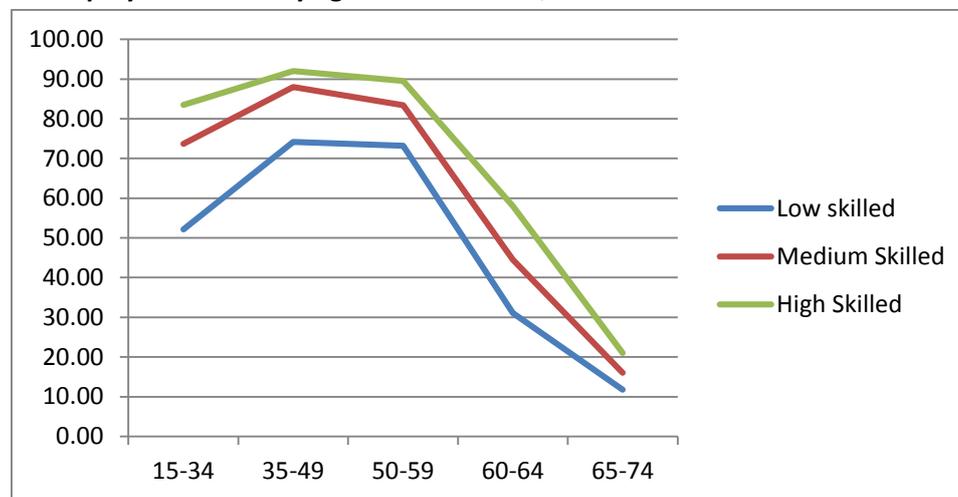
Table 1. Employment rates by age and gender (%), 2010.

Age group	Males	Females	Total
15-34	62.5	65.2	63.7
35-49	89.2	84.8	86.8
50-59	83.2	82.2	82.7
60-64	52.1	37.8	44.9
65-74	21.9	9.8	15.8

Source: European Labour Force Statistics, 2010. Own calculations.

The take up of early voluntary retirement also differs among educational levels. Whereas 60% of high skilled individuals are working in the age bracket 60-64 years, this is only the case for 30% of the low-skilled, with medium-skilled in between (Figure 4).

Figure 4. Employment rates by age and education, 2010.



Source: European Labour Force Statistics, 2010. Own calculations.

Unemployment

The unemployment rate for women aged 55 and above was below the country average in 2012 and not much different from the 40 to 50 years old age group. For men the picture was slightly darker but not by much (Table 2).

Table 2. Unemployment rate by age (selected years).

	Men					
	Total	40-44	45-49	50-54	55-59	60+
2012	6.1	5.3	5.6	5.9	6.9	5.3
2007	2.9	2.7	2.7	2.6	4	3.6
1996	6.6	5.9	5.7	5.5	8	10.6
	Women					
	Total	40-44	45-49	50-54	55-59	60+
2012	6.1	5.8	5.3	4.9	5.8	4.4
2007	4.4	4.2	3.4	3.1	5.4	5.2
1996	9.2	7.2	7.2	7.7	11.6	17.3

Source: Statistics Denmark, Statistikkbanken.

Note: For 1996 the figures refer to the 4th quarter.

This was not always the case. In the 1990s the unemployment rate for older workers was higher than the average rate for the country. This was particularly the situation for women more than 60 years old.

Table 3 shows the breakdown of labour market participation for different educational categories for 2010. Again the marked break in labour market participation at the age of 60 is evident for all educational groups. Also part-time work becomes more common with age for all three educational categories.

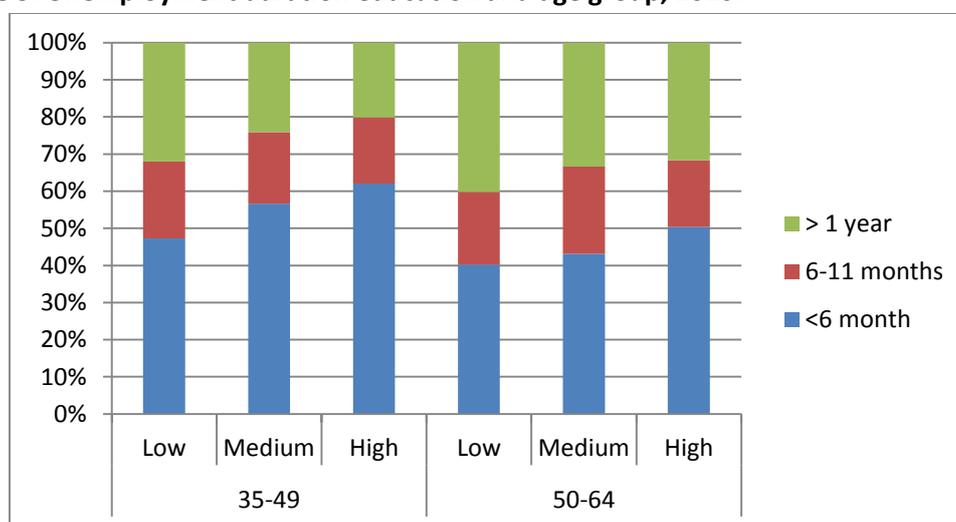
Table 3. Labour market status by age and education

	Age and Education								
	50-59			60-64			65-74		
	Low	Medium	High	Low	Medium	High	Low	Medium	High
Unemployed	7.2	6.8	3.8	1.4	1.7	1.4	0.1	0.1	2.0
Employed	73.2	83.4	89.5	31.1	44.5	58.0	11.8	16.0	21.0
Full-Time	66.9	70.2	72.2	58.0	61.2	62.2	30.4	27.3	29.6
Part-Time	23.3	18	17.6	25.4	24.5	25.5	38.2	44.1	37.7
Family Worker	0.6	0.3	0.2	0.9	0.3	0.2	2.8	1.8	0.5
Self-employed	9.1	11.5	10	15.7	13.8	12.1	27.8	26.9	32.3
Inactive	19.5	9.8	6.6	67.5	53.8	40.6	88.1	83.9	57.5
Total	99.9	100.0	99.9	100.0	100.0	100.0	100.0	100.0	80.5

Source: European Labour Force Statistics, 2010. Own calculations.

Long term unemployment – defined as having been unemployed more than a year – is somewhat higher for older workers at all skill levels. The actual extent to which this is the case is likely to be blurred by the data because long-term unemployed workers (more than 4 years in 2010) above 60 are likely to take up voluntary early retirement.⁵

Figure 5. Unemployment duration education and age group, 2010.



Source: European Labour Force Statistics, 2010. Own calculations.

⁵ Unemployment insurance (available for four years until 2011 and currently for two years) is – in most circumstances - higher than the amount paid out

Working Conditions

Older workers are equally or more satisfied with their working conditions and conditions related to their work place in general than their younger colleagues (Table 4, Panel A).

Table 4. Satisfaction with working conditions for different age groups, 2010.

Panel A			
Share of workers responding “very satisfied” or “satisfied”. 2010, pct.	Age groups		
	Under 30	30-49	50+
General satisfaction with working conditions	92	96	96
Well paid	65	65	59
Have good friends at work	77	80	84
Do usefull work	86	97	97
Motivated to perform well	92	96	96
Average	79	84	83

Panel B - How well do your working hours fit in with family or social commitments outside work?			
Share of workers responding “very well”. Age, pct.	Age groups		
	2000	2005	2010
Under 30 years	56.7	55.6	53.6
30-49 years	63.9	53.0	54.1
50+ years	76.8	68.4	67.4

Source: DA (2012) and European Working conditions survey (2010)

In relation to work-family balance in the working life, older workers (50+) are more satisfied than their younger peers (Table 4, Panel B). The share of workers answering that working and family life fits very well have been decreasing since 2000 for all age groups. The share of employers managing work-life balance very well is also high in a European comparison. For EU27 the respective numbers for 2010 are 31, 28 and 33 for respectively, individuals aged less than 30, 20-49 and 50+.

An important aspect where there might be room for improvement in Denmark is that of age discrimination. The OECD (2005) reported age discrimination in Denmark in the year 2000 to be the lowest among the European members. Very few 50+ year olds reported being discriminated against due to age. However, a Eurobarometer survey in 2012 found that 26% had either witnessed (23%) or been discriminated against themselves (6%) in the workplace due to age (Eurobarometer, 2012).⁶ This is significantly higher than the European average of 20% and places Denmark far down the ranking of European countries. Reinforcing this problematic situation, a study under the National Research Centre for the Working

⁶ The question asked made clear that the respondent should only consider age discrimination when it related to individuals being perceived to be too old.

Environment building on survey data from 2011 documented that age discrimination is related to earlier retirement, at least for men (Thorsen et al. 2012). There is some contradicting evidence coming from other survey material. A survey in 2007 (Ugebrevet A4, 2007) asked public sector employees over the age of 50 a number of questions related to age and work environment which showed that one in ten employees felt their age was a problem for them related to their work situation.

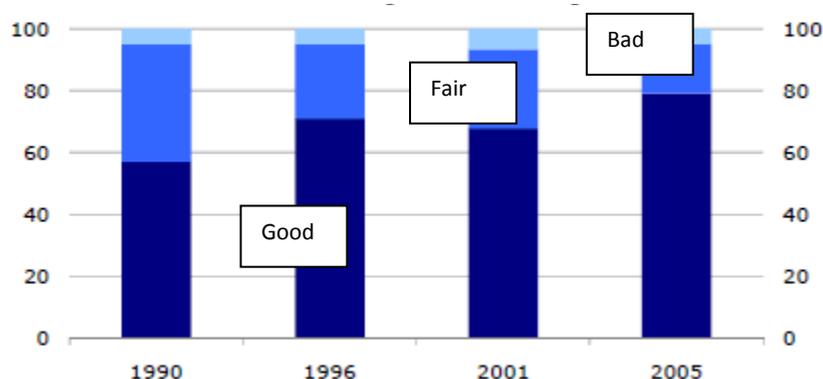
It is likely that variations in wording and questionnaire design together with survey population explain most of the variation in the results, but given the low ranking in Eurobarometer's cross national comparable survey there seems to be scope for improvement in the area of age discrimination in the work place. It is important, though, to keep in mind that this somewhat contradicts the positive evaluations of the workplace coming out of European Working Conditions survey.

Health and the dimension of employability

An important issue is the health status in general for older people above the age of 55. Health status is one of the most important barriers to extending working lives of older individuals. It is also one of the barriers which are most difficult to overcome in the short term.

The health of early retirees (those enrolled in the voluntary early retiree programme) has increased steadily in the last 20 years (Figure 6).

Figure 6. Health of early retirees.



Source: DA (2012)

Note: Before 1999 early retirees were aged 60-67 years and thereafter 60-65 years (due to the reform of the early and regular retirement systems in 1999), cf. description above.

In 2005, more than 90% of early retirees (60-67 years old before 1999, and 60-65 thereafter) reported "good" or "acceptable" health status. In 2010, of the people in the age groups of 55-64 year olds and 65-74, around 80% of respondents reported being in good health; slightly higher for women and lower for men (Sundhedsstyrrelsen, 2011). Early retirees (age group 60-65) reported good or excellent health almost as often as employed individuals of all age groups (87% versus 92%). People unemployed and people receiving disability pension report lower levels of self assessed health, as would be expected. The fact that there seems to be very little, if any, difference in health between people aged 60-65 years old in early

retirement and employed people in the same age bracket has been corroborated by analysis of individual medical expenses and use of public health services (Velfærdskommissionen, 2006; Arbejdsmarkedskommissionen, 2009).

However, as pointed out in Friis (2011), the finding that people in the voluntary early retirement programme have on average approximately the same health status as people of similar age in employment, is not necessarily a sign that early retirees would not be constrained by their health if they were employed or seeking employment. For some people, early retirement may be the *cause* of good health. If a person is suffering health wise from heavy physical work, it is likely that he or she will report better health after entering early retirement. On the other hand it is not inconceivable that some experience worse self-reported health when leaving the labour market due to loss of self esteem, colleagues and network. There is some international empirical evidence that cognitive abilities show a markedly drop subsequent to retirement (Bonsang et al., 2012, on data from the US) but the opposite has also been found (Bingley and Martinello, 2011, on European data).

Studying the probability of death as an exact indicator for health status, Friis (2011) finds early retirees have a subsequent higher probability of dying than people in employment. At 75, this results in a difference in survival of five percentage points. She argues that the causality runs from being in bad health prior to entering early retirement, but since the probability of dying after the age of 60 has many complex and interacting causes which are difficult to control for, clear causal effects are difficult to maintain. The main drawback in terms of informing current policy is that due to the design of the study, cohorts must be followed for a long time period. Thus, the study is based on the Danish cohort turning 60 in 1990; however, as noted above self-reported health in general has increased markedly since 1990.

A more recent survey by the Danish National Centre for Social Research shows that one out of six early retirees leave the labour market only because of bad health (Larsen et al., 2011). This fraction varies with the business cycle, showing a lower percentage leaving the labour market due to bad health only when labour demand is high. This shows that self-reported health interacts with other factors when individual retirement decisions are taken.

Using the SHARE panel data for Denmark survey Gerke & Lauridsen (2013) find a small negative effect of measured grip strength on the the probability of early retirement. If grip strenght is correlated with health (or at least physical health) this indicates that poor health has an effect on the decision to retire early.⁷

The most telling indicator that poor health and (early) retirement are not two sides of the same coin is the fact that around one-third of individuals aged 60 to 70 years partially regret their decision and would like to regain at least some connection with the labour market. This suggests that health is not a fundamental barrier for extending the working life for many individuals. Of course policies aimed at extending the length of the working life should also cater to individuals which are unable to work for health reasons early in the life course.

⁷ This line of argument is not pursued in their paper.

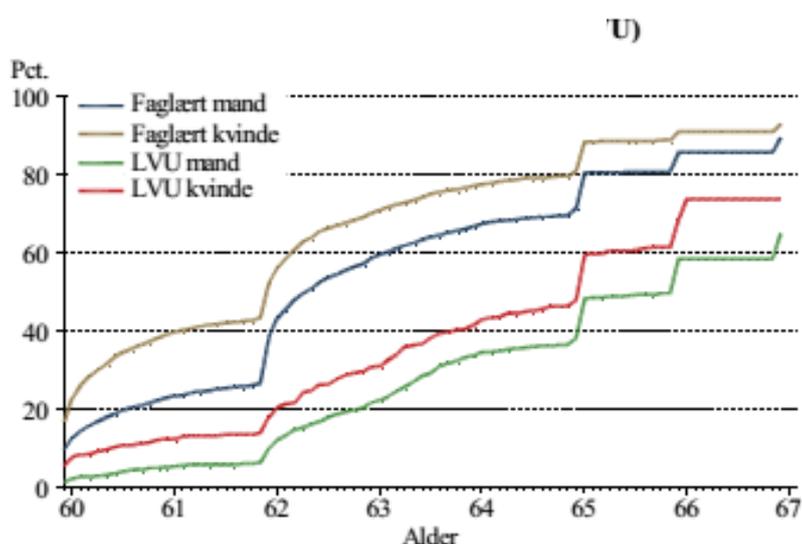
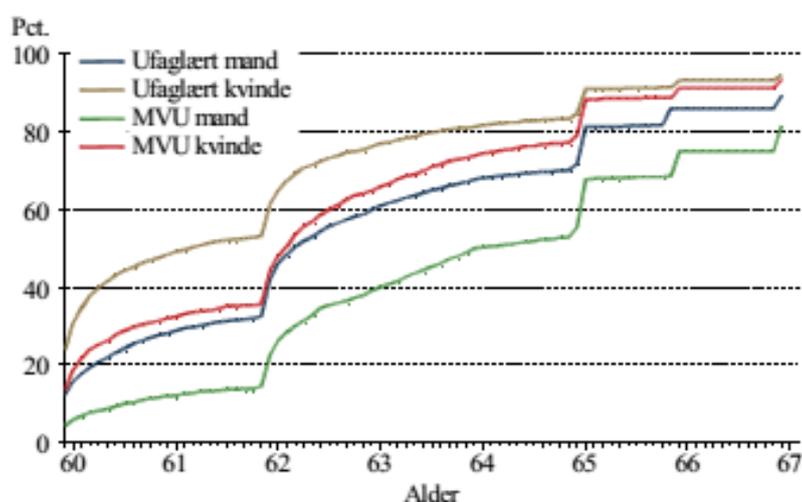
It is important to keep in mind that health status is not a zero/one indicator with respect to the retirement decision. Health status interacts with other factors related to the workplace and the working environment when the decision on retirement is to be taken.

Lifelong learning⁸

As in most other EU countries there has been a persistent correlation between education level and age of retirement in Denmark. The current association between education and retirement is evident when looking at retirement patterns for the cohort born in 1942 (figure 7, DØRS (2013)). Around 30% of non-skilled males have retired when reaching the age of 62. In contrast less than 10% of tertiary educated males have retired at this age. The contrast is even starker when looking at unskilled females compared with tertiary educated females. Whereas for the former more than 50% of the cohort has retired by the age of 62, this is only the case for a bit more than 10% with a tertiary education.

⁸ Figures and tables in this section build to a large extent on Møberg (2011).

Figure 7. Retirement age by education level and gender, 1942 cohort.



Source: DØRS (2013)

Note: The two figures show percentage retirement uptake dependent on age for different educational groups. Top figure: The four lines from top to bottom represent, respectively; low-skilled women, women with bachelor equivalent degrees, low-skilled men, men with bachelor equivalent degrees.

Bottom figure: The four lines from top to bottom represent, respectively, women – skilled worker, men – skilled worker, women with master equivalent degrees, men with master equivalent degrees.

There are several potential explanations for this. Individuals planning to retire early – or have greater preference time spent on non-work (non-formal work) activities – may pursue less education. People with lower education might be more prone to be “worn out” as a consequence of their occupation and therefore more likely to retire. Low education might be associated with less ability to learn new techniques and/or upgrade skills leading to difficulties in maintaining employment over time.

Some of these explanations are supportive of policies that seek to increase long life learning at later stages of the working life as a means to extending working lives.

The Danish system for adult training and education spans the range from basic skills normally acquired in lower secondary school or earlier to masters' level education. The amount of co-financing and entry requirements vary with the level and nature of the training.

In an international comparison Denmark has a high level of further education after the completion of the first degree (OECD, 2012; Cedefop, 2006). It is important to note that this is embedded in figure 7 above. Also adult education and training takes place in all stages of the working life (Table 5).

Table 5. Participation in adult education and training, 2009.

Age Group	Pct.
30-34	40
35-39	42
40-44	44
45-49	45
50-54	42
55-59	34
60+	19

Source: Møberg (2011)

While participation in adult education and training decreases for the 55-59 year olds compared to the 50-54 year olds, it is not dramatic. The relatively lower number for people aged 60+ is influenced by retirement decisions (i.e. there are fewer people aged 60+ to take adult education and training courses). If further adult education is not purely for consumption, human capital theory also predicts a drop in participation towards the end of the working life (Becker, 1962). The drop can also be caused by simultaneous expectations of employer and employees, if, say, the employees expect that employers are unwilling to invest in their skills after a certain age, they might pursue adult education and training less intensively (Fouarge & Schils, 2009). Discrimination against older workers at the firm level may also play a role.

Early retirees (available from the age of 60, cf. above) are less likely to have received training in the five years *prior* to their retirement than have working individuals of same age in the last 5 years (table 6).

Table 6. Participation in adult education and training in the last 5 years prior to retirement, 2009.

	Age Group	Pct.
Have participated	45	61
Have not participated	54	39
Do not know	1	1
Sample size	1,545	366

Source: Møberg (2011)

The important message from Table 6 is that a substantial fraction (45%) received adult education and training in the five years prior to their retirement. This is less than their working peers; however, addressing causality – in terms of the effect on the retirement decision of adult education – is difficult. One way to assess the potential of adult education and training/life-long learning as a strategy to extending working lives is to ask retirees if an increase in training opportunities would have changed their decision.⁹

Møberg (2011) reports that only 7% of early retirees report having actively sought adult education and training but have not been offered it. Of this ratio, 33% answer that they would have stayed longer in employment, had they had increased access to adult training and education. This gives a potential from this group of retirees of 5% (of the early retirees) which would have postponed retirement. Some individuals who had access to training might have wanted more. Including this group gives a potential of 12% of all early retirees who answers that they would have stayed longer in employment had they had better access to adult education and training.

Kristensen (2012) also points to rather small effects of adult training and education in Denmark – at least for Government co-sponsored formal learning. Building on matched employer-employee data over 30 years he concludes that “..the results also show that formal life-long learning appears to have only a marginal impact (if any) in postponing retirement.” His estimates point to retirement being postponed on average one month for each full year of formal adult education.

In a survey conducted in 2012 the Danish Chamber of Commerce asked around 1,000 danes aged 58 to 70 years their views on six options which could have affected their decision to retire – or for those working – if it will potential affect when they retire (Dansk Erhverv, 2012). Better adult education was the option which was the least pointed out as having a potential impact (27% of respondent answered affirmatively). The other options were: Reduced working time (42%), Being encouraged to stay in the job as long as possible (39%), Possibility of being assigned as a mentor for younger colleauges (30%), change of job function (29%) and Special events for older workers within the firm (33%).

There do seem to be a group, however, which are in need of training and for which the current system of adult training and education might not be well-prepared. This group consists mostly of low-skilled males with a career in physically very challenging occupations,

⁹ Of course, retrospective questions carry well-know risks in terms of recall and response biases.

mostly in industry (Hansen, 2011; Mploy, 2011, Diccus, 2013). This is combined with different ingredients such as low self-esteem, difficulties in marketing their skills and workability value. There may also be some resistance to further formal education, both due to the size of the initial monetary investment and a general perception of being too old for further education, as well as negative prior experience with the formal education system.

Age management in companies

The concept of age management in companies can be defined as practices, corporate policies and measures that break down the barriers for employees to work longer or practices that promote age diversity in the work place (Walker, 1999). The issue of good age management or how to manage an ageing workforce has been on the agenda since the late 1980s (from a firm perspective) when the Organization of Danish Employers launched campaigns to encourage employers to focus on age management (Jensen & Møberg, 2012). Several awareness activities were also carried out by the Ministry of Employment in the 1990s aimed at encouraging employers to hold on their senior workers. Maybe as a result of this, three out of four Danish companies think that an ageing workforce is cause for concern in the future (Jensen & Møberg, 2012). However, only 47% of firms say that the aging labour force plays “some” or a “high” role in the company’s human resource management, whereas 53% say it does not play any role or only a small role (Jensen & Møberg, 2012).¹⁰

Jensen & Møberg also make an attempt at identifying how many firms have an *active* age management policy. They do this by asking human resource personnel in the firms how often within the last two years they have asked older employees to delay retirement (Table 7). The question was only asked to companies with older workers.

Table 7. Share of Danish companies with an active age management policy (%), 2009.

Never	71.5
Occasionally	25.9
Often	2.7
<i>Question: “In the last two years, how often did you ask older workers to delay their date of retirement by one or more years?” N = 548.</i>	

Source: Jensen & Møberg (2012).

Around 29% of firms had actively conducted age management – defined as asking older employees to delay their retirement. The survey is interesting, even if the definition is narrow, because it was conducted in mid-2009, and hence the question relates to the period from mid-2007 to 2009. While 2009 and second half of 2008 are likely to be periods where many firms were happy to let staff go, the second half of 2007 had historically low unemployment levels with many firms having problems recruiting. However, it is still difficult to assess the magnitude of the findings, since one age management policy would be to

¹⁰ Survey conducted as part of the FP7 project ASPA reported in (Jensen & Møberg, 2012)

intensively train and upgrade people until they retire and not interfere with that decision. In this survey the firm would then be deemed as having an inactive age management policy. It is also interesting because surveys have shown that being directly encouraged to stay longer in the job is a powerful motivator for doing so (Aeldresagen, 2010).

It would be interesting to see a survey correlating the response to a question along the lines above with some measure of the difficulties the firm is having recruiting for open positions. This might enable one to sort more firms more precisely (i.e. active age management if easy to recruit but still encourage older workers to stay in the job) according to how active their age management policy is, but since age management can take many dimensions it may still be difficult to operationalise.

Jensen and Møberg also investigated which policy levers are used by Danish companies in their age management (Table 8).

Table 8. Instruments applied by Danish companies in their age management policy, 2009.

	Already used (%)	Will be considered (%)
Part-time retirement	8.8	23.6
Reduction of working time before retirement	33.8	29.2
Training plans for older workers	7.2	16.8
Early retirement schemes	6.1	21.4
Possibilities of extra leave for older workers	25.9	30.0
Decreasing the workload for older workers	23.9	31.9
Reduction in task and salary (demotion)	9.4	21.1
Ergonomic measures	28.2	18.5
An age limit for irregular work/shift work	5.7	8.4
Promoting internal job mobility	19.7	19.5
Continuous career development	27.2	21.2
Flexible working hours	52.5	21.4

Question: "Which of the following measures regarding older workers are currently applied in your establishment? If not, do you expect it to be considered in the near future?" N = 571.

Source: Jensen & Møberg (2012).

The most used age management policies are reduction of working time, decreasing workload, extra time off, ergonomic measures, continuous career development and flexible working hours. A number of studies on age management predating Jensen and Møberg with some years show similar findings.¹¹

Larsen (2006), based on a survey of Danish employers, observes that half of the the employers say they do something actively to keep workers older than 60 on the job, with a quarter saying they do a lot. Twenty percent have an age management policy written down. Public employers are like to have more focus on the issue, whereas small private companies have much less focus on age management. Flexible working time and continuous career development and training are the most used instrument with less demanding tasks also

¹¹ See Rasmussen (2006) for a concise description of some of these studies

important. Larsen reports that more than half the employers think that the policies have helped to a large or some extent to retain workers. These numbers are corroborated by Ellerbaek et al. (2012). Based on survey data they report that 61% of workers above the age of 50 say that their employer wish to retain workers after the age of 60. However, only 43% reports that their employer actually do something to retain older workers. Regarding the division among public and private companies the perception is that private companies do most to retain older workers. This is in contrast to the finding of Larsen et al. (2006), where they were asking employers the same question.

A study conducted in 2004 by DIEU (a private provider of adult training and education) showed that around 50% of Danish firms did not have a specific policy for age management which could help to retain older workers in the firm (Poulsen et al., 2006; DIEU, 2005). Another study (reported in Rasmussen, 2006) puts the share of firms with a written policy which is actively communicated to one-third. There is thus some indication that the share of firms with age management policies has stayed consistently broadly around 50% since the early 2000s, although Larsen (2006) finds that only one out of five have a written age management policy. It is difficult to draw too bold conclusion from these surveys since some companies may have excellent life course policies catering to all age groups without a specific focus on older workers (thus avoiding potential stigmatization). However, the general perception seems to be that for the moment the issue of age management policies is not a top priority in companies, and that it was easier to get management's attention to the issue before the crisis, when the labour market outlook was much less positive seen from an employer perspective.

Another measure of companies' view on older workers is to ask to their attitudes towards hiring older workers.¹² Larsen (2006) reports results from asking this and found that less than 15% of managers have a negative attitude towards hiring older workers.

Best practices or examples of good age management policies have been prepared by the The Danish Confederation of Trade Unions, LO (2004). On the basis of this report Rasmussen (2004) sums up the following five characteristics of a modern and future oriented age management policy:

- Active and focused on continuous development rather problem orientated. They focus on the carrot – not the stick, and they lay the foundation for older workers continuation of his or her career.
- Integrated in the general HR policy. Life course oriented, thus, not setting in only when turning, say, 55 years old.
- Stimulates career paths other than the traditional vertical promotional track.
- Do not pigeon hole older workers but acknowledge diversity.
- Break with negative rhetoric.

More recently ASPA (2010) has investigated age management practices in 10 Danish companies with comparative results reported in Frerichs (2011). In comparison with seven other countries (France, Germany, Italy, the Netherlands, Poland, Sweden and UK) age

¹² One may assert that it is difficult to get straight forward answer to such a question.

management practices and policies in Denmark are more likely to cover health promotion and focus on the workplace design and trade unions are likely to have been involved in formulating the policy. There is also a greater tendency for elements of continuous career development, reduction in working time to play a role, possibilities for extra leave, decreasing the workload (and the salary).

In order to spread good practices of age management and assist companies in getting started with age management, the Danish Agency for Labour Retention and International Recruitment under the Ministry of Employment has been running a website with information on age management practices (seniorpraksis.dk), and has awarded a prize to firms with the most innovative/best practice age management policies. As far as I am aware there is no public available evaluation of the initiative.

Perceived skills of older workers

There are a number of Danish studies on the kind of skills and competences managers see in older workers and how they rank relative to perceived competencies of younger workers. The overall conclusion is that the differences in perceived skill sets are not that big across age groups, except for a couple skill categories (Rasmussen, 2006). Older workers are perceived to be more loyal, reliable, responsible and stress resistant while less creative and change resistant. Danish Chamber of Commerce found in 2012 that older workers are perceived as less interested in training and learning and less eager to learn new technologies (DA, 2012). Jensen and Møberg (2012) saw roughly the same in their survey of firms.

Lack of interest in training and learning does not have something to do with age per se even if it is correlated with age (Rasmussen, 2006). He points out that work disengagement is likely to set in if an individual has been too long in the same position and there is no development of content and/or skills. Since older workers are more likely to have been longer in the same job, this effect will show up as if older workers are less likely to want skills development, be less flexible etc. Rasmussen (2006) suggests more research in identifying age related skills and quantifying their total contribution to value creation in companies.

Entrepreneurship

The issue of senior entrepreneur is not pertinent in the Danish context, and the share of older individuals having income from own businesses has fallen slightly within the last 20 years (Larsen and Pedersen, 2012). One could argue that there is a potential since Denmark has a relatively low ratio of older to prime age people involved in start-up activities (OECD/Commission, 2012).

What keeps older workers working?

It is relatively well documented which elements of age management policies are successful in keeping older workers working in the Danish context. A number of survey and qualitative interview studies have been conducted (Larsen et al. 2011; Breidahl, 2011; ÆldreForum, 2007; Poulsen et al. 2006). Overall, it has to be pleasant to go to work, with the joy coming

from the work itself, colleagues, customers and or the feeling that ones work is valued and appreciated.

The last point is important; in a survey of older workers Aeldresagen (2010) found that direct communication from management to the individual worker that he or she is wanted to stay as long as possible is a powerful motivator for older workers.

Flexible working time is often mentioned as important as is a good atmosphere with colleagues, interesting work tasks and the opportunity to pass down knowledge to younger workers. The feeling that the effort is appreciated is equally important. Some gender differences have been reported – i.e. male workers seem to attach more importance to the earnings aspect than women. A feeling that is hard to satisfy the demands on the job is associated with earlier retirement (Larsen, 2008).

An interesting social innovative project which has been running for a couple of years in the city of Århus takes as its starting point the assumption that many senior workers are in fact unprepared for the third career from around the age of 60.¹³ Instead many simply choose some kind of default option of early retirement or part time work offered by the firm, without properly consider what those choices imply, and if this is what they should do. Thus, the current paradigm and societal norms reinforce a stereotypical view that retirement is the best think that can happen because of all the freedom one gets. This is somewhat confirmed by Ellerbaek et al. (2012) which shows that close to 50% of private sector workers over 50 years have the impression that the typical retirement age in their company is 60 (14%) or 62 (33%). Corresponding numbers for public sector workers are lower (8% and 22%, respectively).

It targets workers around the age of 58-59 who are at the stage where they can to choose between early retirement and continued career. The concept is to bring people together for a talk about their third career. The two-day workshop is moderated/managed by a coach intermixed with experience sharing among participants. The workshop is not aimed at extending working life, but to extend active ageing. Participants are encouraged to set goals for their third age. This can be to continue working part time instead of retiring, but it might as well be a decision to join a voluntary organization or something else.

It also includes a health component where a fitness test is included to make people pay attention to the value of good health and condition as a prerequisite for an active third age. As part of the project the team has visited companies to make them more aware of age management policies and to seek placement for suitable unemployed candidates.

The workshop model has been evaluated with good results. Around 40% decide to stay longer on the labour market than otherwise planned, 40% are encouraged to improve their

¹³ Poul-Erik Tindbæk from en3karriere.dk received EU's social innovation prize in 2012 for this project.

health and almost half decide to join volunteering work. How long people follow through on these plans are naturally difficult to assess but the initial results are encouraging.

Conclusion

There does seem to be a potential for extending working lives for people over 60 in the Danish context. Given adequate age management policies, health does not seem to be the main factor behind early retirement. In the current context the economic incentive to retire at 62 via the voluntary early retirement system might limit the effect that other policies would have on the retirement age. However, from a prospective analysis, the voluntary early retirement system will be less generous and will from 2019 only set in from the age of 63.

Many Danish companies have an age management policy, and some have these embedded in a life course perspective. However, there is room for improvement on this front. The share of firms with an age management policy does not seem to have changed in recent years – maybe due to the economic crisis. Firms where flexible working time is possible, where there is a good working climate are likely to be able to hold on to their older workers, if they communicate it clearly. Managing working and social life does not seem to be a challenge for older workers in a Danish context.

Generally older workers are satisfied with their work place and working environment – but it is not clear that age discrimination is *not* a problem. There are some indications that economic incentives are not working to their full potential because of a lack of knowledge and transparency about the rules.

Interestingly, there might also be barriers to individual decision making, which shorten working lives relative to what a ‘well-informed’ decision process would have lead to. The mentioned project with workshops to self-learn about the third career is interesting not only from a working life perspective, but from the perspective of active ageing as well. In line with this, one way to make retirement more flexible may be to work with firms in order to communicate that there is no such thing as a ‘normal’ retirement age.

Finally, it is worth noting that a general extension of working lives is no longer necessary from a public finance sustainability view.

Annex: List of interviewed experts

Per H Jensen, Professor, University of Aalborg.

Maria Mølgaard, Founder and CEO of senior-vikar.dk. A company specialised in finding temporary and permanent work to seniors.

Villy J. Rasmussen, Management Consultant. Former HR director in leading Danish international companies. Expert member of the Think tank “The ageing Society 2030” under the Ministry of Science, Innovation and higher Education.

Poul-Erik Tindbæk, Social Innovator. Project manager in en3karriere.dk. Publicly financed project aimed at extending working lives and active ageing in general.

Anne Kristine Høj, Senior Economist, Danish Economic Councils

Helle Krogh Hansen, Head of study programme, University College UCC. Practical and theoretical experience with research on life-long learning.

Christian Sølyst, Employment specialist, The Danish Confederation of Trade Unions (LO)

Mona Larsen, Senior Researcher, The Danish National Centre for Social Research (SFI).

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