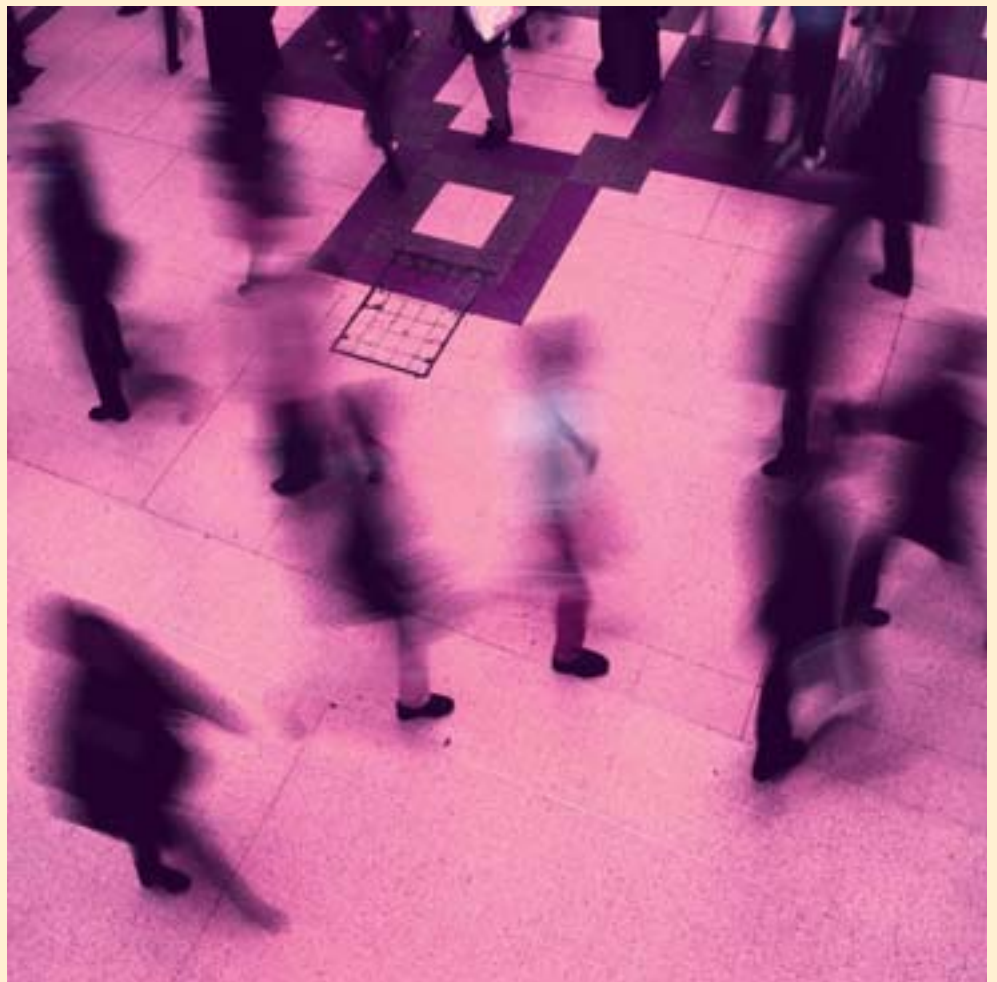




Early and phased retirement in European companies



Establishment Survey on Working Time 2004-2005

Early and phased retirement in European companies

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Establishment Survey on Working Time 2004–2005

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Foreword

Working time arrangements and work–life balance are important issues on the EU political agenda. In a diverse and fast-changing economic climate, both companies and workers need flexibility. Working time arrangements can have a significant bearing on the efficiency, productivity and competitiveness of companies, not to mention the health, well-being and motivation of their employees. In order to reach the Lisbon employment objectives of more and better jobs for everyone, governments are being encouraged to implement policies aimed at achieving more harmony between work and family life. In general, it is intended that employment rates for women and older workers should increase, and the policy debate has focused on the steps needed in order for this to happen.

Against this background, the European Foundation for the Improvement of Living and Working Conditions has been committed to obtaining more in-depth information on the use of working time arrangements in European companies, the reasons for using such arrangements and the outcomes for both companies and workers. In 2004, the Foundation launched its first Establishment Survey on Working Time in 21 European countries: the 15 ‘old’ Member States of the European Union and six of the new Member States – the Czech Republic, Cyprus, Hungary, Latvia, Poland and Slovenia. The survey was a questionnaire-based, representative sample survey in more than 21,000 establishments, which aimed to analyse working time arrangements and work–life balance issues at the workplace by interviewing personnel managers and, where available, formal employee representatives. In particular, it focused on flexible working hours, overtime, part-time work, work at unusual hours, such as shift or night work and weekend work, childcare leave or other forms of long-term leave, and phased or early retirement.

This report analyses the data from the survey to address the issue of phased or early retirement, exploring the institutional frameworks of these schemes as well as the influencing factors specific to the establishment. Apart from the issue of whether such schemes are available in the companies examined, the analysis also provides information on the proportion of employees eligible for early or phased retirement and the reasons for making use of such schemes. The deployment of both schemes is examined from a management and employee representative perspective. In doing so, the report underlines that a wide range of factors – including company size, sector, experience of part-time work, the employment situation in the establishment and the employee’s individual situation – determine the extent to which phased or early retirement schemes are used.

Although both early retirement and phased retirement are used as measures to encourage flexible working life arrangements, in turn improving work–life balance, the survey results suggest that phased retirement is more frequently used for this purpose. Early retirement, on the other hand, seems to be more frequently used for other reasons, such as reducing the number of personnel or as part of structural changes.

This report provides unique insight into the extent to which such retirement schemes are used in European companies. We trust it will be a useful contribution towards shaping the policies which seek to increase the employment rates of older workers while supporting work–life balance.

Jorma Karppinen
Director

Willy Buschak
Deputy Director

Country codes

EU21 = EU15 + NMS6

EU15 (former 'old' Member States pre-enlargement 2004)

AT	Austria
BE	Belgium
DK	Denmark
FI	Finland
FR	France
DE	Germany
EL	Greece
IE	Ireland
IT	Italy
LU	Luxembourg
NL	Netherlands
PT	Portugal
ES	Spain
SE	Sweden
UK	United Kingdom

NMS6 (Six of the 10 new Member States that joined the EU in 2004)

CZ	Czech Republic
CY	Cyprus
HU	Hungary
LV	Latvia
PL	Poland
SI	Slovenia

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Introduction

In order to comply with the resolutions of the European Council of 2001, the aims of which include increasing the employment rate among people aged 55–64 years and the average retirement age, EU countries are currently discussing strategies designed to meet these objectives. As the European Commission's report, *Employment in Europe 2006*, shows, while nearly all Member States increased employment rates for older workers between 2000 and 2005, there remains a significant shortfall in relation to the 50% target at EU level. Since the timing and the nature of the transition into retirement are influenced by the legal framework within the different countries, early and phased retirement schemes play an important role in this context.

In 2004, the European Foundation for the Improvement of Living and Working Conditions launched the Establishment Survey on Working Time and Work–Life Balance (ESWT), a large-scale representative sample survey conducted at establishment level in 21 European countries, comprised of older and new Member States. The survey focused on a variety of working time arrangements, including flexible working hours, overtime, part-time work, work at unusual hours (for example, shift, night or weekend work), parental leave and other forms of long-term leave, as well as early or phased retirement. This report explores the latter topic of early and phased retirement (progressive or partial retirement) from the perspective of the central actors at establishment level, namely personnel managers and employee representatives (see Text Box 1 for more information about the ESWT).

Various aspects regarding early and phased retirement were examined within the framework of the ESWT. Apart from the issue of whether the use of such schemes is possible in the companies examined, information was also gathered with regard to the proportion of employees eligible for early or phased retirement and the reasons for making use of such schemes. Relevant questions regarding these two options were directed at both management and employee representatives.

This report provides an overview of the distribution of and extent to which both schemes are used. In this context, the institutional frameworks of early and phased retirement are not only examined, but also the influencing factors specific to the establishment. Finally, the deployment of both schemes is examined from a management and employee representative perspective.

Establishment Survey on Working Time and Work-Life Balance (ESWT)

The ESWT was launched by the Foundation in 2004 in 21 European countries: the 15 'older' Member States of the European Union (EU15) and six of the new Member States (NMS) – the Czech Republic, Cyprus, Hungary, Latvia, Poland and Slovenia. In more than 21,000 establishments, personnel managers and, where available, formal employee representatives (for example, shop stewards and members of works councils) were interviewed about working time arrangements and work-life balance issues in their companies.

Data obtained from the ESWT are representative for all establishments with 10 or more employees in the abovementioned countries. The survey covers private and public establishments from virtually all sectors of activity, with the exception of 'agriculture', 'forestry', 'private households' and 'extraterritorial organisations'. In these sectors, the number of companies employing 10 or more employees is negligible in the countries surveyed. The sample design provided for a control of the representative distribution of interviews among the two main sectors 'Industry' (NACE C – F) and 'Services' (NACE G – O). In a finer breakdown, weaknesses with regard to the representation of the sub-sectors 'education' (NACE M) and 'health and social work' (NACE N) show up in some countries, due to deficiencies in the available sampling sources (for details, see Riedmann et al, 2006, p. 57).

Interviews for the survey were carried out via telephone in the autumn of 2004 in the EU15 countries and in the spring of 2005 in the six NMS countries. TNS Infratest Sozialforschung Munich coordinated the fieldwork for the survey, which was carried out in the autumn of 2004 (EU15) and in the spring of 2005 (NMS6). In total, 21,031 personnel managers were interviewed, along with 5,232 employee representatives from the same establishments.

Unless otherwise stated, all figures in this report reflect the distribution of establishments, and not of employees (more details on the survey methodology can be found in Riedmann et al, 2006, pp. 55–66).

Based on the findings of the ESWT, the Foundation aims to produce a series of seven different analytical reports. A consortium of research institutes and experts from different European countries, coordinated by TNS Infratest Sozialforschung, will draft these reports. The analysis consists of the following three main steps:

A first analysis of the survey data is presented in the overview report (Riedmann et al, 2006).

In a second step, a series of four additional reports have been produced, which focus on specific working time arrangements. This current report focuses on early and phased retirement. The three other reports explore the issues of part-time work (Anxo et al, 2007), parental leave (Anxo et al, 2007), and extended operating hours and unusual working hours (Kümmerling and Lehndorff, 2007).

In a third step, two reports will be produced which analyse the data in a more comprehensive way. One report will focus on flexibility at company level and will analyse the interrelations between the different working time arrangements. The second report will examine social dialogue at company level in relation to working time and work-life balance issues.

Early and phased retirement in Europe

1

One of the aims of the European Employment Strategy (EES) is to improve the employment situation of older employees. This aim has not only arisen out of demographic trends and various predictions regarding a possible lack of skilled employees, but is also related to difficulties in financing social security systems, as can be observed in many countries.

The Stockholm European Council of 2001 agreed on the target that at least 50% of older people aged 55–64 years should be in employment by 2010. Moreover, the Barcelona European Council of 2002 concluded that efforts should be made to increase opportunities for older people to remain in the labour market. The latter target constitutes raising the actual age at which people withdraw from the labour force by an average of five years, also by 2010 (European Commission 2005, p. 56). In this context, the EU Member States are currently discussing strategies to improve the employability of older employees, to create incentives for workers to remain in employment for longer, and to reduce the number of early retirement schemes, which were widely used in the past. Accordingly, early retirement incentives that already exist in the social security systems of the EU15 countries are to be successively reduced (see Annex 1). Some Member States are already striving to promote employment of older people beyond the statutory retirement age, such as France, Spain and Portugal (for more detailed information, see OECD, 2006, Chapter 4; EIRO, 2001). In contrast, most of the NMS countries do not have such differentiated regulations in place for phased or early retirement. Instead, these countries are primarily concerned at present with problems related to adapting their labour markets to the new conditions. This is particularly evident in the former socialist countries, which are undergoing a profound economic and social transition. Nevertheless, the NMS countries also have to overcome demographic challenges similar to those being faced by the EU15.

The employment rate of older people, as various studies have shown, is less influenced by early retirement incentives implemented by the social security systems, than it is by the economic situation, the proportion of women in employment and demographic trends (Kraatz et al, 2006; Bosch and Schief, 2005). Nevertheless, the time and nature of employees' transition into retirement are also influenced by a multitude of welfare state framework conditions, which affect the behaviour of employees and employers. These conditions include retirement age regulations, various options available for taking early retirement (which are usually cushioned by some level of income), as well as options for combining employment income, social security and pension payments. Furthermore, factors like employment protection legislation, seniority wages and discrimination of older workers could influence the decisions of both employers and employees with regard to early retirement.

Statutory regulations for transition into retirement

The statutory age for retirement varies considerably in the 21 countries examined in the ESWT. Not only does it differ from one country to another, it also varies within the individual countries between male and female employees and/or between different groups of employees. Moreover, different types and options are available for the transition into early retirement. An overview of the most important arrangements is presented in Table 1.

Early and phased retirement in European companies

Table 1 Statutory retirement age and options for early retirement, by country

Country	Statutory retirement age ¹		Average exit age in 2003 ²	Options and age for early retirement ¹
	Men	Women		
Austria	65 years	60 years	58.8 years	Early retirement possible for men at 62 years of age, or for women at 57 years of age
Belgium	65 years	64 years	58.7 years	Early retirement possible at 60 years of age, various special regulations apply
Cyprus	65 years		62.7 years	Early retirement possible at 63 years of age (a certain minimum income or type of disability applies)
Czech Republic	61.75 years	Depends on number of children	60 years	Early retirement is possible two to three years before statutory retirement age, if certain criteria are met (deductions apply)
Denmark	State pension at 65 and 67 years of age respectively Income-related pension supplement at 67 years of age		62.1 years	Early retirement possible if certain criteria (e.g. disability) are met (deductions apply) Pension supplement is possible between 65 and 67 years of age
Finland	State pension at 65 years of age Income-related pension supplement: from 63 up to 68 years of age (according to one's own choice)		60.3 years	Early retirement possible at 62 years of age
France	60 years		59.6 years	Early retirement possible at 56 (employment starting age of 14 applies), 55 for severely disabled
Germany	65 years		61.6 years	Age varies for certain groups (women, unemployed people, severely disabled people); early retirement possible if certain criteria are met
Greece	65 years	60 years of age (65 years for those insured from 1 January 1993 onwards)	63.2 years	Early retirement possible after 37 years of contribution or from the age of 55 years, if certain criteria are met
Hungary	62 years		61.6 years	Early retirement in different gradings is possible under certain conditions
Ireland	Retirement pension at 65 years of age Contributory old age pension at 66 years of age		64.4 years	None*
Italy	65 years	60 years	61.0 years	Early retirement possible at 57 years of age (after 35 years of contribution), or anytime after 40 years of contribution, further special regulations apply
Latvia	62 years	61 years	60.3 years	Early retirement up to two years before statutory retirement age is possible
Luxembourg	65 years		-	Early retirement possible at 57 years of age (after 40 years of statutory insurance), or at 60 years of age
Netherlands	65 years		60.4 years	None*

Table 1 (continued)

Country	Statutory retirement age ¹		Average exit age in 2003 ²	Options and age for early retirement ¹
	Men	Women		
Poland	65 years	60 years	58 years	Early retirement possible for those born before 1949 if certain criteria are met, for women at 55 years of age, for disabled persons at 55/60 years of age
Portugal	65 years		62.1 years	Early retirement possible at 55 years of age (after 30 years of contribution, or employment in difficult or unhealthy conditions, if unemployed)
Slovenia	63 years	61 years	56.2 years	Early retirement possible at 58 years of age (40 or 38 years of contribution apply)
Spain	65 years		61.4 years	Early retirement possible at 61 years of age if certain criteria are met (employment in difficult/unhealthy conditions, insurance before 1967)
Sweden	65 years		63.1 years	None*
United Kingdom	65 years	60 years	63 years	None*

Note: ¹ Source: www.europa-kontakte.de; special regulations for individual groups of professions and employees are not listed.

² Age at which older people exit from the labour force; this is not necessarily the age of entry into retirement, but may also indicate an exit, for example, into unemployment (European Commission, 2005, p. 58). HOD querying link with author.

*As will become clear in Chapter 2, the responses to this survey also referred to statutory regulations as the basis for early retirement in these particular countries. This may possibly be attributed to the special regulations for certain groups of people in these countries that are not listed in Table 1. Moreover, it is plausible that collectively agreed or company regulations are viewed by some companies as statutory regulations.

Labour market policy and work–life balance

Early retirement enables employees to exit employment before the statutory retirement age. The transition into retirement can be achieved in quite different ways. A phase of unemployment benefits, for example, may be used following a redundancy as a bridging period until entry into early retirement. Other arrangements enable people to draw their pensions earlier; however, in some cases this may result in a reduction of the monthly pension amount. In some countries, it is possible for certain categories of employees (for example, shift and night workers, employees in certain sectors) to draw an early pension. The respective paths are often defined by specific entry requirements, such as those relating to age, number of years in employment, or replacement by younger workers. Early retirement serves the main purpose of relieving the labour market and thus counters somewhat the actual aim of the EU to increase the employment rate of older people.

In contrast, phased retirement, unlike early retirement, promotes the employment of older workers. Within this framework, employees of a certain age have the option of reducing their working time, an arrangement that is usually associated with a reduction in income. As is the intention of the EES, the employment rate of older people can be increased through phased retirement. This would be the case if the transition into early retirement was thereby avoided and/or if there was a redistribution of the workload among, for example, several older people.

Phased or 'progressive retirement', as it is sometimes referred to, is offered in the majority of EU countries. However, the form in which it is offered differs from country to country. Only the option of reducing working hours is common to all the countries. In contrast, entitlement conditions, periods of use and type, and level of income compensation differ between countries. Sometimes during phased retirement, income is supplemented by unemployment benefits, partial pensions, other state benefits and/or employer subsidies. In this context, certain types of 'partial retirement' can also be considered as a form of phased retirement.

Early retirement as well as phased retirement can be instrumental in achieving a more favourable work-life balance at the end of a person's working life. However, this can only be fulfilled if such arrangements are the result of individual preferences and are chosen by the employees themselves, rather than due to reasons connected to the respective company or the labour market. If such arrangements are to help improve people's work-life balance, the employees themselves must choose early retirement or phased retirement in preference to the 'conventional' option of entering into retirement once the statutory retirement age has been reached.

Through an early or phased transition into retirement, more free time can be made available, enabling people to invest more time in other areas, such as family, voluntary work and hobbies. On the other hand, these schemes are sometimes chosen for health reasons to relieve work-related stress or strain. Historically, however, phased retirement and particularly early retirement have served as instruments of labour market policy, often being used as a cushion for redundancies to redistribute work from older to younger employees, to relieve the labour market, and to reduce unemployment.

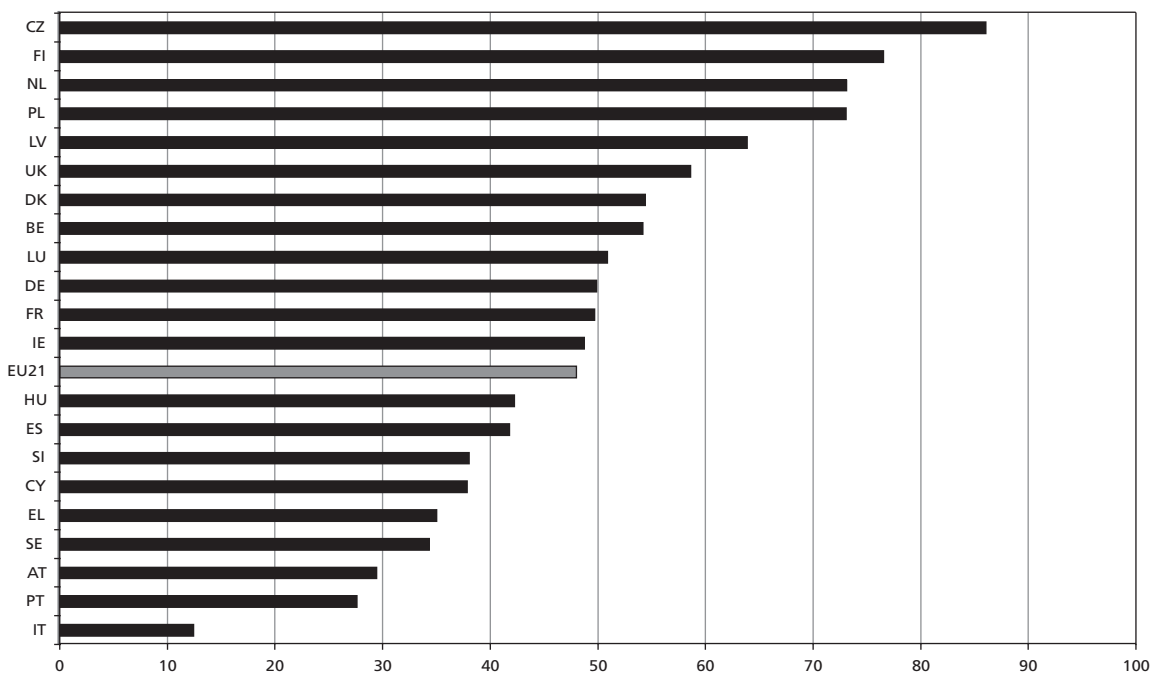
Use of early retirement options in establishments

Availability and extent of early retirement arrangements

In the ESWT, the following question determined the availability of early retirement options: ‘Do employees in your establishment have the option of early retirement before the statutory retirement age?’ The findings show that almost half of the establishments (48%) indicated that they do offer early retirement options to their employees.

While the question regarding the option of early retirement was directed at all establishments, the question regarding the option of phased retirement was only directed at those establishments with employees aged 50 years or over. When considering only those establishments that, at the time of this survey, employed people over the age of 50 years, the share of establishments offering the option of early retirement is three percentage points higher, at 51%. Further information regarding the proportion of establishments without older employees is given in Chapter 3.

Figure 1 Share of establishments offering early retirement to their employees, by country (%)



Base: All establishments (management interviews)

Source: ESWT, 2004–2005

In a comparison between the countries, the share of establishments offering the option of early retirement ranges from 12% in Italy to as high as 86% in the Czech Republic (Figure 1). It is noticeable that in all of the southern European countries, the share of companies offering the option of early retirement is below the European average.

When asked about the institutional basis of early retirement, a total of 85% of establishments indicated that it is based on statutory regulations and/or collectively agreed provisions, or employer/works council agreements (Table 2). Statutory regulations assume the pole position at 47%,

followed by collective agreements or employer/works council agreements at 27%. Some 11% of establishments cited statutory regulations as well as collective agreements or employer/works council agreements as a basis for early retirement; 9% of the establishments indicated that the option for early retirement was not based on any of the aforementioned regulations or agreements.

Table 2 Institutional basis of early retirement, by share of establishments and country

	Share of all establishments offering early retirement	Basis on which establishments offer the possibility of early retirement			
		Statutory regulations	Collective agreements or employer/works council agreements	Both	None of these
Austria	29%	62%	15%	10%	10%
Belgium	54%	40%	39%	10%	*
Cyprus	38%	51%	10%	*	20%
Czech Republic	86%	78%	4%	6%	10%
Denmark	54%	36%	34%	10%	13%
Finland	77%	50%	25%	16%	*
France	50%	41%	23%	19%	12%
Germany	50%	50%	28%	12%	9%
Greece	35%	82%	7%	5%	*
Hungary	42%	88%	*	5%	*
Ireland	49%	20%	50%	7%	21%
Italy	12%	36%	41%	11%	*
Latvia	64%	84%	*	7%	*
Luxembourg	51%	48%	21%	11%	*
Netherlands	73%	26%	63%	8%	*
Poland	73%	89%	4%	2%	*
Portugal	28%	46%	17%	26%	9%
Slovenia	38%	40%	16%	31%	*
Spain	42%	44%	34%	10%	4%
Sweden	34%	25%	29%	19%	10%
UK	59%	17%	40%	13%	19%
EU21	48%	47%	27%	11%	9%

Note: *Not indicated since number of interviews is too small ($n < 20$). The sum of the figures in columns 2–5 does not always equal 100%, as answer options such as ‘don’t know’ and ‘no answer’ are not listed.

Base: All establishments (column 1); all establishments offering early retirement (columns 2–5) (management interviews)

Source: ESWT, 2004–2005

There are, however, large discrepancies between the countries in this respect (Table 2). Among the countries in which statutory regulations play an important role are Hungary, Latvia, Poland, Greece, the Czech Republic and Austria, in other words, virtually all of the eastern and central European countries involved in the study. The option of early retirement in these countries is therefore not merely down to a management decision; rather, the management is forced to accept employees’ applications made on the basis of statutory regulations. This is probably one of the reasons why the offer of early retirement schemes appears to be the most extensive at establishment level in the Czech Republic (86%), as well as in Poland and Latvia (73% and 64% respectively).

Table 3 Take-up rates of early retirement in establishments offering this option, by country*

	Almost all or most eligible employees	Some eligible employees	Practically nobody	No experience yet	Total
Hungary	16%	33%	43%	7%	100%
Austria	6%	29%	53%	9%	100%
Czech Republic	2%	14%	73%	10%	100%
Germany	12%	34%	42%	12%	100%
Belgium	27%	20%	40%	13%	100%
Italy	6%	20%	54%	17%	100%
Sweden	7%	21%	47%	23%	100%
Luxembourg	12%	17%	45%	25%	100%
EU 21	11%	21%	40%	26%	100%
Slovenia	5%	25%	42%	26%	100%
Netherlands	34%	16%	19%	27%	100%
Poland	20%	25%	25%	28%	100%
France	12%	17%	42%	28%	100%
Ireland	**	9%	57%	31%	100%
Latvia	2%	18%	43%	34%	100%
United Kingdom	**	11%	48%	34%	100%
Finland	12%	20%	32%	36%	100%
Denmark	10%	18%	26%	42%	100%
Spain	8%	20%	23%	44%	100%
Cyprus	**	12%	36%	48%	100%
Portugal	**	8%	29%	58%	100%
Greece	**	10%	18%	67%	100%

Note: * Order of countries by column 'no experience yet'. ** Not indicated since number of interviews is too small (n<20). The sum of the figures in each line does not always equal 100%, as answer options such as 'don't know' and 'no answer' are not listed.

Reading example: In the EU21, in 11% of the establishments offering early retirement, 'almost all' or 'most' of the eligible persons made use of this offer over the past three years.

Base: All establishments offering early retirement (management interviews)

Source: ESWT, 2004–2005

Statutory regulations aside, collective agreements and/or employer/works council agreements may also form the basis for establishments offering an early retirement scheme. Such arrangements are particularly evident in the Netherlands, as well as in Ireland, Italy, the UK and Belgium. Furthermore, the type of scheme and the actual conditions, for example the impact on the respective pension amount, play an important role in influencing whether offers based upon statutory regulations and/or collective agreements or employer/works council agreements will be taken up by the employees.

The existing option for an early transition into retirement is used in establishments to a different extent. It is noteworthy that many establishments in which this option is available in principle have had little or no practical experience of early retirement to date (Table 3).

On average, 40% of all European establishments in which the option of early retirement is available in principle indicated that virtually none of their employees have availed of this option, while 26%

of establishments indicated that they have not had any experience of this scheme to date. In 21% of the establishments, at least some of the eligible employees have taken up the option of early retirement, while 11% of the establishments indicated that, in the last three years, almost all or most eligible employees have taken up the option of early retirement.

It is also noteworthy that in establishments in southern European countries that offer the option of early retirement in principle, the opportunity is not taken up by employees. In the last three years, early retirement options were used most extensively in the Netherlands, Belgium, Hungary, Poland and Germany.

Even in countries where early retirement is based on statutory regulations, for example in Greece and Portugal, the option is only occasionally used. This finding further supports the hypothesis that it is not only the statutory regulations and the offer made by the respective establishments that influence the take-up of early retirement in practice, but that other factors, such as eligibility conditions and the actual conditions of the scheme offered, can also be decisive.

Factors influencing use of early retirement

Factors influencing availability of early retirement schemes

The option of early retirement and the extent of its take-up are not only influenced by institutional framework conditions, but also by factors relating to the individual employee and to particular characteristics of the company – so-called ‘pull and push factors’. This section focuses on the factors specific to establishments and on the type of factors that influence the offer and extent of early retirement take-up. In order to identify the factors influencing early retirement, descriptive evaluations as well as multivariate analyses were carried out, with the offer and extent of early retirement take-up representing the dependent variable (see Annex 2 for more information on the estimation method and independent variables). In this context, explanatory variables – such as characteristics of the personnel structure, company organisational features (size of company and sector of activity), economic and employment indicators, as well as working time arrangements – were taken into consideration. The results of these estimations are outlined here and supplemented with descriptive findings (Table 4).

The estimated results indicate, in the first instance, that the size of the establishment exerts a significant influence on the offer of early retirement. The option of taking early retirement is significantly lower in small and medium-sized establishments than in larger ones. These findings can also be confirmed using the descriptive evaluations. On average, 68% of European establishments with 500 or more employees offer the option of early retirement compared with 43% of establishments with between 10 and 19 employees (Table 5).

Table 4 Factors influencing offer and take-up of early retirement

Explanatory variables	Offer of early retirement	Take-up of early retirement
Organisational features		
Size of establishment (reference category: establishments with 500 or more employees)	- *	200–499 employees: 0 * Otherwise:- *
Sector in which establishment operates (reference: education)	- *	Varies between - and 0 *
<i>Characteristics of personnel structure</i>		
Proportion of female employees	0	-
Proportion of qualified employees	0	+
Proportion of older employees	+	+
<i>Indicators of financial position and employment situation</i>		
Good economic situation	0	0
Need to shed personnel	+	+
Employment trends over the past three years	-	-
Need for employees/skilled employees	0	0
Difficulties in retaining personnel	0	-
<i>Features of working time arrangements</i>		
Flexible working time	+	0
Proportion of employees doing overtime	+	0
Nightshifts and/or weekend shifts	+	+
<i>Phased retirement</i>		
	+	0
<i>Encouragement by the management</i>		
	Not included	+
<i>Country (reference: Czech Republic)</i>		
	- *	Varies between -, 0 and + *

Note: (-) indicates a significantly negative effect; (+) indicates a significantly positive effect; 0 indicates no distinct effect.

* In comparison with the reference group.

Source: ESWT, 2004–2005

The effect of establishment size is noticeable both in countries where statutory regulations are more frequently applied and in countries with a high proportion of collective agreements providing for early retirement. Large discrepancies emerge between the countries in relation to the extent of early retirement offers. In the Czech Republic and Poland, early retirement appears to be frequently offered even in small and medium-sized establishments, with between 67% and 88% of establishments employing between 10–19 and 20–49 employees offering this option. This may be linked to the prominence given to statutory regulations in these countries. A similarly high incidence of early retirement offers in small and medium-sized companies can also be found in the Netherlands, where collective agreements play a more important role. Conversely, in Italy, there appears to be a very low incidence of early retirement offers, even in large establishments with 200 or more employees (approximately 20%), although the level is clearly higher in comparison with small and medium-sized establishments. Similarly, the offer of early retirement in large establishments in Slovenia, Cyprus, Portugal and Austria is clearly below the average level.

The sector in which the establishment operates also has a significant influence on the offer of early retirement options. In the first instance, it is apparent that the option of early retirement is more likely to be offered in service provider companies (50%) than in industrial companies (43%). However, this is not necessarily the case in all countries. Belgium, the Netherlands and Greece, in particular, show a significantly higher distribution of early retirement opportunities in industrial companies than in service provider companies (Figure 2).

Table 5 Option of early retirement by size of company and by country

	No. of employees in establishment					All size classes
	10–19 employees	20–49 employees	50–199 employees	200–499 employees	500+ employees	
Austria	26%	28%	41%	48%	44%	29%
Belgium	48%	54%	65%	78%	66%	54%
Cyprus	30%	47%	44%	*	*	38%
Czech Republic	83%	88%	95%	99%	96%	86%
Denmark	51%	55%	64%	69%	77%	54%
Finland	75%	75%	85%	77%	79%	77%
France	46%	51%	58%	61%	59%	50%
Germany	43%	55%	60%	58%	72%	50%
Greece	34%	38%	29%	50%	*	35%
Hungary	40%	43%	52%	52%	64%	42%
Ireland	35%	66%	53%	76%	66%	49%
Italy	11%	13%	15%	19%	21%	12%
Latvia	54%	70%	75%	79%	88%	64%
Luxembourg	46%	52%	60%	*	*	51%
Netherlands	69%	74%	81%	85%	94%	73%
Poland	67%	75%	85%	90%	89%	73%
Portugal	26%	29%	38%	49%	28%	28%
Slovenia	36%	36%	51%	45%	40%	38%
Spain	36%	45%	56%	71%	60%	42%
Sweden	32%	34%	40%	55%	56%	34%
UK	54%	61%	63%	79%	84%	59%
EU21	43%	52%	58%	65%	68%	48%

Note: * Not indicated since number of interviews is too small (n<20). Proportion of establishments offering early retirement as % of all establishments in each cell.

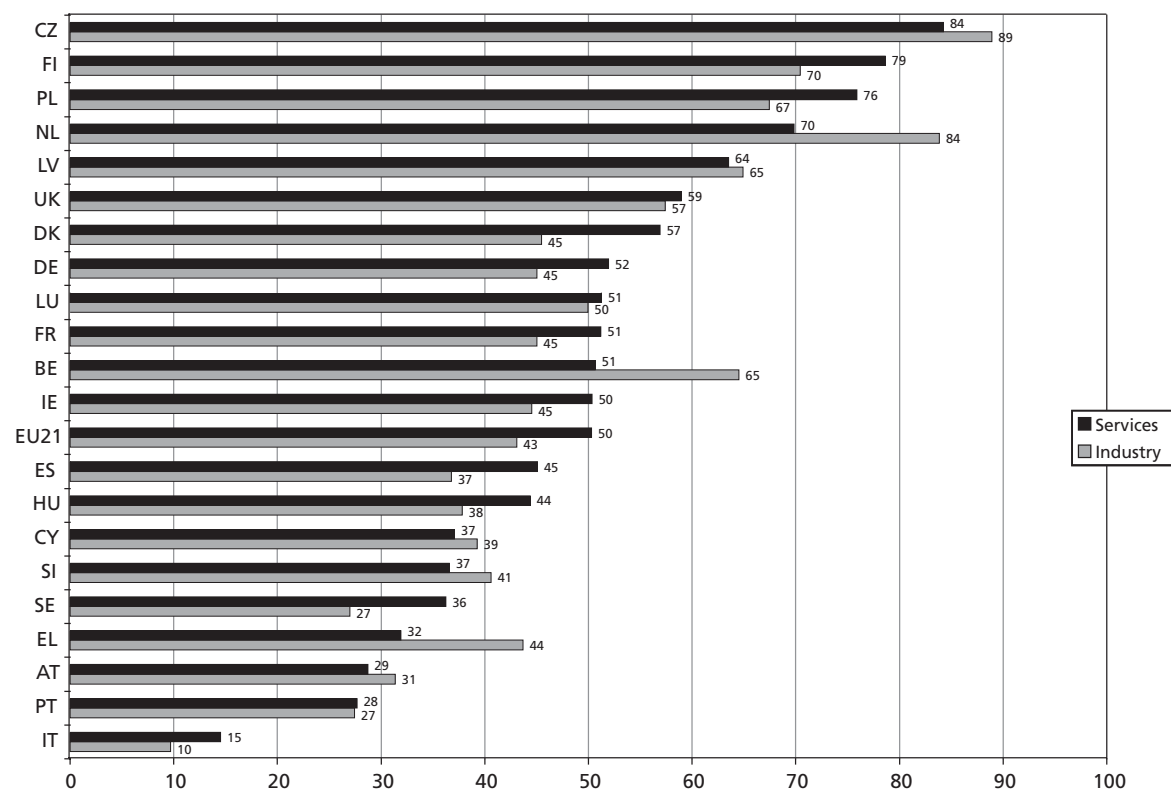
Base: All establishments (management interviews)

Source: ESWT, 2004–2005

Compared with the reference sector ‘education’ (NACE M), the offer of early retirement is less widely distributed in most of the other sectors; however, the corresponding coefficient is not significant in every case – for example, there is no clear effect in the sectors ‘electricity, gas and water supply’ (NACE E), ‘financial intermediation’ (NACE J) and ‘public administration’ (NACE L). This confirms, in essence, the descriptive findings, which indicate a particularly frequent offer of early retirement in the education sector (Figure 3).

The personnel structure characteristics analysed indicate that there is only a significant correlation between the proportion of older employees and the offer of early retirement. The finding that an establishment’s likelihood of offering early retirement appears to increase with the proportion of older employees is plausible. In contrast, there is no clear correlation between early retirement offers and the proportion of female employees or the proportion of qualified employees.

Figure 2 Share of companies offering early retirement in industry and service sectors, by country (%)



Base: All establishments (management interviews)

Source: ESWT, 2004–2005

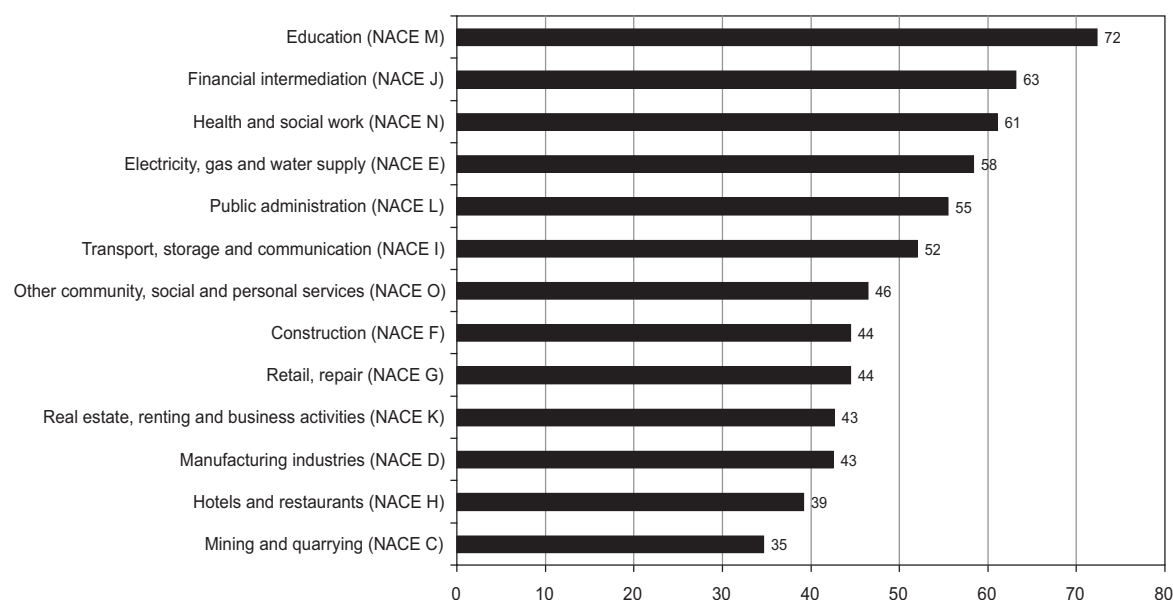
Characteristics indicating the economic and employment situation of an establishment also influence the offer of early retirement. A correlation emerges in relation to ‘employment trends in recent years’ and the ‘need to shed personnel’, but not with respect to the ‘assessment of the economic situation’ or the ‘need for employees’. It can be deduced that in establishments where there has been a reduction in personnel within the past three years, the offer of early retirement is more frequent than in establishments where there has been an increase in personnel. In the former type of establishment, early retirement has obviously been used as a well-directed means of cushioning the effects of personnel reduction measures. These findings are confirmed by the fact that in establishments indicating a need for a reduction in personnel, early retirement is more frequently offered than in establishments without this need. Both correlations prove that establishments use early retirement as a means of adjusting personnel numbers, changing conditions, or reducing the number of personnel.

A strong correlation also emerges between the offer of early retirement and the different features of working time arrangements. Establishments in which employees are given the option of flexible working time¹ offer early retirement more frequently than establishments in which flexible working

¹ The actual wording of the question was as follows: ‘Does your establishment offer employees the possibility to adapt, within certain limits, the time at which they begin or finish their daily work according to their personal needs or wishes?’

time arrangements are not available. The higher the proportion of employees who work overtime in an establishment, the greater the likelihood that the establishment will also offer early retirement. One explanation for this may be that the increased amount of working hours puts a strain on employees' health, which makes it necessary for them to consider an early transition into retirement. The OECD (2006) stated that poor working conditions are an important factor, which may be pushing older workers into early retirement. However, since the ESWT provides information on the establishment level and not on the individual level, it is unclear whether early retirement is taken up by those employees working overtime. There is also a positive correlation between the offer of early retirement and night shift and/or weekend shift work in an establishment, which may also be linked to the strain associated with this type of working arrangement.

Figure 3 Share of establishments offering early retirement, by sector (%)



Base: All establishments (management interviews)

Source: ESWT, 2004–2005

In relation to a possible correlation between phased retirement and early retirement, it appears to be the case that establishments offering phased retirement also more frequently offer the option of early retirement. In this respect, 71% of establishments offering phased retirement also offer early retirement. In contrast, the offer of early retirement is found in only 40% of the establishments in which phased retirement is unavailable.

Finally, with regard to the offer of early retirement in the individual countries, the results show that this option is encountered significantly less often in all of the countries in comparison with the reference country – namely, the Czech Republic. Therefore, the more widespread distribution of early retirement offers in the Czech Republic does not appear to be attributable to differences in the company-specific characteristics considered, but rather to institutional framework conditions and possibly to other factors not included in this model.

Factors influencing take-up of early retirement schemes

The size of the establishment not only influences the offer of early retirement, but also the extent of its take-up among eligible employees. Early retirement schemes tend to be used more often by employees in large establishments than by those in small and medium-sized establishments. This is also confirmed by the descriptive findings (Table 6).

Table 6 Take-up rates of early retirement, by size of establishment

Size of establishment	Almost all eligible employees	Most eligible employees	Some eligible employees	Practically nobody	No experience yet	Total
10–19 employees	6%	1%	16%	42%	33%	100%
20–49 employees	8%	3%	21%	42%	24%	100%
50–199 employees	11%	8%	33%	32%	14%	100%
200–499 employees	15%	11%	41%	22%	8%	100%
500 + employees	17%	18%	43%	13%	3%	100%

Note: The sum of the figures in each line does not always equal 100%, as answer options such as ‘don’t know’ and ‘no answer’ are not listed.

Reading example: In 6% of the establishments with 10–19 employees offering early retirement, ‘almost all’ of the eligible persons made use of this offer over the past three years.

Base: All establishments offering early retirement (management interviews)

Source: ESWT, 2004–2005

Significant differences in the take-up of early retirement emerge not only in relation to the establishment size, but also with regard to the sector in which the establishment operates. Compared with the reference category ‘education’, the estimates indicate a significant sectoral influence in some, but not all, sectors. An overview of the extent to which the option of early retirement is taken up within the individual sectors is given in Table 7; however, it should be noted that the ‘pure sectoral effect’ could be superimposed by other factors, such as the size of establishments within the sector or the respective proportion of female employees in the individual sectors.

It is noteworthy that the proportion of establishments where ‘almost all’ or ‘most’ employees have taken early retirement in the last three years is greatest in the areas of mining, and electricity, gas and water supply, in other words the male-dominated sectors, as well as in financial intermediation. In contrast, there is only a small indication of early retirement take-up in the female-dominated sectors – hotels and restaurants, social and personal services, retail, and health and social work. This is probably related, firstly, to the fact that more jobs were cut as a result of structural changes and rationalisation measures in the male-dominated sectors, whereas in the female-dominated service sectors, there has tended to be a greater need for additional personnel. Secondly, the level of remuneration and collective agreements in the female-dominated sectors are usually of a poorer standard (see Equal Opportunities Commission, 2001; EIRO, 2002), making the option of early retirement less attractive for employees in these sectors.

Table 7 Take-up rates of early retirement, by sector

Sector	Almost all or most eligible employees	Some eligible employees	Practically nobody	No experience yet	Total
Hotels and restaurants	2%	14%	50%	32%	100%
Other community services, social and personal services	7%	26%	44%	22%	100%
Retail, repair	9%	17%	42%	31%	100%
Real estate, renting and business activities	9%	21%	39%	30%	100%
Health and social work	10%	19%	44%	24%	100%
Construction	10%	15%	47%	26%	100%
Manufacturing industries	13%	22%	39%	25%	100%
Transport, storage and communication	13%	23%	37%	26%	100%
Public administration	14%	26%	36%	23%	100%
Education	16%	28%	35%	20%	100%
Financial intermediation	22%	28%	29%	16%	100%
Electricity, gas and water supply	27%	41%	20%	12%	100%
Mining and quarrying	31%	26%	33%	11%	100%
All sectors	11%	21%	40%	26%	100%

Note: The sum of the figures in each line does not always equal 100%, as answer options such as ‘don’t know’ and ‘no answer’ are not listed.

Reading example: In the sector ‘hotels and restaurants’, in 2% of the establishments offering early retirement, ‘almost all’ of the eligible persons made use of this offer over the past three years.

Base: All establishments offering early retirement (management interviews)

Source: ESWT, 2004–2005

A number of characteristics of the establishment’s personnel structure are also closely linked to the proportion of employees taking early retirement. The higher the proportion of female employees in an establishment, the lower the overall proportion of employees opting for early retirement in an establishment appears to be. It should be noted that on the basis of this data, it cannot be determined whether it is actually women who are making less use of early retirement options, as there is no information available regarding the structure of the employees in early retirement. This finding is consistent with the descriptive findings already outlined, whereby the extent of early retirement take-up is lower in female-dominated sectors. A possible explanation for the negative correlation between the proportion of female employees and the extent of early retirement take-up could be that in some countries, the statutory retirement age is lower for women than it is for men; therefore, the appeal of these schemes for female employees and the need to make use of them, for example for health reasons, are less pronounced.

Moreover, in many countries, the careers of female employees are affected by temporary leave and part-time work, which in turn result in smaller entitlements to statutory pension insurance. As a result, the reduction in income or the reduction in pensions usually associated with early retirement makes it less attractive for women, thus leading to the lower take-up among women. Furthermore, in many countries, a certain number of years’ insurance contribution is required in order to qualify for early retirement. This requirement is less frequently fulfilled by women than by men.

Another significant factor relates to the number of qualified employees in an establishment. Accordingly, the more qualified employees there are in an establishment, the higher the overall proportion of early retirement take-up among employees appears to be. This correlation implies that income-related factors are likely to play a role in the decision to take early retirement. The higher the employee's monthly salary, something which usually increases with qualification levels, the easier it is to accept a reduction in income or pension. Again, however, there is no evidence that the more qualified employees in these companies actually take early retirement more often than less qualified employees do.

As is the case in relation to the offer of early retirement, there is also a significant correlation between early retirement take-up and employment trends to date, as well as the need to reduce personnel. In establishments where there has been a reduction in personnel levels in the last three years, more employees take early retirement than in establishments where personnel levels have increased or stayed the same; at the same time, the level of early retirement take-up is also higher in establishments that indicated a need to reduce personnel (Table 8).

Table 8 Take-up rates of early retirement, by employment trends and need to reduce personnel

	Almost all eligible employees	Most eligible employees	Some eligible employees	Practically nobody	No experience yet	Total
Employment trend over past three years						
Staff level was reduced	11%	5%	28%	35%	20%	100%
Staff level increased or stayed the same	7%	3%	19%	41%	28%	100%
Need to reduce staff						
Yes	11%	6%	30%	37%	16%	100%
No	7%	3%	19%	40%	28%	100%

Note: The sum of the figures in each line does not always equal 100%, as answer options such as 'don't know' and 'no answer' are not listed.

Reading example: In 11% of the establishments which offer early retirement and where there was a reduction in staff levels, 'almost all' of the eligible persons made use of this offer over the past three years.

Base: All establishments offering early retirement (management interviews)

Source: ESWT, 2004–2005

The remaining feature of an establishment's economic and employment situation – the variable 'difficulties in retaining personnel' – also has a significant influence on the extent of early retirement take-up. As can be expected, fewer employees take early retirement in establishments that cite difficulties in retaining personnel than in establishments without this problem.

Finally, the proportion of employees opting for early retirement is higher if the establishment operates nightshift and/or weekend shift working arrangements; this may possibly be attributed to a greater need for early retirement because of increased strain and also possibly due to subsequent health problems.

In addition, more employees take early retirement if they are encouraged to do so by the respective establishment. This finding will be examined more closely in the next section.

Perspectives of management and employee representatives

In the companies with employee representation, not only the management but also the employee representatives were interviewed in the ESWT, using almost identical questions on the retirement issue. Comparing the responses of management and employee representatives with regard to the offer of early retirement options – in those establishments where both types of interviews could be conducted – shows surprising deviations. For example, the incidence of early retirement is higher according to managers (59%) than according to employee representatives (52%). In Cyprus, deviations in this respect are particularly strong with a difference of 25 percentage points, as well as in the UK and Denmark with 22 percentage points' difference each. In contrast, Greece and Sweden showed particularly small deviations, corresponding to two and three percentage points' difference, respectively. When comparing these responses with the management responses of all establishments, it should be noted that employee representation is mainly found in large establishments.

The responses of both parties corresponded in 56% of cases; however, in 28% of cases, managers and employee representatives gave opposing answers in relation to whether or not early retirement is offered (Table 9). It is possible that the deviation could be partly due to the fact that employee representatives in some countries represent only a proportion of employees.

Table 9 Comparison between responses of employee representatives and managers regarding offers of early retirement

Management response	Employee representative response			Total
	Offers of early retirement	No offer	Don't know/ no answer	
Offers of early retirement	37%	16%	5%	59%
No offer	12%	19%	4%	34%
Don't know/ no answer	3%	3%	2%	7%
<i>Total</i>	52%	38%	11%	100%

Base: Establishments with corresponding employee representative interview

Source: ESWT, 2004–2005

Many respondents from management answered 'yes' to the question on whether their company offers the option of early retirement, in establishments where the option exists in theory; conversely, employee representatives tended to give an affirmative answer only if early retirement schemes are well known and talked about in the establishment. This corresponds to the high proportion of establishments in which, according to the management, the option of early retirement is possible but which has not been used in practice, at least up until now (see Chapter 1). Overall, the employee representatives appeared to be more critical in their assessment – possibly because they are more aware of the restraints imposed by the use of early retirement from the employees' viewpoint.

In the ESWT, one of the questions presented to management asked the following: 'Do you encourage older employees to make use of early retirement; or do you rather try to prevent them from doing so?' If the question was answered in the affirmative, the respondent was then asked the following: 'Why do you encourage early retirement?' In turn, the employee representatives were asked the following questions: 'Does your employer encourage older employees to make use of early retirement; or does he/she rather try to prevent them from doing so?' and respectively, 'Why does your establishment encourage early retirement?'

Table 10 Level of encouragement of early retirement, by management response and country

	Encourages early retirement	Tries to prevent transition into early retirement	Neither	Don't know/ no answer	Total
Austria	7%	12%	78%	3%	100%
Belgium	13%	34%	50%	3%	100%
Cyprus	9%	5%	78%	8%	100%
Czech Republic	3%	9%	84%	4%	100%
Denmark	4%	5%	83%	8%	100%
Finland	20%	9%	66%	5%	100%
France	16%	10%	71%	3%	100%
Germany	22%	7%	69%	2%	100%
Greece	13%	4%	77%	7%	100%
Hungary	50%	4%	41%	5%	100%
Ireland	5%	6%	83%	7%	100%
Italy	20%	9%	58%	12%	100%
Latvia	8%	15%	73%	4%	100%
Luxembourg	17%	24%	54%	4%	100%
Netherlands	28%	3%	63%	6%	100%
Poland	15%	8%	72%	5%	100%
Portugal	13%	0%	85%	2%	100%
Slovenia	22%	6%	68%	4%	100%
Spain	15%	6%	76%	4%	100%
Sweden	14%	0%	81%	5%	100%
United Kingdom	9%	7%	72%	12%	100%
EU21	16%	8%	71%	5%	100%

Base: All establishments offering early retirement (management interviews)

Source: ESWT, 2004–2005

Judging by their own responses, the majority of management take a neutral attitude towards early retirement (Table 10). In only 16% of establishments, employees are encouraged by the management to make use of early retirement. In contrast, in 8% of establishments, the management tries to prevent employees from opting for early retirement. In this context, large discrepancies are apparent between the countries. Of note is the strong promotion of early retirement in Hungarian establishments and the stronger efforts made to prevent the use of early retirement in Belgium and Luxembourg.

The investigation into what types of establishments encourage their employees to make use of early retirement reveals a clear correlation with the size of the establishment. Evidently, the attitude of encouraging employees to take early retirement is less prevalent in smaller establishments than in larger ones.

A correlation also emerges in relation to both the employment situation and economic situation of an establishment. In this context, employees are more strongly encouraged to make use of early retirement if they are employed in establishments where there is a need for a reduction in personnel, where personnel levels have already been reduced, or where establishments find themselves in a

difficult economic position. This finding also confirms the assumption that early retirement is often used as a measure to adjust personnel levels to changing conditions.

As already mentioned, the attitude of the management towards early retirement influences the employees' participation in such schemes. Therefore, the proportion of employees taking early retirement is higher in those establishments that indicated an encouraging attitude towards employees taking early retirement compared with those establishments that try to prevent their employees from taking this option or that have a neutral attitude towards early retirement (Table 11).

Table 11 Take-up rates of early retirement, by management attitude

	Almost all eligible employees	Most eligible employees	Some eligible employees	Practically nobody	No experience yet	Total
Management encourages employees to use early retirement	17%	8%	29%	29%	16%	100%
Management tries to prevent employees from opting for early retirement	8%	2%	21%	48%	20%	100%
Neither	6%	3%	20%	42%	27%	100%

Note: The sum of the figures in each line does not always equal 100%, as answer options such as 'don't know' and 'no answer' are not listed.

Reading example: In 17% of the establishments which offer early retirement and encourage their employees to use early retirement, 'almost all' of the eligible persons made use of this offer over the past three years.

Base: All establishments offering early retirement (management interviews)

Source: ESWT, 2004–2005

In relation to the question concerning the management's attitude towards early retirement, the employee representatives also gave differing responses. In just under half of the cases (49%), the views of both parties corresponded; in the remaining half of cases, their statements were contradictory (Table 12).

Table 12 Comparison between responses of employee representatives and managers regarding attitude of management towards early retirement

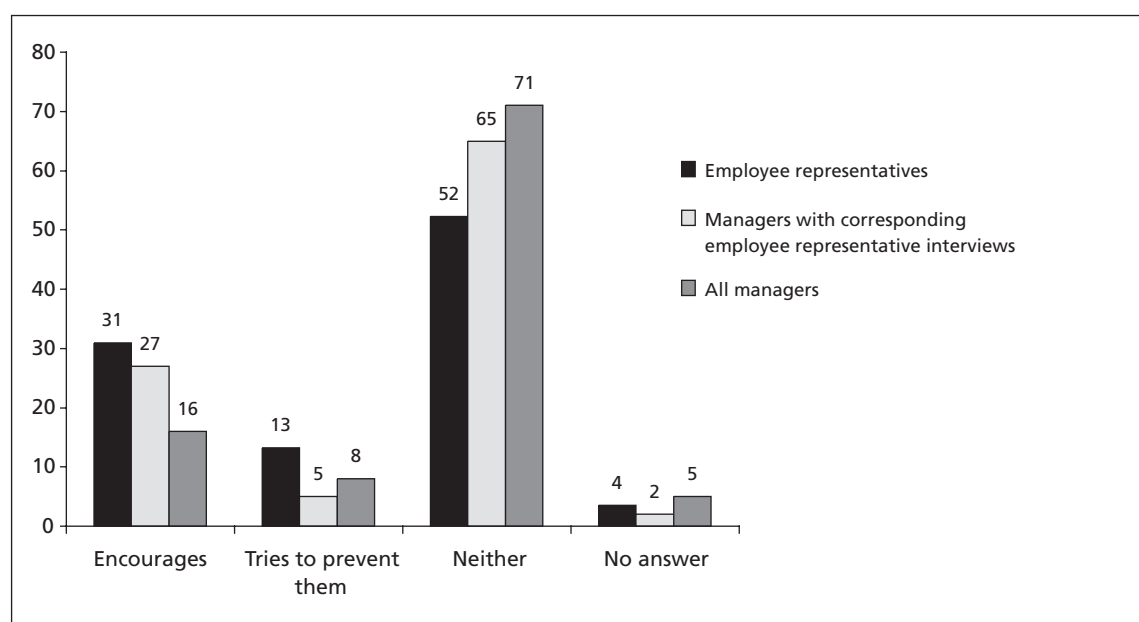
Management response	Employee representative response				Total
	Encourages early retirement	Tries to prevent employees taking early retirement	Neither	Don't know/ no answer	
Encourages early retirement	11%	2%	13%	1%	27%
Tries to prevent employees taking early retirement	1%	2%	3%	0%	6%
Neither	19%	9%	36%	2%	66%
Don't know/ no answer	0%	0%	1%	0%	1%
<i>Total</i>	<i>31%</i>	<i>13%</i>	<i>53%</i>	<i>3%</i>	<i>100%</i>

Base: Establishments with corresponding employee representative interview

Source: ESWT, 2004–2005

A higher proportion of employee representatives than managers are of the opinion that their establishment plays an active role in the handling of early retirement schemes, by either encouraging employees to opt for early retirement or trying to prevent them from making this transition (Figure 4). However, from a management and an employee representatives' perspective, a neutral attitude is dominant in most establishments.

Figure 4 Attitude towards early retirement, by response of management and employee representatives (%)

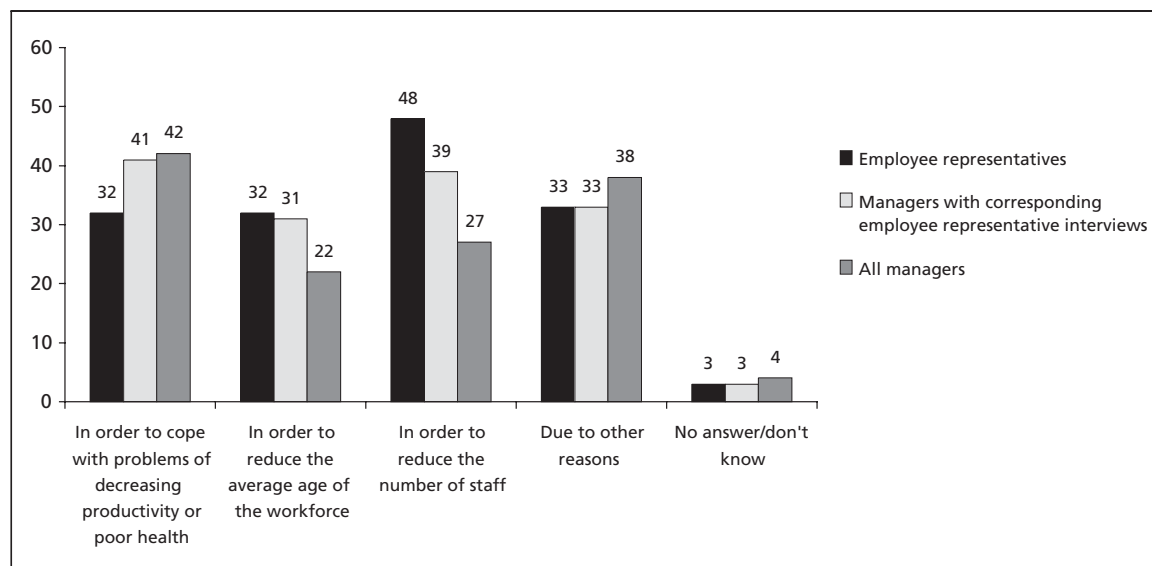


Base: All establishments offering early retirement (management and employee representative interviews)

Source: ESWT, 2004–2005

The responses of managers and employee representatives also differ with regard to the reasons why establishments encourage their employees to make use of early retirement (Figure 5). From an employee representatives' perspective, the response 'in order to reduce staff' is cited as the main reason (48%); the management, on the other hand, considers the statement 'in order to cope with problems of decreasing productivity or poor health' as being the most important reason (41% and 42% respectively). The explanation for this discrepancy may be that the employee representatives consider the argument of decreasing productivity as being a pretext for the actual aim, which is the reduction of personnel.

Figure 5 Reasons for encouraging early retirement, by management and employee representative response (%)



Base: All establishments which encourage their older employees to make use of early retirement (management and employee representative interviews)

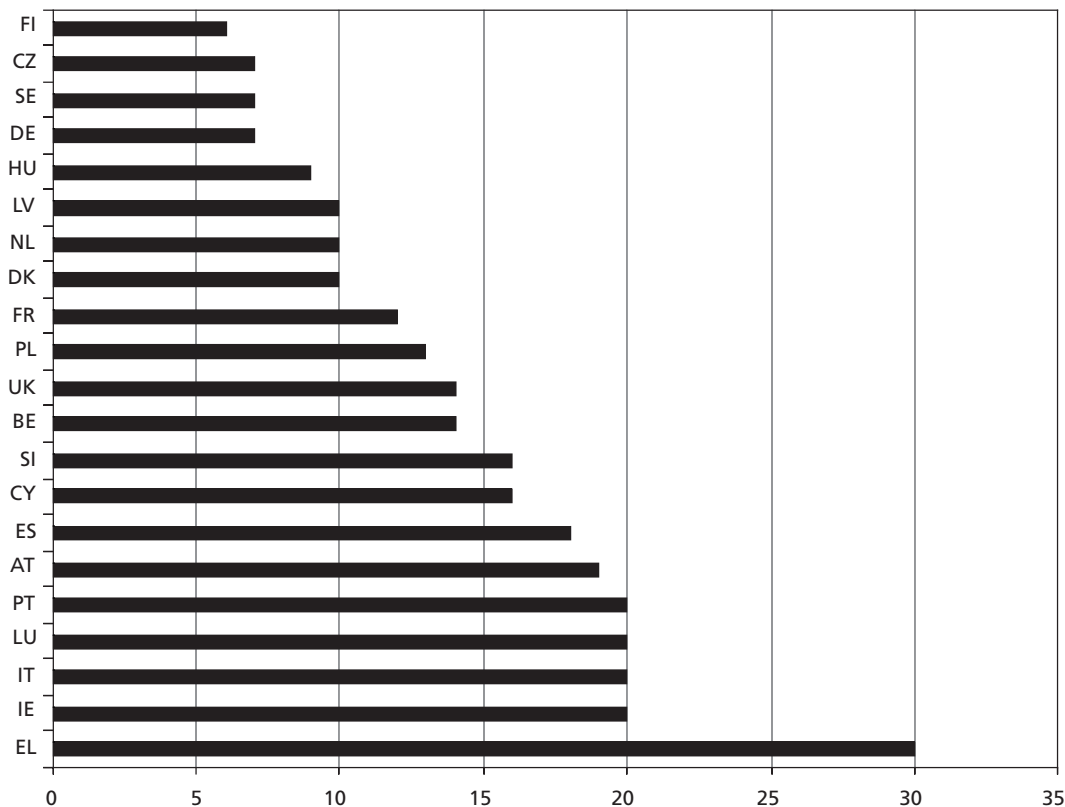
Source: ESWT, 2004–2005

Use of phased retirement options in establishments

Availability and extent of phased retirement in Europe

In contrast to the questions regarding early retirement, those concerning phased retirement were directed only at those establishments that at the time of the ESWT survey employed older people (over 50 years of age). Altogether, 13% of the establishments indicated that they did not employ people over the age of 50 years at the time of the survey. However, significant discrepancies emerged between the countries in this respect. While the proportion of establishments without older employees is clearly above average in Greece at 30%, it is clearly below average in Finland at 6%, and in Germany, Sweden and the Czech Republic at 7% respectively (Figure 6).

Figure 6 Share of establishments without older employees, by country (%)



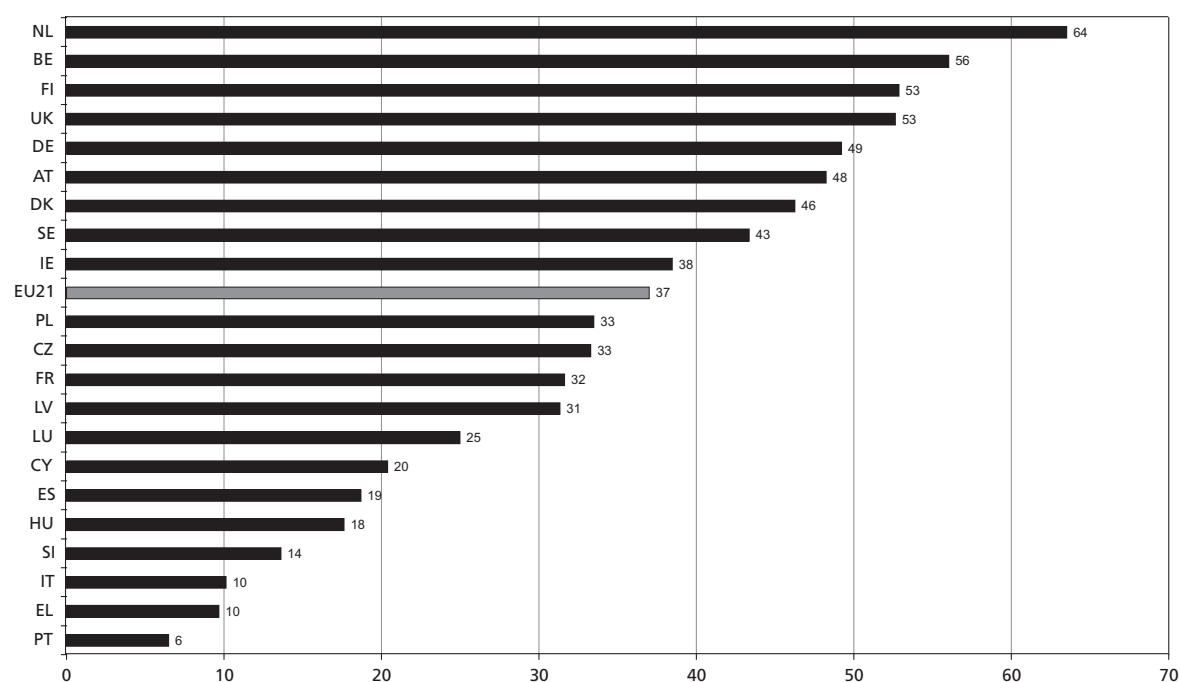
Base: All establishments (management interviews)

Source: ESWT, 2004–2005

In the ESWT, respondents were asked the following question: ‘Does your establishment offer older employees the possibility to reduce their weekly working hours before retirement?’ A total of 37% of the establishments answered in the affirmative to this question, which indicates that they employ people over the age of 50 years (Figure 7).

Particularly high percentages of establishments offering the option of phased retirement can be found in the Netherlands (64%), Belgium (56%), and Finland and the UK (53% respectively). In contrast, notably low percentages can be found in the southern European countries, Portugal (6%), Italy and Greece (10% respectively), and Spain (19%).

Figure 7 Offer of phased retirement in establishments, by country (%)



Base: Establishments with employees aged 50 years or older (management interviews)

Source: ESWT, 2004–2005

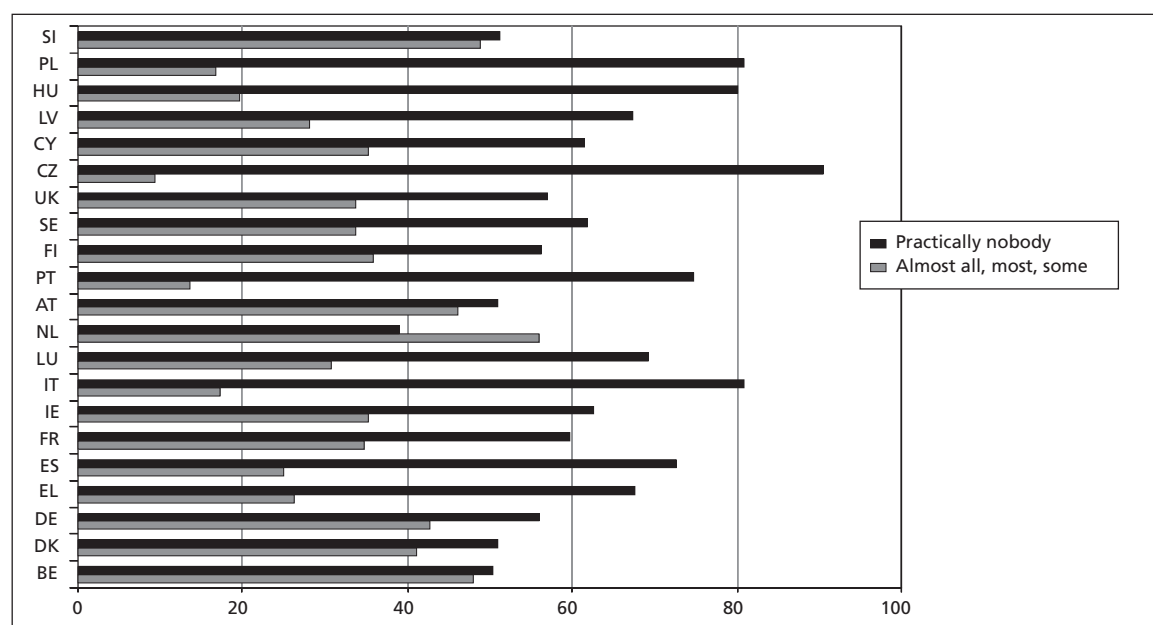
The extent of phased retirement take-up is very low, even in those establishments that offer this option. In 60% of the establishments, virtually nobody made use of this option, while in 25% of establishments, ‘some’ employees made use of phased retirement. It is surprising that, in 11% of the establishments that offer phased retirement, most or almost all of the employees made use of the option. This could be attributed to the appeal of this scheme in helping to improve work–life balance, as well as to its use as a measure for adjusting staff levels.

In the Netherlands, where part-time work is particularly widespread, 27% of establishments offering phased retirement indicated that almost all or most of the employees made use of this option. The proportion of employees using phased retirement is also relatively high in Denmark (15%) and in the UK (13%). In contrast, in all of the southern and eastern European countries, with the exception of Slovenia and Cyprus, between 66% and 90% of establishments offering phased retirement indicated that virtually nobody made use of this option (Figure 8).

Factors influencing use of phased retirement

Factors influencing availability of phased retirement schemes

This section outlines the results of multivariate analyses and descriptive examinations in which the influence on phased retirement of factors specific to an establishment was investigated. For this purpose, the same potential determining factors that were also used for the analysis of early retirement were applied. In addition, variables describing the experience of the respective establishments with part-time work were also examined (see Annex 2 for more information on the estimation method and independent variables). The results of these evaluations are shown in Table 13.

Figure 8 Use of phased retirement in establishments offering this option, by country (%)


Base: All establishments offering the option of phased retirement (management interviews)

Source: ESWT, 2004–2005

Table 13 Operational factors influencing offer and take-up of phased retirement

Explanatory variables	Offer of phased retirement	Use of phased retirement
<i>Organisational features</i>		
Size of establishment (reference: establishments with 500 or more employees)	- *	200–499 employees: 0 otherwise: - *
Sector in which establishment operates (reference: health and social work)	- *	Varies between -, 0 and + *
<i>Characteristics of personnel structure</i>		
Proportion of female employees	0	0
Proportion of qualified employees	0	0
Proportion of older employees	0	+
<i>Indicators of financial position and employment situation</i>		
Good economic situation	-	0
Need to shed personnel	0	0
Employment trends over the last three years	-	0
Need for employees/skilled employees	0	0
Difficulties in retaining personnel	0	0
<i>Experience with part-time working</i>		
Proportion of part-time employees	+	+
Motivation of part-time employees	0	0
Organisation of work as a result of part-time working	+	+
Option to change over to part-time work§+	0	
<i>Features of working time arrangements</i>		
Flexible working time	+	0
Overtime	0	0
Nightshifts and/or weekend shifts	+	0
<i>Early retirement</i>		
	+	0
<i>Encouragement by the management</i>		
	Not included	+
<i>Country (reference: Netherlands)</i>		
	- *	- *

Note: (-) indicates a significantly negative effect; (+) indicates a significantly positive effect; 0 indicates no distinct effect. * In comparison with the reference group ESWT, 2004–2005

A significant correlation also emerges between phased retirement and the size of the establishment, in the same way as it did for early retirement. In other words, phased retirement is also offered more frequently in larger establishments than in smaller and medium-sized establishments. This finding can also be descriptively confirmed (Table 14). A comparison between the countries shows that, in the northern and central European countries in particular, the offer of phased retirement increases in accordance with the size of the establishment. Conversely, in the southern and eastern European countries, there is little or no correlation between establishment size and the offer of phased retirement.

Table 14 Offer of phased retirement in establishments with older employees (50+ years), by size of establishment

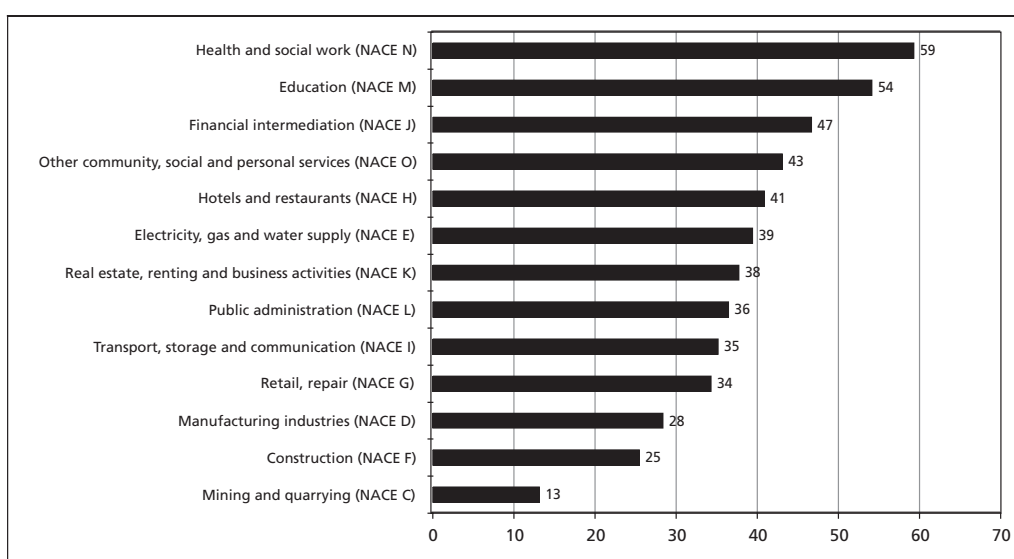
Number of employees	Does establishment offer phased retirement?		
	Yes	No/no answer	Total
10–19 employees	33%	67%	100%
20–49 employees	38%	62%	100%
50–199 employees	44%	56%	100%
200–499 employees	55%	45%	100%
500+ employees	56%	44%	100%

Base: Establishments with employees aged 50 years or older (management interviews)

Source: ESWT, 2004–2005

In relation to sectoral distribution, phased retirement is clearly offered more frequently in service sector companies (41%) than in industrial companies (28%). Compared with the reference sector ‘health and social work’, establishments in the other sectors (with the exception of the education sector) offer phased retirement significantly less frequently (Figure 9). This is in line with the descriptive findings, which show that phased retirement is offered to an above-average extent in ‘health and social services’ (59%) and in ‘education’ (54%).

Figure 9 Offer of phased retirement, by sector (%)



Base: Establishments with employees aged 50 years or older (management interviews)

Source: ESWT, 2004–2005

No significant correlation emerges between the offer of phased retirement and the characteristics of an establishment's personnel structure (proportion of older employees, proportion of female employees, proportion of qualified employees).

An establishment's economic and employment situation does, however, have an effect on the offer of phased retirement. Evidently, phased retirement is offered more frequently in times of financial difficulty and, similarly, if there has been a reduction in personnel levels in the last three years. In contrast, there is no correlation in relation to the variables 'need to shed personnel', 'need for personnel' and 'difficulties in retaining personnel'.

The establishment's experience of part-time work contributes substantially towards explaining the offer of phased retirement. Establishments offering part-time working arrangements more frequently offer the option of phased retirement compared with establishments without part-time working arrangements (Figure 10). The higher the proportion of part-time employees in the respective establishment, the greater the likelihood that the establishment will offer phased retirement. Thus, having experience connected with work organisation and the deployment of part-time personnel is obviously beneficial for the implementation of phased retirement.

Also plausible is the finding that the establishments which more frequently offer phased retirement are those of the opinion that 'work is more easily organised on the basis of part-time working arrangements'. Moreover, establishments offer phased retirement more frequently if full-time employees can change over to part-time working arrangements relatively easily. This finding not only underlines the favourable possibilities of part-time working arrangements in relation to work organisation, but also shows how such establishments can easily offset a reduction in individual workloads, for example by recruiting new personnel.

With regard to other working time arrangements, the offer of flexible working hours and nightshift and/or weekend shift work also correlates with the offer of phased retirement. Accordingly, establishments offer phased retirement more frequently if they also appear to have flexible working hours or nightshift and/or weekend shift working arrangements. No significant influence can be found in relation to overtime arrangements. A positive correlation can also be found between phased retirement and the offer of early retirement.

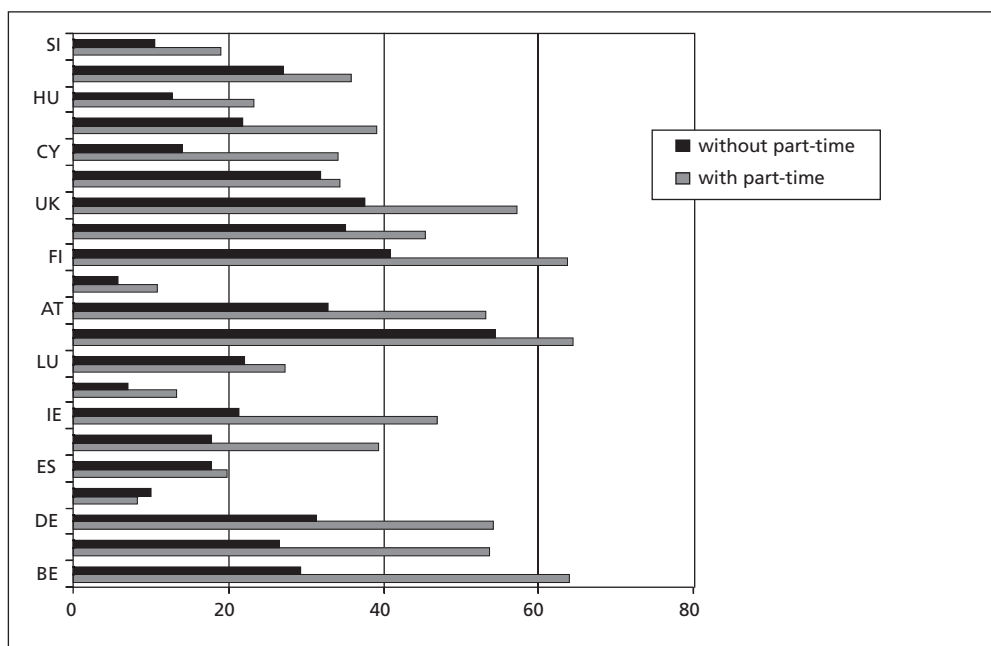
Finally, with regard to the situation in the different countries, all countries offer phased retirement less frequently in comparison with the reference country – the Netherlands. The high incidence of phased retirement in the Netherlands, which is also confirmed in the descriptive study, seems to be influenced by institutional framework conditions, as well as by other factors not considered in this study.

Factors influencing take-up of phased retirement schemes

In contrast to early retirement, the extent to which employees opt for phased retirement is only influenced by a few factors considered in this study. Significant influences concern the size of the establishment, the proportion of older employees, individual factors regarding the establishment's experience with part-time working arrangements, the management's attitude, and country of affiliation. Firstly, it transpires that the proportion of employees making use of phased retirement increases according to the share of older and part-time employees in the respective establishments.

Secondly, the level of phased retirement is also higher if the establishment indicated that work could be more easily organised on the basis of part-time working arrangements.

Figure 10 Offer of phased retirement, by whether or not the establishment employs part-time workers (%)



Base: Establishments with employees aged 50 years or older (management interviews)

Source: ESWT, 2004–2005

No significant correlation could be found between the extent of phased retirement and the variables describing the economic and employment situation of establishments.

With regard to establishment size, phased retirement appears to be used more frequently by employees in the larger establishments than in smaller establishments. This result can also be confirmed by the descriptive findings. Some 65% of establishments with between 10 and 19 employees indicate that the option of phased retirement is rarely taken up, compared with only 29% of establishments with 500 or more employees. Conversely, only 11% of the small establishments (between 10 and 19 employees) indicated that almost all or most make use of phased retirement, while 19% of these establishments indicated that some of the employees make use of the option; this compares with 15% and 51% respectively of the large establishments, which indicated that almost all/most or some employees opt for phased retirement (Table 15).

Participation in phased retirement schemes, like early retirement schemes, is also higher in those establishments that appear to encourage eligible employees to make use of this option (Table 16).

Significant country effects also emerge in relation to the take-up of phased retirement, as they do with regard to the offer of phased retirement. In this context, it should also be noted that the extent of phased retirement in all countries is lower than that of the reference country, the Netherlands.

Table 15 Take-up rate of phased retirement, by size of establishment

Size of establishment	Almost all eligible employees	Most eligible employees	Some eligible employees	Practically nobody	Total
10–19 employees	8%	3%	19%	65%	100%
20–49 employees	9%	3%	22%	62%	100%
50–199 employees	6%	5%	36%	50%	100%
200–499 employees	5%	7%	47%	37%	100%
500+ employees	6%	9%	51%	29%	100%

Note: The sum of the figures in each line does not always equal 100%, as answer options such as 'don't know' and 'no answer' are not listed.

Reading example: In 8% of the establishments with 10 to 19 employees (and with employees aged 50+ years) which offer phased retirement, 'almost all' of the eligible persons make use of this offer.

Base: All establishments offering phased retirement (management interviews)

Source: ESWT, 2004–2005

Table 16 Take-up rate of phased retirement, by management attitude

	Almost all eligible employees	Most eligible employees	Some eligible employees	Practically nobody	Total
Management encourages employees to use phased retirement	11%	6%	32%	48%	100%
Management tries to prevent employees from opting for phased retirement	6%	2%	22%	66%	100%
Neither	7%	3%	24%	62%	100%

Note: The sum of the figures in each line does not always equal 100%, as answer options such as 'don't know' and 'no answer' are not listed.

Reading example: In 11% of the establishments which offer phased retirement and where the management encourages the employees to use phased retirement, 'almost all' of the eligible persons make use of this offer.

Base: All establishments offering phased retirement (management interviews)

Source: ESWT, 2004–2005

The finding that different variables, such as the economic and employment situation, only influence the establishment's decision regarding whether or not to offer phased retirement, but not its take-up, could be attributed to the fact that the decision to offer phased retirement (unless it is based on a statutory regulation) is a management decision, in which matters concerning business management and management play an important role. Decisions with regard to its take-up, however, are up to the employees. Therefore, the extent to which employees make use of phased retirement is probably more likely to be due to individual considerations that cannot be illustrated using the resources of this establishment survey.

Perspective of management and employee representatives

As is the case with regard to the offer of early retirement, the responses of management and employee representatives do not often correspond in relation to the offer of phased retirement. While 36% of

employee representatives indicated that phased retirement is offered in their establishments, 43% of managers in the same establishments (where employee representative interviews were also conducted) said that this was the case. The differences between the responses of employee representatives and managers within the same company regarding the incidence of phased retirement vary according to the individual countries. Particularly significant differences can be found in Portugal, Sweden, Ireland and the UK; conversely, only minor differences are found in Poland, Slovenia, Latvia and France. The considerable differences found in countries such as Ireland and the UK could be due to the fact that the employee representatives interviewed did not represent all of the employees, but only certain groups.

In 59% of cases, the responses of both parties corresponded. Some 26% of the employee representatives and managers agreed that phased retirement is offered, while 33% of both parties indicated that no such option is available in their establishments. Conversely, in 27% of cases, the responses of both parties were contradictory, whereby one party indicated that phased retirement is offered while the other party said the opposite (Table 17). Once again, this deviation may be partly due to the fact that in some countries, employee representatives only represent a proportion of employees.

Table 17 Comparison between responses of employee representatives and managers regarding offer of phased retirement

Management response	Employee representative response			
	Offers phased retirement	No offer	Don't know/ no answer	Total
Offers phased retirement	26%	17%	2%	45%
No offer	10%	33%	4%	47%
Don't know/no answer	2%	4%	1%	7%
Total	38%	54%	7%	100%

Base: Establishments with corresponding employee representative interview

Source: ESWT, 2004–2005

As is the case with early retirement, it can also be assumed that the contradictory responses regarding phased retirement are not due to invalid answers. Possibly, the employee representatives are more critical in their evaluation and, in contrast with the management, associate the statement that phased retirement is 'offered' with its take-up. As indicated in Chapter 2, there are many establishments that offer phased retirement in principle, but where this option remains virtually unused.

Table 18 Comparison between responses of employee representatives and managers regarding attitude of management towards phased retirement

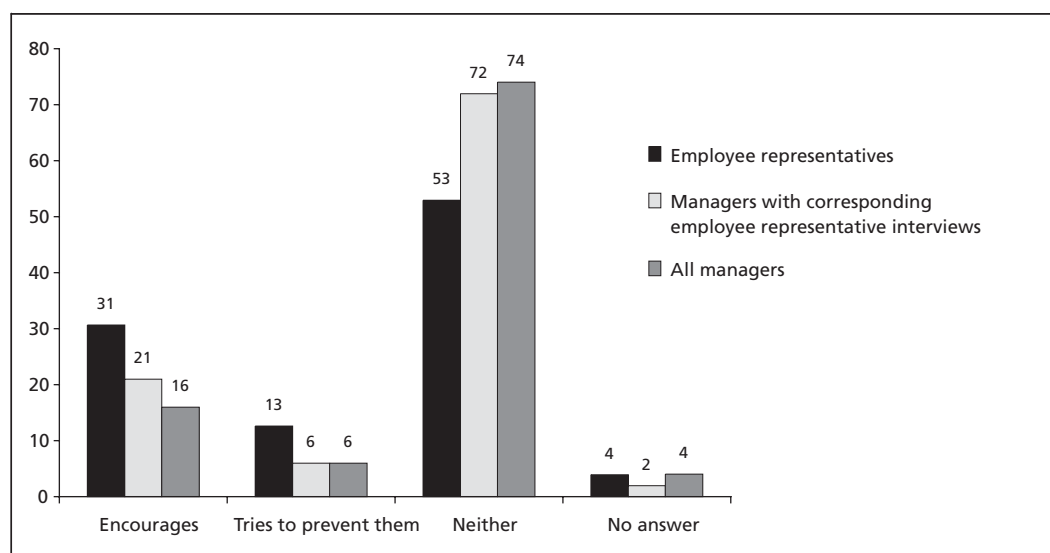
Management response	Employee representative response				Total
	Encourages phased retirement	Tries to prevent employees from taking phased retirement	Neither	Don't know/ no answer	
Encourages phased retirement	9%	3%	8%	1%	21%
Tries to prevent employees from taking phased retirement	1%	2%	3%	0%	6%
Neither	22%	9%	39%	2%	22%
Don't know/ no answer	1%	0%	1%	0%	2%
Total	33%	14%	51%	3%	100%

Base: Establishments with corresponding employee representative interviews

Source: ESWT, 2004–2005

The responses of the employee representatives and managers also differed with regard to their assessment of the attitude of management towards phased retirement. Nonetheless, in 50% of cases, the responses of both parties were the same (Table 18).

Figure 11 Attitude towards phased retirement, by response of management and employee representatives (%)



Base: All establishments with phased retirement (management and employee representative interviews)

Source: ESWT, 2004–2005

A higher proportion of employee representatives than managers are of the opinion that their establishment encourages employees to make use of phased retirement (Figure 11). At the same time, a higher proportion of employee representatives are also of the opinion that their establishment would try to prevent employees from opting for phased retirement. Overall, however, managers and

employee representatives most frequently believe that the establishment takes a neutral stance towards phased retirement, although there are significant differences in the proportion of employee representatives (53%) and managers (72%) who believe that this is the case. In other words, managers, as opposed to employee representatives, are more frequently of the opinion that their establishment would assume a neutral position towards phased retirement.

A number of significant findings emerge in relation to phased and early retirement in the 21 countries surveyed. Firstly, early retirement is more frequently offered than phased retirement in establishments. While 48% of all the establishments involved in the study – or 51% of all establishments with employees aged 50 years or over – offer early retirement, only 37% of establishments with older employees offer the option of phased retirement. A similar finding can be observed in relation to the level of take-up of such schemes among employees. Accordingly, more employees opt for early retirement than phased retirement. This finding is also confirmed by other surveys: ‘Phased retirement schemes are used only to a limited extent. The main reason for this is apparently the fact that when workers are eligible for both phased retirement and early retirement, they tend to opt for the second possibility’ (EIRO, 2001).

The higher incidence of early retirement compared with phased retirement could also be related to the fact that, historically, early retirement is more established and more frequently legally regulated. The latter has been used for quite some time as a way of cushioning reductions in the number of personnel.

Phased retirement, on the other hand, was introduced at a much later stage. This is due, firstly, to the fact that its introduction has proved to be challenging in relation to the organisation of work and, secondly, that it provides solutions to other problems. Since phased retirement requires a flexible approach to the organisation of work, practical experience in organising flexible working hours was required; such experiences, however, could only be gained to a larger extent from the mid-1980s onwards. Phased retirement, as opposed to early retirement, aims not only for a socially acceptable solution to adjusting personnel levels and for a rejuvenation of the workforce, but also focuses on improving employees’ work–life balance and on the transfer of knowledge and experiences from older employees to younger employees (for example, if older people are employed for reduced working hours). At the same time, phased retirement provides the opportunity, in accordance with the aims of EU employment policies, to increase the employment rate of older employees and to increase the retirement age, while also taking into account the potential reduction in physical capabilities of older workers.

Key findings

A number of features specific to an establishment influence the offer of early retirement and phased retirement and the extent to which these schemes are used. These factors encompass clear similarities as well as differences:

- The offer of early retirement and phased retirement is influenced by the size of the establishment and the sector in which it operates. Both schemes are used more frequently in larger establishments than in smaller ones, and are most widespread in sectors such as health and social work, education, and financial intermediation.
- Experience of part-time work has a significant influence on the offer and take-up of phased retirement. Establishments that either have no experience of part-time work, or that take a more critical stance towards part-time work (where work is less easily organised), offer phased retirement less frequently than establishments with positive experiences of and/or a favourable attitude towards part-time work.
- In contrast, the offer and extent of early retirement is more strongly influenced by the employment situation in the establishment and the need for a reduction in personnel.

- Both schemes are offered more frequently if the establishment operates flexible working time arrangements (enabling employees to influence the start and finish times of their working day) or nightshift and/or weekend shift working.
- Establishments offering early retirement also offer phased retirement more frequently than establishments that do not cater for the option of early retirement and vice versa.

This comparison shows that although early retirement and phased retirement are similar in some contexts, they are different in other cases. In principle, both schemes are suitable for helping to cushion the effects of staff adjustments, although early retirement is still used more frequently in this respect. As experience shows, early retirement is often an integral part of collective arrangements if an establishment faces a structural crisis or if operational changes, such as relocation or mergers, take place. This ought to be consistent with fewer individual options for employees.

In comparison, the considerations of establishments with regard to work organisation and its advantages appear to be decisive factors in terms of the offer of phased retirement. If an establishment sees advantages in organising work by employing part-time staff, the use of phased retirement, which is sometimes subject to statutory regulation, stands to reason.

The decision to offer phased retirement seems to be based on a management choice, in which particular interests regarding business and personnel management play an important role; however, the fact that there are only a few features at operational level that determine the extent to which phased retirement is used by employees indicates that decisions regarding the take-up of phased retirement are based on the employees' own choices. In addition to work–life balance interests, financial arrangements concerning the level of income are likely to play an important role.

Although both early retirement and phased retirement can be used as measures to encourage flexible working life arrangements, in turn improving work–life balance, it can be supposed that phased retirement is more frequently used for this purpose. Early retirement, on the other hand, seems to be more frequently used for other reasons, such as reducing the number of personnel or as part of structural changes. This hypothesis can only be verified, however, by taking the perspective of the employees into consideration. Nonetheless, the results at hand indicate that the necessary conditions for using both schemes as a measure to improve work–life balance are provided for in only a small proportion of establishments.

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Annex 1

Measures for older workers in the EU15 and Switzerland

Table A1 Measures relating to employment of older people and transition into retirement in the EU15 and Switzerland

Measures/policies	Austria	Belgium	Denmark	Finland	France	Germany	Greece	Ireland	Italy	Luxembourg	Netherlands	Portugal	Spain	Sweden	Switzerland	UK
Pensions																
Increasing retirement age/contributory period	X	X		X	X		X		X			X		X	X	X
More links between contributions and benefits	X			X	X		X		X		X	X	X	X	X	X
Flexibility of retirement age	X	X	X	X	X	X			X		X	X	X	X		X
Gradual retirement	X	X	X	X	X	X			X	X	X		X	X		
Development of occupational pensions	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
Accumulation of earnings and benefits	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Work exit																
Reducing disability benefit access			X	X		X					X			X		X
Reducing early retirement access	X	X	X	X	X	X					X		X	X	X	
Reducing unemployment benefit access	X	X		X	X	X					X				X	X
Employment among people aged 55+ years																
Incentive for continuing training	X	X	X	X	X		X								X	
Reintegrate unemployed people aged 50+ years	X	X	X	X	X		X	X		X	X			X	X	
Encourage part-time work among people aged 55-65 years	X	X	X	X	X	X			X	X	X		X	X	X	
Employment subsidies, reduction of social contributions	X	X	X		X		X		X	X	X		X	X	X	X
Anti-age discrimination legislation	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Information/education campaigns		X	X	X		X					X			X	X	

Notes: Refers to recent measures, i.e. not before 1996.

Importance of measures is indicated by the bold character of X. Information is complete and up-to-date (October 2004) for the countries: FI, DK, UK, NL, DE, FR, IT CH.

Source: Reday-Mulvey, 2005, p. 160

Annex 2

Estimation procedure

The offer of the option of early retirement (dummy 0/1) and the offer of the option of phased retirement (dummy 0/1) are estimated with a standard probit model.

As far as the extent of early/phased retirement is concerned, information is available for participation using the categories ‘almost all’, ‘most’, ‘some’, ‘practically nobody’ and ‘no experience yet’. The impact of the independent variables on the probability of these outcomes has been estimated with an ordered probit model.

All the estimations have been performed with the statistical software STATA.

List of independent variables

The following independent variables have been retained for the estimations of the two probit and the two ordered probit models:

Country dummies

The reference country is the Czech Republic (in the estimations where the dependent variable is the offer/extent of early retirement) and the Netherlands (in the estimations where the dependent variable is the offer/extent of phased retirement).

Industry dummies

Table A2 Sectors by NACE classification

Sector	NACE classification
Mining and quarrying	NACE C
Manufacturing industries	NACE D
Electricity, gas and water supply	NACE E
Construction	NACE F
Transport, storage and communication	NACE I
Retail and repair	NACE G
Hotels and restaurants	NACE H
Financial intermediation	NACE J
Real estate, renting and business activities	NACE K
Public administration	NACE L
Health and social work	NACE N
Education	NACE M
Other community, social and personal services	NACE O

The reference category is Education (NACE M) in the estimations where the offer/extent of early retirement are the dependent variables, and Health and social work (NACE N) in the estimations where the offer/extent of phased retirement are the dependent variables.

Establishment characteristics

Table A3 Variables of establishment characteristics

Size and type of establishment

Establishments with 10–19 employees

Establishments with 20–49 employees

Establishments with 50–499 employees

Establishments with 500 or more employees, **Reference category**

Proportion of female employees range 0% to 100%

Proportion of qualified employees range 0% to 100%

Proportion of older employees range 0% to 100%

Variable	Dummy
Assessment of economic situation	dummy (1 = very good/quite good)
Need to shed personnel	dummy (1 = need)
Employment trends	dummy (1 = increase in personnel levels in the past three years)
Need for employees/skilled employees	dummy (1 = need)
Difficulties in retaining personnel	dummy (1 = difficulties)
Flexible working time	dummy (1 = company offers flexible working time)
Overtime	proportion of employees doing overtime (range 0% to 100%)
Nightshifts and/or weekend shifts	dummy (1 = company offers weekend work and/or shift work)
Phased retirement	dummy (1 = company offers phased retirement), only included in the analyses of the offer/extent of early retirement
Early retirement	dummy (1 = company offers early retirement), only included in the analyses of the offer/extent of phased retirement
Proportion of part-time employees	range 0% to 100% (only included in the analyses of the offer/extent of phased retirement)
Motivation of part-time employees	dummy (1 = part-time employees are more motivated or equally as motivated), only included in the analyses of the offer/extent of phased retirement
Organisation of work as a result of part-time working	dummy (1 = work is more easily organised or equally as easy to organise), only included in the analyses of the offer/ extent of phased retirement
Option to change over to part-time working	dummy (1 = full-time employees can relatively easily change over to part-time working), only included in the analyses of the offer/extent of phased retirement
Attitude of the management	dummy (1 = encouragement by the management)

Annex 3

Results of the probit estimates

Table A4 Probit estimates for offer/extent of early retirement

Explanatory variables	Probit estimates Dependent variable: offer of early retirement	Ordered probit estimates Dependent variable: extent of early retirement
Size of establishment	four size dummies included (reference: establishments with 500 or more employees)	four size dummies included (reference: establishments with 500 or more employees)
Sector in which establishment operates	12 sector dummies included (reference: education)	12 sector dummies included (reference: education)
Proportion of female employees	-0.015	-0.021**
Proportion of qualified employees	0.008	0.024***
Proportion of older employees	0.059***	0.100***
Assessment of economic situation	0.045	0.015
Need to shed personnel	0.095***	0.047**
Employment trends over the past three years	-0.052***	-0.236***
Need for employees/skilled employees	0.004	-0.029
Difficulties in retaining personnel	-0.021	-0.095**
Flexible working time	0.088***	0.019
Overtime	0.021***	-0.009
Nightshifts and/or weekend shifts	0.068***	0.055**
Phased retirement	0.670***	-0.019
Attitude of management	Not included	0.478***
Country	20 country dummies included (reference: Czech Republic)	20 country dummies included (reference: Czech Republic)
Number of observations	14.094	8.308
Pseudo R ²	0.1850	0.1437

***, ** indicates significance at the 99%, 95% level

Table A5 Probit estimates for offer/extent of phased retirement

Explanatory variables	Probit estimates Dependent variable: Offer of phased retirement	Ordered probit estimates Dependent variable: Extent of phased retirement
Size of establishment	four size dummies included (reference: establishments with 500 or more employees)	four size dummies included (reference: establishments with 500 or more employees)
Sector in which establishment operates	12 sector dummies included (reference: health and social work)	12 sector dummies included (reference: health and social work)
Proportion of female employees	-0.009	-0.006
Proportion of qualified employees	0.5	0.014
Proportion of older employees	-0.023	0.043**
Assessment of economic situation	-0.116**	-0.012
Need to shed personnel	0.057	0.062
Employment trends over the past three years	-0.104***	-0.032
Need for employees/skilled employees	0.028	-0.039
Difficulties in retaining personnel	-0.012	-0.071
Flexible working time	0.249***	0.027
Overtime	-0.011	0.001
Nightshifts and/or weekend shifts	0.075**	0.015
Early retirement	0.607***	0.001
Proportion of part-time employees	0.126***	0.164***
Motivation of part-time employees	0.019	0.023
Organisation of work as a result of part-time working	0.055**	0.090***
Option to change over to part-time working	0.259***	0.047
Attitude of management	Not included	0.325***
Country	20 country dummies included (reference: Netherlands)	20 country dummies included (reference: Netherlands)
Number of observations	7.260	3.581
Pseudo R ²	0.1733	0.0713

***, ** indicates significance at the 99%, 95% level

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In the light of the EU policy objectives of increasing the rate of employment for 55–64 year olds and raising the average retirement age, EU Member States are currently discussing strategies around retirement. As the timing and the nature of the transition into retirement depend on the legal framework in different countries, early and phased retirement schemes play an important role in this context. This report explores the nature, availability and take-up of such retirement schemes in companies across Europe, based on analysing the findings of a large-scale, representative survey carried out in establishments with 10 or more employees in 21 European countries in 2004-5. The report outlines the institutional frameworks governing provision of early and phased retirement schemes and explores influential company-relevant factors that affect the offer and take-up of both schemes. The report concludes that both types of retirement schemes can be instrumental in helping a person achieve a better work–life balance towards the end of their working life.

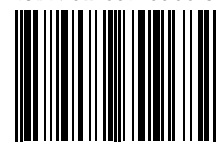
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