

Laura Saurama

# Experience of early exit

A comparative study of the reasons for and  
consequences of early retirement in Finland and  
Denmark in 1999–2000

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*12.10.2004 at home*

*Laura Saurama*

## SUMMARY

This thesis examines the experience of early exit in Finland and Denmark in the turn of the millennium. Research is empirical comparative welfare study, which utilises survey data collected in 1999-2000. Research aims to investigate the experience of early exit in terms of well being. Well being among early retirees is approached firstly, from the framework of work and working life, secondly, from the framework of experience of exit and thirdly, as a realised condition. The theoretical framework of the study constructs of previous studies focusing on the push and pull notions as well as the concepts of voluntary and involuntary early exit. Also, the concept of well being is utilised as the terms of expelled, released and pulled are developed. The results suggest that retirement plans are more common among the Danish ageing employed. This may be related to the fact that in Finland early retirement through the disability- and unemployment-based early retirement schemes has been more common than in Denmark. Straining work, which is related to health problems and decreased work satisfaction, is connected with early exit plans. However, willingness to have more free time is also related to retirement plans. The experiences of early exit differ in Finland and Denmark. Experiences of expulsion among unemployment pensioners are more common in Finland than in Denmark, which is probably due to better employment situation in Denmark in the 1990's. Also, ordinary disability pensioners have experienced early retirement involuntary, and it is strongly related to the actual illness and disability. For other early retirees, early exit has been most often a release from the labour market. Purely voluntary early retirement, pull, is not very common, and it is strongly related to the so-called voluntary pathways of exit. Early retirees' subjective perceptions of well being support the notion that early retirement is continuity of well being. However, in Finland, experiences of increased well being are a bit more common than in Denmark. The level of living among early retirees does not mainly differ from the ageing employees' level of living. Welfare problems are most common in Finland among ordinary disability pensioners. In Denmark, welfare problems are

most common among disability-based early retirees, especially among those on relaxed disability pension. The study indicates that the practiced policy has been able to maintain well being among early retirees.

**Key words:** Early retirement, pathways of exit, push and pull factors, voluntary versus involuntary early exit, well being, Finland and Denmark

## TIIVISTELMÄ

Tässä väitöskirjassa tutkitaan varhaiseläkkeelle jäämisen kokemusta Suomessa ja Tanskassa vuosituhanen vaihteessa. Tutkimus on luonteeltaan vertaileva hyvinvointitutkimus, jossa aineistona käytetään 1999–2000 kerättyä survey-aineistoa. Tutkimuksen tavoitteena on selvittää varhaiseläkkeelle siirtymisen kokemusta hyvinvoinnin näkökulmasta. Varhaiseläkeläisten hyvinvointia tutkitaan työelämän näkökulmasta, eläkkeelle siirtymisen kokemuksena sekä toteutuneena tilana. Tutkimuksen teoreettisen viitekehyksen muodostavat aiemmat tutkimukset eläkkeelle jäämisen työntö- ja vetotekijöistä sekä keskustelu varhaiseläkkeelle jäämisen vapaaehtoisuudesta ja vastentahtoisuudesta. Myös hyvinvointitutkimuksen käsitteistö on keskeisellä sijalla, kun luodaan käsitteitä uloslyöty, vapautettu ja vetäytynyt eläkeläinen. Tutkimustulokset osoittavat, että tanskalaiset suunnittelevat useammin varhaiseläkkeelle jäämistä kuin suomalaiset ikääntyvät työntekijät. Tämä liittyy siihen, että Tanskassa siirrytään useammin varhaiseläkkeelle ns. vapaaehtoisten eläkereittien kautta. Työelämän raskaus, mikä on yhteydessä matalampaan työssä viihtyvyyteen, liittyy eläkeajatuksiin, mutta toisaalta myös toive vapaa-ajasta saa suunnittelemaan työelämän jättämistä. Varhaiseläkkeelle siirtymisen kokemukset poikkeavat maittain osin 1990-luvun erilaisen työmarkkinatilanteen johdosta. Suomessa työttömyyseläkeläiset ovat kokeneet usein tulleen ulosajetuiksi työmarkkinoilta eli heille varhaiseläkkeelle jääminen on ollut vastentahtoista ja se on liittynyt työn puutteeseen. Tanskassa vastentahtoinen eläkkeelle jääminen on ollut harvinaisempaa myös työttömyyseläkeläisillä, mikä liittyy Tanskan parempaan työllisyystilanteeseen 1990-luvulla. Myös varsinaiset työkyvyttömyyseläkeläiset ovat kokeneet työelämän jättämisen vastentahtoisena, mikä liittyy selkeästi terveyden heikkenemiseen. Muille varhaiseläkeläisille siirtyminen pois työelämästä on ollut useimmin vapautusta työelämän vaatimuksista. Puhtaasti vapaaehtoinen työstä vetäytyminen on molemmissa maissa suhteellisen vähäistä ja se liittyy selkeästi ns. vapaaehtoiisiin eläkereitteihin. Varhaiseläkeläisten subjektiiviset kokemukset hyvinvoinnista tukevat näkemystä siitä, että varhaiseläkkeelle

siirtyminen on yleensä jatkumoa valinneelle hyvinvoinnille. Tosin Suomessa hyvinvoinnin koetaan kohentuneen hieman yleisemmin kuin Tanskassa. Varhaiseläkeläisten hyvinvointi ei poikkea suuresti ikääntyvien työllisten hyvinvoinnista. Hyvinvoinnin vajeita on lähinnä Suomessa varsinaisella työkyvyttömyyseläkkeellä olevilla. Myös Tanskassa hyvinvoinnin puutteet kumuloituvat työkyvyttömyyseläkeläisille, erityisesti joustavalla työkyvyttömyyseläkkeellä oleville. Pääsääntöisesti tutkimus osoittaa harjoitetun varhaiseläkepolitiikan tukeneen ja ylläpitäneen varhaiseläkeläisten yleistä hyvinvointia.

Avainsanat: varhaiseläke, varhaiseläkepolut, työntö- ja vetotekijät, vapaaehtoisuus vs. vastentahtoisuus, hyvinvointi, Suomi ja Tanska



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# 1 Introduction

## 1.1 From old age pension to early retirement legislation

The process of industrialisation and wage labour lead slowly to the development of the pension schemes in the late 19<sup>th</sup> century (Alber 1982). Older workers were no longer able to continue at work, which raised the question of maintaining economic welfare among the ageing as a social problem that needed to be taken care of. Especially in physically straining occupations, men worked until they ‘dropped’. The development of old age insurance allowed the ageing to withdraw from wage labour at a certain age i.e. they were allowed to decommodify themselves. This social contract between society, the labour market and citizens (see Esping-Andersen et al. 2002) defined when and on what term’s citizens can quit working and rely on the welfare state.

Industrialisation adheres not old age but also other risks, such as work-accident and sickness. The development of work accident and sickness insurance schemes has been faster than the development of pension policy, because pension policy involves intense political conflicts. Pension schemes comprise such questions as who are eligible and under what conditions to pension benefits? These issues are perceived differently from opposite ideological camps (Kangas 2000). Also in different times similar problems may be perceived differently, which seems to be the case in early retirement.

In the golden era of the welfare state, early retirement schemes were mostly established and enlarged. The enlargement of early exit rights was partly accelerated by the changes in the labour market and partly by the aim to maintain the well being of the ageing. Changes in the labour market maintained that increasing demands were focused on the employees. The workers were expected to possess more and more skills and at the same time many ‘traditional’ occupations vanished due to automatisisation. In the open economy, unemployment became a challenge and as a result, a number of ageing workers were pushed out of the labour market. Relatively often the lay offs among the

ageing were justified by saying 'give your place to the young' (see Phillipson 1983). It can be argued that the changes in the labour market and the role of the state and economy accelerated a new social contract, which gave the ageing employed wider possibilities to exit early from the labour force, their decommodifying rights enlarged.

However, the last decade of the second millennium was marked with restrictions and retrenchments in western welfare states (see Pierson 1994, Pierson 2001, Kangas & Hinrichs 2003). The retrenchment policy has mainly been introduced to battle the cost expansion caused by the 'greying' of the population and increasing unemployment, which started to create fiscal pressures on the welfare states. The policy concerning early retirement turned from the culture of early exit towards strategies of active and integrative ageing (see Maltby et al. 2004). The retrenchment has implied that the policy aims at keeping the ageing in working life for as long as possible by means of tightening the eligibility criteria or making early exit impossible by closing down some pathways of exit. This new social contract between society, labour markets and individuals maintains recommodification rather than decommodification.

As said, in all times, the social contract defines the balance between labour force participation and decommodification rights. It defines under which conditions individuals are allowed to withdraw early from the labour force. Eventually, the institutions realise this contract. The concept of institution is a vague one. But like Svallfors (1995, 118) this study utilises the definition of Hall (1986, 19), and defines the institutions as "the formal rules, compliance procedures, and standard operating practices that structure the relationship between individuals in various units of the polity and economy". Two main institutional settings, early retirement legislation and the labour market practices set the frames in which individuals act and make their decisions in relation to early exit.

This study focuses on the early retirement in Finland and Denmark in the turn of the millennium. A shared concern in these two countries has been that labour force participation rates are relatively low in the Scandinavian context, among the ageing (45-54 years old) as well as among the aged (55-64), which is related to substantial volume of early exit. Last decade of the second millennium was



challenging in both countries. Finland was battling with an extensive unemployment problem, whereas Denmark had relatively high unemployment in the 1980's and yet, is now known as a model country of active labour market policy (see Goul Andersen 2002). In Denmark the employment protection legislation is one of the least restrictive systems of regulation of employers' powers to hire and fire in Europe (Bertola 1990; Grubb & Wells 1993; Madsen 1999). This reflects also to employees' sense of protection from rapid dismissal, which is lower in Denmark compared to Finland, and Sweden. Otherwise the quality of working life in Scandinavia is higher than elsewhere in Europe with regards to quality of work tasks and opportunities for participation. (Gallie 2003.) In addition to the high quality of working life employees are also highly work oriented in Denmark (Svallfors et al. 2001) as well as in Finland (Julkunen 2003).

These two countries offer an interesting framework for this thesis. In this study the aim is to investigate the experience of early retirement on an individual level, the reasons for and consequences of early exit in Finland and Denmark. The study utilises survey data, which were collected in 1999-2000 as part of a research programme Unemployment, Early Retirement and Citizenship: Marginalisation and Integration in the Nordic Countries (see Goul Andersen et al. 1998). The aim of this comparison is to find whether similar institutional settings produce similar outcomes. According to Svallfors (1995, 118-119) comparative attitude research should aim at studying variation and similarities in attitudes across a national context, and explain or at least interpret these as the outcome of institutional arrangements. Opinions are remnants of historical processes that have been structured by national institutions. National differences in attitudes could be explained as the outcomes of the lived experience and interpretations of national institutions. This is the interest in this study; at the turn of the millennium, how do institutions structure the experience of early exit in Finland and Denmark?

This study constitutes of a comparison of two relatively similar countries. The institutional structure of the early retirement schemes has indeed been very similar in Finland and Denmark during the last decades, offering variety of pathways to exit early (further description in chapter 4.1). Country selection is

based on this idea, comparison of two similar types of welfare states regards to the pathways of exit. Selected countries also differ in some respect, which makes the comparison interesting. First of all, the labour market situation in 1990's was very different as briefly stated above. In Finland unemployment was very common whereas in Denmark it was more moderate. Interesting is also, that despite high work orientation and quality of working life in these two countries, early withdrawal from the labour force is common. The question that seeks an answer is, how far the experience of exit reflects the institutional framework? How early exit is in this framework experienced? The issue becomes even more interesting when it is known that the Danish are one of the happiest people in Europe, 68% report being very satisfied with their life. In Finland, only 26% report such satisfaction. (See, for example, Delhey 2000.) When the aim is to investigate also the outcomes of early retirement in terms of well being, how will this difference in general satisfaction influence on the results?

## **1.2 Theoretical roots and the structure of the study**

This study has its theoretical roots in several disciplines. Generally speaking this study shares views with the political economy of ageing. The central argument in the political economy of ageing is that the phenomenon of the ageing and old age is directly related to the nature of the society in which they are situated (Estes et al. 2001). Therefore, for example, early retirement cannot be considered or analysed in isolation from other societal forces or phenomena. The powers of the state, business, and labour, and the role of the economy are central concerns. Explicitly recognised in this framework are the structural influences on the ageing experience, including the role of societal institutions and social relations in understanding how ageing and old age are defined and treated in society, and the role of ideology in shaping those definitions and policy options for their treatment. (Estes et al. 2001.)

The theoretical discussion of early retirement revolve firstly around the concept of decommodification, which poses that while designing more decommodification rights for citizens, for example, the right to retire early, the welfare state also becomes obligated to offer a decent standard of living for those who are decommodified thru different pathways of exit. Secondly, early exit is discussed within terms of push and pull as well as choice. It is posed that early retirement is rarely a question of an individuals' own willingness to retire. Instead, it is stressed that early retirement is often a result of labour market pressures and constrains as well as bad health, the push forces.

The third central concept is well being, which is approached from several views in chapter two. First, different research approaches to well being are discussed, after which well being is discussed in relation to work and early retirement.

The main concepts, which are defined and discussed in chapter two, mainly address early retirement at a macro level rather than on an individual level. The studies, which have utilised individual level data to examine the experience of exit, are often carried out by gerontologists. Because of this, this thesis also utilises the findings and concepts from the gerontology. The previous studies addressing early retirement on an individual level are presented and discussed in chapter three.

Chapter four presents the two welfare states, Finland and Denmark in more detail. The chapter addresses the central principals of comparative studies, what to compare and why in relation to the two main institutions, the labour markets and early retirement legislation, the pathways of early retirement.

The notions of push and pull factors are central concepts of this study, as are voluntary versus involuntary early exit and well being. As the study aims to compare two welfare states and how the institutions are related to the experience of exit, the institution is also a key concept. These principal concepts are not only tools to analyse and explain the phenomena; rather they are applied and measured with empirical data. These issues are addressed in chapter four, which also includes a presentation of the data and methods.

The initial interest in the study is to examine the connection between early retirement and well being (more detailed questions are presented in chapter 4.2).

The connection between early retirement and well being is addressed on three levels. Early retirement is seen as a process, which starts from the employed ageing and ends at the actual early retirement of these ageing employed. Therefore, the first level of investigation addresses well being at work. This investigation aims to answer the questions, how common are exit plans among the ageing employed, did early retirees experience work more straining than the ageing employed, were they the weakest and least qualified part of the labour force? The second level of investigation aims to find out how early exit is experienced. It seeks the reasons for early retirement as well as voluntary and involuntary exit. The reasons for retirement are investigated in the context of the labour markets as well as individuals' own resources and preferences. The third level of investigation focuses on the consequences of early retirement in terms of well being. Because the data is not panel data, the consequences are approached in two ways. First, early retirees evaluate the consequences of early withdrawal themselves. Second, the level of well being among early retirees is compared to the level of well being among the ageing employed. The aim of these chapters focusing on well being is to find out if early retirement is related to well being or diswelfare.

Chapter five constructs the empirical findings. The first section addresses the findings concerning well being at work. The second section examines the experiences of exit. The third section seeks to answer the question: is early retirement related to well being? Each empirical section ends with a brief summary where the results are discussed in relation to the previous studies. Chapter six ends this thesis with the general conclusions and discussion. In this chapter the aim is to return to the theoretical concepts and discuss the experience of early exit in terms of decommodification.

This thesis will fill in the gaps in comparative early retirement research as well as welfare research while focusing on early retirees. Overview of the previous studies (chapter 3) will show that there is an evident lack of comparative knowledge on early retirement in an individual level. The comparison between two relatively similar welfare states, Finland and Denmark, will provide new information on the outcomes of two similar institutions. Having said this, it becomes evident that this thesis is a piece of comparative

welfare research. Even if the study is welfare research, it is also an early retirement study. The thesis utilises concepts from both of these research traditions. The early retirement studies focus mainly on the reasons for retirement. These are the subjective experiences of individuals. However, the nature of early retirement decisions, voluntary versus involuntary, is discussed less and therefore the concept of released workers (presented in chapter 2.3.2) is the theoretical contribution to this study.

This study aims to investigate the experience of early exit. This is done on two levels; firstly, concerning the early retirement decision and secondly, concerning the level of well being among early retirees. The concept of the experience of early exit in addition to well being is operationalised in several ways. The several operationalisations of well being is the methodological contribution of this study.

The comparison between two similar countries and their institutional settings will shed light upon the issue: are the welfare outcomes similar? On the one hand, the examination of experienced conditions under which the ageing exit, will offer new comparative information. For policy makers, this information may be vital. The implementation of new policy will often succeed, if the previous conditions are well known. For example, tightening of the eligibility criteria for early exit will not postpone the exit unless the ageing experience that they have a possibility to continue at work. On the other hand, the examination of the well being of early retirees will also offer information to policy makers, what are the outcomes of the practised policy. This is the policy relevance of the study.

## 2 The framework of early retirement

During the last decades, the discussion of commodification, decommodification and lately recommodification has been relatively active. These concepts have their roots with Karl Marx who contended that it is the commodity nature of human labour, which is constitutive of capitalism. The capitalist production system is based on the exploitation of the labour, which is forced to sell its labour power in order to survive. As the labour power becomes a commodity, people's possibilities to survive outside the market are at stake (Marx 1970).

During the golden era of the welfare states, policy aimed at relieving people from their commodity nature. The era was marked with enlargement of social rights, decommodification (see, for example, Esping-Andersen 1990a; b; Kangas 1991; Palme 1990). During this era, early retirement schemes were also introduced and enlarged. However, in the 1990's, policy discourse shifted more towards recommodification (see Maltby et al. 2004). Instead of enlarging people's rights to social benefits and paid non-work, the emphasis shifted towards squeezing social rights and stressing the role of social obligations and work. In pension policy, this meant that eligibility criteria for early withdrawal became tighter and some of the early retirement schemes were phased out.

This chapter introduces the theoretical background of this thesis. First the concept of decommodification will be discussed. It is posed that early retirement is one specific form of decommodification. In this section, the voluntary versus involuntary nature of early retirement will be addressed. In the final section, the connection between early retirement and well being will be addressed. In this section, the aim is to connect the concept of well being to the process of early retirement; well being at work, well being in the actual retirement decision and finally well being as an early retiree.

## 2.1 Early retirement, a form of decommodification

The evolution of social policy in the twentieth century has been patterned around the perennial conflict over decommodification; to what extent and under what conditions should the satisfaction of social needs be fulfilled by various citizen rights (Esping-Andersen & Kolberg 1992, 78). Decommodification refers to the degree in which individuals can uphold a socially acceptable standard of living independently of market participation (Esping-Andersen 1990a, 37). This, actually, is the core of the welfare state. The welfare state aims to guarantee a livelihood for its citizens against unemployment, disability, old age and other risks. This is, to diminish the commodity nature of individuals. The degree of decommodification can be regarded as a social contract between individuals and the state (Esping-Andersen et al. 2002). This contract varies by country, as well as by time.

The commodity nature of workers has contested discussions. Marxism asserts that genuine human welfare can only occur with the complete abolition of wage labour (in Esping-Andersen 1990a, 36). Alternatively, Polanyi (1944) contends that workers are not commodities like others because they must survive. And therefore, the owners of labour-power cannot withhold their labour power until the price is right unless they can secure an alternative means of subsistence (Dean 1996, 19; Esping-Andersen 1990a, 37). Decommodification is therefore needed, as Polanyi (1944) argues, otherwise the capitalist system, 'satanic verse', would destroy itself. Polanyi also contends that decommodification is a precondition for a tolerable level of individual welfare and security.

In 1950, T. H. Marshall proposed his theory of citizenship, which has become one of the most important readings among social scientists. Marshall identified three elements of citizenship: civil, political and social rights. According to him these rights developed in a certain order, social rights being last. In Marshall's view, civil rights refer to individual freedom, political rights to the possibility to exercise political power. According to Marshall (1950), the aim of social rights was to secure individuals' economic welfare and the right to live life according to the standards of the prevailing society.

Marshall's notion of social rights has been widely accepted and therefore social citizenship has constituted to the core idea of a welfare state. This is also what Esping-Andersen (1990b, 105-106) argues as he states that the key principles involved in social citizenship must first and foremost grant social rights. This entails, firstly, a decommodification of the status of individuals' vis-à-vis the market. Esping-Andersen continues that social citizenship involves social stratification and thirdly, the welfare state must be understood in terms of the interface between the market, the family and the state. As commodities in the market, workers depend entirely on the cash nexus for their welfare. The question of social rights is thus one of decommodification, that is, of granting alternative means of welfare to that of the market.

The early retirement schemes can be regarded as institutions guaranteeing social rights; they entail ageing workers to decommodify themselves from the labour market. Hagen (1992, 127, 155) approaches early retirement with the concept of paid non-work. With the concept, Hagen (1992, 127) refers to temporary or permanent exit from ordinary gainful employment in the labour market, compensated through a system of legal rights to income transfers. Paid non-work, as well as paid work, is an 'activity' that takes place within an institutional setting. This setting includes, first, a comprehensive system of social rights, which contain the conditions to be met in order to be entitled to absence and the regulations of the economic transfers during the period of absence. This legal system will be denoted as the social policy regime. Second, through participation in the labour market, manifested by the work contract, the individual is subordinated to a set of formal as well as informal norms regulating his or her economic behaviour, a production regime. Both regimes will constrain and create options for individual behaviour. How individual characteristics such as physical ability to work, family obligations, motivation, and preferences affect actual economic behaviour and must be understood in terms of the individual's interaction with both the social policy regime and the production regime (Hagen 1992).

Hagen's point of departure is to consider the levels of temporary and permanent exit from work as the (intended) effects of deliberate policy. By defining more needs and transforming them to individual rights, legislators make



it possible for workers to exit paid work in specific circumstances. (Hagen 1992, 127.) These specific circumstances, which entitle early exit, are discussed next. They form the pathways of exit, which are the institutional setting through which early retirement occurs.

### ***The pathways of exit***

As Hagen (1992) points out, early exit from the labour market seldom occurs, as massive as it is, without institutional settings that make early withdrawal from the labour market possible. Early exit, early retirement, indicates entry to the public early retirement pension before the actual transition to the old-age pension (=retirement). This means that there remains a gap between actual retirement and exit from the labour market. To deal with this gap, Kohli and Rein (1991, 6) developed the concept of pathway or pathways of exit. With this concept, they refer to institutional arrangements or to a combination of different institutional arrangements that are sequentially linked to manage the transition process, that is, the period between exit from work and entry to normal old-age pension.

There are a variety of pathways out of paid work. In most countries these pathways can be distinguished as the unemployment pathway, disability pathway, voluntary pathway and gradual retirement pathway (Guillemard & van Grunsteren 1991; Gould 1997). Accessibility to the pathways is dependent on certain criteria. Entry to the unemployment pathway is linked to long-term unemployment at the end of the working career, whereas entry to the disability pathway requires medical verification of inability to work. Many countries have also introduced the gradual retirement pathway, which means a combination of work and retirement. Usually, this is called part-time pension. Entry to the partial or full-time voluntary pathway is not connected with medical or unemployment criteria.

### ***Restrained possibilities to choose***

According to Esping-Andersen (1990b, 107) a minimalist definition of decommodifying welfare state must entail that citizens can freely, and without potential loss of job, income, or general welfare, opt out of work under conditions when they, themselves, consider it necessary for reasons of health, family, age, or even educational self-improvement; when, in short, they deem it necessary for participating adequately in the social community.

Also Hagen (1992, 129) sees that the concept of decommodification is most fruitful when it is applied to the specific elements in the social security scheme that allow the individual to choose between work or income through the social wage. For example, if sickness pay or early retirement pension is provided only after a thorough medical verification of the ability to work, an option hardly exists, whereas if the decision is left to the individual, the concept of decommodification is clearly relevant. (Hagen 1992, 129.)

The demand over free choice can be contested at least with two arguments in relation to early retirement. Firstly, institutions, which make the early exit possible, actually restrict free choice. The pathways of exit, which guarantee livelihood for individuals independently from the market, include different criteria (length on unemployment, type of disease etc.), and therefore actual choice is rather questionable as also Hagen has pointed out. Only the voluntary pathway fulfils this criterion of pure decommodification.

Secondly, it is not always the case that an individual has a possibility to choose whether to retire early or continue working. This is the case especially after a long duration of unemployment as well as sickness or disability. Real freedom of choice is therefore often strongly restricted not only by the welfare state institutions but also other institutions, structural features of labour markets, and firms (Gould 1997, 117; Hytti 2002). It can be argued that a precondition for a choice is that there are relevant options from which an individual can choose. But, if there doesn't exist a real option, one can hardly choose. Therefore ageing workers rather often drift into early retirement without the experience that they chose to exit.

It could be argued that the combination of social rights, formal and informal norms at work, and individual characteristics constitute a setting in which the individual may have the option to choose between work and non-work. By saying that, it is posed that the individual's choice is seen in a broader institutional context and therefore the choice may be rather imaginary. The actual choice is restricted by the labour market and pathways of exit, in Hagen's concepts production and social policy regime. The role of these institutions is two-fold, on one hand they may be making exit possible and on the other hand they may be restricting it.

Despite the limits in the actual freedom of choice regarding early retirement, it can be taken a step further, and early retirement can be discussed as an involuntary or a voluntary choice. Jørgen Goul Andersen (1996, 157) has for example approached labour market marginalisation via concept of voluntary and involuntary unemployment. Voluntary early retirement would imply fulfilment of free choice, whereas involuntary early exit decision would imply that the free choice was restricted by a lack of alternatives, institutional factors, individual's own resources or other factors.

Despite the limits in the use of the concept of choice in the case of early retirement, it will offer a new aspect to investigate the experience of early exit. It will offer a way to approach how individuals have actually experienced their retirement and the decision to exit early. The social policy regime, pathways of exit and the labour market, the production regime may restrict the actual choice, but an interesting question is how far the experience of exit reflects the institutional settings.

So far, it has been posed that voluntary early retirement is essentially a fulfilment of social right, decommodification. Hence involuntary early retirement is forced decommodification. In principle it is an eroded right to work, at least in the case of unemployment. Disability-based early withdrawal, thus involuntary, may be considered decommodification, a situation where a welfare state guarantees a livelihood for the individual in the case of disability. The involuntary experience of early exit rather reflects the experience of disability or sickness.

## **2.2 Labour market changes and early retirement**

### ***Early retirement as hidden unemployment and expulsion***

In the 1970's, early retirement was linked with labour market pressures. According to Kolberg and Hagen (1992), the most prominent theoretical argument on early retirement was raised within the terms of 'triple notion' by Scandinavian researchers (Bergling & Olson-Frick 1977; Hanish 1977; Halvorsen 1977; Kolberg 1974). Early retirement was then discussed within the terms of expulsion, hidden unemployment and diswelfare. Hidden unemployment maintains that those who leave employment for welfare remain both willing and capable to work. Since mass unemployment is seen as politically illegitimate, early retirement is regarded as a policy to translate what, in effect, is unemployment into medically certified illness warranting retirement. (Kolberg & Hagen 1992, 112.)

The notion of expulsion refers to retirement as an outcome of socio-structural mechanisms inherent in modern industrial and capitalist production. Market competition generates standardisation, efficiency, and productivity, and tends to reduce the labour intensity of modern production. The result is an expulsion of the weakest and least qualified part of the work force. The third notion, diswelfare, argues that early retirement means diswelfare rather than welfare. It is assumed that early exit is essentially undesirable for those who are excluded from the labour force, and that life as a pension-recipient is characterised by a sense of detachment, idleness, and passivity. (Kolberg & Hagen 1992, 112.)

Studies have indeed over the years indicated that early exit is closely linked with unemployment (see Hagen 1992; Kohli and Rein 1991; Hytti 1993; van Rhein-Kress 1993; Gould 1995). During the recession in the 1970's in particular, many European countries promoted early retirement to battle increasing unemployment. For example, Kohli and Rein (1991) claimed that since economic policy is less and less able to increase the demand for work, it falls more and more on social policy to reduce the work supply. The early exit of older workers has been one of the 'bloodless' and politically legitimate ways of coping with unemployment, while at the same time avoiding inflation.

Phillipson (1983) also agrees with the idea that there is a connection between labour market changes and early withdrawal from work. He found at least two ideologies in the British old age policies in the post war period until the 1970's. These ideologies vary as a function of capitalism's manpower requirements. At the time of the manpower shortage, ageing workers are encouraged to stay at work and the myth of retirement as a trauma and work as therapy is strengthened. The opposite ideology has been applied during economical crisis and as new technology has been introduced. This ideology can be summarised as 'give your place to the young'. (See Phillipson 1983, 130.) This ideology emphasises the responsibility of ageing workers towards the younger generations. Ageing workers are encouraged to retire and leave their jobs to the young, because they are seen as a less productive work force and they are rather replaced with younger workers. Thus, Phillipson's findings support the notion of expulsion. Basically, there seems to be a mixed signal for the ageing employed. In one hand, work is considered as a duty, but the abilities of the ageing are questioned and as result ageing employed are expected to leave their work for the younger and more qualified employees.

Phillipson's argument is also what Sala-i-Martin (1992; in Esping-Andersen 1999, 131) offers as an intriguing reformulation of early retirement. Sala-i-Martin sees that early retirement is especially attractive in periods of rapid technological change, when there is huge skill gap between older and younger workers. It is, in other words, a means to clear the market of suboptimal skills. Under these circumstances, where unskilled workers predominate, or where 'labour market rigidities' prohibit redundancies and labour mobility, early retirement may be an especially attractive option. (Esping-Andersen 1999, 131.)

However, according to Esping-Andersen (1996, 18-19) the Scandinavians have managed to surplus the 'deindustrialised', largely unskilled, masses with retraining and job creation, and the Americans with wage erosion, the continental European nations have opted to subsidise their exit, especially through early retirement. According to Esping-Andersen, this continental European model has arguably produced an 'insider-outsider' divide, with a small, predominantly male, 'insider' workforce enjoying high wages, expensive social rights, and strong job security, combined with a swelling population of

'outsiders' depending either on the male breadwinner's pay or on welfare state transfers. The rising financial requirements that come from mass retirement and mass unemployment mean growing social contributions and thus fixed labour costs. He sees this 'insider-outsider' division as the main challenge of continental European countries. (Esping-Andersen 1996, 18-19.)

A Finnish study (Hytti 1998), indicates that early exit from the labour force is directly linked to competition pressures and a need to reduce the workforce. This research result evidently does not give support to Esping-Andersen's (1996) argument that in the Scandinavian countries, policies have been more active towards the retaining and education of ageing workers. The story is different at least in Finland. According to Hytti (1998), in the 1980's, the utilisation of early retirement pensions in a given branch was primarily dependent on how open the branch was to international competition. Early retirement was most common in the export-oriented industries. At the turn of the 1990's, early retirement pensions as a result of legislative changes, became more commonly used in the public sector, but remained slightly less common than in the branches of industries open to competition. During the deep economic recession of the 1990's, the rate of exit from the labour force by ageing workers was highest in the branches with a primarily domestic focus, which were the hardest hit by the recession. During the recession, the exit rates were lowest in the closed public-sector branches, but remarkably high in the previously public-sector branches recently opened to competition.

Also, Jacobs, Kohli and Rein (1991) have empirically tested the theory of expulsion. Their starting point was the so-called industry-mix hypothesis, which assumes that early exit mainly takes place in certain industries. The first assumption in the industry-mix hypothesis is that there is systematic difference between economic sectors. The expansion of retirement has closely followed the pattern of the formal sector, and one could assume that participation rates of the elderly are still higher in the primary sector with its lower degree of wage labour. The second assumption is that early exit is especially high in industries that are under pressure to reduce their work force. Among these are industries that are affected by economic downturn to an especially large extent, industries that are facing especially high rates of rationalisation as a consequence of rapid

technological change. Thirdly, for some industries, technological change means that even without a general reduction of the number of workers, they need to adapt to a changing qualification profile by shifting from older unskilled or blue-collar to younger skilled or white-collar workers. Finally, it can be expected that there are more early exits in industries that place particularly high physical strain on their workers.

Empirical findings from Germany and other countries support to some degree, according to Jacobs et al. (1991, 93-95), the industry-mix hypothesis. The highest rate of decline in the number of older workers was found among troubled industries and, more generally, among those industries with the largest overall decline. But also growing industries contributed to early exit, and relatively to their overall growth even more than declining industries. Jacobs et al. (1991), conclude that the troubled-industry hypothesis holds to some degree, but does not offer sufficient explanation of the whole process of early exit from the labour market. One reason for this is that since many schemes for early exit have to be partly financed by the firms, they constitute a financial burden that can only be carried out by well-off industries.

### ***Push and pull factors***

From the early 1990's onwards, the phenomenon of early retirement has been approached with the concepts of push and pull factors (Kohli & Rein, 1991). At the institutional level, the concepts refer above all to pension policy incentives and labour market constraints and pressures. According to researchers, the pull view assumes that early exit is a result of social policies that have created attractive exit possibilities, for example, by lowering the age boundaries and opening new institutional pathways. The proponents of the welfare state tend to see this as an achievement, whereas their opponents tend to see it as an undesired outcome. (Kohli & Rein 1991, 9.) On an individual level, a couple's joint retirement decision can also be regarded as a result of pull factors. However, Kohli and Rein (1991), refer mainly to the macro level factors of retirement decision.

During the 1970's and 1980's, early retirement schemes developed in all western industrial countries created early exit possibilities for ageing workers. This has been claimed to be one reason for the increasing phenomenon of early retirement; ageing workers are not willing to continue at work, since they can retire early. This view stresses the disincentive features of early retirement schemes. When the pull view is the determining framework, early retirement is often studied within the broad framework of the 'model of attraction' (Halvorsen 1990, 5). This framework is dominant among the economists. Studies based on the theory of homo economicus, which stress that there is an evident conflict between work and social transfers: the better the social transfers are, the less rational people are willing to work. The decision to retire early is regarded as a result of an economic incentive. This view assumes that those with secure sources of retirement income are more likely to leave their jobs and withdraw from the labour force than others are. (See Quinn & Burkhauser 1990.)

The contrary view, the notion of push factors stresses that the process of early exit is driven by the development of the labour market. Early retirement is seen to be in connection with high rates of unemployment and with deeper structural features such as rationalisation and the decline of internal labour markets, accompanied by the growth of subcontracting and the increasing use of temporary workers. In this view, early exit takes place regardless of what institutional pathways are available. Social policy cannot therefore stop early exit from occurring. (Kohli & Rein 1991, 10.) On an individual level, straining work conditions, etc., can also be regarded as push factors.

The notion of push factors actually did not offer a new tool to approach early retirement. It merged together the concepts of expulsion and hidden unemployment, which have been discussed already since the 1970's onwards. Still, early exit is a complex phenomenon, which can hardly be explained by too attractive exit possibilities or by push factors. During the 1990's, it has been more widely recognised that early retirement schemes often benefit, not only societies battling with high unemployment but, also private firms and public sector as an employer. States allow firms to use externalisation strategy that is very often the state's early exit policy also. (See Naschold, de Vroom & Casey 1994; also Hakola & Uusitalo 2001.) This means that early exit is often, at



macro level, a state policy to reduce unemployment (hidden unemployment) and at a meso level, it is employer policy to reduce the least qualified work force (expulsion).

Increasing exit rates can be seen, according to Kolberg and Esping-Andersen (1992), as an implication of liberalisation of the pension schemes or it can be seen as a reflection of an increasingly difficult labour market situation of older workers. Standing (1999, 159), argues that since the 1980's, older workers have had greater difficulty in holding jobs until the normal age of retirement. Much of their unemployment has been disguised through early retirement, which has been widespread in Eastern as well as Western Europe. He argues that labour market insecurity has taken a less visible form than open unemployment.

To summarise, the institutional context of early retirement reveals that the real freedom to choose between work and early exit can be imaginary. The main argument here has been that mainly the choice is limited because of the labour market. According to some researchers, early retirement is actually a form of labour market marginalisation. However, on the basis of the above discussion, it is left unknown how individuals have experienced early exit in an institutional context. Have they experienced the possibility to choose between work and early retirement?

## **2.3 Policy device to maintain well being**

According to Hagen (1992, 126), the establishment of early retirement schemes substantiate the theory that the alleviation of work compulsion has been a policy device to increase individual welfare. This is also a point attached to the concept of decommodification, policy aims to guarantee livelihood for those who for some reason do not participate in the labour market. This is totally contrary to the triple notion, which poses that early retirement is basically a means to battle against unemployment and will ultimately be diswelfare. However, the triple notion refers more to the psychological causes of the exit (sense of detachment, idleness, passivity) than to the financial aspects of early exit. In this section, the

aim is to discuss these arguments further. However, first the concept and measurement of well being will be discussed.

### **2.3.1 *The concept of well being***

According to Marshall (1950), the aim of social rights is to secure individuals economic welfare and the right to live life according to the standards of the prevailing society. Citizenship is, to Marshall, full membership in society. For him it is a question of equal resources, which is a means to achieve social integration. As Barbalet (1988, 17-18) proposes, different rights attach different capacities to persons. Some rights, such as welfare rights, which entitle persons to a minimum level of material well being, provide access not simply to opportunities but also to conditions.

Research addressing well being can be roughly divided into those which measure well being through resources and those which measure well being through needs. Resources are a starting point in Scandinavian welfare research tradition, more precisely in the Scandinavian level of living approach, which has its starting point in Johansson's (1970) work. Johansson has operationalised the concept of well being by using different components of level of living. In the first Scandinavian formulation of the level of living approach, Johansson (1970, 25) defines the level of living as "the individual's command over resources in the form of money, possessions, knowledge, mental and physical energy, social relations, security and so on, through which the individual can control and consciously direct his living conditions". Johansson's point of departure is the individual's command over resources, which derive from Richard Titmuss's (1958) writings, who has criticised the use of monetary measures as the only indicator of well being.

The value of resources depends on the circumstances in which an individual lives. The Norwegian Level of Living Survey brought the concept of arenas to Scandinavian research tradition. They see that individuals and households command a set of resources (health, income, education, etc.), which they use in

various arenas (labour market, housing market, etc.) of life. The combinations of resources used in different arenas of life determine the outcome of a person, which formulates the level of living. (Erikson & Uusitalo 1987, 190.)

The Scandinavian level of living approach does not take needs as a starting point, whereas needs are a starting point for Doyal and Gough (1991). Erikson (1993, 73) sees that when resources are made the central concept, it is not necessary to decide what the basic needs are, since the individual is assumed to use his resources in his best interests. On the other hand, it is necessary to decide what are the most important resources. According to Uusitalo (1978), Johansson's theoretical arguments have been criticised on various grounds, but the components of well being are rather widely accepted.

The components of well being, according to Johansson (1970), are as follows: health and access to health care, employment and working conditions, economic resources, education and skills, family and social integration, housing, security of life and property, recreation and culture, and political resources. The components of well being reveal that it is a multidimensional concept, which should not be studied only using monetary measures. The list of components imparts that Johansson's (1970) definition of welfare comes close to Marshall's idea of citizenship: full membership in the prevailing society.

Resource investigation is one way to examine well being. Like said, another approach is to examine needs. In practice, resources and needs are rather the same at least when operationalised. Len Doyal and Ian Gough (1991) discuss three types of basic needs, physical health, autonomy of agency and critical autonomy. The actual satisfaction of needs occurs when intermediate needs are satisfied. These intermediate needs are nearly identical to Johansson's resources.

Erik Allardt (1976) defines well being through the concepts of having, loving and being. He combines the resource approach and the theory of needs. According to him, it is not sensible to let go of the concept of needs, neither is it sensible to demand the needs to be constant over time and cultures. Allardt defines having as level of living, which is nearly identical to the resource approach and the components of well being. Loving is, according to Allardt, a need of belongingness. Individuals desire social contacts, which are also a resource to function. At the highest level of needs is being, which means an

individual's ability to fulfil oneself. This includes the sense of being irreplaceable and status, as well as the possibility to function and have influence on one's own life. Also, political resources are seen to belong to this category. Allardt's categorisation of needs into having, loving and being, is the utmost used approach in welfare studies, mainly because it combines the needs and resource approach and is therefore widely approved.

Allardt's (1976) definition of being is close to Doyal's and Gough's (1991, 53) definition of autonomy. They define the basic need of autonomy as follows: "to have the ability to make informed choices about what should be done and how to go about doing it.... A person with impaired autonomy is thus someone who temporarily seriously lacks the capacity for action through his agency being in some way constrained." They further stress that three key variables affect the level of individual autonomy: level of understanding, psychological capacity, and objective opportunities.

The welfare research tradition can also be divided into those, which stress the importance of objective measurement of well being and those, which utilise the use of subjective indicators of well being. The importance of both objective and subjective indicators of well being has been stressed by Erik Allardt (1976; 1993). Allardt sees it is important to also take into account an individual's self-evaluation of the situation, not only the objective measure. According to Allardt (1976, 33-38), well being is measured by objective measures whereas happiness is measured by subjective measures. Both level of living and quality of life may be evaluated with objective and subjective measures. It is important to realise that well being is constructed from both level of living and quality of life and these can be investigated with objective and subjective measures.

However, according to Uusitalo (1975; 1978), increasing people's happiness or making people satisfied with their living conditions cannot become independent goals of public policy, whereas objectively measured well being can be the aim of public policy and should therefore be manipulated by the means of it (see Johanssen 1970). Scandinavian welfare research tradition has stressed that the results of welfare studies should be used within public policy; therefore it has been common for those studies to use objective measures and to focus more on the worse-offs rather than the well-offs.

### **2.3.2 *Well being and early retirement***

In western industrialised countries the labour markets have traditionally been the arena of life through which individuals are integrated into society. Labour market participation does not only provide economic resources for individuals, but also social contacts. For some people, work is ultimately more than just a means to earn a living.

If work and labour markets are central arenas in individuals' lives, why does early retirement occur and what are the welfare consequences of it? In the previous chapters it was posed that early retirement is a result of labour market constraints (push) and individuals' preferences (pull). It was raised also that early retirement is connected with harsh and difficult labour market situation of the ageing employed. Therefore the issue of well being at work is important and it will be discussed at first. Second, the chapter discusses the experience of exit. Thirdly, the chapter addresses the consequences of early retirement in terms of well being.

#### ***Well being at work***

Health is one of the most crucial dimensions of well being and resource to function (Karisto 1984). Early retirement is closely connected with health problems since the majority of early exits still occur through the disability pathway. Disability is normally defined as conflict between individual's capacity to work and the demands of work (e.g. Järvikoski 1984). This implies that an individual is not capable to function in those roles and objectives, in which he is socialised. This reduction in the individual's capacity to work can occur due to changes in the individual himself or due to changes in the work. (Purola 1979.)

Work capacity is usually defined as interplay between individual's resources and work. Individual's resources consist of health, capability to work, education and skills. Also, individual's values, attitudes, motivation and work satisfaction influence the resources. Individual realises these resources at work, where the

different aspects of work affect the outcome. In practice this means that work, work community and work environment, have a sizeable affect on the individual's possibilities of using resources. Therefore, it can be argued that even individuals with good resources might not have good working capacity unless work, its demands and the environment in itself allow an individual to function. And vice versa, good working community and environment cannot fully compensate the loss of resources. (Ilmarinen 1999, 61.)

Basically, well being at work is dependent on the demands of the work and on the mental and physical environment in which the individual uses his resources. In our society, the mental demands of work have increased (Green 2000), partly due to technological developments, which has increased the pace in which work is done. On the other hand, physically straining work has decreased due to automation.

Karasek and Theorell (1990) stress that if the demands of a job increase, but the individual's control over his work doesn't increase, the likelihood of getting ill increases. Control over work means, for Karasek and Theorell, that work is many-sided, that the individual can influence the way in which the work is done and that the individual can also participate in decision-making. If these two attributes, demands and control over one's work, are in balance, an individual is capable of learning new things and developing new working strategies. Even psychically demanding work does not have negative consequences if an individual has control over his work. In passive work, where the demands are low and the control is also low, an individual will loose motivation and productivity will decrease.

More recent studies stress the collective dimension in defining working capacity (Gould 2001). Working capacity is not anymore just conflict between an individual's capacity to work and the demands of work, but also a collective dimension is seen to be part of working capacity. The collective dimension implies that working capacity is defined in each situation through the individual, work, work community, employer and labour market practice (Järviskoski 1994; Mäkitalo & Palonen 1994).

When the collective dimension has also been taken into account in defining work capacity, the concept of employability has become central. This means that

the question is not only about the connection between the individual's working capacity and the demands of work, but rather it is about the employer's employment policy (see for example Suikkanen 1992).

When working capacity is defined broadly as above, it actually becomes very close to the idea of the expulsion of the ageing work force. Therefore it leads to an assumption that the weakest and least qualified part of the labour force is expelled from the labour force. However, because the welfare state guarantees individuals a right to retire early in the case of reduced working capacity or disability, the notion of expulsion may also be interpreted as a form of decommodification. This will be discussed next.

### ***Experience of exit***

In the previous section, the concept of being was discussed as the highest level of well being according Allardt (1976). Being was posed to include such things as a sense of status and a possibility to influence one's own situation. In the terms of this thesis, being could be used to refer to the choice of early exit. Using the term from Doyal and Gough (1991), it could be argued that voluntary early retirement implies individual autonomy in decision-making. Involuntary early exit would be a lack of autonomy, the decision of the exit is not a result of the individual's own preferences, but rather a result of institutional constraints or an individual's own constraints, such as bad health.

However, it should be stressed, that individual may have experienced a sense of autonomy even exit would have been more or less involuntary. After regarding one's preferences and resources, a person may experience retirement as a voluntary choice. This is thus not a problem; rather it proves the point, for individual well being, a sense of autonomy is important.

By combining the two conceptual approaches, push and pull notion and voluntariness of early exit, it becomes possible to discuss the experience of early exit. Table 1 presents the conceptual approach to the experience of early exit. The proposition is, that if early exit is experienced as a result of push factors and it is experienced as a voluntary choice, early retirees experience that they were

released from the labour force. On the other hand, if push factors are combined with involuntary exit, it can be argued that the experience of early retirement is expulsion. If early retirement is a result of pull factors and the decision to retire was experienced voluntary, the outcome is pulled early retirees. Thus, most often, early retirement is a result of both push and pull factors. If these combined reasons for retirement are merged with voluntary retirement the outcome is released workers, whereas if they are merged with involuntary exit the outcome is expelled workers.

**Table 1.** *Conceptual framework to investigate the experience of early exit.*

Influence of push and pull factors	The decision to exit early was experienced as	
	Voluntary choice	Involuntary choice
Push: bad health, unemployment, straining work	Released	Expulsed
Pull: preference of free time, spouse stopped working, decreased work motivation	Pulled	-
Push & pull	Released	Expulsed

To conclude, the examination of the experience of exit aims to create a new concept of released workers in addition to expelled and pulled workers. The released workers are the ones who exercise their social entitlements. They have a right to retire early and as they consider their own situation in an institutional context and in relation to their resources they, in Esping-Andersen's terms, decommodify themselves from the labour force. The other group for whom the term decommodification fits is the pulled early retirees who actually voluntarily withdraw from the labour force in order to enjoy retirement.

The problematic group, in the view of social policy and also labour market policy, is the expelled workers, who actually are not able to exercise their right to work. They experience that they are forced to utilise the early retirement



schemes to exit early. For them, early retirement is forced decommodification, an eroded right to work. This argument is relevant in the case of unemployment pensioners, whereas problematic among disability-based pensioners. Disability-based pensioners can also be considered decommodified, as the welfare state guarantees livelihood for them in the case of disability, because they are not assumed to be obligated to work anymore. Among disability-based early retirees the experience of involuntary exit, lack of autonomy, may rather reflect the experience of disability or sickness rather than actual exit. Therefore, the concept is strongly related to the pathway of exit, the institutional context.

### ***Well being as an early retiree***

Studies carried out among the unemployed have stressed the centrality of work. According to Jahoda (1982, 59), employment structures time use, it enlarges social experiences, allows participation in collective action, and work also gives individuals status and identity. In empirical unemployment studies it has been widely recognised that unemployment influences negatively to the well being of individuals: unemployment is often agreed to lead to crisis, both economic and social (see Jahoda et al. 1971; Gallie & Vogler 1994; Gershuny 1994; Alm 1998).

Furthermore, it has been proven that economic hardship plays a central role in the process of the accumulation of diswelfare (Erikson & Tåhlin 1984; Ritakallio 1991; Halleröd & Heikkilä 1999; Ervasti 2003). Quite often, lack of monetary resources is a result of labour market marginalisation. Labour market marginalisation is further connected to social and political marginalisation (Møller 1995; Erikson & Tåhlin 1984; Halleröd & Heikkilä 1999; Frizell & Lundberg 2000). Also health problems are related to other welfare problems (Erikson & Tåhlin 1984; Frizell & Lundberg 2000).

The positive connection between welfare problems poses that, for example, sickness, economic hardship, labour market marginalisation, social and political marginalisation accumulate to same individuals. This is a problem for the whole society, because it may lead to a situation where accumulative welfare problems

create a group of people whose integration into society erodes and lead to decreased citizenship. Goul Andersen (1996, 158) refers to vicious circles: social marginalisation reinforces labour market marginalisation as socially marginalised persons are less likely to return to full integration into the labour market. Furthermore, political marginalisation means a lack of opportunities to exert political influence, which may lead to a worsening of the social conditions of the marginalised.

In the field of social policy, early retirees' well being has not interested researchers so much. Studies have usually focused on the well being of old age pensioners or pensioners in general, but not so much on early retirees' well being. The issue has been more broadly studied in the field of gerontology and social gerontology. In these studies, the well being of early retirees is usually approached within the theories of continuity, disengagement and activity.

The earliest theories on adjustment to retirement, from the 1950's, emphasised activity. They stressed that even in their old age, people are active and adjustment depends on social activity. Good adjustment included the remaining of social relations or even an increased activity. This based on the idea that individuals need social contacts to maintain their identity and to strengthen their self-esteem. (Pohjolainen 1990; Jylhä 1990.)

In the 1960's, a new approach was introduced to ageing and adjustment to old age. Disengagement theory was introduced by Cumming and Henry in their book *Growing old* (1961). Their point of departure was that ageing is an inevitable mutual withdrawal or disengagement, resulting in decreased interaction between the ageing person and others in the social systems he belongs to. Disengagement is seen as part of the ageing process, it is natural and successful ageing requires it. Disengagement theory sees retirement as society's permission for men to disengage. According to Cumming and Henry (1961), retirement poses three basic problems for men. First, men cannot move to pure sociability, because that is characteristic of women, therefore they need to find mediating instrumental tasks through which to relate. The second retirement problem is the loss of status identity and the third problem is the loss of a peer group. They discovered that retirement in itself does not appear to be a problem for most men; it is the lack of horizontal ties and of a suitable way of relating.

According to Burgess (1960; in Palmore et al. 1984) and Miller (1965; in Palmore et al. 1984) disengagement theory and role loss theory, postulate crisis. It implies that retirement has generally negative and degrading effects because occupational identity is the basic legitimising role for workers in our society. Loss of role through retirement implies inability to perform, which reduces self-respect and status. This is connected with withdrawal from social participation, which generates isolation, illness, and decline in happiness and life satisfaction.

In the 1970's, critics towards disengagement theory increased. Critics mainly targeted the idea that work is the most important thing for all people. This resulted in the introduction of continuity theory. Continuity theory postulates that occupational identity is not the central role for many workers. Retirement has become a legitimate and desirable role with opportunities for the continuation of other roles and development of new leisure roles, which provides a continuation of self-esteem and status. Therefore, it postulates little or no long-term effects of retirement. The adjustment to old age and retirement is successful when an individual retains his behaviour and lifestyle as it was prior to retirement. (Atchley 1971; 1976; Palmore 1981; Palmore et al. 1984.)

The possible outcomes of the early exit in terms of well being are diswelfare, continuity, or increased welfare. If the level of well being is found to be low or decreased due to early exit, it suggests that the labour markets are the main integrative arena of life and therefore the early retirement should be discussed in terms of labour market marginalisation. If the level of well being is found high or even increased due to early exit, it can be argued that early retirement is an integrative institutional pathway, which allows the ageing employed to withdraw early from the labour market, it is a policy that maintains well being. The third alternative outcome arises from the theory of continuity: early retirement does not actually have any connection with well being. This outcome suggests that the policy is able to maintain the level of well being among early retirees. It also proposes that the labour markets are not the main integrative arena of life, or even it would have been, early exit does not decrease well being.

## 2.4 Summary

This theoretical and conceptual chapter has aimed to discuss early retirement in terms of decommodification, triple notion, push and pull factors, voluntary versus involuntary exit, as well as well being. The main argument has been that individuals act and make decisions in an institutional context, and that the two main institutions, the labour markets and pathways of exit structure early retirement. Also individual's characteristics and resources contribute to the decision to exit. These institutional and individual characteristics also formulate the experience of exit.

The chapter has discussed early retirement in terms of well being. At first, well being at work and the resources of an ageing employer were discussed. On the basis of this it was posed that early retirement is connected with reduced working capacity. Secondly, the concept of experience of exit was consolidated from the experiences of expulsion, release and pull. It was posed that experiences of release and pull are forms of decommodification, whereas experience of expulsion is forced decommodification, an eroded right to work. These experiences are naturally related to the institutional context, the pathways of exit as well as the individual's own resources.

Thirdly, it was argued that early exit might be connected with increased or decreased well being as well as the continuity of well being. The experience of exit can be regarded as an accomplishing factor to actual well being. The first assumption is that the pulled early retirees are likely to experience early retirement as a continuation of well being. The assumption is based on the fact that they voluntarily withdraw from the labour force, and therefore it is reasonable to expect that the consequence is not a decrease in well being. Secondly, it is assumed that the released early retirees are likeliest to experience an increase in their well being. The assumption is based on the fact that they experienced pressures and constraints at work, from which they voluntarily withdrew, and therefore the exit is a release for them and will likely result in an increase in well being. The last assumption is that the expelled early retirees are likeliest to experience a decrease in well being.

### **3 Early retirement on an individual level – previous studies**

Early retirement has been a theme for researchers in many disciplines. Sociologists have approached early retirement at a macro level (see chapter 2), and some of them also on an individual level. Among gerontologists, the interest has been in individual experiences of early withdrawal. Economists have studied the phenomenon as the result of a disincentive to work. This section is divided so that at first, the research traditions of different disciplines are discussed. Secondly, the characteristics of early retirees and thirdly, the reasons for early exit are presented. Finally, the well being of early retirees will be discussed on the basis of previous research.

#### **3.1 Different approaches to early exit on an individual level**

The focus of studies from different disciplines is relatively different. Sociologists and some gerontologists have stressed the reasons for early retirement. In these studies, the main idea has been to find out what the early retirees experienced as the main reasons for their retirement (see, for example, Palmore 1971; Atchley 1976; Palmore et al. 1982; Fillenbaum et al. 1985; Hayward & Hardy 1985; Gould et al. 1991; Piispa & Huuhtanen 1991; Zeuner & Nørregaard 1991). In these studies, individual resources are distinguished from labour market constraints and work-related factors. Economists are also interested in the determinants of early retirement. However, they are focussed on the importance of financial incentives in determining early retirement (see more detailed discussion in Burkhauser & Quinn 1990).

The different disciplines have different points of view which factors, push or pull, are the most determinant in defining early exit. Quite often researchers have come to the conclusion that it is impossible to say which one is more powerful and therefore, early retirement has been said to be an outcome of both of these factors (see Halvorsen 1990).

The well being of early retirees has mainly interested gerontologists. Very often interest has been on life satisfaction and happiness (see, for example, Hoyt et al. 1980; Herzog et al. 1981; Beck 1982; George et al. 1984; Palmore et al. 1984; Ekerdt et al. 1985; Kilty 1991; Knesek 1992; Maule et al. 1996; Gall et al. 1997). This indicates that well being is usually defined as life satisfaction among gerontologists. This is a subjective measure of well being and according to Allardt (1976), the type of research is rather a study of happiness than a study of well being. Herzog et al. (1991) use measures of physical and mental health as indicators of well being, whereas Hass and Jonsson (1994) have defined well being more broadly. For them, health, social relations and income are the measures of well being, which are close to Johansson's definition of resources.

The previously presented theories of disengagement, continuity and activity (see section 2.3) have especially interested gerontologists. The issue has been approached by asking respondents retrospectively how they experienced retirement or by comparing the level of well being between early retirees and the ageing employed (see, for example, Ekerdt et al. 1985; Herzog et al. 1991; Knesek 1992; also Finnish early retirement studies). The lack of longitudinal data has limited research designs among social scientists and therefore the cross sectional data sets have been sometimes complemented with follow-ups (for example, Richardsson & Kilty 1991). Some studies have had the advantage of using longitudinal data sets, especially in the US (see, for example, Beck 1982; George et al. 1984; Palmore et al. 1984; Bossé et al. 1993). However, among economists, the use of longitudinal data has been more common.

The research concerning early retirement started already in the late 1950's. In the early stages, research was carried out among sociologists followed by gerontologists. Health was accentuated as the most crucial predictor of early retirement. During the recession in the 1970's, sociologists were particularly active in this field, and stressed that ageing workers were 'pushed' out of the labour force as a means to battle unemployment. During the golden era of the welfare states, European researchers were relatively quiet about early retirement, but in the US, economists put forward an argument of pulled early retirees. In the 1990's, the interplay between push and pull factors as a determinant of early withdrawal was widely agreed upon. It was also put forward that individuals'

own hopes and wishes are important. The concept of voluntary and forced early exit became current again, like in the 1970's, especially among those researchers focusing on the political economy of ageing. Work and working capacity were also concepts that were discussed in the 1990's. Actually, these are the ones that also became policy issues in many countries.

Next, the results of these studies will be discussed. At first, research concerning the characteristics of the ageing employed and early retirees will be overviewed. The focus will be on the retirement wishes and working conditions of the ageing employed as well as on the socio-demographic characteristics of the ageing employed and early retirees. After that, the reasons for early retirement will be addressed and in the final section the focus will be on the well being of early retirees. The aim is to present an overview of what determines early retirement and what is the outcome of early retirement in terms of well being.

### **3.2 Characteristics of the ageing employed and early retirees**

In chapter two it was raised that early retirement has been claimed to be an expulsion of the weakest and least qualified part of the labour force. It was also claimed that early retirement is partly hidden unemployment, which means that individuals exiting are willing and capable to work. (See Berling & Olson-Frick 1977; Halvorsen 1977; Hanish 1977; Kolberg 1974.) This chapter presents an overview of the previous studies in this matter, and aims to find evidence for these hypotheses. First, the studies concerning early retirement wishes and the working conditions of the ageing employed will be examined, which will shed light on the issue of the expulsion of the weakest and least qualified part of the labour force in relation to the individual's working capacity.

### **3.2.1 Retirement wishes and working conditions**

As early retirement has become more common, retirement wishes are also becoming more common. At least in Finland and Denmark, the ageing employed wish to leave the labour market early (Gould et al. 1991; Piispa & Huuhtanen 1991; Zeuner & Nørregaard 1991; Gould 1994; Piispa & Huuhtanen 1995; Forma & Väänänen 2003; Tuominen & Pelkonen 2004). In Denmark, people wish to leave the labour force in the age range 60-63. In Finland, the ideal retirement age is under 60. There is variation in the age of retirement wish by age, gender and occupation. There is also a strong correlation between health and retirement wishes. Those in good health, who are able to manage their work tasks, are willing to continue longer, but still not until the official retirement age. Over 60 year olds in Finland are actually quite work-oriented (see Gould 2001.) This is basically because those in bad health have already left the labour market before the age of 60, which makes the group biased towards healthy and work-oriented ones.

Those people who are willing to continue working until the official retirement age report that they have, besides good health, an interesting job and are able to adjust and plan their own work tasks. Also, a good atmosphere in the work place seems to have a sizeable effect to the likelihood of staying at work. (Gould et al. 1991; Gould 1994; Forma & Väänänen 2003.)

Threats that ageing workers experience at work have an influence on their retirement decisions. If the continuity of work is unsecured and there is no possibility to influence your own work tasks, and work is physically or mentally strenuous, people feel threats, both economical and those concerning health, and as a result they would rather exit early. (Gould et al. 1991; Gould 1994; Niemelä et al. 1995.)

Already retired people in Finland report quite unanimously that they would have continued at work if health had allowed it. Secondly, they stress working conditions and the continuation of secure employment. They experienced the work they did too hard and state that if the continuation of the job would have been secure, they could have stayed in the labour force. (Gould et al. 1991; Piispa & Huuhtanen 1991; Gould 1993; 1994; Huuhtanen & Piispa 1993.) Some



early retired reported that they would have continued if the wage would have been better (Gould 1994), which indicates that continuation in the labour market is also connected with financial incentives.

Studies done in the area of ageing in the labour market show that even though people are willing to leave the labour force, health and working conditions contribute to the decision whether people stay or exit early. From this point, Juhani Ilmarinen's (1999) study on the ageing in the labour market in EU countries (using the Second European Survey on Working Conditions (1996)) contributes to the issue. He shows that job satisfaction is lower among Finnish (45+) men than among Danish men, whereas Finnish and Danish ageing women are the most satisfied in Europe.

According to Ilmarinen, there is also variation in the job characteristics between Finnish and Danish. Physically straining work is common in Finland among men and women and it is age-related, over 45 year olds experience their work conditions more straining than those under 45 year old. In Denmark, men do not feel that their work is physically too straining (significant difference to Finnish men), whereas women do. Interesting is that in Denmark, under 45 year olds feel their work more straining than those over 45 year old. (Ilmarinen 1999.)

Mentally straining work, including time pressure, needing to learn new things, using computers, may also contribute to the early withdrawal from the labour force. Interesting differences were found between the two countries, as well as between gender and age. In Finland, time pressure is commonly felt among ageing men and women (60%). However in Denmark, ageing men (35%) do not feel time pressure whereas ageing women do (50%). (Ilmarinen 1999.)

The two Scandinavian countries, Finland and Denmark, are considered to be societies where the protestant work ethic is high even though the labour force participation rates are lower than in Sweden and Norway. Yet, it seems that the labour markets have developed so that they are becoming increasingly hard for ageing people. In particular, this shows in Finland and to some degree among Danish women. In Denmark, the labour markets were restructured during the high unemployment in the 1980's, which may reflect on the very different experiences among Finnish and Danish. The Finnish labour markets were

restructured during the 1990's, partly due to the recession, which increased the demand for productivity. However, people seem to be willing to leave labour market, which casts some doubt on the notion of expulsion, which posed that early exit is mainly an involuntary phenomena.

### ***3.2.2 Characteristics of early retirees – are they weakest and least qualified part of the labour force?***

Demographic characteristics, which predict early retirement, are usually age and gender. More recent studies have also included the spouse and spouse's labour market position as predictors of early retirement. Studies are quite unanimous in that the older the person is, the more willing he is to exit early, even though there is variation according to socio-economic status (Goudy et al. 1980; Fillenbaum et al. 1985; Walker 1985; Hakola 1999). It is important to notice that age is also a biased measure. This means that, to a certain point, willingness to retire increases with age, but after those who have been willing to exit early have withdrawn, the connection with age and willingness to retire early disappears or becomes weaker (see Piispa & Huuhtanen 1995; Karisalmi 2000; Forma & Harkonmäki 2001).

Women's low labour force participation, which is a country-specific feature, is reflected in studies carried out concerning early retirement; early retirement studies have mainly focused on the exit patterns of mature men. Only a few studies have included women in their studies (for example, Gould et al. 1991; Piispa & Huuhtanen 1991; Reitzes et al. 1998; Hakola 2000a & b; Dahl et al. 2003). Finnish studies indicate that men and women enter different pathways of exit. Hakola (2000b) discovered that men are likelier to enter the disability and unemployment pathways, whereas women are likelier to enter so-called voluntary pathways. Piispa and Huuhtanen (1991) found the same differences between disability and unemployment pathways, but according to them there are no differences between the genders among other pathways. A study carried out on Finnish part-time pensioners (Takala 1999), indicates that women are likelier

to take part-time pension than men are. Also in Denmark (Zeuner & Nørregaard 1991), men and women enter different pathways. Women are likelier to receive disability pension, whereas part-time pension and early retirement benefit are more common among men.

The family situation of the ageing workers may have a significant effect on their decision to stay at work or exit early. Reitzes et al. (1998), have found out that married workers are likelier to retire early. The spouse's labour market position influences remarkably on retirement behaviour; a working spouse decreases likelihood to retire early (also Gould 1994; Aho & Österman 1999; Hakola 2000b; Johnson & Favreault 2001; Liukkonen 2001). Retirement is not only dependent on spouse, but also on the size of the family. Mutran and Reitzes (1989) found that a higher number of dependants encouraged middle-aged men to continue their participation in the labour force. Understandably, dependant children living at home increases the household expenditure, which again increases the incentive to stay in paid employment.

Another thing that might influence the retirement decision among couples is the care-giving demand of a spouse or other relatives with health problems. However, Johnson and Favreault (2001) found that if the spouse leaves the labour market for health reasons, the joint retirement decision is less likely to happen. They conclude that there is no evidence that spousal care-giving demands affect retirement rates.

The socio-economic status (SES) constitutes a second group of determinants of early exit. These are usually education, occupation, socio-economic position, income and mandatory pension. Studies indicate quite unanimously that early retirement is more common among manual workers than white-collars. It has also been indicated that early retirees are rather employees than self-employed. (See Goudy et al. 1980; Boaz 1987; Lilja 1990; Hytti 1998; Aho & Österman 1999; Hakola 2000b; Janatuinen 2001.)

If we try to seek the determinants for early retirement by the pathway, we can find more interesting results. Laczko et al. (1988), indicate that manual workers retire because of bad health and non-manual workers because they actually have the possibility to retire early e.g. they have the right to a pension. In this sense, pensions may provide avenues of escape for ageing workers (Hayward & Hardy

1985). Henretta et al. (1992), found in their study that those retiring on the basis of bad health have low income and are not white-collar employees. Also, those who have retired because they have lost a job are not likely to be white-collar employees. Voluntary early retirees are likely to be married and their kids are now adults. They are blue-collar workers and have low income.

In Finland, those using the disability pathway and unemployment pathway have low education. White-collar employees and self-employed seem to be less likely to take disability or unemployment pension than blue-collar workers. Those using the disability pathway or unemployment pathway have worked for a long time, but they have also experienced unemployment quite often. Work that they have done has been physically hard and it has been done in the field of industry. (See Lilja 1990; Gould et al. 1991; Forss & Tuominen 1991; Piispa & Huuhtanen 1993; Aho & Österman 1999; Hakola 2000b.) Part-time pensioners in Finland seem to have a different background than those using the disability or unemployment pathways. They usually have a higher educational level and higher labour market status. (Takala 1999.)

Danish part-time pensioners are often self-employed, mainly farmers. Those receiving early retirement benefit are more likely to be workers, whereas disability pensioners may be either self-employed, workers or white-collars. (Zeuner & Nørregaard 1991.)

The overview of the research on socio-economic determinants of early retirement suggests that there are differences among early retirees. Bad health, and using disability schemes is more common among blue-collar workers than white collars. Instead, voluntary early retirees' socio-economic background varies within countries. The evidence suggests that early retirement is also a question of social stratification.

### **3.3 Reasons for early retirement**

The most general issue in the debate on early exit is the role of push and pull factors. At the institutional level, this refers above all to pension policy

incentives and labour market constraints, which were discussed in the chapter two. Push and pull factors do not operate only at the institutional level, but also on an individual level. In this chapter, the aim is to present an overview of the studies carried out concerning the determinants of early retirement on an individual level. It is quite commonly agreed (see Palmore et al. 1982), on the basis of previous studies, that there are five groups of important predictors of early retirement: demographic characteristics, socio-economic status, health, job characteristics, and attitudes towards work and retirement. Some of these predictors of early retirement (demographic characteristics and socio-economic status) were discussed in the previous studies.

Bad health is the strongest predictor of early exit according to many studies (Atchley 1982; Palmore et al. 1982; Fillenbaum et al. 1985; Hayward et al. 1985; Walker 1985; Boaz 1987; Piispa et al. 1993; Gould 1994; Henkens et al. 1997). It has, however, been claimed that as bad health is a socially accepted reason for retirement, its importance may be exaggerated retrospectively (Palmore et al. 1982). Even if the importance of health is exaggerated, its importance has not been denied. Critique is mainly directed towards the type of data used in analysis. The shared opinion is that the best type of data to address the question why people retire early would be longitudinal panel data instead of cross-sectional and retrospective data, which might lead to an exaggeration of bad health determining retirement.

Declining health is naturally the reason for applying for disability pension (Gould et al. 1991; Zeuner & Nørregaard 1991; Piispa & Huuhtanen 1993; Hakola 2000b) rather than applying for voluntary or unemployment-based pensions. However, Hakola (2000a) points out that disability and unemployment pathways are substitutes for some people, mainly for those unemployed in bad health. A similar result was also found in Germany (Riphan 1997), but in Norway the results do not support the idea that the two pathways would be exchangeable (Dahl et al. 2000).

Finnish early retirees have often experienced that their work was physically or mentally straining (See Gould et al. 1991; Forss & Tuominen 1991; Piispa & Huuhtanen 1991; 1993; Karisalmi 2001). Prior work was experienced as physically straining among disability pensioners, both mentally and physically

straining among those retiring on the basis of individual early retirement, and more mentally straining among voluntary early retirees (Piispa & Huuhtanen 1993). Ekerdt et al. (1993), found that the experiences of straining work become more common as the ageing worker comes close to retirement age.

Also, the feeling of not being able to do the work anymore influences the retirement decision (Zeuner & Nørregaard 1991). Changes in the content of work may also contribute to early withdrawal, which in Finland was most common among those retiring on the basis of individual early retirement schemes (Piispa & Huuhtanen 1993). Change in the content of work is partly related to the structural changes in the labour force, and also to the introduction of new technology.

As Karasek and Theorell present, low involvement in work has been found to be connected to early withdrawal from the labour force (see Hayward & Hardy 1985; Kilty et al. 1985; McGoldrick et al. 1988; Karisalmi 1998, 2001; Janatuinen 2001). Hayward and Hardy (1985) claim that occupations structure retirement behaviour. They discovered that low complexity and low requirements of social skills in work increase the odds to retire early. Similar results were found by Fillenbaum et al. (1985) who conclude that for low income people, health and job characteristics are consistently important, whereas for higher income people, other variables, for example attitudes, become important.

As indicated above, the reasons for early retirement are often related to working conditions, but also to attitudes towards work and retirement. Numerous studies indicate the positive relationship between age and work orientation, with older workers being generally more satisfied, motivated and committed to their jobs (Kallenberg & Loscocco 1983; Rhodes 1983; Lindström 1988). Oswald and Warr (1996) claim that instead of a linear, positive relationship between job satisfaction and age, the relationship is u-shaped. In the end, the result is the same concerning ageing workers; they are more satisfied and committed to their work.

Increase in job satisfaction, commitment and motivation with age can be explained in many ways. First, it can be claimed that as workers get older they move into jobs that have more desirable characteristics, better jobs due to

seniority. Secondly, it seems that older workers lower their expectations in some respect. The third explanation claims that older workers gain perspective from personality growth and development, allowing them to derive more satisfaction from the work role. A fourth possible explanation is that there is a cohort effect. Fifth explanation stresses that the representativeness of the ageing employed is not good, only survivors are left in the labour force whereas disabled and long-term unemployed have departed. (See Kallenberg & Loscocco 1983; Oswald & Warr 1996.)

If the latter explanation holds, we can assume that work-oriented healthy winners remain in the labour force. There is some evidence to support this idea. Job satisfaction and work commitment increase the likelihood to remain in the labour force (Palmore et al. 1982; Reizes et al. 1998). The labour market and working conditions of the ageing workers therefore play a major role in early retirement decisions. Job satisfaction is not a reason for early retirement, but dissatisfaction tends to increase the likelihood of early exit.

Studies have indicated that the willingness to have more free time is increasingly linked with early retirement (Atchley 1982; McGoldrick et al. 1988; Henretta et al. 1992). This is related to the discussion of pull factors determining early retirement. Willingness to have more free time for family and friends, maybe even for travelling and hobbies, has also influenced, to some degree, Finnish early retirees' decision to withdraw early. However, the effect has been strongest for those retiring through the voluntary pathway, not for those retiring due to health problems. (Piispa & Huhtanen 1993.) Finnish part-time pensioners feel strongly that gradual retirement is a good and 'soft' way to leave the labour market as they have already done enough work. Secondly, there was a strong experience that part-time work combined with the pension benefit offers a reasonably good income, so there was actually no need to work full-time. (Takala 1999.)

As discussed in chapter two, the voluntary nature of early retirement may be rather imaginary. This is what Walker (1985) stresses in his study. He points out that the line between voluntary and involuntary early exit is vague. For example, voluntary early exit is accepted, because the alternative is unemployment. Walker also stresses that voluntary exit is also a social class issue. The non-

manual occupational groups are able to exercise more freedom of choice in the retirement decision. Also, findings in Finland support the notion that the actual choice is rather restricted (Gould 1999; Tuominen 2001).

Income is sometimes used as a measure of socio-economic status. Studies have stressed that existing early retirement schemes have created disincentives for ageing workers (Quinn 1977; Burkhauser 1980; Henkens & Siegers 1991; Hakola 2000b). Contradictory findings also exist. Boaz (1987) shows, in her study on the US labour market, that diminishing employment opportunities are conducive to early withdrawal. This view is broadly proven in European research (Walker 1985; Laczko et al. 1988; Gould 1997; Hytti 1998) where the notion of hidden unemployment is commonly agreed. In addition to the socio-economic status, unemployment should therefore also be taken as a predictor or determinant of early exit.

When discussing the ageing unemployed, the most referred to concept is 'discouraged worker'. Discouraged workers are those ageing unemployed who would like to work, but believe that there is no work available, partly because of the lack of necessary schooling and skills, and partly because employers consider them as too old (Walker 1985; also Laczko et al. 1988). This means that they are not active job seekers. Especially in the periods of high unemployment when dismissals and redundancies are common, ageing workers face the threat of unemployment. As the labour market position of ageing workers is often quite fragile, partly because of low education, it conducts that a fear of unemployment is closely related to the willingness to retire early, at least in Finland (see Forss & Tuominen 1991; Gould et al. 1991; Piispa & Huuhtanen 1993).

Many researchers agree that early retirement is a result of push and pull factors (Boaz 1987; Halvorsen 1990; Gould et al. 1992; Henretta et al. 1992). According to Gould et al. (1992), push factors have more influence on retirement decisions than pull factors among Finnish early retirees. This is probably true when the focus is on disability-based pensions or unemployment pensions, but the picture might be different when we also examine voluntary early retirees (see Takala 1999).



In international studies, the concept of pathways out of the labour market is absent. This is problematic, since the determinants of early exit vary according to the pathway (Riphan 1997; Hakola 1999). Absence of pathways means that early retirees are studied as one single group, and they are not divided into disability pensioners or voluntary early retirees. Often there is an attempt to differentiate pathways by the reasons why people have retired early. The absence of pathways is mainly due to the differences in the institutional settings. In many countries, early retirement schemes are part of firm policies rather than state level policies. So, to conclude, previous studies have indicated that early retirement is not always clearly only a result of push or pull factors, instead and more commonly it is seen as a result of interplay between these two factors. What should be kept in mind is that these factors and the interplay between them vary according to the pathway.

Previous studies lead to assume firstly, that early retirement through different pathways of exit is a question of social stratification. It could be assumed that the disability pathway and unemployment pathways of exit are avenues of escape for the weakest and least qualified parts of the labour force. The voluntary pathway of exit can be assumed to be used by those ageing employed who make their retirement decision more autonomously; it is not a result of decline health or unemployment.

### **3.4 Well being among the ageing and early retirees**

From 1980 onwards, the research carried out on early retirement has tested empirically whether early retirement is a disengagement due to the loss of status and occupational role or whether it is a continuation of a prior way of life, or even increasing activity. Interest has also been put on the idea that there may be a changing pattern of adjustment in retirement across time, reflecting different stages or phases of retirement (Atchley 1976). Atchley proposed, although without empirical evidence, that at first there is an enthusiastic and optimistic period, when the recent retiree is busy and enthusiastic about the new life

situation. A disenchantment phase and a phase of reorientation follow the first phase. Those retirees who have fewer resources or have unrealistic expectations of retirement are likelier to enter the disenchantment or let down phase. During this time they are less satisfied and more stressed. As time passes, retirees enter the reorientation phase during which they reassess their status and start accepting their limitations, which leads to further adjustment.

Ekerdt et al. (1985) tested the phases of adjustment to retirement in the US and found that the immediate postretirement period is marked by more enthusiasm and that some degree of temporary let down is likely during the second year of retirement. Gall et al. (1997), also found support for Atchley's theory in their Canadian study. Retirement was not a stressful event; there was evidently an increase in well being during the first year of retirement, which then slowly wore off as retirees adjusted to the new life situation. But contradictory results also exist. According to Beck (1982), recent retirees are less satisfied than those who have been retired already for a while.

Well being of early retirees and also adjustment to retirement are usually measured through health, life satisfaction and quality of life, social and economic integration as described earlier. This section aims to present an overview of current knowledge on the issue.

## **Health**

Health of early retirees has often been studied through psychological and physical health. There is a strong interaction between these two; psychological well being decreases with physical health problems (Mutran & Reitzes 1981). Usually, the perception of health indicates increased health limitations after retirement (George et al. 1984; Piispa & Huuhtanen 1991) although early retirees have also reported improved health as an influence of retirement. Ekerdt et al. (1983), studied this issue further and found that claims of improved health were more likely among men who, prior to retirement, had serious health problems, had a job that required performing under stress, were more dissatisfied with their working conditions, and who retired for reasons of illness or

disability. McGoldrick and Cooper (1994) and Piispa and Huuhtanen (1993) have also found similar results from the UK and Finland.

### ***Happiness, quality of life and life satisfaction***

Studies on the consequences of early retirement, in terms of personal happiness, quality of life and life satisfaction indicate that the loss of work role does not have a significant negative effect (Beck 1982; Piispa & Huuhtanen 1991; McGoldrick and Cooper 1994; Maule et al. 1996; Gall et al. 1997). Thus, contradictory results suggest that early retirement leads to a decline in satisfaction especially during the first months of early retirement (Richardson and Kilty 1991). However, the satisfaction is strongly connected to gender, health, finance, and willingness to retire (see, for example, Hoyt et al. 1980; Palmore et al. 1984; Piispa & Huuhtanen 1991; Richardsson & Kilty 1991; Maule et al. 1996). Life satisfaction is connected also to social relations. Satisfactory social relations increase the likelihood to adjust to retirement better and also increase life satisfaction (Hoyt et al. 1980; Piispa & Huuhtanen 1991; Richardson & Kilty 1991).

Among women, dissatisfaction with retirement is likelier to be linked with bad health and lack of social relations, whereas among men, dissatisfaction with retirement is more likely to be in connection with the loss of status. Men report more often that retirement meant also a loss of content in life. (Piispa & Huuhtanen 1991.) Other socio-economic variables, such as occupation and education, appeared to have no significant effects on the satisfaction with retirement (Beck 1982).

Age has also a connection with life satisfaction. Usually, satisfaction increases with age (Mutran & Reitzes 1981). However, McGoldrick and Gooper (1994) found controversial results while studying life satisfaction among British early retirees. They suggest that young early retirees have higher life satisfaction than old ones. Finnish results (Piispa & Huuhtanen 1991) are more similar to Mutran's and Reitzes' results suggesting that young early retirees are less satisfied with retirement.

### ***Social resources***

In the 1980's, social support of early retirees interested many researchers, mainly in the US. Social support can refer to social contacts, which have in some studies been referred to as the quantity of social support (see Bossé et al. 1990; Bossé et al. 1993). This indicates that social support can be measured as a frequency of social contacts with friends and relatives. Another way to approach social support is the concept of the quality of social support. Quantitative social support is necessary, but not a sufficient precondition for qualitative social support. An individual can have a very small, but an effective social network, whereas someone else may have a large quantitative social network but totally lack qualitative support.

The convoy theory (Kahn & Antonucci 1980) poses that the closest quantitative and qualitative social support networks remain unchanged after retirement. The intermediate social support may instead decrease. This means that social contacts with former colleagues decrease, but they may be replaced with new contacts (compare the theory of activity). The theory further notes that although the quantity of social support may reduce, there will be no changes in the quality of social support.

There is a variety of research evidence on the quantity of social support among the ageing: the evidence supports practically all of the major theories of gerontology, disengagement theory, activity theory and continuity theory. Retirement may reduce the quantity of social support (see Elovainio et al. 2003); especially contacts with former colleagues at work (Bossé et al. 1990), but due to the increase in leisure time, retirees may increase contacts with other friends (Palmore et al. 1984). The evidence supporting the continuity theory suggests no change in the quantity of social support after retirement (Mutran & Reizes 1981). In the Norwegian study, Halvorsen (1990) and in the Finnish study, Forss and Tuominen (1991) also found strong support for continuity theory in social activities. Initial levels of social activity are usually the strongest predictors of postretirement activity. Interesting though, there is no evidence that retirement would affect the quality or quantity of social support (Bossé et al. 1993; Saurama 2002b).

Social activity has been found to be connected to other resources, health and socio-economic status. Bad health limits the social activities among the ageing and also early retirees, whereas good health is connected to the remaining social activity and social relationships (Mutran & Reitzes 1981; Blekesaune & Øverbye 2001; Saurama 2002b). Furthermore, Mutran and Reitzes (1981) found in their study that having a spouse is likely to increase visiting friends and overall social activity. However, this result may be culturally dependent as Saurama (2002b) suggests. Also, higher education is linked with community activities and higher occupational position with community activities and general well being (Mutran & Reitzes 1981).

### ***Political resources***

Political resources are usually approached by investigating the voting behaviour of people. However, there aren't actually any previous studies focusing on the political behaviour of early retirees. The only study on the issue, which approaches political integration via voting behaviour, political interest and trust in political institutions among the early retirees (Øverbye & Blekesaune 2002), has been carried out within the same research programme as this current thesis. Øverbye and Blekesaune (2002) found that disability pensioners have lower levels of political integration, which is partly due to lower occupational strata. However, they did not find support for the idea that early exit per se would pose a threat to political integration.

However, previous studies have maintained that long-term unemployment increases political passivity (Alm 1998). Low political capability is assumed partly to be connected with lower occupational strata (Wolfinger & Rosenstone 1980; Miller & Shanks 1993). Previous studies have also indicated that women and singles are less likely to vote and less interested in politics (see Wolfinger & Rosenstone 1980; Lovenduski 1986; Holmberg & Gilljam 1987; Miller & Shanks 1993). The effect of age is not found to be necessarily significant (see Holmberg & Gilljam 1987; Binstock & Day 1995).

### ***Economic resources***

Economic well being of early retirees is a rarely studied issue, although it is widely studied among pensioners in general. Research indicates that income levels decrease after withdrawing from the labour market, but systematic research on the financial well being of early retirees and their satisfaction with their financial situation is lacking in the field. Finnish study indicate that early retirees consider their financial situation moderate; only 17% considered it as good and 10% as bad (Piispa & Huuhtanen 1991; also Gould et al. 1991). Even if financial situation is considered moderate, Finnish early retirees feel that early withdrawal from the labour force decreases their income quite a lot. In particular, disability pensioners considered it worsened more often than others (Piispa & Huuhtanen 1991).

Also, other studies indicate that among disability pensioners, welfare losses are more common (Hass & Jonsson 1994; Edén et al. 1998; Blekesaune & Øverbye 2001). Partly, welfare losses are due to health limitations. Health is not only a factor of well being but also an important resource for an individual to function. There is strong evidence that low income among early retirees is connected to weak adjustment to retirement and low life satisfaction (Beck 1982; Palmore et al. 1984; Piispa & Huuhtanen 1991; Richardsson & Kilty 1991; McGoldrick & Cooper 1994; Maule 1996; Gall et al. 1997).

### ***Well being in relation to prior work and the nature of the retirement decision***

Blekesaune and Øverbye (2001) have combined the prior working conditions' effects with the well being of early retirees and discovered that favourable welfare outcomes were related to less favourable working conditions earlier in life. Those who retire from psychologically-strained work in particular report gains from retirement. They experienced less boredom and loneliness, an improved quality of life and self-confidence. Those who retired from jobs with limited freedom reported improved family relations. Those who retired from

physically demanding work, however, sometimes report a lack of meaningful tasks after retirement.

In the previous chapters, it was suggested that the nature of the early retirement decision, voluntary versus involuntary, is crucial when studying the well being of early retirees. Many researchers support this view. Herzog et al. (1991), studied the patterns of labour force participation in connection with physical and psychological health and discovered that persons whose patterns of labour force participation reflect their personal preferences, report higher levels of physical and psychological well being than those whose level of labour force involvement is constrained by other factors.

Maule et al. (1996), also found that satisfaction with the employment situation (working/retired) predicted the quality of life well. A Norwegian study (Halvorsen 1994), stresses that highly work-orientated people are likely to experience early retirement negatively. However, according to this study, the experience of compulsory or involuntary exit is insignificant in explaining the satisfaction with retirement. Swedish research among disability pensioners indicates that forced retirement is likely to reduce the quality of life (also Beck 1982; Knesek 1992), but a long period of unemployment before retirement is related to a higher quality of life (Eden & Ejlertsson 1999). This indicates that retirement compared to unemployment is a more favourable status among the ageing.

However, Gall et al. (1997), have pointed out that cross-sectional studies have not been able to take into account the process nature of retirement. They found evidence that the better adjustment to retirement among the voluntary early retirees wears off in few years. Also, the impact of the internal locus of control (experience of autonomy in retirement decision) wears off. This suggests that the phases of retirement, which Palmore presented in the 1970's, is the explanation behind the variation in the adjustment to retirement.

***Decreased well being, continuity and increased well being for whom?***

Finally, it should be concluded who are the early retirees for whom exit is activity, disengagement or continuity? Basically, previous studies have indicated that early retirement is continuity. In terms of policy outcome, this can be regarded as an entreating result, there are no gains, which may imply efficiency problems, nor are there losses. Usually, studies have tried to indicate whether early retirement is continuity or crisis in terms of well being. However, the studies have stressed the fact that adjustment is a process, which means that there are individual differences in it.

As said above, mainly early retirement is continuity in terms of well being. Continuity, or even increased well being, is related to good health and adequate income (see Knesek 1992; McGoldrick & Cooper 1994; Gall et al. 1997; Quick & Moen 1998; Eden & Ejlerthsson 1999). An adequate income means that early retirement does not mean substantial financial decline (Richardson & Kilty 1991). According to Gall et al. (1997), the importance of health and income remains as time passes, whereas voluntary versus compulsory retirement has effects on well being only during the first year of retirement. Ekerdt et al. (1985), have proven that the first three years of retirement are actually the honeymoon phase, and after that enthusiasm wears off.

It is usually assumed that retirement is more stressful for men (Øverbye & Blekesaune 2002). Quick and Moen (1998) regard early retirement, although not earlier than anticipated, a blessing for women. Early withdrawal is a blessing also for men, but only if they retire for internally motivated reasons. George et al. (1984) would add that the male gainers would be married men. Richardson and Kilty (1991) found increasing life satisfaction among younger men in high occupational status, who had lost minimal income after retirement. Interesting is that in the same study, they found increasing satisfaction in social relationships among young women in low occupational status. This indicates that adjustment varies between genders depending on what is the measure of adjustment. In this study, the importance of occupational status was far more relevant than income,



which has been stressed in previous studies. Eden and Ejertsson (1999) stressed in their study that the long-term unemployed experienced increasing well being due to early retirement, which should also be investigated further.

In the scope of social policy, interest is often on the worst offs, for whom early withdrawal is not a blessing. Health is the most important resources for ageing and decline in it is strongly related to a decline in well being (see Knesek 1992; McGoldrick & Cooper 1994; Eden & Ejertsson 1999). Also, economic resources are a foundation for well being (George et al. 1984; Richardson & Kilty 1991; Maule et al. 1996; Eden et al. 1998). Retirement is often experienced as a forced decision, if one's health fails. In these cases, the financial consequences of early exit may also be negative, because the event is unplanned. This results in a decline in well being, thus forced retirement also has an overall connection with declined well being (Knesek 1992; McGoldrick & Cooper 1994; Maule et al. 1996; Eden & Ejertsson 1999).

Previous studies offer contradictory results concerning the effect of age. Some claim that young early retirees are likelier to face crisis (McGoldrick & Cooper 1994; Øverbye & Blekesaune 2002), and others claim that older retirees have more problems (Richardson & Kilty 1991). It could be that the crisis is different for younger and older early retirees. At least McGoldrick and Cooper (1994), pose that older long-term retirees have concerns on health whereas role loss is more stressful among young men (McGoldrick & Cooper 1994). Halvorsen (1994) also approaches role loss, but states that strong work orientation rather than the role loss is likelier to lead to crisis.

The existing research on early retirement offers a fruitful basis for this PhD study. Evidently there is a lack of comparative studies, which would operate with individual level data. Secondly, shortcomings of existing research are related to the concept of pathways out of the labour force. Evidently different pathways out of the labour force are concepts, which have not been operationalised in empirical studies. This can be regarded as a weak point of the existing studies on early retirement. Thirdly, it can be said that the available research discussed surprisingly little about the actual decision to retire. If early retirement is a result of decision making, what were the options for early

withdrawal? Was the retirement a voluntary or involuntary choice? These three gaps in the existing research will be addressed in this study.

## 4 The research design

Three horses trail the chariot of science: theory, data and method (Dogan 1994, 35). This chapter aims to clarify the relationship between these three horses and make them run at the same speed so that the chariot does not lose its equilibrium. First, the research design will be presented and discussed in more detail. This will begin by discussing the two countries that have been selected for the study. In this connection, the development and the current state of the early retirement schemes will be introduced. After that, the research questions and the hypotheses will be discussed. This chapter ends in the presentation of the data and the methods.

### 4.1 Why the comparison between Finland and Denmark?

Comparative studies in social sciences do not aim simply to compare, rather they aim to explain a social phenomenon (see Smelser 1976; Przeworski & Teune 1970; Dogan & Kazancigil 1994). Comparative knowledge provides a key to understand, explain and interpret a phenomenon (Ragin 1987). Country comparisons help the researcher to avoid drawing conclusions on the basis of one country; rather a comparison allows the testing of the relevance of a theory in a variety of countries. Principal questions in comparative studies are why compare and what to compare? First, the latter question will be addressed.

#### ***What to compare: Finland and Denmark***

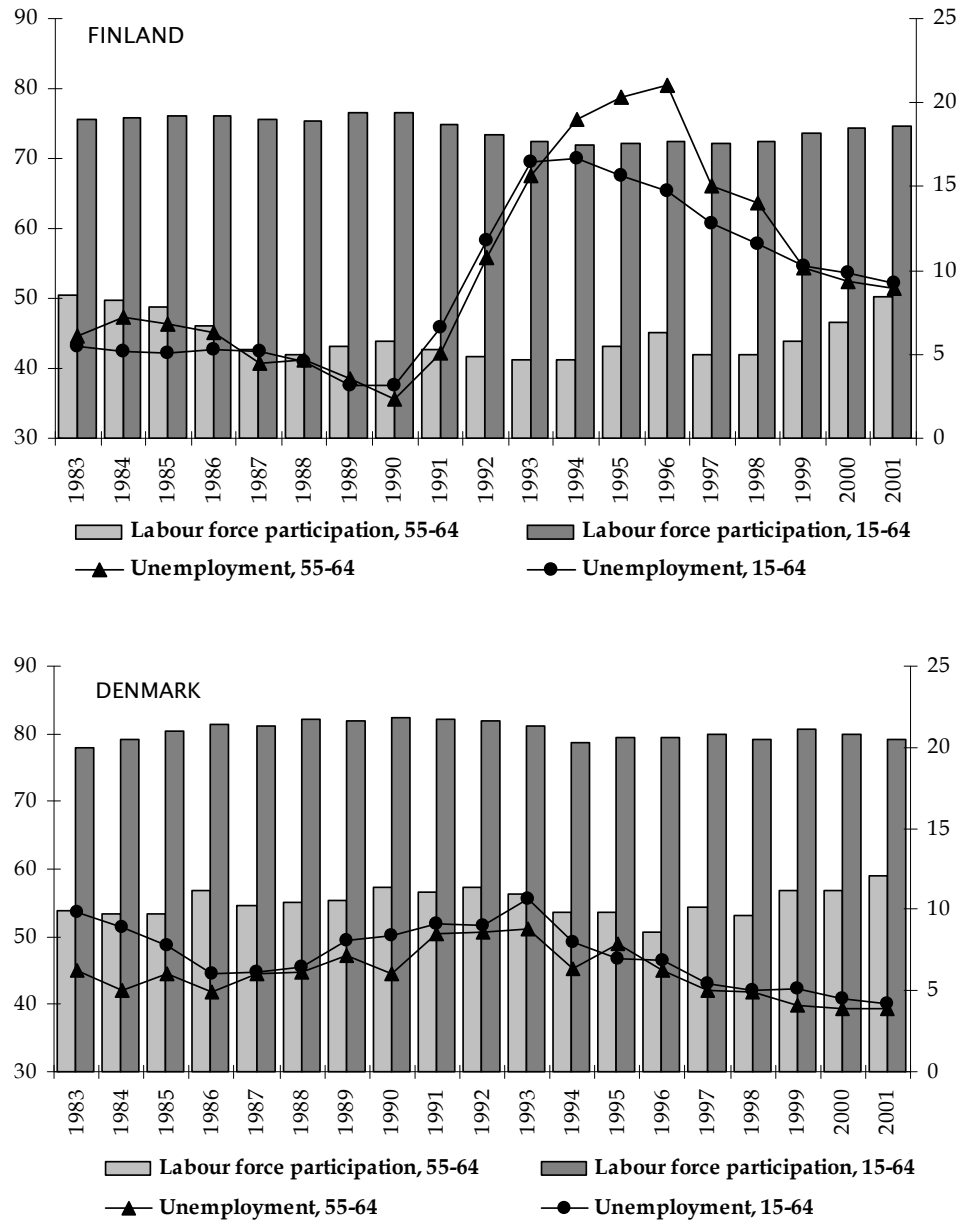
Comparative studies are mainly comparisons of similar cases or different cases (Przeworski & Teune 1970; Dogan & Kazancigil 1994). In this thesis, the idea is to compare two similar cases. The belief is that systems as similar as possible with respect to as many features as possible constitute optimal samples for comparative inquiry. The advantage of comparing two similar cases is that they

share many economic, cultural, and political characteristics; therefore, the number of unknown variables is minimised, although not eliminated. It is anticipated that if some important differences are found among these otherwise similar countries, then the number of factors attributable to these differences will be sufficiently small to warrant explanation in terms of those differences alone. (Przeworski & Teune 1970, 32.)

What is similar in Denmark and Finland in relation to early retirement? Both countries present the so-called Scandinavian welfare states (Kolberg & Esping-Andersen 1992). In Scandinavian welfare states, labour force participation rates have traditionally been high. However, when the concern is with labour force participation among the ageing, the Scandinavian countries vary: In Norway and Sweden, early retirement has been relatively low, whereas in Finland and Denmark, exit rates are medium or even high if internationally compared. (See Kolberg & Esping-Andersen 1992; Hytti 1998.)

Labour force participation rates have been at a relatively high level in both of the examined countries. However, among the ageing population, participation is far lower than the average, especially in Finland (see figure 1). Looking back a few decades, we can see that both Finland and Denmark have been battling with unemployment. However, the challenge has been different: in Finland, the massive expansion of unemployment in the early 1990's and its' heritage, unemployment rate being nearly 10%. In Denmark, the battle against unemployment has been going on from the 1970's, but slowly unemployment has started decreasing towards the turn of the millennium.

**Figure 1.** Labour force participation and unemployment in Finland and Denmark.



Source: OECD 2002.

During the golden era of the welfare states, policy aimed at decreasing the commodity nature of workers by defining more needs and transforming them into individual rights, and early retirement schemes can be regarded as one of those schemes (Hagen 1992). In labour market policy, the Keynesian notion of full employment was the main paradigm. However, the nations committed to these notions and also adopted them differently. According to Therborn (1986) welfare states can be classified in relation to the commitment to full employment and social entitlement. Therborn's classification roots back to the 1980's, the emergence and blossoming of early retirement schemes. He argues that commitment to full employment was weaker in Finland and Denmark compared to Sweden, usually considered as the model country of the Scandinavian welfare state, where active labour market policy has been successfully adopted (see also Marklund 1988).

In both of the countries, and especially in Denmark, commitment to active labour market policy increased in the early 1990's. Actually, Denmark became the model country of active labour market measures (Goul Andersen 2002; Goul Andersen et al. 2003, Kuivalainen 1999). These measures have quite often been targeted towards the younger population, whereas early retirement schemes have been meant to diminish labour supply among the ageing population. Thus, during the 1990's, several programmes were established in both of the countries to promote ageing employment (see Gould & Saurama 2004; Jensen 2004).

Finland can be regarded as a laggard in the development of early retirement schemes, like it has been also in the development of the welfare state (Esping-Andersen & Korpi 1987). The development of early exit schemes exceeded in the 1990's during which the so-called pathways out of the labour force were numerous and relatively similar in Finland and Denmark. The variety of possible exit routes implies that social entitlements are high and maybe also that the commitment to full employment is weak. In the last decade the disability, unemployment, as well as gradual and voluntary pathway out of the labour force existed in both of the countries. Early retirement became the normal way to finish the working career whereas retirement at the official age became rather an exception.

The concept of pathway is a useful tool when comparing two countries. The pathways refer to a certain way of ending a working career, but it does not imply that the eligibility criteria would be precisely the same in the two compared countries. Actually, the concept of pathway constitutes the core of the comparison in this study, as the question is, does the similar institutional setting, composition of pathways out of labour force create similar experience of early exit? Therefore, the pathways out of the labour force are presented next, while the development of the schemes is presented in more detail in appendix tables 1 and 2.

The disability pathway usually constitutes to all early retirement schemes, which include a medical criteria. In this study, the disability pathway is not treated as a single pathway out of the labour force, but rather it is understood to constitute of two pathways. This is the case especially in Finland. The two disability-based pathways are defined as the ordinary disability pathway and the relaxed disability pathway. These pathways are separated because the assumption is that the experience of exit is different between the people who enter these two pathways. The difference between the two pathways is discussed next.

The Finnish disability pathway constitutes of the ordinary disability scheme, which can be awarded if a person's working capacity has decreased by 60%, and of the individual early retirement pension, which can be awarded to somebody being at least 60 years old, who has had a long working career and who is incapable of continuing his/her present employment because of work-related stress and fatigue and other factors (Finnish Centre for Pensions & The National Insurance Institution 2003). The medical criterion is less strict in the individual early retirement pension, which is therefore defined as the relaxed disability pathway. In the relaxed disability pathway, the level of incapacity has not been defined, but rather the determining factors, age, type of disease, length of service and the working conditions are mentioned (see appendix table 1).

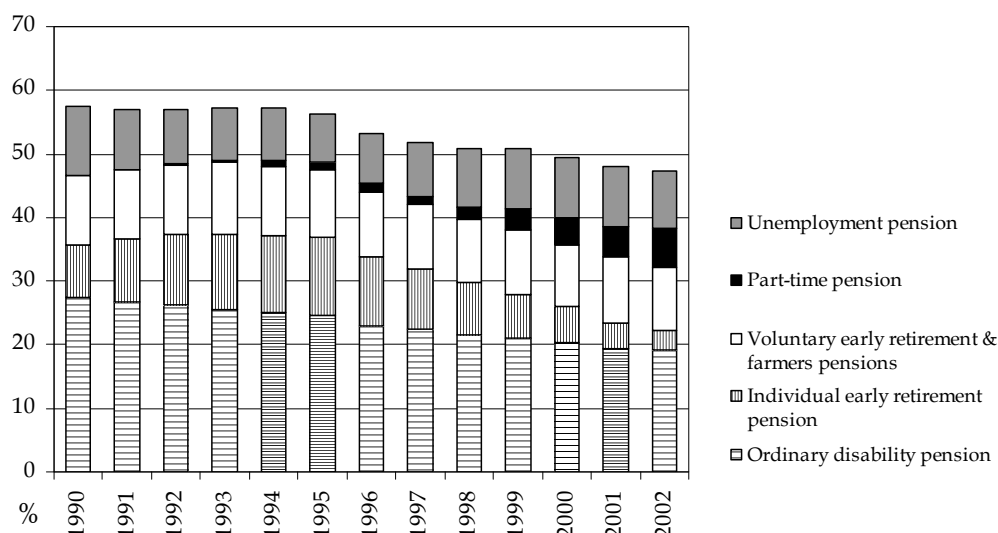
In 1984, the Danish disability scheme was reformed. This reform defined four levels of disability pension (see appendix table 2), which was called the social pension. The two highest levels of social pension can be awarded only on the basis of medical criteria. Mainly, working capacity should have reduced

by 2/3. These two highest levels of social pension are defined as the ordinary disability pathway in this study. The two lowest levels of social pension are defined as the relaxed disability pathway, because they are awarded on medical, as well as medical and social, reasons. The criteria being that the working capacity is reduced by at least 50%, because of medical reasons or because of medical and social reasons. The awarding conditions are not strictly comparable to the Finnish relaxed disability pathway. For example age criteria is different. Also the fact that pension may be awarded on social reasons differs from the Finnish relaxed disability pension. (Juul 1992; Jensen 2004; Weatherall 2001; Laitinen-Kuikka, Bach & Vidlund 2002.) The fact that the awarding criteria differ, is not in focus, rather the main idea is that the disability scheme actually includes two pathways, one defining disability on the medical criteria and another defining disability on more relaxed terms.

In Finland, the disability pathway has been the major pathway out of the labour force (see figure 2). In addition to the ordinary disability pension, the relaxed disability pension has become a commonly used pathway out of the labour force. However, from the mid 1990's onwards, the share of all disability-based pensions has decreased significantly. Already in the 1980's, the unemployment pathway has been a relatively widely used pathway out of the labour force. During the recession in the 1990's, the unemployment pathway became nearly a highway out of the labour market. (Gould & Saurama 2004.) It is commonly agreed upon that the system was used to restructure labour and smoothen the industrial processes. (Hytti 2002, Gould & Saurama 2004.) It should be noticed that all of the ageing unemployed do not qualify for unemployment pension. Usually, the reason is too long duration of unemployment. When a person has exhausted his right to the earnings-related unemployment benefit, he will drop to the means-tested labour market support benefit, which does not give the right to unemployment pension (see Gould & Saurama 2003, 21).



**Figure 2.** Share of early retirees in the different pathways among 55-64<sup>1</sup> year old Finns during 1990-2002, %.



Source: Finnish Centre for Pensions, Social Insurance Institution, and Ministry of Labour

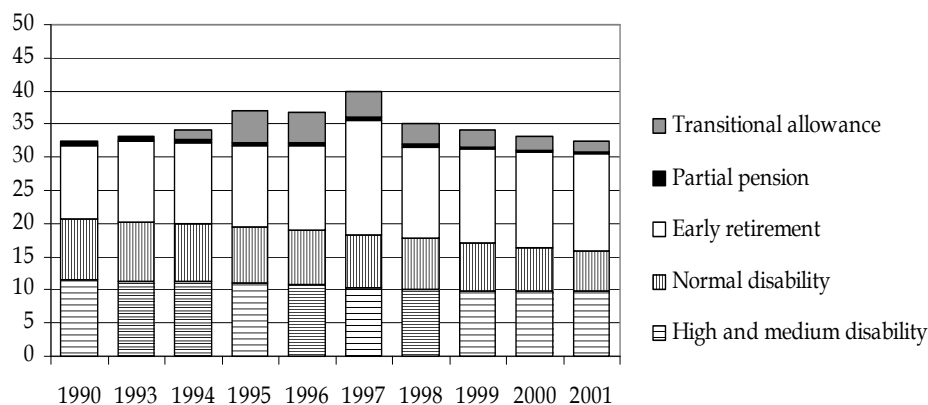
Also in Denmark, the disability pathway has been the most common pathway out of labour force (figure 3). However, there has been a decrease in the number of anticipatory pensioners in Denmark in recent years. The decrease must be seen in connection with changes in the awarding powers, the financing and strengthening of early, preventive efforts to maintain people with reduced working capacities in employment, e.g. on special terms. With effect from 1998 (1<sup>st</sup> of July), an application for anticipatory pension may only be submitted when all activation, rehabilitation, care and other measures to improve the working capacity have been exhausted. From January 1999 onwards, the local authorities have been imposed to bear a major part of the costs of disability pensions. The state only refunds 35% of the costs of newly awarded disability pensions. It has been argued that this has created an incentive for local authorities not to grant

<sup>1</sup> Age is limited to 64 years old, because 65 is the official retirement age in Finland.

disability pensions. Anyway, the local authorities have greater autonomy than ever in granting disability pensions. (Jensen 2004.)

As said, in Finland the actual unemployment pathway, introduced in 1971, became a common way to exit the labour force in the 1990's. In Denmark, the unemployment pathway was in use for only a short period of time, during the years 1992-1995. However, within a few years nearly 5% of the 50-66 year-olds entered this pathway. Peculiar in this pathway is that it ends, as the recipient is 60 years old, after that these unemployment pensioners enter the normal early retirement scheme, which in Denmark plays a major role (figure 3). In Finland the long-term unemployed enter the unemployment pension at the age of 60. This means that also these unemployment pathways vary in their nature in these countries.

**Figure 3.** Share of the 50-66<sup>2</sup> year old early retirees in Denmark, %.



Source: Author's own calculations from NOSOSCO 1992-2002

<sup>2</sup> Age criteria is 66, because the official retirement age has been 67 until 2004 (see appendix table 2).

In the period of high unemployment, 1979, the first actual flexible retirement scheme in Denmark was introduced. This early retirement benefit (efterløn) was based on individual preferences to quit working at the age of 60. According to Jensen (2004), the scheme had a dual purpose. First, to offer elderly workers the opportunity to early retirement in times of high and enduring unemployment. In particular, unskilled blue-collar workers suffered from high rates of unemployment. The second aim was to redistribute retirement opportunities, since unskilled blue-collar workers contributed to the pension system, but hardly ever benefited from the scheme since the majority died before reaching retirement age. Therefore, in the beginning, the early retirement scheme was a retirement opportunity for segments of the population that would otherwise never benefit from the pension scheme. This scheme has become a common exit route, and during the 1990's the share of voluntary early retirees in the age group of 50-66 has increased from 10% to 15%. It seems to be that even the restriction to benefits (appendix table 2) have not decreased entrance to this scheme and exit out of the labour force.

Also in Finland, the use of the full-time early retirement pathway increased during the 1990's, which however is mainly due to increase of part-time pensions. It seems to be that in Finland, the majority of early withdrawal occurs through schemes that require reduced workability or unemployment. A Finnish peculiarity is that the voluntary early retirement benefit is a reduced pension, which is not the case in Denmark. This difference will remain even the schemes become more alike from 2005 onwards as the new pension legislation will become effective in Finland.

Parts of the so-called voluntary early exits occur through gradual withdrawal from the labour force. In both of the examined countries, the use of part-time pension has been marginal (figures 2 and 3). But as said above, in Finland the gradual withdrawal has become more common since 1998, partly because the age criterion was lowered. The pathways out of the labour force in the two studied countries are presented in table 2.

**Table 2.** Definition of the pathways out of the labour market in the 1990's in Finland and Denmark.

	Finland	Denmark
<b>Ordinary disability pathway</b>	Disability pension (työkyvyttömyyseläke)	High & middle disability pension (højeste & mellemste førtidspension)
<b>Relaxed disability pathway</b>	Individual early retirement pension (yksilöllinen varhaiseläke)	Normal disability pension (förlöjet almindeligt førtidspension & almindeligt førtidspension)
<b>Unemployment pathway</b>	Unemployment pension (työttömyyseläke)	Transitional allowance <sup>3</sup> (øvergangsydelse)
<b>Full-time early voluntary pathway</b>	Early old age pension (varhennettu vanhuuseläke) Special pension for farmers <sup>4</sup>	Early retirement benefit (efterløn)
<b>Part-time early pathway</b>	Part-time pension (osa-aikaeläke)	Part-time pension (delefterløn)

Similarities of these countries are not only in the structure of the pathways, but also in the logic of the practiced policy. The policy in both countries in the golden era of the welfare states has stressed individuals' right to retire early. Rhetoric has alleviated flexibility from individuals' perspective, but at the same time a clear target has been to battle against unemployment and to increase competitiveness, and to accelerate structural changes in the labour market. During the 1990's, the high costs of early withdrawal, due to ageing of the

<sup>3</sup> Transitional allowance has been phased out from 1995 onwards.

<sup>4</sup> Those receiving special pension for farmers in Finland are excluded to make the country comparison more coherent.

population, decreased labour force participation rates and increased dependency ratio, were stressed and it generated a clear policy change towards work as duty rhetoric. This policy has been practiced with different means. In Denmark, disability pensioners are offered flex jobs and rehabilitation, which aim at integrating them back into the labour force. In Finland, preventive means (different programmes, rehabilitation, etc.) have become a common means to battle early withdrawal from the labour force. However, in Finland those disability pensioners who are already out of the labour force are not being targeted to return to work, rather the aim is to keep the ageing in the labour force with the help of rehabilitation. (see Gould & Saurama 2004; Jensen 2004.)

The early retirement legislation has also been altered in the turn of the millennium in both of the countries (Denmark 1999 and Finland 2005). After these legislative changes the pathways of exit will still be relatively similar (see appendix tables 1 and 2). Interestingly a similar policy instrument has been introduced in both countries concerning the full-time early retirement pathway. It will in the future offer stronger financial incentives to continuation longer at work (see appendix tables 1 and 2).

Despite the similarities there are also interesting differences between Finland and Denmark in relation to early retirement. First of all the official retirement age has been higher in Denmark (67 years) compared to Finland (65 years). However, this difference was abolished 2004 onwards as the official retirement age decreased to 65 for those born after 1.7.1939 (Laitinen-Kuikka et al. 2002). In an institutional level a greater difference is the importance of universal flat-rate pension benefits versus earnings-related pension benefits.

In Finland the earnings-related pensions are central in the income package of the pensioners', while the flat-rate pension's (which has from 1996 onwards paid only if employment pension is small or non-existent) importance is smaller (Tuominen et al. 2003). Because the earnings-related pensions have guaranteed relatively good income level and because there is no pension ceiling, the importance of private pensions has been marginal in Finland (Mäkinen 2002).

The Danish pension system is characterised by an exclusive reliance on relatively generous flat-rate benefits – partly universal and partly means tested. Private income sources play a relatively important role in the income package of

Danish old age pensioners, although the average level of private income received is smaller than could be expected, given the nature of public pension system. (Pedersen 1999, 362.)

Given that both of the examined countries are regarded as Scandinavian welfare states the pension schemes differ significantly. In Finland the pension policy follows the encompassing model (Korpi & Palme 1998) in which eligibility is based on contributions and citizenship. In Denmark the practiced policy follows the basic security model (Korpi & Palme 1998). The fact that pension schemes differ makes the analysing of policy outcomes, the level of well being, interesting.

In addition to the structure of pension benefits there is also an interesting difference in the labour markets. In Denmark the employment protection has been regarded relatively weak. This means that the firing and hiring policy is also rather liberal compared to other Nordic countries as well as European countries. (See Grubb & Wells 1993; Madsen 1999; Bertola 1999.) This reflects also to employees' sense of protection from rapid dismissal, which is lower in Denmark compared to Finland and Sweden. Otherwise the quality of working life in Scandinavia does appear to be higher than elsewhere in Europe with regards to quality of work tasks and opportunities for participation. (Gallie 2003.) In addition to the high quality of working life employees are also highly work oriented in Denmark (Svallfors et al. 2001) as well as in Finland (Julkunen 2003).

Interesting is that despite high work orientation and quality of working life early withdrawal from the labour force is common in these countries. A question that needs to be asked is, how early exit is in this framework experienced? The issue becomes even more interesting when it is known that the Danish are the happiest people in Europe, 68% report being very satisfied with their life. In Finland, only 26% report such satisfaction. (See, for example, Delhey 2000.) How will these differences in general satisfaction influence on the results?

## Why compare?

The similarities and differences between the two selected countries were discussed above and now the question why compare these two similar cases will be addressed. The comparison of two similar cases aims to answer the question do the similar institutional settings have similar outcomes regarding well being? The assumption is that the institutions, which are under investigation here, the pathways, will have similar outcomes in these countries. Thus, it is assumed that the Danish relaxed disability pathway is closer to the Finnish unemployment pathway, because the social conditions are stressed. This will imply that individuals in weaker positions may exit through this channel.

Despite the similarities the countries share, there are also interesting differences, which makes the comparison fruitful, as was discussed in the above section. Therefore, the number of unknown variables is minimised in this study, however not eliminated. This means that the factors explaining the possible deviant results are sufficiently small to analyse.

The country selection and the principles and aims of comparative study formulate a part of the theoretical discussion. However, the main argument on the relationship between well being and early retirement still needs discussion, which will be addressed next.

## 4.2 Research questions and hypothesis

The title of this thesis, the experience of early exit, describes the aim of this study. The main task of this research is to investigate the reasons for and consequences of early exit. Secondly, with the comparison, the study aims to investigate whether the experiences of exit are similar in Finland and Denmark. The question to which an answer is sought is: “Do the similar institutions produce similar outcomes?” The concept of experience refers to well being, which is one of the main concepts in this study. Well being is approached on

three levels, first concerning the well being at work, secondly, the experience of exit and, as a condition of an early retiree.

Figure 4 illustrates the research set up and the three levels of investigation of well being. It also presents the idea that early retirement is seen as a process. The arguments are that the process starts from the decreased working capacity and that the experience of early exit is related to the reasons for retirement and the voluntary retirement decision. The outcome, well being, is assumed to be connected with the experience of exit. Next, the three levels of investigation are discussed in more detail.

**Figure 4.** *The research set up.*

Process of early retirement	WORK	EXIT	RETIREMENT
RESEARCH QUESTIONS AT GENERAL LEVEL	<p>Early exit plans and reasons for them among ageing workers</p> <p>Are early retirees weakest and least qualified part of the labour force?</p> <p>Well being at work</p>	<p>Reasons for early exit</p> <p>Experience of early exit</p>	<p>Consequences of early retirement</p> <p>Level and change of well being among early retirees</p>
INDEPENDENT VARIABLES	<u>Individual</u> Gender Age Civil status Health Socio-economic status	<u>Work-related</u> Work satisfaction	<u>Pension-related</u> Time as retiree Age of exit Experience of exit
INSTITUTIONS	PATHWAYS OF EXIT		
STUDIED COUNTRIES	FINLAND, DENMARK		



#### **4.2.1 Experiences of work**

First, the focus is on the investigation of well being at work. The investigation starts with the ageing employed. The ageing employed refers to 50-64/66 year old employed (64 in Finland, because the official retirement age is 65, and 66 in Denmark, because the retirement age has been 67 until 2004). The aim is to examine how common the ageing employees' retirement plans are and what are the reasons for those plans. Respondents were presented two questions: "Have you planned to retire early?" If the respondent replied yes, they were further presented with a list of reasons for their retirement plans; bad health, strenuous job, threat of unemployment, spouse's exit, normal to retire early, want to have more time for hobbies and travelling or have to take care of family member. This investigation will shed light on the retirement decision. If we assume that the transition from employment into retirement is a process (see Beehr 1986), we also should assume that the ageing employed start to think about the exit before it is actually concrete. It is further assumed that the ageing employee's reasons for retirement plans are related to push and pull factors. Therefore, the subjective retirement intention of the ageing employed will give more grounds to examine the early retirees' reasons for retirement.

The investigation continues to examine the notion of expulsion (Berling & Olson-Frick 1977; Hanish 1977; Halvorsen 1977; Kolber 1974). The idea is to examine if early retirees actually are the weakest and least qualified part of the labour force. The qualifications, which will be investigated are health, education and socio-economic status. Education is measured in years and socio-economic status by using the Nordic occupational classification. It is assumed that early retirees are to some degree the weakest and the least qualified part of the labour force, especially those on disability-based pensions or unemployment pension (see, for example, Henretta et al. 1992; Gould et al. 1991, more discussion in section 3.2.2).

Health status is measured with three different questions. The first one is the respondent's self-evaluation of current state of health. Self-rated health is a commonly used measure of health. It has been proven to be a good measure because it is actually a strong predictor of mortality (Heistaro 2002) and because

it captures the multidimensionality of the health, which is usually missed if only long-standing illnesses are investigated (Manderbacka 1998). The second measure of health is physical problems, such as diseases, difficulties after an accident, handicap, and pain of long duration. The third measure investigates mental well being. Respondents were asked if they suffer from uneasiness, restlessness or fear. This question may be criticised because it is a relatively narrow way to approach mental health problems. Yet, because all these three dimensions of health are investigated in relation to one another, the weakness of one measure can be overcome.

The third research question addresses more directly well being at work; is early retirement related to decreased well being at work? Firstly, satisfaction with work is investigated. This is a measure of well being, which utilises the subjective nature of well being. According to Allardt (1976), it combines the happiness and level of living approach in well being. Secondly, different aspects of work are investigated. The aspects, which are used as measures of well being at work are, experienced time pressure, reorganisations at work, experienced conflicts at the work place and the physically straining features of work. Time pressure and reorganisations can be said to measure the mental challenges of work. The conflicts indicate the challenges of the work environment, which may reflect well being at work. These experiences are combined as an index of well being at work or work-related stress index.

It is assumed that early retirees do experience their prior work more straining than the ageing employed. It is also assumed that the ageing employed who have planned to exit early experience their work as more straining. These assumptions are based on previous studies, which have stressed that straining working conditions contribute to early exit (see, for example, Gould et al. 1991; Piispa & Huuhtanen 1993, more in section 3.2.1) and that low work satisfaction is related to a high probability of early exit (Palmore et al. 1982; Reizes et al. 1998). However, it is also assumed that these experiences are connected to occupation (see Fillenbaum et al. 1985; Hayward & Hardy 1985). Therefore, the hypothesis is that occupations structure the exit, and the experiences of work are strongly connected to occupation after controlling for gender and working sector. These work related questions were not asked from ageing employed in Denmark.

Therefore in Denmark experiences of work can only be compared between early retirees in different pathways.

#### **4.2.2 *Experience of exit***

The fourth research question addresses the experience of early retirement. First, the reasons for early retirement are examined. Respondents were presented with a list of reasons for retirement. The framework of this study adheres to the notions of pull and push factors effecting to the retirement decision. The push notion stresses the labour market constraints, which result in early exit. The pull view instead stresses individuals' willingness to retire, because it is more attractive, at least financially. It is assumed that both push and pull factors contribute to early retirement (see for example Gould et al. 1992; Halvorsen 1990).

However, it is further assumed that push factors have been more influential for unemployment pensioners, mainly due to labour market constraints. Full- and part-time early retirees are assumed to retire mainly because of pull factors, thus it is not assumed that push factors didn't influence the decision at all. And naturally, ordinary disability pension is assumed to be a result of push factors, health reasons. Nevertheless, the assumption continues that relaxed disability pensioners' retirement decision is linked also to pull factors in addition to bad health and other push factors. This assumption is based on the fact that the pension is awarded with less strict medical criteria. Therefore, an individual's capabilities as well as values will have more influence on the retirement decision.

Furthermore, the argument is that the notions of push and pull view may simplify the actual decision making in the case of early retirement. It does not take into account whether the individual wanted to retire or did he actually feel that he had a choice. The retirement decision and the possibility to choose are investigated with two questions. Firstly, respondent's were asked: "Given what you know now about your situation before and after retirement, would you retire; earlier, later, at the same age, or did you experience a lack of choice?"

Secondly, respondents were asked if they feel that the retirement decision was a voluntary or an involuntary decision. These questions are utilised in order to get a broad understanding of the decision.

It can be argued that if early retirement is experienced as a voluntary choice, it can be regarded as a form of decommodification. Using the terms of welfare research, we can argue that this would imply that the individual had control over his or her decision to retire and retirement would therefore mean well being. On the contrary, involuntary early retirement is related to diswelfare, i.e. lack of autonomy in the decision to retire (see also Walker 1985). It is assumed that early retirement is mainly a voluntary choice for full- and part-time early retirees. It is further assumed that both, ordinary disability pensioners and relaxed disability pensioners feel exit more as an involuntary choice. This assumption lies in the notion of autonomy, i.e. individual's lack of control over decisions and actions. Also, unemployment pensioners are assumed to feel retirement often as an involuntary choice. However, because they have a long history of unemployment, retirement may also be a voluntary escape from unemployment for them.

By combining these two conceptual approaches, push and pull notion and voluntariness of early exit, it becomes possible to discuss the experience of early exit (see table 1). It is assumed that experiences of being released are most common. The hypothesis is based on the fact that the phenomenon of the early retirement has become very common and that many ageing employed wish to retire early. Secondly, it is assumed that the experiences of expulsion are common, but not as common as experiences of release. The experiences of expulsion are assumed to be most common among those in the disability and unemployment pathway, whereas experiences of being pulled out of the labour force are assumed to be most common among full- and part-time early retirees.

The problems and limits of the concepts of released, pulled and expelled were discussed in chapter two. The interest is to analyse does the institutional framework reflect in the experiences of early retirees. In other words, despite the fact that early retirees seldom have actual choices for early retirement in the institutional context, did they experience that they had a choice or that the retirement decision was voluntary choice.

Taken into account that in both countries newest early retirement legislation concerning so-called voluntary early retirement pathway introduced financial incentives as means to increase years in employment (see appendix tables 1 and 2), the results will provide information for policy makers. If early retirees do not experience that they had a choice for retirement, this new policy is hardly to succeed among majority of early retirees.

Welfare research is interested in well being. However, sometimes the interest may focus on those who have welfare problems. Also, here the examination focuses on the expelled early retirees, who are they? This is an interesting group both theoretically and practically. Theoretically, the triple notion maintains that expulsion is related to the weakest and least qualified part of the labour force. This would lead to the assumption that blue-collar workers would be the likeliest to experience expulsion. However, because blue-collar workers are often occupied in physically straining work, exit may be experienced as release. Investigation of this assumption is interesting because Halvorsen (1994) has later suggested that highly work-oriented people are likely to experience early retirement negatively. If this argument is put as an assumption, it could be assumed that white-collar workers are likelier to experience expulsion. The practical information will offer an estimate of the experiences of totally negative evaluation of early exit, which should be in the interest of the policy makers.

Further assumptions are that the expelled workers are most often unemployment pensioners (see Walker 1985) or ordinary disability pensioners even after controlling for health problems. Thus, health problems are also assumed to be connected to expulsion. Because work is often a more central arena of life for men than women, it is assumed that the experience of expulsion is more common among men (Øverbye & Belkesaune 2002). Following the findings of McGoldrick and Cooper (1994), the assumption is that role loss, experience of expulsion is more common among young, recent early retirees.

### **4.2.3 Experience of well being as an early retiree**

The third level of investigation focuses on the level of well being. This investigation is divided into two. The first approaches well being strictly as a subjective experience. The second section also analyses well being subjectively, but well being is compared to the level of the ageing employed and the questions are closer to the objective measures of well being than in the first section. The hypothesis concerning the level of well being in relation to the independent variables are presented at the end of this section to avoid unnecessary repetition.

#### ***Experienced change in well being due to early exit***

This chapter investigates how early retirees experience their well being after the exit. First, the chapter investigates the different dimensions of diswelfare that are related to labour market withdrawal. These aspects of well being are examined with factor analysis and further with the analysis of variance (methodological discussion is in section 4.4). The following statements were presented to respondents:

- You miss the daily contact with colleagues
- You feel isolated
- You don't feel you have anything to get up for in the morning
- You feel it hard to kill time
- You feel that other people look down on you because you don't work
- You feel that you are treated badly because you don't work
- You feel you are of no use to society
- You feel kept out of society
- You have to manage with less money
- You feel insecure about your own financial situation

The idea is to investigate whether the welfare consequences of the early exit are similar in Finland and in Denmark and secondly, what explains the variation in these experiences.

The chapter aims to conclude the investigation of subjective well being by focusing on the possible change in general well being. The respondents were presented the question: “Has your general well being increased, decreased or remained the same after exit?” The aim is to define to what degree and for whom early exit is activity, continuity and disengagement.

### ***Comparing level of well being between early retirees and the ageing employed***

The concept of well being is understood as a multidimensional concept. The concept of well being, related to the second research question on well being, is based on the Scandinavian level of living research tradition. According to this view, the dimensions of well being are understood to be the resources for an individual (Johanson 1970). Resources enable individuals to live life according to the standards of the prevailing society (see Marshall 1950). Lack of resources is seen as diswelfare, which may accumulate. Accumulation of welfare problems is seen as a threat for an individual’s well being.

The aim is to compare the level of well being between early retirees and the ageing employed. The investigated dimensions of well being are social, political, and economic resources, which are all included in Johansson’s (1978) list of welfare components. Also, health is a crucial resource for an individual. The investigation of health was thus done elsewhere (presented above, in empirical section 5.1.2) and is not addressed here further.

The resource approach usually utilises objective measures of well being (more detailed discussion on the issue can be found in section 2.3.1). Even when the resource approach is applied, the indicators of well being are not clearly objective nor are they clearly subjective. However, the indicators are commonly used measures of well being especially when the aim is to compare the level of well being between different groups.

### ***Social support***

Social resources are measured as qualitative social support. Respondents were presented the question: “Do you have a reliable friend outside the family with whom you can talk to confidentially?” The research question is, do early retirees have less social support than the ageing employed? The quality of social support is measured as having a reliable friend outside the family in this study. This is a commonly used measure of social support among gerontologists as well as in the Scandinavian level of living research tradition (see Axelsson 1984; Bossé et al. 1990; Frizell & Lundberg 2000).

### ***Political capability***

The second dimension of well being is political resources. Political resources refer very often to the right to vote. Voting is not necessarily a sufficient measure of political integration. During the last decades in particular, voting activity has decreased in all EU countries. The problem is that if voting is considered as political integration and nonvoting as political marginalisation, we end up having nearly half of Europe politically marginalised. Rather they should be considered politically passive or even active; nonvoting can also be regarded as protest.

The political resources are for the above reasons approached as an issue of political capability, rather than voting or nonvoting. The idea is that there should be balance between the formal rights and the actual capabilities (see Frizell & Lundberg 2000). Individuals do not benefit from the formal right if they are not able to practice it. The Swedish level of living survey has introduced an interesting measure for this. They have asked in their surveys whether the individual is able to write a letter of complaint if they were mistreated by some public authority. If the individual is not him- or herself able to do it, they are further asked if there is someone who they know who could help with it. Those who are not themselves able to do it and cannot get help for it are regarded as politically incapable. This approach is utilised also in this study to investigate



political resources. The question is, are early retirees politically as capable as the ageing employed?

### ***Economic resources***

When the interest is at the level of well being, economic well being is one of the most important aspects. The question is do early retirees have more economic problems than the ageing employed?

First the respondent's and his/her household's income level will be investigated and secondly the experiences of financial hardship will be analysed. In this study, income refers to gross income, income before taxes. The usual income measure is disposable income, income after taxes. In this study, gross income is used because in the Danish survey there was only information about gross income. As usual, the households are made comparable by using equivalence scales. Here the scale is the 'old' OECD scale (OECD equivalence scale: first adult=1, other adults=0.7, under 18 years old children=0.5).

Experienced financial hardships are also a commonly used measure of economic integration and it is utilised also in this study. The respondents were presented the question: "Has your household experienced difficulties in paying necessary expenses during the last year?" This measure is broader than the use of income alone, especially when the gross income measure is not very good. It reveals the experiences of households; it describes the sufficiency of the income level in relation to consumption level.

### ***Accumulative welfare problems***

The last question concerning the level of well being is, to what degree do these dimensions of well being overlap and, further, do welfare problems accumulate more with early retirees than the ageing employed? This is seen as an important research question because it combines different welfare problems and finally will increase the knowledge on how common the welfare problems among the

ageing are and if early retirement is related to the accumulation of welfare problems. Combining the welfare problems into one index will also help to overcome the problem that how can we define individuals having welfare problems only on the basis of one single question.

### ***What decreases well being – hypothesis***

The assumption concerning well being is based on the two main arguments of this study. First, it is assumed that the level of well being is related to the pathway of exit. Disability and unemployment pensioners are assumed to have lower level of well being. As said, it assumed that different welfare problems tend to accumulate. Here it is supposed that long term unemployment and health problems (see Eden & Ejertsson 1999) also accumulate other problems. Secondly, it is assumed that the experience of exit is related to well being. In particular, the experience of expulsion is assumed to be connected to lower well being (see also Herzog et al. 1991; Maule et al. 1994). However, previous studies lead us to suspect that the effect of involuntary exit is only short term and will wear off within a few years (Gall et al. 1997).

Previous studies have also stressed the importance of health in determining well being (Knesek 1992; McGoldrick & Cooper 1994; Gall et al. 1997). Furthermore, previous studies have indicated that women adjust to retirement better and have therefore higher levels of well being (Øverbye & Blekesaune 2002; Quick & Moen 1998). Also, marriage seems to prevent welfare problems, which leads us to assume that the connections exist also among early retirees.

The previous research gives support to the assumption that younger early retirees will have more welfare problems (McGoldrick & Cooper 1994; Øverbye & Blekesaune 2002). However, the time spent as an early retiree may also be connected to well being. Different phases of retirement have been put forward. The assumption here is that the welfare effects of early exit will at first be positive, but wear off within time (see Atchley 1976; Gallie et al. 1997).

In this research, the assumption is that social stratification, which has been constructed in the labour markets, continues during retirement. In practice, the

assumption is that white-collar workers have higher level of well being than blue-collar workers (Mutran & Reizes 1981; controversial results by Beck 1982). It is further assumed that high work satisfaction may reduce well being during the first years of retirement.

### **4.3 The data**

This research is part of a broader research programme, Unemployment, Early Retirement and Citizenship: Marginalisation and Integration in the Nordic Countries (Goul Andersen et al. 1998). One of the aims of this research programme was to collect comparative survey data from the Nordic countries. In particular, the interest was in the comparative, individual level data of unemployed and early retired, which has not earlier been available.

#### **4.3.1 *The Finnish data***

In Finland, two representative samples were drawn; a sample of early retirees and a sample of the population (more information Saurama 2001). In this thesis, both samples are used. Mainly the sample of early retirees is used, but in the first and last empirical chapters, the sample of population (restricted to 50-64 years old employees) is also used.

Statistics Finland conducted the survey for early retirees in the beginning of 2000. They drew the sample from the registers of Social Insurance Institution and the Central Pension Security Institute to get a representative sample of early retirees. The sample was restricted to the Finnish speaking population and to those persons who receive pension in one's own right. Statistics Finland used stratified sampling: there were two strata. The first strata consisted of early retirees who received disability pension, individual early retirement pension, unemployment pension, early old age pension, part-time pension and special pension for farmers. The second strata consisted of those who received only

national pension, only employment pension or received both pensions. The sample was drawn from these two strata. The information in the registers is based on the year 1998 (end of year). Because the official retirement age is 65 (excluding public sector officials whose retirement age is 63) it was necessary to set an age criteria to 63, in order to control that people did not turn 65 during the time between the register information collection and our survey. People working in the public sector who retired at the age of 63 were ruled out of the population and treated as normal old age pensioners.

The initial sample size was 3000 individuals. Statistics Finland sent two remainders after the first questionnaire. The first remainder was only a postcard; the second remainder also included a new questionnaire. 1532 questionnaires were sent back, so the response rate was 51.3%. Even though the response rate was not very high, it is reasonable. Statistics Finland offered the possibility to check the bias in the responses by age and gender. This revealed that men and young early retirees (under 50 years old) are under-represented. This basically indicates that young disability pensioners are under-represented, because early exit under the age of 50 is only possible through the disability scheme.

**Table 3.** *Representativeness of the Finnish sample of the early retired, %.*

	Responded early retirees	Non-respondent early retirees	Early retired sample
Gender			
Female	52.8	47.5	50.3
Male	47.2	52.5	49.7
Age			
Under 30	0.9	3.1	2
30-39	2.7	4.9	3.8
40-49	4.2	11.8	7.9
50-59	21.7	23.4	22.5
60 and over	70.5	56.8	63.8

The second sample is, as said, a representative national sample of 18-74 year old Finnish speaking Finns living in the mainland of Finland (Swedish speaking and those living in Ahvenanmaa were excluded). The sample was drawn from the Population Register Centre. The initial sample size was 3000 individuals and the response rate was 63%. The survey was conducted from the department of Social Policy, University of Turku, late 1999 and early 2000. The response rate remained relatively low, even after three reminders. This probably reflects the exceptionally long questionnaire, 56 pages. Although the questionnaire included sections for specific respondent groups, no one had to go through the whole questionnaire. The national sample represents the population relatively well (table 4).

From table 4 we can see that women are slightly over-represented, but the difference is not big if compared to the population level. According to age, the data represents the Finnish 18-74 year old population very well. Only 55-64 year olds are slightly over-represented but the difference is very small. Those who are married were more active in filling out the questionnaire than those who were divorced. The difference is approximately 3%. The examination of labour force status reveals that the data represents the population quite well. Surprisingly, the unemployed are over-represented compared to those who are outside the labour force.

**Table 4.** *Representativeness of the Finnish sample of population, %.*

	Data (18-74 years old)	Population 2000 (15-74 years old)
Gender		
Female	54.8	50.3
Male	45.2	49.7
Age		
15-24	11.8	12.4
25-34	16.6	18.3
35-44	21.1	21
45-54	21.9	22.1
55-64	16.9	14.5
65-74	11.3	11.8
Civil Status		
Married	54.1	50.9
Unmarried	33.7	33.9
Divorced	8.4	11.1
Widow	3.8	4.1
Labour force status		
Employed	60.2	59.0
Unemployed	9.1	6.7
Not in labour force	30.7	34.3

Population source: Statistics Finland 2000

In table 5, a construction of the Finnish data set is presented. In the survey for early retirees, those also receiving special pensions for farmers were included, which are now excluded from the data in order to make the data more comparable to the Danish data. The majority of early retirees in the Finnish data are disability pensioners. The second largest group is unemployment pensioners and individuals receiving relaxed disability pension (individual early retirement). Full-time early retirees and part-time pensioners form a minority in the available data. In the analysis, these two groups are often collapsed as one due to the small number. The ageing employees are limited to 50-64 –year olds. This age criterion was set because the interest is in ageing workers. Also, when early retirees' well being is compared to ageing employees' well being, this age group seemed the most appropriate. The upper criterion was set to 64, because the official retirement age is 65.

**Table 5.** *Composition of the Finnish data, % (N).*

Ordinary disability pathway	38.7 (665)
Relaxed disability pathway	14.9 (256)
Unemployment pathway	17.8 (307)
Full-time early pathway	8.6 (148)
Part-time pathway	3.1 (53)
Ageing (50-64) employed	16.9 (291)
Total N	1720

(For definitions of the pathways see table 2)

In appendix table 3, early retirees in different pathways are investigated by age and gender. The table indicates that among the ordinary disability pensioners, women are over represented, whereas in other pathways the gender division corresponds to the statistics. The age structure reveals that in nearly all of the pathways, older early retirees are over represented, which table three also indicated. When the years spent as an early retiree are investigated, it can be concluded that disability-based pensioners have been retired for a longer time than others, at least four years. Non-disability-based pensioners have retired most often between the years 1997-2000.

The Finnish data does not present the 50-64 years old population, nor does it present the population of Finnish early retirees. Instead the data presents early retirees in different pathways as well as ageing employed, which are used as a reference group. Because the group of ageing employed is drawn from a different sample it cannot be treated as a part of same sample than the early retirees. This should be kept in mind while reading the study. The data presents different groups of early retirees and ageing employed, but not the population of 55-64 years old Finns (this mainly because the disability pensioners are included and they can be at any age). The results cannot be generalised to the population of early retirees, but to concern the early retirees in different pathways.

### **4.3.2 The Danish data<sup>5</sup>**

The Danish data was collected during 1999-2000. Mainly the data was collected by phone interviews. In some cases the phone interviews resulted in low response rates, because people use a lot of mobile phones and change operators quickly. This led to a situation that people were not reached on the phone numbers, from which they were supposed to be reached. In these cases, postal questionnaires were used to increase the response rates.

The Danish data was collected from different registers so that they represent the population. Early retirees and unemployed were over weighted in the sample to get enough of them. Also, those using different leave possibilities (for example, sabbatical leave) were over weighted in the population sample. The Danish sample included 6529 individuals, this included 1433 individuals aged 18-54 years old, 499 individuals aged 55-66, 1629 individuals on leave, 1653 individuals on early retirement, 156 individuals on unemployment pension and finally 1159 individuals on disability pension.

Response rates among these groups vary to some degree and the overall response rate was 58%. The response rate among 18-54 year olds was 67.2% and among 55-66 year olds 65.5%. Among 18-54 year olds the response rate was higher among men whereas among 55-66 year olds the response rate was higher among women. Overall, the sample of 18-54 year olds is slightly biased towards the 40-59 –year olds. The response rate among early retirees was 69%, among unemployment pensioners 60%, and among disability pensioners 52%. The sample of disability pensioners is biased towards older disability pensioners, which is also the case in Finland.

The composition of the Danish data is presented in table 6. In the Danish data, early retirees form a majority, whereas all of the disability-based pensioners constitute a fifth of the data. In the Danish data, unemployment pensioners constitute a minority. In Denmark, the official retirement age has been 67, which is why the age criteria among the ageing employed is higher (50-

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<sup>5</sup> Source: <http://www.socsci.auc.dk/~albreckt/data/>



66) than in Finland. The sample of ageing employed is weighted, because different aged employed had a different possibility to be drawn into the sample (sample size without weighting is 466, which constitutes 21.4% of the total data).

**Table 6.** *Composition of the Danish data, % (N).*

Ordinary disability pathway	14.2 (352)
Relaxed disability pathway	7.0 (174)
Unemployment pathway	5.5 (136)
Full-time early pathway	35.1 (868)
Part-time pathway	7.4 (183)
Ageing (50-66) employed	30.8 (761)
Total N	2474

(For definitions of the pathways see table 2)

In Denmark, early retirement pathway constitutes from two different groups, from those who voluntarily leave the labour force at the age of 60 and those who have retired already before through the unemployment pathway. Therefore, this group was investigated further. It was found out that 50 of the early retirees were unemployed before the actual early retirement and retired before they were 60 years old. They were categorised as unemployment pensioners. This reflected also in the number of voluntary early retirees, which decreased from 918 to 868 cases. Due to this change, the early retirement pathway includes only those who did not leave due to long-term unemployment. Therefore, the unemployment pathway includes also those who are usually considered to be in the early retirement pathway.

The composition of the Danish data, early retirees in different pathways by age, gender and time spent as a retiree is presented in appendix table 4. Disability pensioners are a bit older than according to the statistics. Relaxed disability pensioners seem to be younger and women are slightly over-presented. In the unemployment and full- and part-time early pathways, men are slightly

over-represented. Full- and part-time early retirees and unemployment pensioners are relatively recent retirees compared to the disability-based pensioners, who have often been out of the labour market for at least four years.

The Danish data is not a representative sample of certain age population. Danish data should be considered as individual samples of early retirees in different pathways and ageing employed, just like the Finnish data. This should be kept in mind while reading the study. The results cannot be generalised to certain age population, instead they can be generalised to the early retirees in different pathways. Therefore, the analyses are mainly carried out separately for each pathway and ageing employed.

#### **4.3.3 Discussion on the limits of the data**

As described above, the Finnish data was collected by postal surveys, whereas in Denmark the data was collected by telephone and postal surveys. This may create a difference in the responses. Some researchers have put emphasis on this issue (Groves 1990; De Leeuw 1992; Ahola 1993). Usually, it has been concluded that the data collection method does not significantly influence the answers (see Groves 1990; De Leeuw 1992). In particular, answers in face-to-face and telephone interviews have been found to be nearly identical. However, according to Ahola (1993), in telephone interviews, individuals tend to give a more positive picture on well being than in personal face-to-face interviews. However, if the problems are socially accepted, there doesn't seem to be differences in answers according to the data collection method.

In this study, the issue is possible differences in answers between telephone and postal survey data collection. According to De Leeuw (1992), the main difference in the postal and telephone interview is that in postal surveys there tends to exist more missing information than in telephone interviews. This means that people do not put an effort into answering all of the questions in the questionnaire. The advantage in postal surveys is that people are more open towards sensitive issues, which is not the case in telephone interviews.

However, De Leeuw (1992) concludes that even the distribution of answers would not significantly differ, the small differences may create difference in a relationship between the variables. This may result in the situation where, for example, the model may have similar structure, but the explanatory power of the variable depends on the data collection method. This may create a problem in this study and the issue should be kept in mind as the conclusions are drawn.

The data used in this research is cross sectional. Usually, when early retirement is studied, the best type of data would be panel data. Panel data makes it possible to follow individuals' changing attitudes towards work and retirement, which cross sectional data does not allow. Also, the evaluation of the effects of early exit relay in cross sectional data on the individual's retrospective answers. This is the only way to capture the reasons for retirement as well as effects of retirement in cross sectional data. However, many studies (see in chapter 3) relay on cross sectional data, mainly because of the lack of panel data sets.

The limits of cross sectional data are often argued to be the effects of time in individuals' answers. In this study, the time spent as an early retiree is controlled for in those models, where it is found to have a significant effect on the investigated phenomena. In particular, when individuals in different pathways have retired at different times, the results may be affected by it. In the Finnish case, the difficult labour market conditions during the recession may be reflected in the exit experiences of the disability-based pensioners who most often left the labour markets before the year 1997. Also in Denmark, the disability-based pensioners retired a longer time ago than other early retirees, which may reflect on the results.

The above described facts may influence on the comparison between the countries. It is also true, that some of the questions in these two countries were not strictly similarly asked. These issues are discussed and reported as the study proceeds. Also the fact that in the postal survey non-responses are more common is evident. The non-responses in the data are also presented and discussed as the study proceeds.

Even the data sets are unique they involve many problems as has become evident. One is definitely the low response rate. In this study, the questionnaire was too wide, which probably decreased the willingness to respond. Secondly,

the target group was challenging. Asking questions of work and employment and leaving the world of work from early retirees, who have exited years ago, lowered probably the response rate. Limiting the sample to more recent and older early retirees might have been a wise choice. Low response rates may result to the outcome that the study actually examines the experiences of well being among the relatively well off early retirees, taken into account that young early retirees were likeliest to non-respond. Therefore it can be said, with reservations (because the analysis of non-responses were not possible to carry out with any other variables than age and gender), that the survey may not have reached the worst offs among the early retirees. Therefore the results may give too good picture of the experience of early exit.

Despite the numerous limits in the data, it offers a possibility to carry out a comparative study on early retirees for the first time, (see also Øverbye & Blekesaune 2002 report from the same research project). Because there are limits to the data, these results should be read within these limits that have been reported.

#### **4.4 Methods**

In this chapter, the main statistical methods applied in the study will be introduced. This study was carried out with the SPSS program. The attempt in the study has been to select the method that will be the most appropriate in finding and answering the current question. Secondly, the attempt has been to keep it simple. Therefore, the statistical models are kept as minimal as possible. This means that all of the independent variables, which are found to be insignificant, are left out of the models<sup>6</sup>.

In the simplest cases the analysis is carried out by cross tabulations. This is a simple, efficient and clear means to investigate the relationship between two

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<sup>6</sup> In all reporting of the results, the significance of each variable is reported by using asterisks in the following way: \*  $p < 0.05$ , \*\*  $0.01 < p < 0.05$ , \*\*\*  $p < 0.001$

variables. Also, correlation coefficients are applied in order to examine the linear connection between two continuous variables.

Thirdly, the study utilises factor analysis. When the aim is to analyse a large group of statements and find out if these statements construct dimensions, the appropriate method is factor analysis. Factor analysis is applied in section 5.3.1. The factor analysis is preferred above to the component analysis because in factor analysis the idea is to test a theory rather than only construct components (Alkula et al. 1999; Metsämuuronen 2001).

Factor analysis is a relatively user-friendly method. Basically, one has to have a reasonable sized data (5\*number of the variables) and the variables should be at least ordinal level. However, for example, Hely Salomaa (1990) has applied factor analysis for nominal level variables in her thesis. In factor analysis, the variables do not have to be normally distributed, but there shouldn't be singularity or multicollinearity in the data (see Metsämuuronen 2001, 29).

Factor analysis is based on the analysis of correlation, and therefore the variables should correlate with one another. The rule of thumb is that the correlation should be at least 0.3, in order to make the factor analysis reasonable. Bartlett's ( $p < 0.0001$ ) and Keiser's ( $> 0.6$ ) test may be applied to examine whether the correlation matrix is an appropriate method for factor analysis. (Metsämuuronen 2001.)

In factor analysis, the researcher has to decide whether to let the factors correlate with one another or not. If the factors are not allowed to correlate with one another, they are assumed to be independent and then the rotation method should be orthogonal (for example varimax rotation). In this study (see also Leskinen & Kuusinen 1991), the factors are assumed and allowed to correlate with one another. Therefore, the rotation method is oblim ( $\delta = 0$ , which allows maximal angle). This selection was made because there is no theoretical assumption, which would lead to the assumption that the experiences of early exit could not correlate with one another.

The factor loadings are estimated with the maximum likelihood method (ML). It is recommended that each variable in the factor should have communality (square of the loadings) over 0.3. Factors are constructed if the eigenvalues are above one. The eigenvalue indicates how much of the total

variance of the variables can be explained by the factor. (Mestämuuronen 2001; Alkula et al. 1999.) The reliability of the constructed factors is tested with Cronbach's alfas. The alfas should reach 0.7 reliability (measures single dimensionality), although lower values have also been reported (see Alkula et al. 1999, 99). Also in this study, the aim is to reach the 0.7 reliability level, but in some cases lower reliability has to be approved.

The researcher usually continues the investigation of the constructed factors. In this study sum variables have been constructed on the basis of factor analysis. An alternative approach would have been to use the factor points as variables, but this was rejected. The main reason for the rejection was that the analysis of factor points is rather complex because the points are calculated using weights, etc. (see also Alkula et al. 1999).

The sum variables are constructed by computing together the values of all the variables, which loaded on the factor. At this point, sum variables minimum and maximum values are dependent on the number of valid variables. To make the comparisons and interpretation easier, the constructed sum variables are standardised with the original scale dividing them by the value of the valid variables used. In this way all of the valid cases were used to create the sum variable.

The analysis of variance (GLM) is a proper method to examine whether the means of a dependent variable vary in the different categories of the independent variable. If there are continuous variables, the proper way is to control for them. This analysis is called analysis of covariance. The analysis of covariance compares the means of an independent variable's categories when the continuous independent variable (covariate) is controlled for. In this study the sum variables are mainly investigated with the analysis of covariance<sup>7</sup>.

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<sup>7</sup> The analysis of covariance includes assumptions. First, it assumes that the observations are independent of one another and that the population of each group is close to normal distribution, also the variance of each group is assumed to be equal. Following the assumptions of the regression analysis, the residuals are assumed to be normally distributed and homoskedastic. The residuals are also assumed to be independent of one another. The important assumption is that the connection between the categorical and continuous variable is assumed to be linear, as well as equal in each category. There will be problems concerning the techniques and interpretations if there are many covariates and they correlate. (Mestämuuronen 2001, 117-118.) In this study, the limits of the

The tables, which report the analysis of covariance include the coefficients and their significance level, as well as the standard errors for the coefficients. The explanatory power of the model is reported in the last row of the tables ( $R^2$ ). The coefficients are interpreted so that if a coefficient has a positive value, the mean of the dependent variable in this group is higher than in the reference group. And vice versa, if the coefficient is negative, the mean is lower than in the reference group. First, all of the variables are tested individually to find out the independent variables, which are connected to the dependent variable. After that, the variables are entered to the model simultaneously and non-significant variables are left out of the models. In the final stage only significant factors are left to the models.

In this study many of the dependent variables are dichotomous, which has lead to the use of logistic regression analysis, in which the independent variables can be both categorical and continuous (Hosmer & Lemeshow 2000). The analysis produces odds ratios. If the odds ratio is greater than one, the likelihood of the predicted event to occur is higher in the category in question than in the reference category. And vice versa, if the odds ratio has a value lower than one, the event is unlikelier to occur than in the reference category. The reference category is often the most common case (male, blue-collar, married), and theoretically relevant, other categories are compared to that. In the tables, which present the results of the logistic regression analysis, in addition to odds ratios, the standard errors of the coefficients are presented. Logistic regression analysis does not produce actual explanatory power of the model, only the pseudo explanatory powers (Toivonen 1999). These (Nagelekrke  $R^2$ ) are presented below each model.

The basic assumption behind the regression analysis is that the residuals are normally distributed and homoskedastic. Logistic regression analysis should be used with a reasonable sized data. If the data is too small, it is impossible to calculate certain mathematical operations. Logistic regression analysis is also sensitive to multicollinearity. The problem is that the independent variables should be connected, without the models will be poor, but too strong correlation

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analysis of covariance are investigated before continuing the analysis further. The results are reported, if the assumptions are not fulfilled.

may cause the problem of multicollinearity. In practice, multicollinearity means that two variables, which are strongly correlated, become selected into a model. However, only one is able to explain the phenomena, the other one is insignificant and does not increase the explanatory power of the model. (Hosmer & Lemeshow 2000.)

To overcome the above mentioned problems in this study, the independent variables are at first tested separately. After that, models are created by using the forward selection (LR) of the variables. This option tests the variables and uses only those that significantly improve the model, while avoiding multicollinearity.

A more complex version of the logistic regression analysis is the multiple logistic regression analysis (Hosmer & Lemeshow 2000). In the multiple logistic regression analysis, the dependent variable may have more values than two. In this study, the dependent variable has three values, increased, decreased and stable well being, and the independent variables are both categorical and continuous. Basically, the interpretation of the results is similar to the logistic regression analysis for the dichotomous dependent variable. The only difference compared to the logistic regression analyse is that the odds are produced for those whose well being has increased and decreased compared to those who report no change.

Due to the limits of the data, the analyses are mainly carried out by pathways of exit after exploring the differences and similarities between the pathways.



## 5 Results

### 5.1 Experiences of work

The general aim of this first empirical section is to investigate the experiences of work among early retirees and the ageing employed. First, the retirement plans of the ageing employed will be investigated. The aim is to investigate how common early retirement plans are among the ageing employed, and for what reasons they are planning to withdraw early. The second section addresses the notion of expulsion. According to this notion, early retirees are the least qualified part of the labour force compared to the ageing employed. This section aims to investigate if there is any truth in this notion. The third section examines the experiences of work. This part aims to discuss the working conditions; were they experienced as more straining among early retirees than among the ageing employed.

#### 5.1.1 *Exit plans among the ageing employed*

Early retirement is often discussed as a process (see Beehr 1986). The investigation of the retirement intentions of the ageing employed come close to the process nature, within the limits of this cross sectional set-up. Because this study aims to investigate the experiences of early exit, the experiences of the ageing employed who are still in the labour force will help to see the context in which the decision of retirement occurs. Therefore, the intentions of the ageing employed are investigated. The questions addressed in this section are:

- How common are early exit plans among the ageing employed?
- What are the main reasons for planning early withdrawal?

If we believe the economists' notion of homo economicus, we can assume that the ageing employed begin to examine early exit possibilities the closer they get to retirement age. The intentions<sup>8</sup> of the ageing employed are clearly related to age (table 7). In Finland, a little over 50% of 50-59 year olds are planning early exit. In Denmark, the respective figure is around 70%. The retirement plans among over 60 year olds are less frequent. This is because that group is selective: those who are willing and eligible for early exit have already retired.

**Table 7.** *Share of early retirement planners by age<sup>8</sup>.*

	Finland	Denmark
50-54	55%	69%
55-59	52%	74%
60-64/66	36%	66%
Total % / N	52% / 151	70% / 482

Early retirement plans are relatively common, which is in line with the high exit rates in both of the countries. Thus, it is interesting that in Finland, where early exit is more common, retirement plans are less common than in Denmark. This may be related to the fact that in Finland, early exit occurs more often through the disability pathway or unemployment pathway, whereas in Denmark, the voluntary scheme is more commonly used (figures 2 and 3 in chapter 4.1). In particular, exit through the unemployment scheme is not necessarily related to retirement plans, rather it is related to the fact that one loses his or her work and becomes unemployed. This is seldom a planned event. Also the fact that in Denmark, the official retirement age has been higher may result to the fact that retirement plans are more common.

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<sup>8</sup> The question in Finland was: Have you planned to leave the labour markets before you are 65? Yes, at what age/No. In Denmark: At what age do you plan to leave the labour market? (Those who responded with the official retirement age 67 were treated as non-exit planners. However, because the retirement age will be 65 for those born after 1.7.1939, from 2004 onwards, if they replied that they wish to retire at age 65 or later were they coded as non-exit planners.)

When the connection between early retirement plans, gender, and socio-economic status (see appendix table 5) are investigated, the results suggest that exit plans aren't related to gender in Finland, but in Denmark they are. Finnish results are not in line with previous studies, which have indicated that women and men behave differently in relation to early retirement plans (see Gould 2001). However, it has also been noticed that the form of question gives different results (Forma 2004). Retirement plans are less common among the self-employed than among employees. This has also been confirmed in previous studies (see Gould 2001).

Early retirement is investigated often through the push and pull factors as was discussed in the earlier chapters. These factors are also related to retirement plans. Table 8 presents the reasons for retirement plans among the ageing employed. The answering options to the questions were formulated differently in Finland and Denmark<sup>9</sup>, which reflects on the percentages and therefore rank orders are also presented in parenthesis. Despite the differences in the answering options the reasons for retirement seem to be very similar in Finland and Denmark and they can actually be classified into three groups. Retirement is planned firstly, because free time is preferred, secondly, because health is declining and therefore work is becoming too strenuous or thirdly, because there is no work available.

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<sup>9</sup> In Finland: If you have planned to retire early, how much do these following issues effect your decision. Answering options were very much, quite much, quite little, not at all. The first three were merged together to get a figure, which present those who agree that the issue has had an influence on their retirement decision. In Denmark respondents were given the above list of issues, from which they chose the most influential issues related to their retirement decision. Compared to Finland, the frequencies are lower, which is partly due to the different formulation of the answering options.

**Table 8.** *Reasons for planning early exit among the ageing employed, % (rank orders in parenthesis)<sup>9</sup>.*

	Finland	Denmark
Bad health	70 (7)	23 (2)
Strenuous job	68/79 <sup>10</sup> (6)	14 (5)
Threat of unemployment	48 (9)	3 (8)
It is normal to retire early	74 (5)	8 (6)
Spouse might not be working	76 (4)	3 (7)
I want more spare time	94 (1)	47 (1)
I want more time for hobbies	93 (2)	16 (3)
I want more time to travel	86 (3)	14 (4)
I need more time to take care of family member who need care	54 (8)	1 (9)

These results indicate that the retirement process is two-fold. On the one hand, the ageing employed feel that it is normal to retire early and therefore they also desire to have more free time. On the other hand, there is a group of ageing who either feel that their work is becoming too strenuous compared to their health and capability to work or who are unemployed and also start thinking about early withdrawal. There is evidently a ‘battle’ between individuals’ preferences, values, needs and capabilities, which all contribute to whether the individual continues to work or withdraws early. This battle takes place in the framework of institutions, the labour market and especially the entitlement criteria of early retirement schemes. The outcome of this battle is, on the one hand, a group of ageing who withdraw from the labour force, and, on the other hand, a group of ageing who continue to work either because they want to do so or because they are not entitled to retire early.

### **5.1.2 Testing the notion of expulsion**

The notion of expulsion refers to the weakest and the least qualified part of the labour force, which according to the notion, is unwillingly pushed out of the

<sup>10</sup> Two separate questions for physically and mentally straining jobs.

labour market. Here the aim is to analyse whether early retirees are actually the least qualified part of the labour force. The measures of qualification are health, education and socio-economic status, which are compared between early retirees in different pathways and the ageing employed. The socio-economic status of early retirees is based on their previous occupation, whereas the employees' status refers to the current situation. Educational attainment is investigated to accomplish a picture drawn on the basis of socio-economic status. Educational attainment is investigated as years in education.

If early retirees are the least qualified part of the labour force and if they have retired because of that, their health, educational attainment and also socio-economic status should be significantly lower than among those in the labour force. Also, in order for the notion of expulsion to receive support, the exit planners should have lower qualifications than those who are not planning to retire early.

## **Health**

The aim of this section is to analyse, to what degree early retirees suffer from health problems and could they be regarded as the weakest part of the work force? Three indicators of health are chosen for this; self-rated health<sup>11</sup>, physical health problems<sup>12</sup> and thirdly, mental health problems<sup>13</sup>. These were seen as the main indicators of individual health. The measurement of health was discussed

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<sup>11</sup> The exact question: How do you describe your state of health these days? 1 "very good" 2 "good" 3 "fair" 4 "poor" 5 "very poor". In the further investigation categories, 1 and 2 were merged as well as 4 and 5.

<sup>12</sup> The exact question: Do you suffer from a) any serious disease, b) difficulty after an accident, c) any handicap, d) other pain of long duration? Answering options were yes and no. These values (0 and 1) were computed together to get an index, which has values from 0 to 4. Values from two to four were collapsed together to describe those who have many physical health problems. Zero (none of the above physical health problems) indicates good health, one equals fair health and two to four health problems indicates poor physical health.

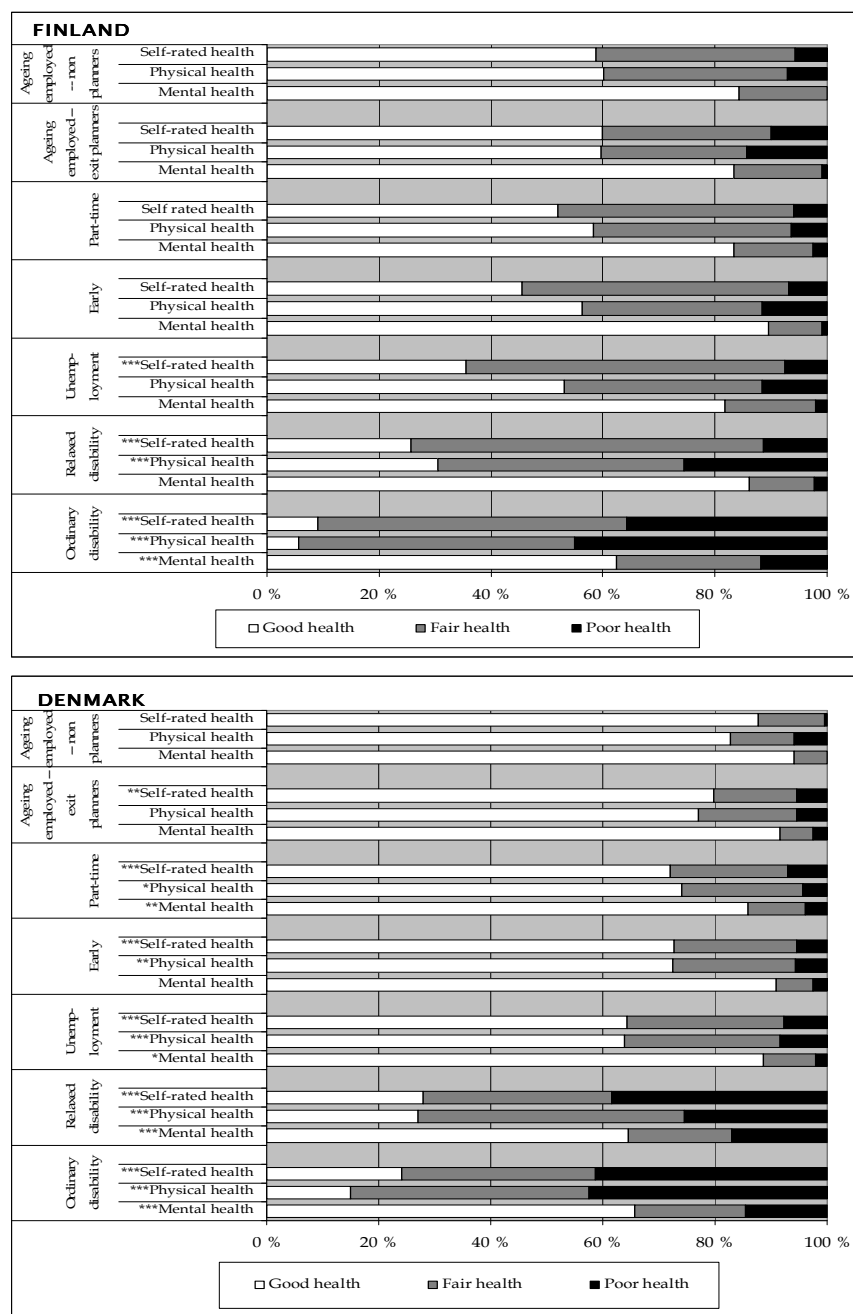
<sup>13</sup> Do you suffer from uneasiness, restlessness or fear? 1 "no" 2 "yes, but not serious" 3 "yes, serious trouble". No, indicates good mental health, yes, but not serious indicates fair health and yes, serious trouble indicates poor mental health.

in more detail in chapter 4.2. The results are presented in figure 5. The ageing employed that are not planning early exit is the reference group to which the other groups are compared. The comparison is carried out simply by cross tabulation.

The results indicate that physical health problems seem to go hand in hand with self-rated health whereas mental distress is seldom reported. The country comparison reveals that the Finns experience their health worse than the Danish. The differences are remarkable in nearly all of the investigated groups. For example, among Finnish ageing workers, 60% state that their health is very good or good. In Denmark the respective figure is over 80%. The only group among which the country differences are not remarkable are relaxed disability pensioners. This may reflect on the rewarding criteria. In Finland, the emphasis is on reduced working capacity while in Denmark the emphasis is on medical and social criteria and therefore the group is selective towards the weakest part of the labour force.

Comparative health studies have also noticed that the Finns have lower health compared to the other Nordics and also compared to the British (Lahelma & Arber 1994). These studies have often used long-standing illnesses as an indicator of health. This measure of health is in strong correlation with self-rated health (Manderbacka 1998) and therefore these results are not surprising.

**Figure 5.** The health status of early retirees and the ageing employed, %.



According to the results, in Finland the ageing employed, both those who are planning and who are not planning to retire early, as well as full- and part-time early retirees, have the best health. The results also suggest that the health status of these groups does not differ significantly from the health status of the ageing employed who are not planning early exit in Finland. All three indicators of health give similar results in this respect. The results are interesting especially regarding the ageing employed who are and are not planning early exit. According to these results, the health status of retirement planners is not significantly lower compared to non-exit planners. Even if the difference is not significant, among the exit planners there are more of those who experience their health as poor. This is contradictory to previous studies, which all stress that health plays a major role in retirement planning (Gould et al. 1991; Gould 1994). However, it should be notified that there are also other reasons behind the retirement intentions.

The results indicate that full- and part-time early retirees are not expelled due to their decreased health in Finland. Unemployment pensioners constitute a different group. They experience their health worse than the ageing employed. Therefore, the results support the notion that unemployment pensioners can be regarded as a weak part of the labour force. It is clear that disability-based pensioners have worse health than the ageing employed. In Finland, the relaxed disability pensioners' health differs clearly from the ordinary disability pensioners' health, which is natural because the relaxed disability pension is rewarded with less strict medical criteria.

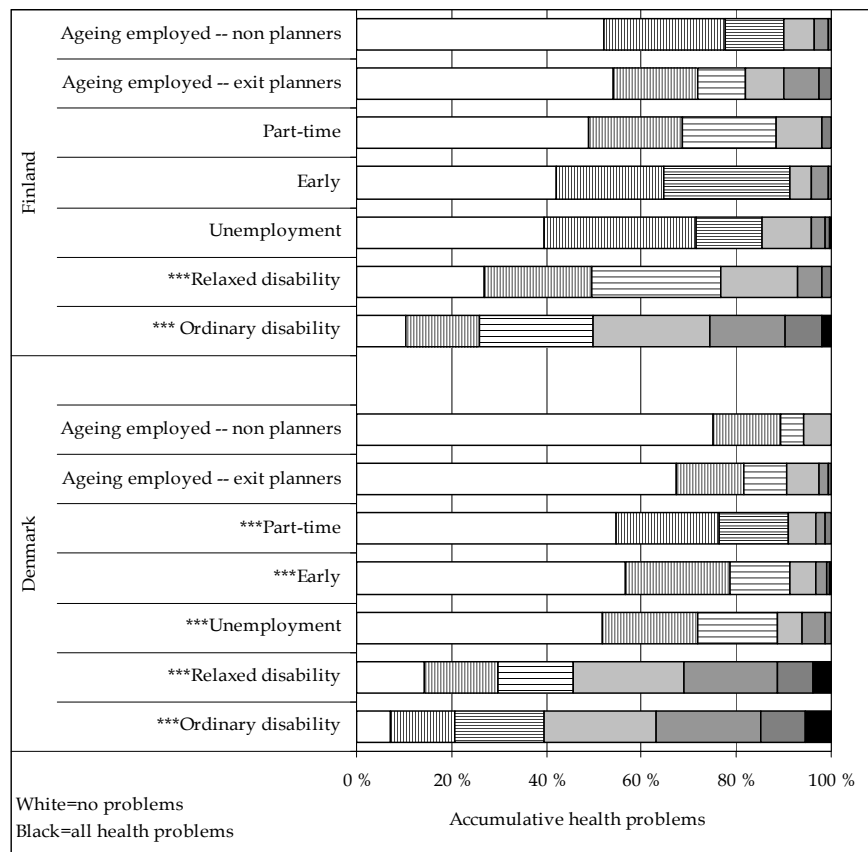
Regarding Denmark, the results are different. The health status of retirement planners and non-planners differs significantly when self-rated health is used. Also, in Denmark all of the early retirees in different pathways have worse health, in all used measures of health, compared to the ageing employed who are not planning to exit early, which was not the case in Finland. The Danish results suggest that early retirement is related to the expulsion of the weakest part of the labour force. The results also support the idea that health problems are related to retirement plans.

Health is not only an indicator of well being but also a resource to function. Therefore, an index for accumulative health problems is calculated. In this index



the three indicators of health are computed together. All of the variables have values from one to three and they are calculated together. The calculation results in a variable, which has values from three to nine. Figure 6 presents accumulative health problems in both countries and in all investigated groups. In the figure, on the left-hand side the white portion of the bar represent those who do not have any health problems. These problems increase towards the right-hand side of the figure, where the black portion of the bar indicates that an individual has all of the above discussed health problems. All of the investigated groups are compared by cross tabulation to the ageing employed who are not planning to exit early.

**Figure 6.** Accumulative health problems (%) among early retirees and the ageing employed.



Again, the country comparison reveals that the Danish are healthier than the Finns. However, in Denmark, disability-based pensioners have more accumulative health problems than Finnish disability pensioners. The results indicate naturally that the health problems accumulate with disability-based pensioners, which differ significantly from the ageing employed. Now, when health is examined as an accumulative amount of problems, Finnish unemployment pensioners' health does not differ significantly from the ageing employees' health status. In Denmark, all early retirees have more health problems than the ageing employed. However, the exit planners' health status does not differ significantly from the non-planners' health status.

The investigation of health status reveals that ageing workers are generally speaking healthy. The results do not support the notion that all early retirees would be the weakest part of the labour force. Disability-based pensioners differ clearly from the ageing employed and they can be regarded as the weakest part of the labour force. However, also, in Denmark, the rest of the early retirees have more health problems than the ageing employed and they can be regarded as a weak part of the labour force.

### ***Education***

The comparison of educational attainment is also carried out by cross tabulation. In order to find out if the early retirees in different pathways of exit differ from the ageing employed, more specifically those who are not planning to exit early, cross tabulation is applied by comparing the ageing employed not planning early exit with others.

In both countries there are significant differences between early retirees' and the ageing employees' educational achievement<sup>14</sup> (see table 9). Secondly, it can be perceived that among Finnish early retirees, the educational level is lower compared to Denmark. In Finland, the notion of expulsion receives support in

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<sup>14</sup> Respondents were asked for their highest education. This was coded with ISCED standards to years (ISCED 0-2= below 10 years, ISCED 3/4=10-12 years, ISCED 5/6=13 years or more).

the case of disability-based pensioners and also among unemployment pensioners. They all have significantly lower educational attainment than the ageing employed who are not planning to retire early. In the case of full- and part-time early retirees and exit planners, the notion doesn't receive support. Full-time early retirees' education does not differ from the ageing employees' education, whereas part-time pensioners and exit planners have higher education than the ageing employed who are not planning to exit early.

In Denmark, the stratification according to educational attainment clearly supports the notion of expulsion; all early retirees and also the ageing employed planning early exit have lower educational attainment than the ageing employed who are not planning to retire early.

**Table 9.** *The educational attainment (years) of early retirees compared to the ageing employees' educational attainment<sup>14</sup>, %.*

	Years in education				
	Finland				
	-9	10-12	13-	p	(N)
Disability	63	32	5	0.001	(627)
Relaxed disability	60	30	10	0.030	(243)
Unemployment	67	29	5	0.000	(294)
Early	50	32	18	0.097	(145)
Part-time	39	29	31	0.003	(51)
Ageing employed – exit planners	29	56	15	0.016	(134)
Ageing employed – non planners	46	43	11		(130)
	Denmark				
	-9	10-12	13-	p	(N)
Disability	36	51	12	0.000	(346)
Relaxed disability	47	46	7	0.000	(172)
Unemployment	39	45	16	0.000	(134)
Early	36	51	14	0.000	(866)
Part-time	35	49	16	0.000	(182)
Ageing employed – exit planners	23	52	25	0.001	(482)
Ageing employed – non planners	23	30	47		(204)

### ***Socio-economic status***

In addition to educational attainment, prior socio-economic status is also a good measure of the quality of the labour force. The investigation reveals that different pathways out of the labour force are used by different groups of people; there is a clear social stratification according to the pathway (table 10). In Finland, ordinary disability pensioners and unemployment pensioners are more often prior blue-collar workers than the ageing employed. Relaxed disability pensioners differ from those and have quite often been lower white-collar workers. Part-time pensioners are, according to socio-economic status, the well-offs among Finnish early retirees. In the Finnish case, the notion of expulsion holds among ordinary disability pensioners and among unemployment pensioners. Relaxed disability pensioners, full-time early retirees and exit planners are similar groups to the ageing employed according to socio-economic status and therefore the notion of expulsion does not hold with them in Finland.

**Table 10.** The prior socio-economic status of early retirees compared to the current socio-economic status of the ageing workers, %.

	Finland						Denmark					
	Upper white-collar	Lower white-collar	Blue collar	Self employed	p	(N)	Upper white-collar	Lower white-collar	Blue collar	Self employed	p	(N)
Disability	10	28	49	13	0.000	(597)	16	23	52	9	0.000	(321)
Relaxed disability	19	37	30	15	0.723	(241)	12	25	52	11	0.000	(150)
Unemployment	12	40	43	6	0.000	(285)	14	33	38	15	0.000	(132)
Early	27	40	21	13	0.523	(136)	17	31	43	10	0.000	(850)
Part-time	42	26	26	6	0.010	(50)	14	49	31	6	0.000	(180)
Ageing employed – exit planners	22	37	29	13	0.685	(134)	29	28	36	6	0.000	(471)
Ageing employed – non planners	20	39	24	17		(133)	39	26	17	19		(199)

Also in Denmark, the socio-economic status reflects the pathway through which individuals exit. In Denmark, disability pensioners, both ordinary and relaxed disability pensioners, have the lowest socio-economic status; they are most often prior blue-collar employees. The unemployment pathway seems to be the exit route for blue-collar workers as well as lower white-collar workers. The full-time early retirement scheme is often used by blue-collar workers whereas part-time early retirees are most often lower white-collar workers. The notion of expulsion receives strong support in Denmark, where all early retirees and also exit planners have clearly lower socio-economic status than the ageing employed not planning to exit early.

The exit routes are institutional settings, which structure the exit options and possibilities for individuals. These institutional settings are strongly related to the health and socio-economic status of an ageing worker. So far the results support, with some reservations, the notion of expulsion; some early retirees have lower qualifications according to education and socio-economic status and

also according to health than the ageing employed. In Finland, ordinary disability pensioners and unemployment pensioners have clearly the lowest qualifications. In Denmark, the class differences in exiting through different pathways are also pronounced, indicating that the qualification level among those who continue to work is higher than among any of the early retirees. Ordinary Danish disability pensioners and relaxed disability pensioners could be regarded as the expelled part of the ageing labour force due to the fact that their qualifications seem to be the lowest.

### **5.1.3 Experiences of work**

According to previous studies, the retirement decision is partly related to the attitudes towards work and also towards retirement. It has also been stressed that the conditions under which the ageing employed work may contribute to early exit. (See Palmore et al. 1982; Reizes et al. 1998.) Therefore, prior work satisfaction and work conditions of early retirees are investigated next. The aim of this section is to answer the question: did well being at work differ between early retirees and the ageing employed? This is divided into the following subquestions:

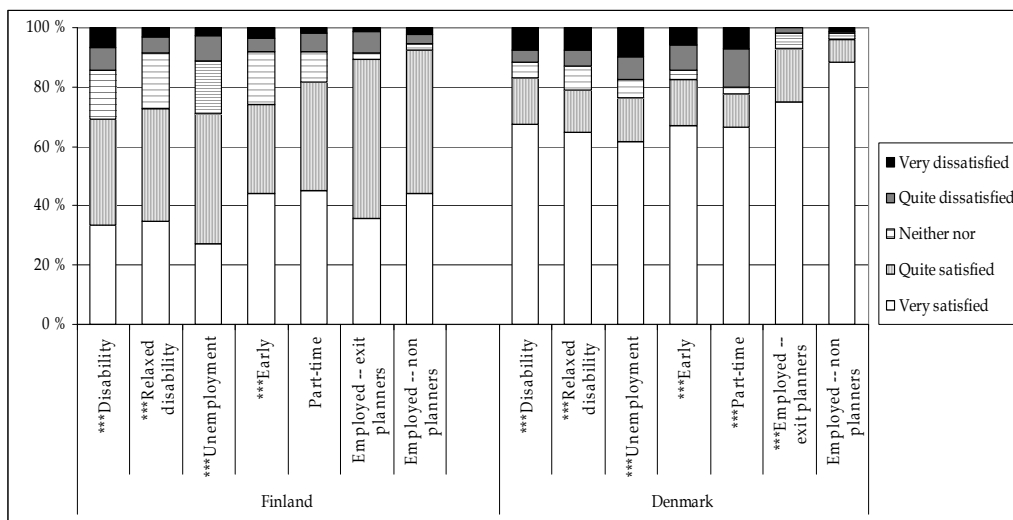
- Was satisfaction with prior work lower among early retirees than among the currently ageing employed?
- Was the prior work of early retirees more straining than the work of the ageing employed?

Prior research on the issue leads us to assume that early retirees have experienced their prior work more straining than the ageing employed (Palmore et al. 1982; Reizes et al. 1998). Furthermore, it can be predicted that the ageing employed who are planning to retire early experience their work as more straining. However, it has also been presented that these experiences are connected to occupation (Hayward & Hardy 1985). Therefore, the hypothesis

continues that occupations structure exit, and the experiences of work are strongly connected to occupation (socio-economic status will be used) after controlling for gender and working sector. In Denmark, questions related to work conditions were not asked from the ageing employed and therefore the analysis is restricted to early retirees in different pathways.

The examination begins from the satisfaction with prior work (figure 7). The analysis is carried out by cross tabulation where each group is compared to the ageing employed who are not planning to retire early. The analyses reveal that there are significant differences in the satisfaction with prior work between early retirees in the different pathways and the ageing employed in both countries. In Denmark, the level of satisfaction is remarkably higher than it is in Finland, but in both countries, the level of satisfaction indicates satisfaction rather than dissatisfaction.

**Figure 7.** Satisfaction with prior work among early retirees and current satisfaction with work among the ageing employed.<sup>15</sup>



<sup>15</sup> 1 "completely satisfied" 2 "very satisfied" 3 "quite satisfied" 4 "neither nor" 5 "quite dissatisfied" 6 "very dissatisfied" 7 "completely dissatisfied". Categories one and two are merged under the label very satisfied and categories six and seven under the label very dissatisfied.

Generally, the results indicate that early retirees do indeed have lower levels of work satisfaction than the currently employed. Also exit planners' work satisfaction differs significantly from the non-planners' work satisfaction in Denmark but not in Finland. Therefore, the results do not unanimously support the idea of retirement process. However, despite the fact that the results do not reach the level of significance in Finland, the share of satisfied is lower among exit planners.

Work satisfaction can be regarded as a summary measure, which constitutes different dimensions of work, which the individual values. These dimensions are compared with the efforts that one puts into work. Work is experienced as satisfying if these are in balance. The dimensions of work that are investigated here next are, time pressure, constant reorganisations, conflicts with colleagues and conflicts with the nearest superior and physically hard work<sup>16</sup>.

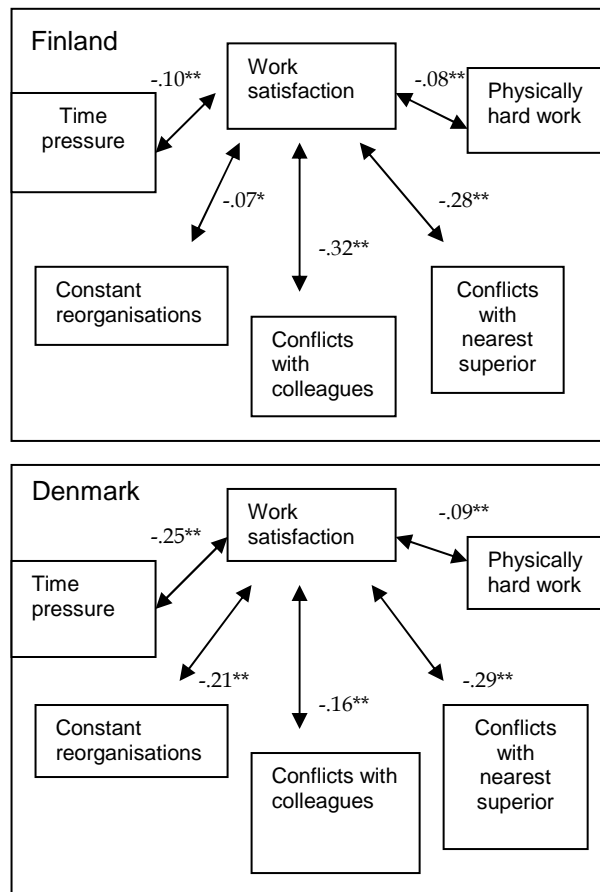
Figure 8 illustrates the connections (correlation coefficients, Pearson) between work satisfaction and the different features of work. As it can be seen, work satisfaction is related to the different features of work. Basically, work satisfaction decreases when work is perceived straining, either mentally (time pressure, reorganisations, conflicts) or physically. However, the connections between the dimensions of work and work satisfaction are relatively weak, especially in Finland. In Finland, the social dimensions of work seem to be relatively strongly related to work satisfaction, conflicts at the work place decrease work satisfaction. Also in Denmark this connection is perceived. In Denmark experienced time pressure and reorganisations at the work place have stronger, negative connections to the satisfaction than is observed in Finland.

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<sup>16</sup> In Denmark, the question was posed only to early retirees, not to the ageing employed. The question was: "I will now mention some things that could have a negative influence on the joy of working. Were you in your job?" In Finland, the questions were a little bit different: "Did your work involve some of the following characters?" The answering options in the both countries were 1) Not at all, 2) No, not really, 3) Yes a little, 4) Yes, very much.



**Figure 8.** Connection between work satisfaction and different dimensions of work.



In general, the weak connections between the strenuous features of work and work satisfaction may be due to the fact that there are many other things, which have influence on work satisfaction, for example, health, wage, occupation and education. However, since the aim is not to explain the constitution of work satisfaction, this issue will not be explored further, rather the examination of the different aspects of work will be continued. These results are presented in

figure 9. The bars in the figures present the percentage of people who have experienced these above discussed features in their work (very much and little).

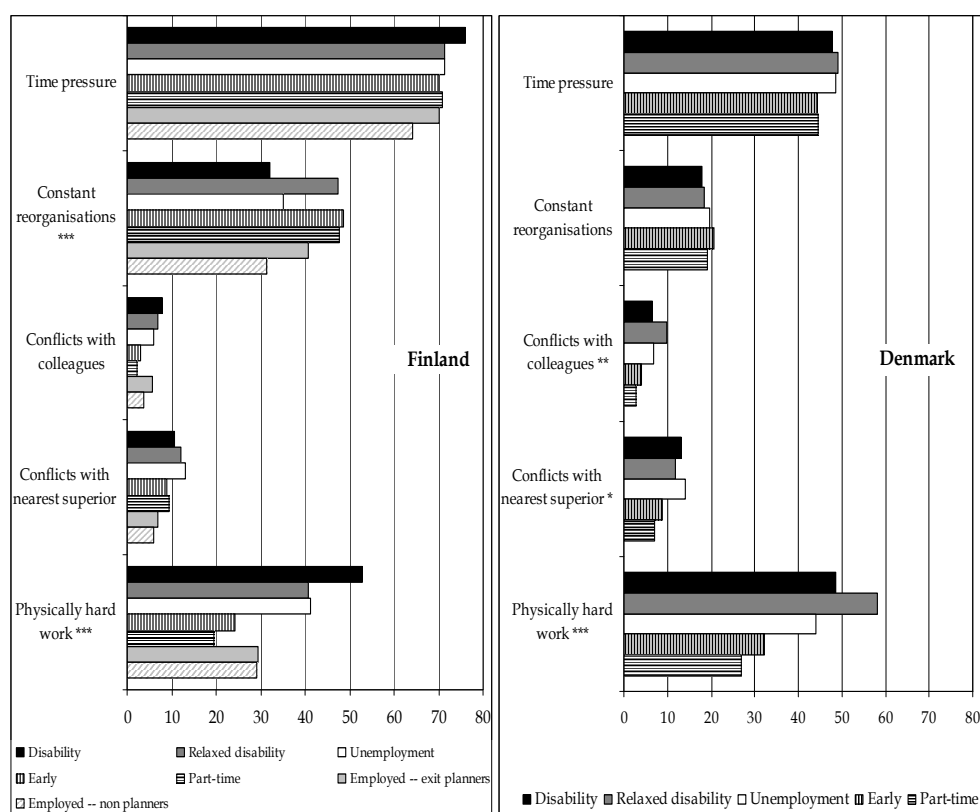
Changes in the labour market during the last decade have increased the mentally straining features of work. Increasingly, people are working under time pressure and have to adjust to constant changes in the organisation and in the content of work. (Kuusinen et al. 1994). Early retirees have also experienced these changes (figure 9). Experiences of constant time pressure are alarmingly common among all Finnish early retirees and among the ageing employed. In Denmark, these experiences are not as common as in Finland, but still many of the early retirees have felt time pressure in their work. These results are in line with Ilmarinen's (1999) findings. In fact, in both of the countries, time pressure is the most commonly experienced straining feature of prior work. Interestingly enough, early retirees in each pathway have experienced time pressure; there is no significant variation.

During and after the recession in Finland, a lot of reorganisations were carried out in private and public organisations to increase productivity. The changes that were carried out, actually meant early exit for many current early retirees. Constant reorganisations in the work place are commonly experienced in Finland, whereas these experiences are less common in Denmark. In Finland, these experiences are most common among relaxed disability pensioners and full- and part-time early retirees.

Some studies have indicated that problems in organisational justice and teamwork are related to the plans of early withdrawal from the labour force (see Elovainio et al. 2001). In practice, these experiences could be measured as experienced conflicts with colleagues and nearest superiors, as is done here. The results indicate that in both countries conflicts with superiors are rarely experienced, and conflicts with colleagues are also rare. Thus, this does not mean that conflicts could not have been experienced as factors determining early exit. In Finland and in Denmark, approximately 5% of early retirees have experienced conflicts with colleagues and 10% have experienced them with nearest superiors. In Denmark, experiences of conflicts seem to be less common among full- and part-time early retirees compared to others.

Physically hard work is in Finland the thirdly and in Denmark nearly the most common straining feature of work. Physically hard work is quite naturally the main feature of the prior work among disability-based pensioners and unemployment pensioners, because they often have a blue-collar background.

**Figure 9.** Experiences of work among early retirees and the ageing employed, %.



The results indicate that the possible problems in the work place are not strongly related to the social dimension of work, problems in the contacts with colleagues or superiors. Rather, they are related to the mentally straining work due to time

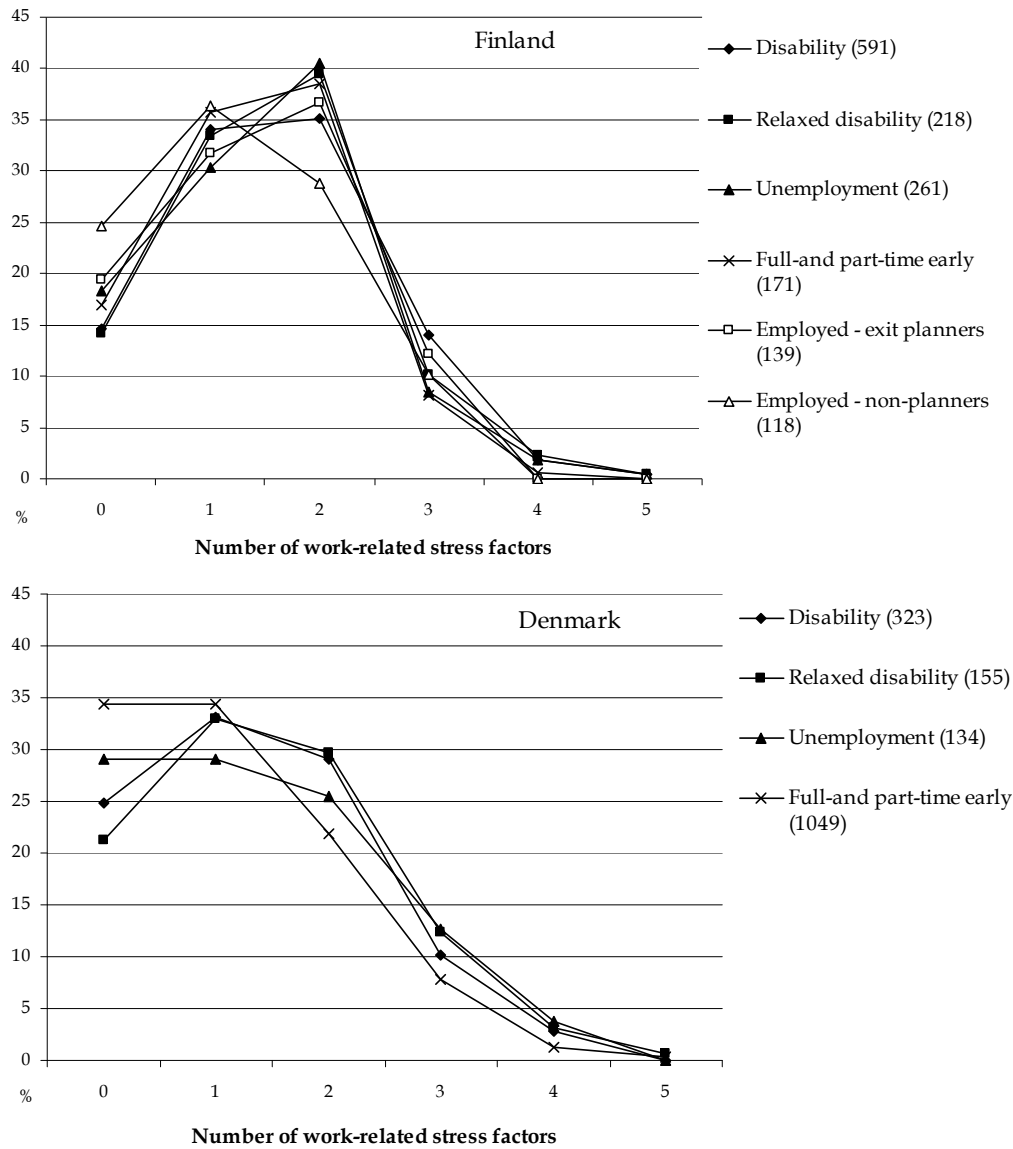
pressure and organisational changes as well as physically straining work. Because these features of work are strongly related to prior occupational status as well as working sector and gender, an index of work-related stress factors was created. This index was done by summing up the previously examined straining features of work. The created work-related stress factor has therefore values from zero (no work-related stress experiences) to five (has experienced all work-related stress factors)<sup>17</sup>. Figure 10 presents the experiences of work-related stress.

The distribution of experiences is not normal. The results suggest that in Finland early retirees have mainly experienced two or three work-related stress factors. Experiences of work-related stress are less common among the ageing employed who are not planning to retire early. In Denmark, it is more common than in Finland that early retirees did not experience any work-related stress.

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<sup>17</sup> In Finland, there are 15% missing cases among full- and part-time early retirees, unemployment pensioners and relaxed disability pensioners. Among disability pensioners 19% have not responded to the question, whereas among ageing employed the respective figure is 12%. More specific analysis revealed that among disability pensioners, those living alone are more often non-respondents than married or cohabiting disability pensioners. Among disability pensioners the non-responses are also biased towards blue-collars. In Denmark, non-responses are more rare than in Finland, which can be regarded as an advantage of phone interviews. 8% of the disability pensioners and 11% of the relaxed disability pensioners did not respond, whereas among full- and part-time early retirees the share of non-respondents was 0.2% and among unemployment pensioners 1.5%. Non-responses were not biased by gender, civil status or occupation.

Figure 10. Experiences of work-related stress, %.



This index is next examined with the analysis of variance. The aim is to examine if the stress experiences of early retirees in different pathways and the ageing employed differ. The analysis (table 11) indicates that in Finland the ageing employed who are not planning to retire early have experienced less work-related stress compared to disability pensioners. Pair-wise comparisons also show that non-exit planners work-related stress index has a significantly lower mean than unemployment and relaxed disability pensioners' index. However, the experiences of other early retirees' do not differ significantly from disability pensioners' experiences though full- and part-time early retirees' stress experiences are nearly significantly ( $p=0.06$ ) lower than those of disability pensioners. In Denmark, the experiences of work-related stress are less common among full- and part-time early retirees compared to disability pensioners. Also unemployment pensioners' stress experiences seem to be less common compared to disability pensioner's experiences, however, they do not differ significantly.

**Table 11.** Comparison of experiences of work-related stress between early retirees and the ageing employed in Finland and Denmark. Analysis of variance, *b* coefficients, std. errors in parenthesis, *F* values in bold.

	Finland			Denmark		
	Mean	N		Mean	N	
			<b>2.64*</b>			<b>9.92***</b>
Full- and part-time early pathway	1.40	171	-0.16 (0.08)	1.08	1049	-0.25*** (0.05)
Unemployment pathway	1.46	261	-0.09 (0.07)	1.33	134	-0.00 (0.08)
Relaxed disability pathway	1.54	218	-0.02 (0.08)	1.45	155	0.12 (0.07)
Ageing employed – exit planners	1.42	139	-0.14 (0.09)			
Ageing employed – non-planners	1.25	118	-0.31*** (0.10)			
Disability pathway	1.56	541	0	1.33	323	0
R <sup>2</sup>			0.9			1.9

So far the results have suggested that retirement plans are related to straining work. However, the analysis included the ageing employed only in Finland. Differences in experiencing work-related stress between early retirees in different pathways of exit suggest that full- and part-time early retirees have experienced less work-related stress compared to ordinary disability pensioners (significant difference only in Denmark).

As it has been raised previously, the socio-economic status of early retirees varies between pathways. Therefore the analysis aims next to investigate are work-related stress experiences connected with gender, prior socio-economic status and working sector or are the experiences related to retirement age or years spent as a retiree. The analyses are carried out separately for each pathway and the results of analyses are presented in appendix tables 6 and 7. In those tables, the parameters of single variable's are presented in the first column. The possible full model is presented in the second column. Results are firstly reported separately for both countries and after that the similarities and differences of the findings will be addressed.

In Finland, experiences of work-related stress seem to be very homogenously experienced, because none of the above mentioned independent variables are able to explain variation in these experiences among the majority of the early retirees and the ageing employed. However, among disability pensioners gender, retirement age and years spent in retirement are connected to these experiences. First, it seems to be that female disability pensioners have experienced their work as more straining than male disability pensioners even after controlling for the years spent as a retiree. Recent disability pensioners have experienced their work as more straining than those who have been out of the labour force already for a while. This indicates that to some degree time golden the memories. However, the connection is very weak yet significant. Also, the older the disability pensioner has been at the time of retirement, the more straining work has been experienced. Due to multicollinearity, the years spent as a retiree and the age at the time of retirement are not included into the model simultaneously.

In Denmark, some interesting differences in the experienced work-related stress are found. First, work-related stress experiences are more common among female than male full- and part-time early retirees and unemployment

pensioners. Among these early retirees the work-related stress experiences are connected with a blue-collar background. Results also suggest that work in the municipality sector has been more straining than in the state or private sector. However, the connection is significant only among full- and part-time early retirees. Regarding the employment sector, also ordinary disability pensioners previously employed in the municipality seem to have experienced their work more straining than those working in the private sector. Results suggest that there is something ‘wrong’ in the Danish municipalities. Among relaxed disability pensioners, the work-related stress experiences are connected to a young retirement age and among ordinary disability pensioners to recent retirement.

Generally speaking, models explain relatively poorly the work-related stress experiences. This suggests that asking questions of prior employment retrospectively will not lead to precise and accurate results. Especially in postal surveys, non-responses may create problems. A more sophisticated analysis would utilise panel data set and follow changes in individuals’ experiences. Despite these facts, the Danish results gave some suggestions of the previous employment conditions of the municipality employees, which should be examined in future studies in more detail. It was also found that among females and blue-collars in the full- and part-time and unemployment pathway, work was experienced as more straining. This was not witnessed in Finland. At the theoretical level, the results suggest that time does golden the memories; among ordinary disability pensioners, the experiences of straining work seem to fade within time.

#### **5.1.4 Summary**

This chapter has focused on well being at work among the ageing employed and early retirees. By first examining the retirement plans of the ageing employed, and secondly, the qualifications of the ageing employed and early retirees and finally, investigating well being at work, the chapter has aimed to explore if



early retirement is a result of too straining work in relation to an individual's resources.

Early retirement is common in both of the examined countries and so are early retirement plans. The reasons for retirement plans reflect the fact that early retirement occurs in an institutional context. On the one hand, employment opportunities limit the possibilities of the ageing employed and, on the other hand, strenuous work in relation to health push towards exit, if only the rewarding criteria are met. However, leisure is also valued after a long time in the labour force.

The results support the notion of expulsion by proving that the qualifications of some early retirees are lower than among the ageing employed. However, the notion of expulsion also included a statement that early retirees would be the weakest part of the labour force. The results do not unanimously support this statement. The results concerning the notion of expulsion suggest that disability-based pensioners and unemployment pensioners fulfil most of the criteria and they can be regarded as expelled. However, the notion of expulsion also included a statement about involuntary exit, which is not examined yet.

The examination has addressed well being at work. In this relation, the results show support in Finland for the hypothesis, that working conditions have been experienced more straining among early retirees and that plans to continue to work are related to lower levels of work-related stress. Furthermore, early retirees and exit planners were, in Denmark, less satisfied with their work than the currently employed non-exit planners. Because work satisfaction consists of the different dimensions of the working conditions, it can be suspected that together with working capacity, they result in decreased work satisfaction and further, to exit plans. Due to the cross sectional data and lack of information concerning the Danish ageing employed, the results should be interpreted carefully.

The comparison between Finland and Denmark produced interesting results. Even if in Finland early exit is more common, in Denmark, the plans to retire early are more common. However, work satisfaction is lower in Finland and different straining features of work are more common also. This may be due to the fact that in Finland, the majority of exits occur through disability and

unemployment pathways. Even though some planning is related to these exits, the explanation for country difference may be that the exit plans are more common among those who exit through 'voluntary' schemes. Therefore, the exit plans are more common in Denmark. However, this offers a fruitful basis for further comparative studies.

## **5.2 Experience of early exit**

This chapter investigates early retirees' experiences of early exit<sup>18</sup>. The chapter starts by analysing the reasons for early exit. Following that, the issue of voluntary versus involuntary early retirement will be examined. These analyses are combined in the third section where the aim is to find out how the reasons for exit are connected to the voluntariness of the retirement decision. This will shed light on the issue of being pulled, released or expelled from the labour market (see discussion in section 2.3.2). The last section investigates the three types of early retirees and seeks to discover who are the expelled early retirees.

### **5.2.1 Reasons for early exit**

Health problems have been stressed as one of the main determinants of early retirement in previous studies (discussed in section 3.3). Recent studies also stress the working conditions in retirement decision-making. Both of these factors can be regarded as push factors resulting in the retirement decision. But also pull factors, mainly the willingness to have more free time, may be important while making the decision to retire early or not (see section 3.3). This section investigates the reasons for retirement within the pathways.

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<sup>18</sup> An article based on this chapter has been published in *Les Politiques Sociales* 3 & 4/2002

The respondents were asked for their reasons for early exit<sup>19</sup>. The reasons for retirement are classified under title health factors, push factors and pull factors (tables 12 and 13). Even health can be regarded as a push factor if it was kept separate. This choice was made because health plays a major role in the retirement decision and it would therefore suppress other interesting push factors. In order to make a clear conceptual approach, which could be utilised, in the forthcoming analysis, a decision was made to do only a simple classification, rather than, for example, factor analysis. At this point the aim is to describe, and therefore statistical tests are not utilised.

Among the Finnish early retirees the main reasons for leaving the labour market early seem to be related to health, exhausting work and willingness to have more free time (table 12). Individuals' opinions vary a lot between pathways, so that if we only examine the reasons for retirement at a general level, a lot of information is lost. When we look at the results by pathways, we can see that ordinary disability pensioners have definitely exited because of a loss of health or a decrease in it. This is combined with straining work in relation to the individuals' resources.

Also, relaxed disability pensioners' reasons for early exit are related to health; they have retired because of bad health, exhausting work, but also because they wanted to avoid bad health. Secondly, reasons for applying for relaxed disability pension are related to losing the joy of work and feeling oneself as too old. Among Finnish relaxed disability pensioners, the desire to have more free time is also an important factor and therefore relaxed disability

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<sup>19</sup> The answering options in the Finnish questionnaire and in the Danish survey were not similar when reasons for retirement were asked. This creates some problems. In Finland, a five-category scale was used for the question "Did the following things influence your retirement decision?": very much, quite much, to some degree, only a little, not at all. In Denmark, the respondent chose only those facts that influenced their retirement decision, which resulted in the variables to be dichotomous. To make country comparison more coherent, Finnish responses were also dichotomised so that only "not at all" category was coded as "no influence" and others as "had an influence". Also, the non-responses are coded as "no influence". This was done because a deeper investigation revealed that some of the respondents answered only those statements, which had influenced their retirement decision and not the other statements.

pensioners' reasons for retirement differ from ordinary disability pensioners' experiences.

Unemployment pensioners have retired because of long-term unemployment and also because they wanted to avoid bad health. Exhausting work, losing the joy of work and feeling oneself as too old are also important factors. Also, the desire to have more free time influenced the exit decision, but not nearly as much as these so-called push factors. Here the results should be interpreted carefully, because the question addressed the reasons for retirement. Although unemployment pensioners may feel that long-term unemployment and retirement are one continuum of labour market exit. This may have an influence on the results so, that free time will become more important since retirement is seen as a more preferred choice than unemployment.

**Table 12.** Reasons for retirement by pathways in Finland<sup>19</sup>, %.

<i>Finland</i>	Ordinary disability	Relaxed disability	Unemployment	Full-time early	Part-time
<b>Bad health</b>					
Disability	50.2	20.7	9.1	6.1	7.5
Bad health	50.8	52.0	13.4	22.3	17.0
<b>Push</b>					
I was unemployed and thought I never get a job	5.3	5.5	35.5	4.1	1.9
Felt pressure to retire from the management	8.1	15.6	17.9	16.9	9.4
Felt pressure to retire from the colleagues	5.9	8.2	7.8	8.8	0
Work became too exhausting	39.5	54.3	27.7	42.6	43.4
Couldn't handle the job anymore	22.0	19.5	9.4	18.2	9.4
New technology was introduced at work place	11.7	23.8	16.9	28.4	7.5
Lost the joy of working	17.9	33.2	22.1	35.1	24.5
I felt too old	9.9	30.9	20.8	27.7	18.9
My qualifications were no longer enough	10.2	14.8	12.4	16.9	9.4
I couldn't be transferred to less charging job	14.0	16.8	12.7	12.7	7.5
<b>Pull</b>					
Wanted to avoid bad health/disability	23.5	39.8	20.8	45.9	47.2
My spouse stopped working	3.9	15.2	11.1	22.3	17.0
Wanted more free time	9.3	27.3	17.9	45.3	50.9
Wanted more time for hobbies	8.0	25.0	15.6	41.2	47.2
Wanted more time for travelling	5.3	19.5	13.4	36.5	39.6
Wanted more time for friends and family	9.0	26.6	18.2	44.6	50.9

Full-time early retirees have retired early because they want to keep their health and because they really want to have more free time. They have also experienced that work became exhausting and that they lost the joy of working. Also, the fact that new technology has been introduced at the work place has contributed to the retirement decision. A spouse's retirement encourages the other half also to apply for pension. Finnish part-time pensioners are quite similar to early old age pensioners. The main difference is that part-time pensioners did not experience the decrease in the joy of working because of new technology or because their qualifications were no longer enough. We could say that part-time pensioners are less "expulsed" than early old age pensioners are.

Basically, Danish early retirees like Finnish, exit early because of bad health, preference of free time and exhausting work (table 13). Those Danish who are on disability-based pensions have retired because of health reasons; other factors' importance is minimal. Basically, when disability pensioners have started to have health problems, the experiences of too exhausting work and the experiences of the inability to do the work have increased.

**Table 13.** Reasons for retirement in Denmark by pathways<sup>19</sup>, %.

Denmark	Ordinary disability	Relaxed disability	Unemployment	Early	Part-time
<b>Bad health</b>					
Disability	13.0	17.1	4.6	2.1	2.3
Bad health	69.9	62.4	20.6	17.9	16.4
<b>Push</b>					
I was unemployed and thought I never get a job	1.2	1.2	13.7	5.5	2.3
Felt pressure to retire from the management	0.9	1.2	10.7	8.5	5.6
Felt pressure to retire from the colleagues	0	0.6	1.5	1.9	2.3
Work became too exhausting	6.7	7.6	10.7	16.3	19.2
Couldn't handle the job anymore	7.5	10.0	7.6	6.6	7.9
New technology was introduced at the work place	0.6	0.6	2.3	1.9	2.8
Lost the joy of working	0.6	1.2	6.9	10.3	9.6
I felt too old	0.3	0.6	5.3	6.8	7.3
My qualifications were no longer enough	0.9	0	4.6	2.1	6.2
I couldn't be transferred to a less charging job	1.2	0.6	1.5	2.0	0
<b>Pull</b>					
Wanted to avoid bad health/disability	2.6	1.8	5.3	8.6	9.0
My spouse stopped working	0	0	1.5	3.6	5.1
Wanted more free time	1.7	1.2	16.0	20.1	20.9
Wanted more time for hobbies	0.6	0.6	2.3	6.8	5.6
Wanted more time for travelling	0.3	0	0.8	2.5	4.0
Wanted more time for friends and family	0.3	2.9	10.7	15.5	21.5

Danish unemployment pensioners have retired because of bad health, unemployment, pressures, exhausting work and because they preferred free time. Surprisingly few unemployment pensioners have experienced that actual unemployment has been a determining reason for their exit. This indicates that as the transitional allowance ends and one enters into early retirement at the age of 60, individuals regard themselves as early retirees and do not relate it to unemployment. As in Finland, also in Denmark, the results clearly indicate that individuals in the unemployment pathway have been battling between their own health resources, unemployment and other labour market pressures, as well as their own preferences in relation to those so-called push factors.

For exactly the same reasons, although fewer experiences of unemployment and push factors have effected the retirement decision of full- and part-time early retirees. To some degree, the results indicate that the loss of joy while working has also resulted in early exit. Also, the pull factors have had slightly more influence on the exit decision. These results imply that in the Danish scheme, unemployment pensioners do not differ greatly from so-called voluntary early retirees. Partly this may be explained by the system differences. In Denmark, the unemployment pathway changes to early retirement once the pensioner has turned 60 years. The actual unemployment pathway is not experienced as so stigmatising as it is in Finland, because it is unified with the early retirement scheme. Partly the fact that fewer Danish have experienced unemployment during the 1990's may explain the results.

Labour markets seem to squeeze a lot out of ageing workers in relation to their resources. As a result, people want to keep what is left of their health and that is the reason for retirement. On the other hand, full- and part-time early retirement pathways serve those ageing who prefer free time. The results, in a comparative focus, should be interpreted very carefully, because the answering options were different.

To overcome the difference in the measurements, the reasons for retirement were calculated differently. In the above presented tables (tables 12 and 13) the percentages were the shares of those who agreed with each statement. The problem was that the figures were not accountable; one person could have agreed with many statements or only with one. In table 14, the figures are accountable. The reasons for early exit are classified into pure main effects, two-way and three-way interaction effects<sup>20</sup>. This analysis aims to capture to what degree push and pull factors influence the retirement decision alone and to what degree there is interplay between them.

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<sup>20</sup> This means that individuals in each pathway are grouped as those early retirees who exited solely because of bad health or push factors or pull factors. These are classified under the title main effects. Secondly, there is a group of early retirees who experience that their retirement is a result of two main factors, push & bad health, pull & bad health or push & pull. The last group of early retirees has experienced all three factors, which has resulted in the fact that he or she retired early. These factors were bad health, push and pull factors.

As table 14 shows, the differences in the measurements were not totally overcome via this new calculation. It seems to be that in Finland, the combined push and pull effects (two and three way interactions) have been more influential, whereas in Denmark, the main effects have been more influential. One reason for this is the difference in the answering options. Due to that, strict comparisons should be avoided.

**Table 14.** Combined reasons for retirement in Finland and Denmark by pathways (percentages are rounded).

	<b>Finland</b>					<b>Denmark</b>				
	Ordinary disability	Relaxed disability	Unemployment	Early	Part-time	Ordinary disability	Relaxed disability	Unemployment	Early	Part-time
<b>Main effects</b>										
Bad health	27	11	2	3	3	81	72	20	16	12
Push	6	8	46	8	6	6	4	43	37	37
Pull	1	8	6	16	27	3	6	20	27	32
<b>2-way interactions</b>										
Push & bad health	33	18	4	3	0	8	16	5	4	4
Pull & bad health	6	2	2	1	3	1	1	3	2	1
Push & pull	3	19	26	46	41	0	0	8	13	11
<b>3-way interactions</b>										
Push & pull & bad health	25	34	15	24	21	1	0	2	1	3
Total, %	100	100	100	100	100	100	100	100	100	100

The results show that for ordinary disability pensioners, early exit is a result of bad health and push factors in both countries. However, in Finland 25% of disability pensioners report that they have retired because of health and other push reasons, but also because of pull factors. The experiences of relaxed



disability pensioners shed light upon the different nature of the retirement schemes; the relaxed disability scheme puts more emphasis on individuals' capability to work rather than looking solely at the medical criteria. First of all this is illuminated when the magnitude of health as the main factor decreases and the importance of other push factors increases. In Denmark, 72% of relaxed disability pensioners report that they retired because of bad health, whereas the corresponding figure in Finland is 11%. Hence, among 65% of the cases health has been at least one factor in determining early exit among Finnish relaxed disability pensioners. Secondly, in Finland the pull factors also become important. Although the importance of them solely is marginal (8%), but the interplay effect between bad health and push factors is central. Overall, 55% of Finnish relaxed disability pensioners report that pull factors in addition to health problems and push factors, have resulted in early exit.

The retirement decision of Finnish unemployment pensioners is, firstly, a result of push factors and, secondly, a result of interplay between push and pull factors. Also, health problems influence the exit decision. The results concerning Denmark are similar, thus the message is a bit different. Danish unemployment pensioners seem to fall into three different groups, the pushed, the pulled and health-based unemployment pensioners.

In Finland, the combined push and pull factors, together with bad health (2- and 3- way interactions), have been the main reasons for most full- and part-time early retirees (69%). Pull factors solely have been the reason for retirement for 16%, whereas push factors solely have been the reason for only 8%. Nearly 40% of Danish full-time early retirees report that they retired early only because of push factors, whereas the pull factors were reason for retirement for only 27%. Also, bad health (16%) and the combined effect of push and pull factors (13%) were often reasons for retirement.

Danish part-time pensioners do not differ from full-time early retirees in the reasons for early retirement. It appears that among part-time pensioners there are slightly more of those who have retired solely on the basis of pull factors, even if the prior table gave an indication that push factors may have been a bit more influential for part-time pensioners than for full time early retirees. Also in Finland, part-time pensioners have basically retired because of the same reasons

as full-time early retirees, except that among part-time pensioners, there are more of those who have retired solely on the basis of pull factors.

To conclude so far, health plays a major role in the retirement decision mainly for disability-based pensioners, while for other early retirees, bad health is not the most determining factor in the retirement decision. For other early retirees, the decision is based on different combinations of push and pull factors. Here it should be mentioned that the different occupational background of early retirees also has influence on the experiences. However, this aspect is investigated later in this chapter.

### **5.2.2 *Was it a choice?***

Early retirement is sometimes considered to be something negative and involuntary for an individual (for example, the triple notion). This view is stressed when early retirement is related to labour market constraints. But the idea that early retirement is a result of pull factors and a voluntary jump out of the labour market assumes the opposite. In the political economy of retirement, the individual's choice is seen constrained due to the labour market and economic trends. This view stresses that individuals act and behave in an institutional context. These institutions offer possibilities, but may also limit the possibilities. The view poses that early retirement is not necessarily a choice at all; there might not be an alternative to choose from. Therefore, it is posed that the distinction between voluntary and involuntary retirement will be blurry, with only a few individuals at the end of the continuum of full choice and full compulsion (see Lazcko & Phillipson 1991).

Before addressing whether the retirement decision is voluntary or involuntary, the actual choice needs to be discussed. Agreeing with the view of political economy of retirement, early retirement is not necessarily always an actual choice; rather it might be that early exit is the only option, which means that there is actually no choice. A choice indicates that an individual has at least two alternative possibilities from which he or she chooses the preferred one. If

the option for early retirement is unemployment, clearly worse possibility than the current one, it cannot be regarded as an alternative option and therefore an individual does not actually have an alternative option, the possibility to choose.

At first, the issue of choice will be addressed. In both countries, all early retirees, except for ordinary disability and relaxed disability pensioners in Denmark, were asked: "Given what you know now about your situation before and after retirement, would you retire; earlier, later, at the same time, I had no choice?" The results are presented in table 15.

The results imply that indeed the choice of retirement is doubtful. In particular exit through the unemployment pathway is experienced as a action, which did not have the alternative. In Finland, nearly half of unemployment pensioners perceived that they had no choice while making the retirement decision. In Denmark, the corresponding figure is 10%. In Finland, full-time early retirees experienced, compared to unemployment pensioners, less often that they had no alternative than early retirement (15%). In Denmark, the experiences of full- and part-time early retirees do not differ that greatly from the experiences of unemployment pensioners. The lack of possibilities among disability-based early retirees is not surprising; clearly the decreasing health condition diminishes employment opportunities.

**Table 15.** *The choice of retirement by pathways, %.*

		Would retire earlier	Would retire later	Would retire at the same time	I had no choice	N
Finland	Early pathway	12	5	67	15	129
	Part-time pathway	15	3	79	3	33
	Unemployment pathway	11	8	34	48	258
	Relaxed disability pathway	12	3	64	21	234
	Ordinary disability pathway	13	5	23	59	516
Denmark	Early pathway	3	23	69	5	856
	Part-time pathway	3	17	71	8	178
	Unemployment pathway	1	28	61	10	131

However, the results suggest that the institutions, mainly the labour market, do constrain the actual choice-making in early retirement. The results indicate significant differences between the constraints experienced in Finland and Denmark. The difference between these two figures is probably partly due to the very different labour market situation in the 1990's. In Finland, unemployment was enormously high among the ageing and re-employment possibilities were nearly non-existent, which reflect on individuals' perceptions; they experienced a lack of choice and felt that retirement even earlier would have been great. In Denmark, the overall perception is different, although the majority is satisfied with their lot, the perceptions of later retirement are common.

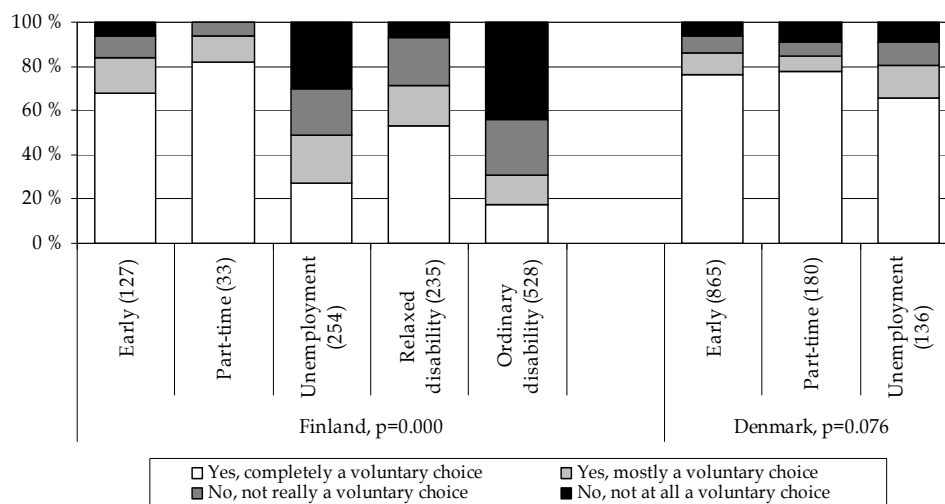
Even the choices, or experiences of the choice-making are constrained; the majority of early retirees perceive that they have been able to make the choice to exit. And further, the majority of those, who have experienced that they were able to make the choice, feel that they would retire at the same time as they did. It is interesting that in Finland, only a very small minority feels that they would postpone retirement, knowing what they know about the life of an early retiree. Rather, Finnish early retirees would retire even earlier. In Denmark, approximately 20% of early retirees would postpone retirement and hardly anyone would retire earlier. These results can be interpreted in two ways. First, the results may indicate that Danish early retirees are well aware of early retirement schemes and the age criteria related to them. Therefore, they indicate that they would not retire earlier, because they know that it would not be possible. The second possible explanation is that life as an early retiree is experienced less satisfying than in Finland. This issue will be investigated further in the next two sections.

The aim of this chapter is to examine further the voluntariness of the choice. Already the above-presented tables indicated that there might be differences in the experiences of voluntariness of the choice. The respondents, again excluding Danish disability-based early retirees, were asked: "Do you feel that your retirement decision was a voluntary choice?" Figure 11 presents the perceptions of voluntary versus involuntary early retirement.

The bars in the figure illustrate how differently individuals in the different pathways experience exit. Firstly, it can clearly be argued that entrance to the

disability pension is involuntary. This is natural because early exit due to disability can hardly be regarded as a wished for event, which is related to the appearance of illness or disability. Therefore, it becomes interesting that entrance to the relaxed disability pension is often regarded as a voluntary choice. Here the different nature of the pathways becomes evident. The pathway, which can be entered with less strict medical criteria and which takes into account also ones capabilities and resources, produces an experience of voluntary exit.

**Figure 11.** *Perceptions of voluntary and involuntary early retirement.*



The results clearly suggest that the perception of voluntary exit is in both countries connected with full- and part-time early retirement schemes, which do not include medical or unemployment criteria. It is interesting that the unemployment pathway is experienced clearly more as involuntary in Finland than in Denmark. This may relate to the fact that Danish unemployment pensioners become early retirees as they turn 60 years old. Therefore, the

difference between unemployment and full-time early retirement schemes is not apparent. On the other hand the impossible re-employment possibilities among the ageing in Finland during the high unemployment of the 1990's may also partly explain the different perceptions of unemployment pension.

In Denmark and Finland, full- and part-time early retirement schemes are perceived similarly, less than 20% perceived exit through those schemes involuntary. The Finnish peculiarity is the relaxed disability scheme. This scheme totally diverges from the ordinary disability scheme, and interestingly also from the unemployment scheme. Individuals exiting through this scheme perceive their exit relatively often as a voluntary choice.

In order to get a broad definition of the involuntary early exits, the share of those who experienced early exit involuntary (not really voluntary and not at all voluntary), which are presented in the first column, and the share of those who experienced that they had no choice (the second column) were calculated together (table 16). This definition is a relatively good measure of involuntary exit because it takes into account those who experienced they hadn't the choice and those who perceived exit as involuntary.

**Table 16.** *Involuntary nature of early retirement by pathways, %.*

	Involuntary	I had no choice	Involuntary + had no choice
<b>Finland</b>			
Early pathway	16	15	23
Part-time pathway	6	3	6
Unemployment pathway	51	48	62
Relaxed disability pathway	29	21	36
Disability pathway	70	60	79
<b>Denmark</b>			
Early pathway	14	5	15
Part-time pathway	16	8	21
Unemployment pathway	20	10	21

After redefining involuntary early retirement, the share of involuntary early exits increases. In Finland, part-time pensioners are "true" voluntary early retirees even when compared to full-time early retirees. In Denmark, the situation is the opposite and the difference is not so big. As said earlier, unemployment pensioners have experienced their retirement very differently in Finland and Denmark; in Denmark, it is considered as a voluntary choice whereas Finnish unemployment pensioners feel that the exit was involuntary and they had no other choice than to retire. In Denmark, these questions were not asked from disability-based pensioners, but in Finland they were. The results indicate that for ordinary disability pensioners early exit is totally involuntary (79%), whereas not always so for relaxed disability pensioners (36%).

In this section the aim has been to empirically approach the concept of voluntary versus involuntary early exit. First, the question of choice was addressed, and after that, the voluntariness of the choice was investigated. The results indicate that health and labour market constraints create perceptions of involuntary exit. Therefore, the voluntariness of the retirement decision is highly dependent on the pathway of exit.

### **5.2.3 *Released, expelled or pulled?***

In the previous sections of this chapter the push and pull factors in relation to early exit have been examined and discussed. Also, the choice of retirement and the involuntariness of the exit have been addressed. This section combines these two elements of the retirement, the reasons for retirement and the nature of the retirement decision.

Because there is a gap between the concepts of involuntary early retirement and the push factors, there is a need for a new conceptual approach to this issue. The argument is that there are three types of early retirees (discussed in detail in section 4.2.2). Pulled early retirees feel that the retirement decision was a voluntary choice and it was done to achieve more free time. The second group are expelled early retirees. The push factors had influence on their retirement

decision and as a consequence they felt that retirement was involuntary. The third group of early retirees are released workers. They felt push factors influencing their retirement decision, but still perceived the exit as a voluntary choice. In this section, the aim is to investigate to what degree early retirement is expulsion, and to what degree it is a result of pull factors and, thirdly, to what degree it is a matter of released workers?

To investigate to what degree early retirement is an experience of expulsion, pull or question of being released on an individual level, the reasons for retirement (presented in table 14) have been simply cross tabulated with the voluntary versus involuntary retirement decisions (table 16). This analysis does not include Danish disability-based pensioners, because questions concerning the voluntariness of the retirement decision were not asked from them. The results are presented in table 17. The figures indicate total percentages by pathway. The table presents the results of cross tabulation and displays the total percentages, which means that the two columns under each pathway add up to hundred per cent. In the bottom of the table are the shares of the released, pulled and expelled early retirees. The table is complicated to read and therefore colours are used to assist. The colours in each cell indicate to which category the cell belongs.

Early retirement is most often experienced as a release from the labour market i.e. released in the sense that the features of work have become straining in respect to one's resources, which leads to the willingness to exit. Also, the experiences of expulsion are relatively common. In particular, the Finnish unemployment pathway is experienced as expulsion.



**Table 17. Reasons for retirement and voluntary (Vol) versus involuntary (InV) early retirement (total % are rounded-off).<sup>21</sup>**

	Finland										Denmark					
	Early		Part-time		Unemp- loyment		Relaxed disability		Ordinary disability		Early		Part-time		Unemp- loyment	
	Vol	InV	Vol	InV	Vol	InV	Vol	InV	Vol	InV	Vol	InV	Vol	InV	Vol	InV
<b>Main effect</b>																
Bad health	0	2	3	0	1	1	5	6	4	22	14	3	9	3	16	4
Push	4	5	3	3	11	35	3	5	2	4	29	8	28	9	29	14
Pull	14	3	22	0	4	2	7	1	1	0	26	1	29	3	19	1
<b>2-way interactions</b>																
Push & bad health	1	2	0	0	2	3	10	8	6	28	4	1	3	1	4	1
Pull & bad health	1	0	3	0	1	2	2	0	0	5	2	0	0	1	3	0
Push & pull	41	5	44	0	15	11	16	3	1	1	12	1	9	1	8	0
<b>3-way interactions</b>																
Push & pull & bad health	21	3	22	0	10	4	24	10	7	18	1	0	3	1	2	0
	100%		100%		100%		100%		100%		100%		100%		100%	
	(109)		(32)		(204)		(210)		(490)		(691)		(153)		(105)	
Released	68		75		39		59		21		60		52		61	
Expulsed	18		3		57		34		79		14		19		20	
Pulled	14		22		4		7		1		26		29		19	

21 Due to the non-responses, the data was analysed further by comparing those who could be categorised as expulsed, pulled or released with those from whom the information is lacking. Investigation of non-respondent's bias by gender, civil status, years spent as a retiree and prior socio-economic status was carried out in both countries. In Finland the non-response rates by pathway were: full- & part-time 30%, unemployment 34%, released disability 18%, ordinary disability 26%. Further investigation showed that long-term disability pensioners were most likely to lack an answer. The non-responses were also biased towards blue-collar workers among ordinary disability pensioners, unemployment pensioners and full- & part-time early retirees. In Denmark, the non-response by pathway were: full- & part-time 20% and unemployment pathway 23%. Among full- & part-time early retirees, the non-responses were biased to white-collars and self-employed and among the unemployment pensioners to men. High rate of non-responses may create problems in Finland, especially because they seem to be bias to blue collars. Also in Denmark, the non-response rate is high, however, differently biased. These limits in the data should be kept in mind when reading the results.

The full-time early retirement scheme is perceived rather similarly in both countries. For the majority of the early retirees, exit has been a release. In Finland, the experiences of expulsion are more common (18%) than the experiences of being pulled (14%), whereas in Denmark, the results suggest the opposite (14% expelled and 26% pulled). This indicates that even in the case of this 'voluntary' (=no disability or unemployment criteria) early retirement, the perception of the exit varies.

Gradual exit in Finland is perceived more often as voluntary pull and release than exit through the full-time early retirement scheme. This implies that the Finnish part-time pension fulfils the idea of an individual's own control to decide how much he or she is willing to work at the end of the working career. Also in Denmark, the system seems to work rather well, although nearly 20% of part-time early retirees perceived exit as expulsion. This is more than among Danish full-time early retirees and far more than among Finnish part-time pensioners. Therefore, the results concerning Danish part-time pensioners give some indication that gradual exit does not function similarly as the Finnish gradual pathway.

In the case of Finnish unemployment pensioners, the results support the notion of hidden unemployment and the concept of discouraged workers, and stresses that these early retirees are willing to and capable of work. The share of expelled workers is 57%. Thus, the share of unemployment pensioners, who are classified as released, is also relatively large (39%). This indicates that unemployment pensioners have felt the retirement decision as a voluntary choice because they are relieved to get the status of pensioner. This is considered socially more acceptable than being long-term unemployed. In the case of unemployment pensioners, drawing a line between released and expelled is actually very hard to do, mainly because these people retire from the status of long-term unemployed. However, in Finland, the share of unemployment pensioners who have voluntarily exited is very small. The result does not support the idea that this pathway offers a too attractive exit opportunity and that the unemployed would be voluntarily leaving the labour force.

In Denmark, unemployment pensioners form a very different group compared to Finland. The majority of them feel released, content to be retired

rather than unemployed. Only 20% have experienced retirement as an expulsion. In Denmark, the share of pulled unemployment pensioners, starting a "third age", is approximately 20%, which is equal to the share of those who feel expelled.

Finnish early retirees in the relaxed disability pathway are also an interesting group. One third of them experienced early retirement as expulsion and nearly 60 per cent felt that they were released from the labour market. The results indicate that the labour market has indeed become exhausting for the ageing with health problems. This may explain why they feel increasingly released from the labour market. The results suggest that among Finnish relaxed disability pensioners, early exit is rarely experienced as a pull out of the labour market.

For the majority of ordinary disability pensioners' early withdrawal from the labour force is expulsion. Only 21% perceive that they were released from the labour force. These disability pensioners are likelier to feel that they should have left the world of work already earlier. For the expelled disability pensioners' labour markets did not offer any other choice than to retire.

Although the institutional settings can be regarded as similar, the perceptions of exit in Finland and Denmark are not entirely similar. Most commonly early exit is an experience of release. However, the experiences of exit differ within pathways. The most interesting country differences indicate that in particular the experiences of part-time pensioners and unemployment pensioners are different. In Finland, the gradual pathway is the most voluntary among the schemes. In Denmark, the gradual pathway is not distinctive. Exit through the unemployment scheme in Finland is perceived negatively, but in Denmark not so much. This difference in the perceptions of early exit may be explained by the very harsh labour market situation in Finland during the 1990's.

#### **5.2.4 Who are the expelled early retirees?**

The majority of early retirees in both countries experienced early exit as being released from the labour market. However, also perceptions of expulsion were common. In this section, the aim is to investigate who these early retirees are, to say the worst-offs among early retirees. The investigation proceeds in the following way. Analysis is carried out by logistic regression analysis. Each pathway is investigated separately. At the first step each independent variable is tested individually. The independent variables are following, gender, employment sector, prior socio-economic status, years spent as a retiree, retirement age, work satisfaction and health problems<sup>22</sup>. After this, variables are entered forwardly to the model. Only the final model of this is presented. Because tables take relatively great deal of space, they are presented in the appendix (appendix tables 8-9).

The experience of expulsion is among Finnish full- and part-time pensioners related to age, the older one is at the time of retirement, the more likely exit will be experienced as expulsion. The result is rather interesting. It suggests that if retirement occurs through these so-called voluntary schemes at a relatively young age, early exit is regarded as a release or pull out of work. However, if one has persistently coped at work near to the official retirement age and then however retires early, the experience is related to expulsion.

Among Finnish unemployment pensioners and relaxed disability pensioners the experience of expulsion is related to prior socio-economic status. Prior white-collars exiting through these schemes are likely to experience their exit as expulsion. Among unemployment pensioners these experiences are related to employment in the private sector, whereas among relaxed disability pensioners employment sector is insignificant in explaining the experiences of expulsion. Among unemployment pensioners, the non-responses were biased towards blue-collars, which may have an effect on these results. Therefore the results should be interpreted with some cautions.

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<sup>22</sup> Health problems refer to accumulative health problems, which is used as a continuous variable.

Experiences of expulsion among disability pensioners are most common among those who retired at a relatively young age. The experience of expulsion is strongly related to health problems, which was not witnessed among other early retirees. Using a current indicator of health status in explaining prior experiences can be regarded as senseless. However, the aim is to control the effect of health, which plays such a crucial role in disability pensioners' retirement decision. And as the results suggest, the experiences of expulsion are related to health problems and retirement at a young age due to those problems.

In Denmark the results concerning the full- and part-time early retirees indicate again peculiarity of the municipality sector in Denmark. Previously it was upraised, that the experiences of work-related stress are more common among prior employees of municipalities. Now the results suggest that these prior employees of the municipality sector are least likely to experience exit as expulsion. For them, early withdrawal was a release or pull. These experiences are also related to gender and health problems. The results suggest that the voluntary nature of these so-called voluntary early retirement schemes does not apply, if an early retiree has worked in the private or state sector, and if one has health problems.

Experiences of expulsion among the Danish unemployment pensioners are related to white-collar background. Also among full- and part-time early retirees the results suggest a similar relationship, however, coefficient does not reach the level of significance. Other tested independent variables were not connected with the experience of expulsion.

Country and pathway comparison brought up some interesting similarities and also differences. First of all, it was witnessed that experiences of expulsion among unemployment pensioners and Finnish relaxed disability pensioners are, according to this data, related to prior white-collar background. This result casts some doubt on the previous studies, which stress that expulsion is related to a blue-collar background. Instead these results suggest that the blue-collarers are likelier to experience early exit as release whereas early exit is expulsion for white-collarers. This may indicate that the meaning of work is different for white- and blue-collarers.

Previous studies have also stressed that early withdrawal may be harder for men due to role loss. This theory did not receive unanimous support. However, Danish men experience exit through so-called voluntary pathways more likely as expulsion than women do. Results concerning the Danish municipality sector are suggesting that there is a need for further studies. Overall these results do not support the idea that time would golden the memories. This means that there is no evidence that the experiences of expulsion would fade away with time.

### **5.2.5 Summary**

In this section the aim has been to investigate the experiences of exit. The questions to which answers have been sought are, what are the reasons for early retirement and, is early exit related to well being in terms of autonomy? Thirdly, the aim has been to investigate for whom exit is diswelfare, expulsion.

This study suggests that early exit is mainly experienced as release, which can be regarded as the desired policy outcome. Early retirees have relatively seldom experienced that they are pulled out of the labour market. In Denmark, the experiences of being pulled are most common among full-time early retirees, whereas in Finland, the gradual pathway is most likely related to voluntary early withdrawal.

The experiences of expulsion are not rare; they are related to health problems, and in Finland to unemployment. The Finnish unemployment pension, as an experience, cannot be regarded as a policy maintaining well being, at least not when compared to the Danish policy outcome. Usually, it is posed that welfare problems are related to lower social strata. However, even the experiences of expulsion can be regarded as diswelfare, the results suggest that diswelfare among early retirees is not always related to a blue-collar background, but rather to a white-collar background. Therefore it can be argued that the experience of expulsion is not related to the least qualified early retirees; the least qualified experience exit as a release from the labour force. This suggests that the

meaning of work may be different among white-and blue-collars and therefore experience of exit through the different pathways is perceived differently.

In terms of experience of exit, the similar early retirement pathways in Finland and Denmark do not produce similar outcomes. In Denmark, the so-called voluntary schemes are also perceived more often as voluntary decisions compared to Finland. However, these so-called voluntary schemes in Denmark also include experiences of expulsion. Results suggest that in Finland, most clear expulsion occurs in the unemployment scheme.

### **5.3 Experienced change in well being due to early exit**

In this chapter, the aim is to analyse the connection between early exit and well being. First, the experienced changes in well being due to early exit will be analysed. This investigation aims to answer the following questions. First, what kinds of consequences is early exit perceived to have in relation to well being and, second, are these experiences similar in Finland and Denmark. The second part of the chapter analyses the general well being and the experienced changes in it. This chapter aims to answer the question, is early retirement disengagement, continuity or activity (see chapter 2.3.2).

#### **5.3.1 *Changes in the different dimension of well being***

In the theoretical part of this thesis it was stressed that early retirement and the experience of early exit are related to society, especially to the institutions. It was also raised that early retirement may be related to the well being of an individual, especially if the exit is experienced as expulsion from the labour market. This chapter investigates the welfare consequences of early exit through this framework.

The respondents were presented with the following list of statements that are related to the disadvantages of being outside the labour market. They were asked to state how often they had experienced these things<sup>23</sup>.

- You miss the daily contact with colleagues
- You feel isolated
- You don't feel you have anything to get up for in the morning
- You feel it is hard to kill time
- You feel that other people look down on you because you don't work
- You feel that you are treated badly because you don't work
- You feel you are of no use to society
- You feel kept out of society
- You have to manage with less money
- You feel insecure about your own financial situation

First, these different aspects of well being will be examined separately, how they vary between individuals in different pathways and countries. After that, a factor analysis will be applied in order to get a broader picture of well being among early retirees. The constructed factors will be investigated with the analysis of variance.

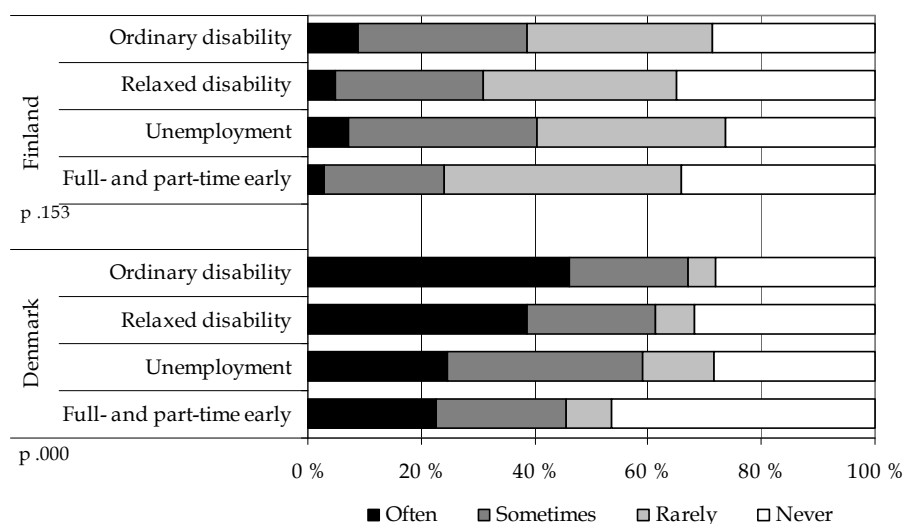
It has been widely agreed that work is not solely a means to earn a living. Work and working life also provide social contacts, which contribute to well being. It seems to be (figure 12) that in Denmark, early retirees miss their colleagues at work more than Finnish early retirees. This could indicate different social behaviour, Danish work colleagues are more often experienced as friends. In Finland, the desire to meet more with former colleagues is not dependent on the pathway. In Denmark, full- and part-time early retirees miss their former colleagues less often than other early retirees. This is rather suspected, because their exit has been more often a voluntary decision. But the above conclusions cannot be drawn before, for example, time spent as an early retiree and civil status are controlled for.

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<sup>23</sup> The answering options were often, sometimes, rarely, never.

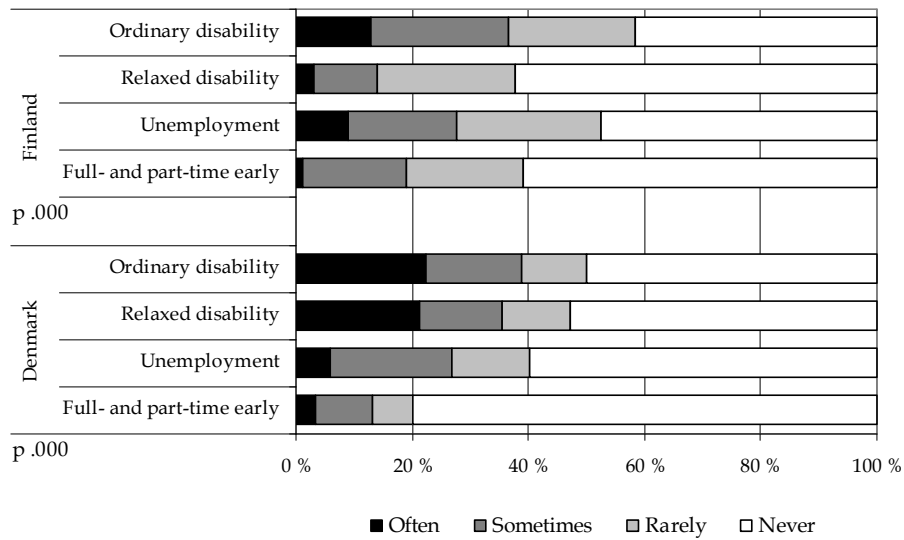


**Figure 12.** Experiences of missing daily contacts with colleagues by pathway, %.



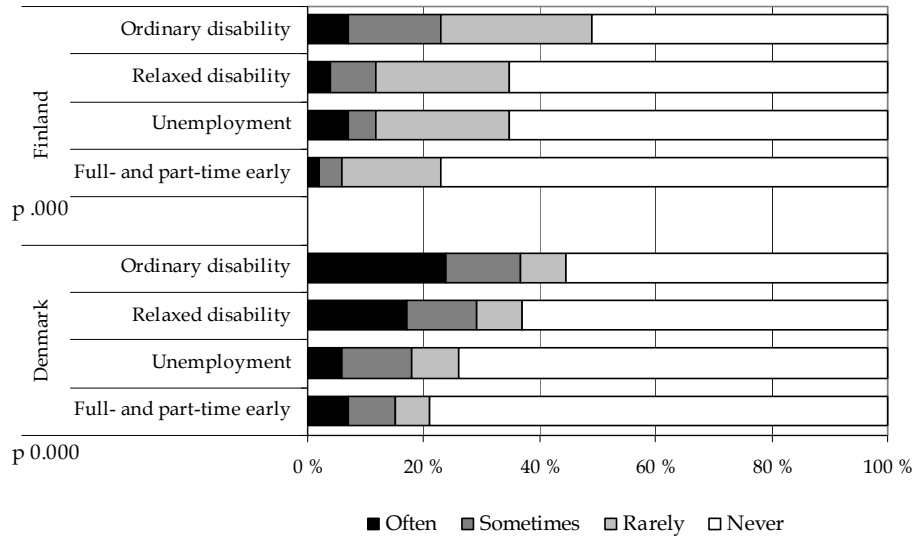
Leaving work is naturally related to less frequent contacts with former colleagues, but it does not necessarily mean less contacts with other friends and relatives. However, weak social contacts may cause experience of isolation. Among early retirees, the experiences of isolation due to early exit are not very common (figure 13).

In particular, disability-based and unemployment pensioners have often or sometimes experienced isolation. However, Finnish relaxed disability pensioners play a peculiar role, in that their experiences are more in line with full- and part-time early retirees' experiences than with disability pensioners' experiences. The distinctive feature is that in Denmark, disability-based pensioners have experiences of isolation clearly more often than disability-based pensioners in Finland. Different perceptions of isolation may be connected with health problems.

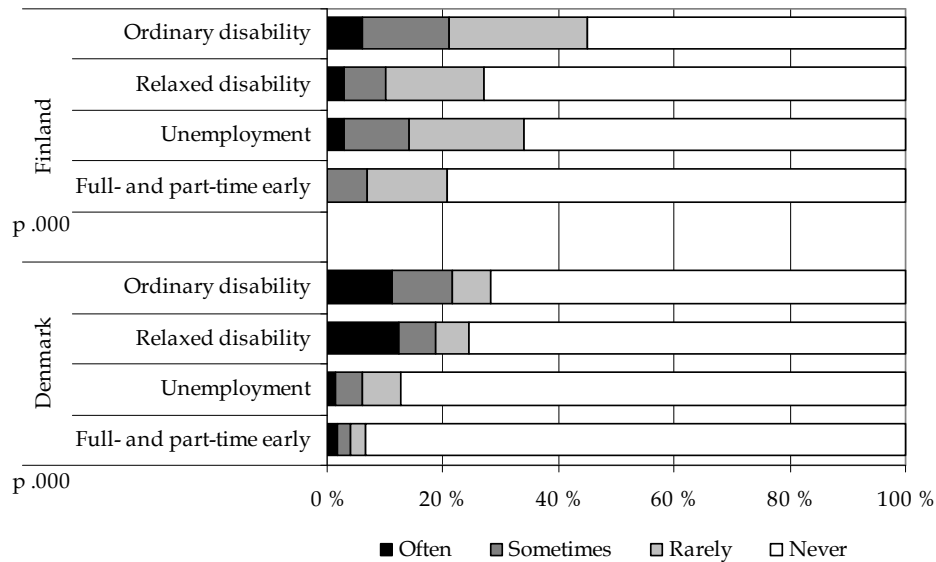
**Figure 13.** *Experiences of isolation by pathway, %.*

Work does not only provide a means for living or social contacts, but it also contributes to the content of life. Loosing the part of life, which has, for example, set the time schedule may cause a sense that one has nothing to get up for in the morning. However, relatively few early retirees have experienced that they lack a reason to get up in the morning (figure 14).

**Figure 14.** Experiences of no reason to get up to in the morning by pathway, %.



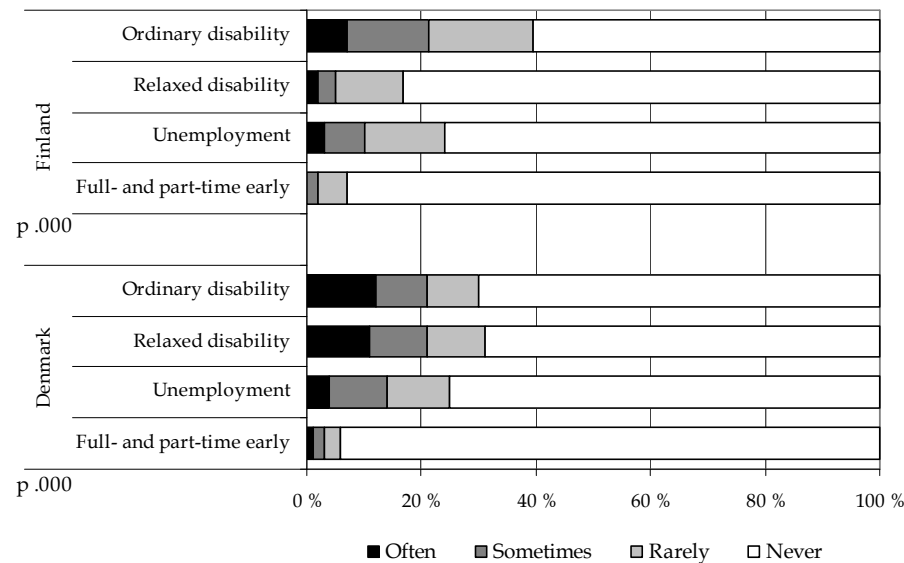
The results indicate that Danish disability-based early retirees suffer from losing content in life more often than the disability-based early retirees in Finland. This indicates that the transition from work to retirement may be less problematic among Finnish disability-based pensioners. The results propose further that full- and part-time early retirees are less likely to lack a reason to get up in the morning compared to other early retirees. In Denmark, unemployment pensioners' experiences do not differ from the experiences of full-time early retirees' experiences, whereas in Finland, unemployment pensioners' experiences are more negative.

**Figure 15.** *Experiences of having problems in spending time by pathway, %.*

Jahoda et al. (1933) already stressed that work structures life and therefore unemployment causes crisis, because people do not actually have anything to do. Among early retirees this does not seem to be the case (figure 15). Early retirees in both counties nearly never have problems spending time. However, experiences differ between early retirees in different pathways. Generally, the results suggest the same as so far, namely that disability-based early retirees are likeliest to have problems, although in Finland, unemployment pensioners also join this group.

Because work gives content to individuals' lives, it also builds up one's self esteem. Work is also a way to achieve acceptance and respect from other people. The way other people feel and act towards one, also contributes to one's self esteem. Other people's acceptance is therefore a crucial factor for one's well being. While people are occupied in the labour force, their social acceptance is often related to their socio-economic status. How do early retirees perceive that they are accepted after they have withdrawn early from the labour force?

**Figure 16.** Experiences of being looked down on for not working by pathway, %.

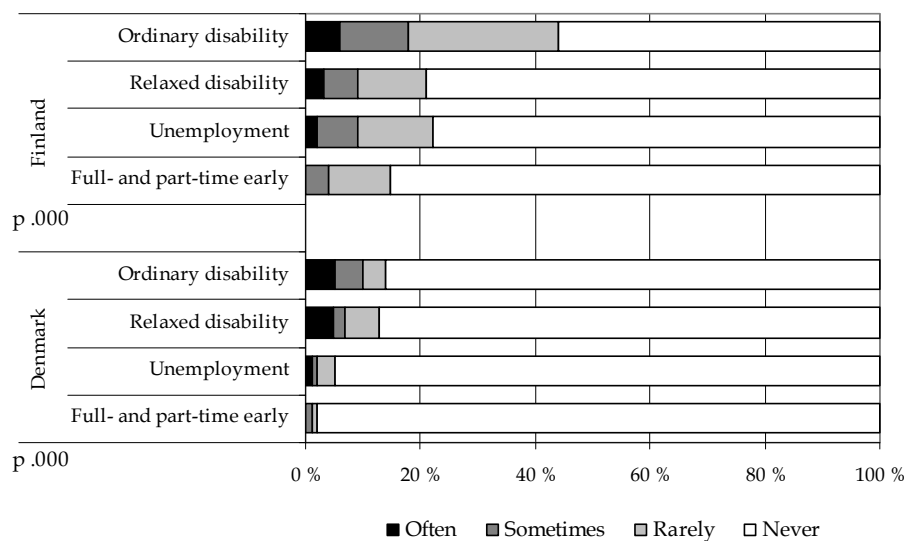


The results indicate that early retirees do not experience that other people look down on them because they do not participate in paid-work anymore. Only a minority has experienced that they are looked down on because they have exited early. In these results, the worrying finding is disability pensioners' level of well being. The above results have indicated that ordinary disability pensioners most often have problems in adjusting to retirement, and especially their social well being seems to be threatened. They have experienced isolation and problems in time use, as well as being looked down on by other people more often than other early retirees.

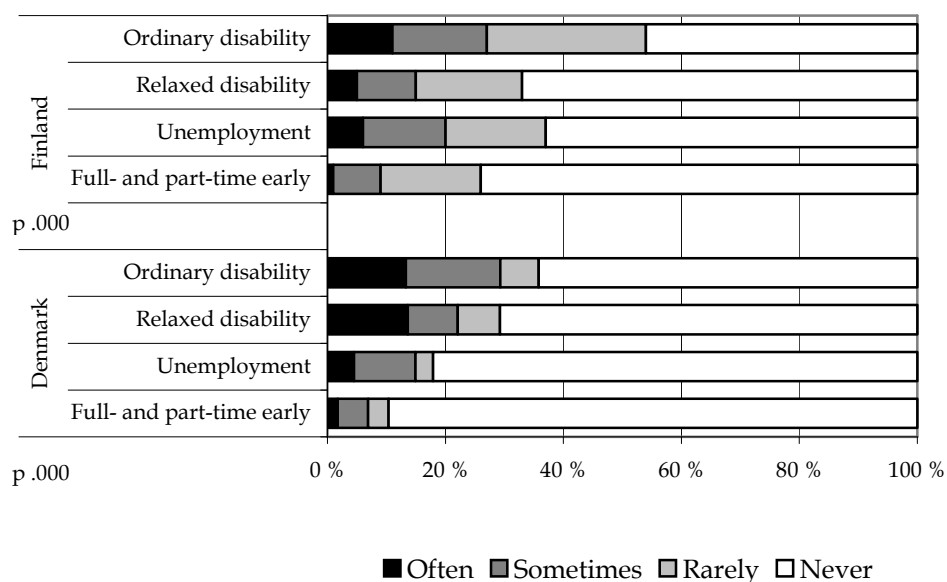
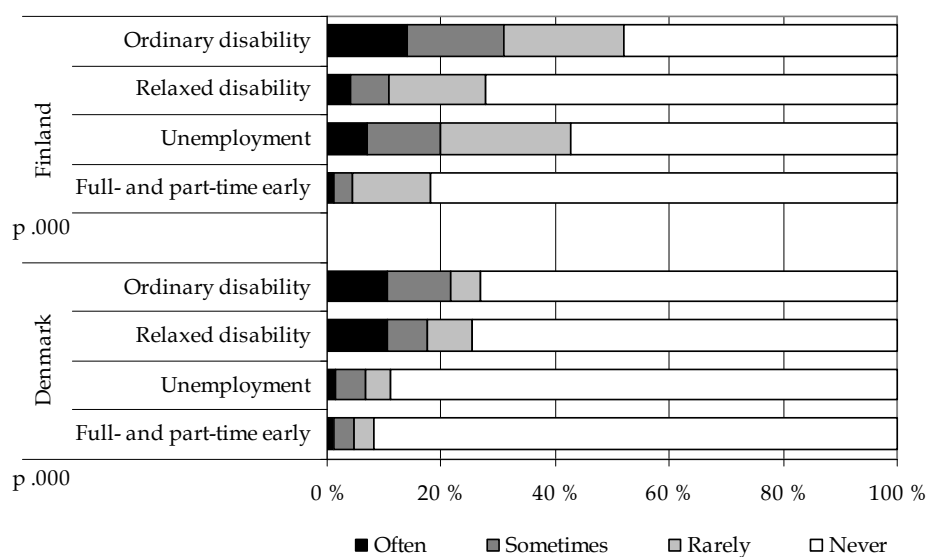
Experiences of being looked down on are one part of social acceptance. A more concrete measure of social acceptance is how individuals actually feel that they are treated. The experiences of being treated badly by other people are even less rare compared to the feelings of being looked down on (figure 17). In Finland, these experiences seem to be a bit more common, although the experiences are still rare or nearly non-existent. The experiences' of early

retirees in different pathways vary. The results indicate mainly similar differences that have been reported above.

**Figure 17.** Experiences of being treated badly for not working by pathway, %.



After the work career is over, one might feel that he or she is useless, because he/she is no longer contributing to society. Through participating in paid work, people usually gain a sense of usefulness, which might decline or nearly vanish due to early retirement. The results slightly support this notion (figure 18). In particular, those whose work career has ended due to disability or unemployment have experienced that they are not useful to society after the exit. Again, the results should be interpreted carefully because other possible factors, such as age, gender, years spent as a retiree, civil status and health, are not controlled for.

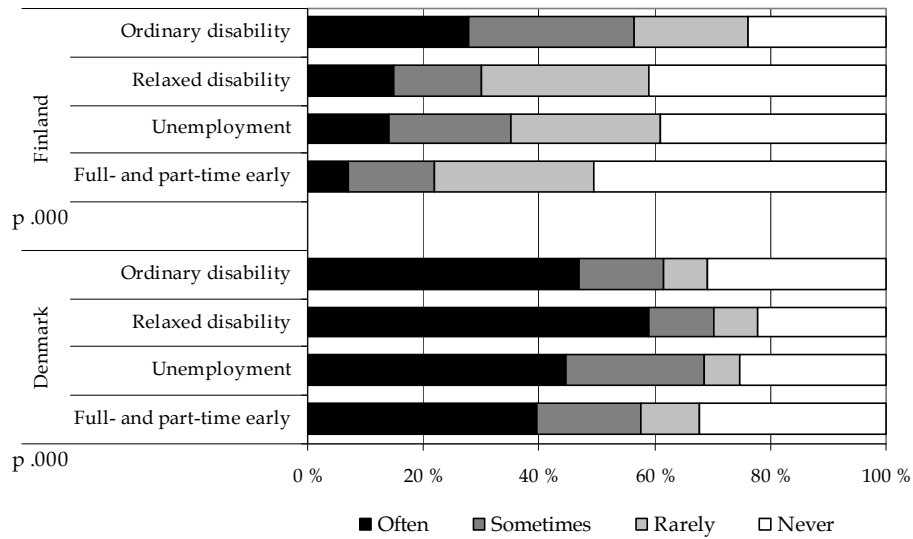
**Figure 18.** Experiences of being not useful to society by pathway, %.**Figure 19.** Experiences of being kept out of society by pathway, %.

The experiences of isolation and lack of usefulness described above may result in the experience of being an outsider in a society (figure 19). In Finland, ordinary disability pensioners and unemployment pensioners are likelier than other early retirees to experience being kept outside society because they do not participate in the labour market. In Denmark, both groups of the disability-based pensioners are likely to have these kinds of experiences. Labour markets seem to operate as an integrative arena, not only in providing social contacts but also more broadly. Differences in health status of early retirees may explain the results, because bad health may decline actual possibilities to participate in different activities, which may further be related to these experiences of being outside of society.

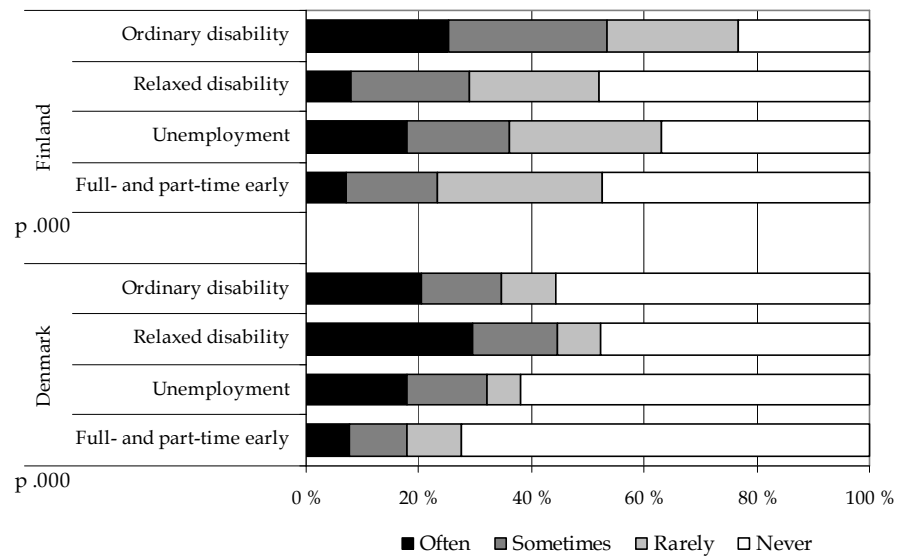
For the majority of people, work is a means to achieve income. Although pension schemes are relatively good in Finland and Denmark, early retirement may have consequences on the individual's and his or her family's financial situation. Even if the decline in the income level would not be dramatic, the situation in itself may cause concern. According to the results (figure 20), Danish early retirees have often experienced that they have to manage with less money. In particular, relaxed disability pensioners have perceived a decline in income very often. In Finland, experiences are rare although common. Finnish ordinary disability pensioners are likeliest to experience a decline in income. Country differences may relate to the differences in the actual pension schemes and pension benefits. Different experiences between early retirees in different pathways of exit may reflect their socio-economic background and age.



**Figure 20.** Experiences of financial distress because one has to manage with less money by pathway, %.



**Figure 21.** Experiences of insecurity of one's financial situation by pathway, %.



Decline in income level may further cause insecurity about the family's financial situation. In principal this is not the case. Early retirees seldom feel insecurity about their financial situation despite the fact that they feel that they have to manage with less money. The results indicate that declined income bothers, but the actual reduction in income level is not big enough to cause financial insecurity for the majority of early retirees (figure 21). Danish relaxed disability pensioners have most often experienced financial insecurity. In Finland, ordinary disability pensioners have felt the most insecurity.

In order to examine the experience of early exit, a factor analysis is carried out<sup>24</sup>, first with the Finnish data and, then, the Danish data. This analysis aims to investigate if the experience of early exit is constructed from one single factor, experience or several different factors, experiences.

In Finland, the experience of early exit in relation to well being can be described by two factors. Table 18 displays the factor loadings (above 0.30), communalities and the cronbach's alfas. The first factor, or dimension, is named "social integration" and the second, "financial well being". The correlation coefficients between the variables are presented in appendix table 10. Factor analysis may be used even though the variables are not normally distributed (see Metsämuuronen 2001, 29). In this case, the variable distributions differ from normality, they are relatively skewed, but both Kaiser's test (.88) and Bartlett's test (.00) enable using the correlation matrix as input for factor analysis.

The dimensions of social integration include all of the indicators of social contacts as well as social acceptance. This suggests that social integration is a broad experience in Finland. The first statement concerning the colleagues fits relatively badly with the factor (communality<.30), but because it is a central element, at least in the early phase of the early retirement process, a decision was made to keep it in rather than to leave it out. The Cronbach's alfa concerning the factor is well above .70, which has been regarded as the minimum level for reliability (see Alkula et al. 1999, 99). This indicates that the factor is reliable (one-dimensional). The factor of social integration explains approximately 48% of the variance, which can be regarded as a rather high explanatory power. Also, the factor of financial well being is robust, even if it is

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<sup>24</sup> In chapter 4.4, more discussion on the method selection can be found.

constructed of only two variables. The Cronbach's alfa is .88 and the factor explains nearly 12% of the total variance. Because the selected rotation method (oblimin) allows the factors to correlate, the total explanatory power cannot be calculated.

**Table 18.** *The factor analysis of experienced disadvantages of early exit in Finland.*

	Factor I "Social integration"	Factor II "Financial well being"	Communality
You miss the daily contact with colleagues	.283		.082
You feel isolated	.672		.438
You don't feel You have anything to get up for in the morning	.525		.320
You feel it is hard to kill time	.662		.395
You feel that other people look down on you	.769		.564
You feel that You are treated badly	.764		.610
You feel You are of no use to society	.781		.588
You feel kept out of society	.750		.662
You have to manage with less money		.963	.906
You feel insecure about your own financial situation		.827	.726
Cronbach's alfa	.86	.88	
% Variance	48.3	11.6	

In the Danish data also, the variables are not all normally distributed to start with, but as said earlier, the factor analysis may still be applied on the same grounds as before (Kaiser's test (.86), Bartlett's test (.00)). The factor analysis provides different results than in Finland (table 19). In Denmark, the experience of early exit in relation to well being is constructed from three dimensions. The first one can be referred to as a factor of "social acceptance", the second, "financial well being" and the third, "social contacts". The first two factors are reliable according to the Cronbach's alfa, but the third factor's reliability is below 0.70. However, correlation coefficients (appendix table 11), and communalities all speak in favour of constructing this third factor.

**Table 19.** *The factor analysis of experienced disadvantages of early exit in Denmark.*

	Factor I "Social acceptance"	Factor II "Financial well being"	Factor III "Social contacts"	Communality
You miss the daily contact with colleagues			.684	.429
You feel isolated			.685	.627
You don't feel You have anything to get up to in the morning			.710	.504
You feel it is hard to kill time			.542	.354
You feel that other people look down on you	.662			.476
You feel that You are treated badly	.628			.347
You feel You are of no use to society	.648			.550
You feel kept out of society	.762			.658
You have to manage with less money		.915		.816
You feel insecure about your own financial situation		.350		.330
Cronbach's alfa	.78	.75	.59	
% Variance	41.3	11.9	10.9	

The factor analysis has proven that the experience of early exit in relation to well being is different in Finland and Denmark. In Denmark, social integration is constructed of two dimensions; social contacts and social acceptance. In Finland, this experience is constructed of only one dimension. In both countries, financial well being constructs its own dimension.

In the Finnish case, the two factors will be further constructed as sum variables (detailed description in section 4.4). In the Danish case, three separate sum variables will be constructed and investigated with analysis of variance. The sum variables and the descriptive statistics are presented in table 20. All sum variables are standardised to have values from one to four. A high value indicates well being and a low value indicates problems in well being.

**Table 20.** *Descriptive figures of the sum variables.*

	Mean	Min	Max	Std.D	Skewness	Kurtosis
Finland						
Factor I, Social integration	3.21	1	4	0.73	-1.17	0.75
Factor II, Financial well being	2.67	1	4	1.09	-0.19	-1.34
Denmark						
Factor I, Social acceptance	3.74	1	4	0.55	-2.83	8.49
Factor II, Financial well being	2.77	1	4	1.00	-0.28	-1.02
Factor III, Social contacts	3.28	1	4	0.78	-1.10	0.47

All of the constructed sum variables of well being have relatively high means, which indicates well being rather than diswelfare. Although the means are high, the statistics indicate that the constructed sum variables are reasonable to investigate with analysis of variance, which is based on the assumption of normally distributed variable. Only the Danish factor, which represents social acceptance, can be regarded as rather problematic. The nature of the variables (skewed) should be remembered as the analysis continues.

The aim of the following analysis is to investigate, does the level of well being differ between early retirees in the different pathways of exit? And secondly, are the determinants of well being similar within pathways? The analysis of (co-)variance is applied. At first, the experienced dimensions of well being are compared between the pathways of exit. After that, the aim is to explain variation in these experiences within pathways and to investigate is experience of well being related to the same factors within the pathways. Each of the models is constructed using similar logic: at first all of the independent variables, which are assumed to be connected to well being (figure 4, section 4.2) are tested and reported. They are selected for the final model if proven to be significant after controlling other significant independent variables. The final models are presented in tables, which include the coefficients and their

significance together with the standard errors. At the bottom of the tables the explanatory power of the models are presented ( $R^2$ ). Because these tables take rather a lot space, they are presented in the appendix (see appendix tables 12-16).

## **Social integration in Finland<sup>25</sup>**

The level of experienced social integration is relatively high among Finnish early retirees. However, there are interesting differences in the level of well being between the pathways of exit. The lowest levels of well being in terms of subjective social integration is found among ordinary disability pensioners (table 21). They differ significantly from all other early retirees. In a pair-wise comparison, the level of social integration is found to be next lowest among unemployment pensioners. The level of social integration is highest among relaxed disability pensioners and among full- and part-time early retirees. The ranking of the Finnish early retirees in terms of social integration seems to suggest the same as the investigation earlier, when the focus was on resources, education and socio-economic status.

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<sup>25</sup> The share of non responses is relatively high among the early retirees: 25% among full- and part-time early retirees, 21% unemployment pensioners, 21% relaxed disability pensioners and 25% among ordinary disability pensioners. This suggests that the non-response rate does not vary greatly between the pathways of exit. Within the pathways of exit, the non-responses were not biased by gender. However, among unemployment pensioners, non-respondents were likelier to live alone than be married. Among full- and part-time early retirees and ordinary disability pensioners, the non-respondents were likelier blue-collars compared to white-collars. The high non-response rate should be remembered as the results are interpreted, as well as the fact that there is some bias by civil status and prior socio-economic status. The effects of non-responses will be discussed in the summary of this section.

**Table 21.** Comparison of social integration between Finnish early retirees in different pathways. Analysis of variance (GLM), *b* coefficients, std. errors in parenthesis, *F* value in bold.

	Mean	N	
			<b>30.11***</b>
Full- and part-time early pathway	3.55	150	0.53*** (0.07)
Unemployment pathway	3.23	242	0.21*** (0.06)
Relaxed disability pathway	3.43	203	0.41*** (0.06)
Disability pathway	3.03	496	0
$R^2=7.7$			

What explains the level of subjectively experienced social integration within pathways (see appendix table 12)? Among full- and part-time early retirees the level of social integration is related to socio-economic status, experience of exit and health. Investigation of single independent variables suggest that prior blue-collar employees, those who have experienced early exit as expulsion and those having health problems are likelier to have lower levels of social integration. When these variables are entered into the same model the results indicate that expelled early retirees, men and those suffering from health problems have lower levels of well being in terms of social integration. Entering the experience of exit into the model resulted in the effect of gender to become significant. If the experience of exit is left out of the model, the only significant determinant of level of social integration is prior socio-economic status. The results suggest that among Finnish full- and part-time early retirees, the level of social integration is dependent on prior socio-economic status, but also experience of exit, gender and health. However, all of these variables cannot be entered into the same model.

Among unemployment pensioners the level of social integration is dependent on health, prior work satisfaction and the experience of exit. According to the results, health problems are related to lower levels of social integration, as are also experience of expulsion and low work satisfaction. It seems to be that those unemployment pensioners who have relatively good health, experience exit as release and have been quite happy with their prior work, are also able to

maintain the level of social integration i.e. their social contacts and sense of social acceptance.

Among relaxed disability pensioners the level of social integration is rather homogenous in relation to these independent variables, as only years spent as early retiree is connected to the level of social integration. Interestingly health is only nearly significantly ( $p=0.07$ ) in connection with social integration.

The level of social integration is related to civil status, experience of exit, age, years spent as a retiree and health among ordinary disability pensioners. However, when these are entered into the same model, the experience of early exit drops out as an insignificant factor, mainly due to the correlation with age and health. Those ordinary disability pensioners who are living alone, are rather young, have been retired a while and have health problems, have lower levels of social integration.

Even the general level of subjectively experienced social integration among early retirees in different pathways is rather high, there are some remarks to make. First of all, health problems are related to decreased experience of social integration. And secondly among those on disability-based early retirement the level of social integration decreases within years of retirement. This suggests that in the early years of retirement they are able to maintain their social contacts and sense of social acceptance, but with time they diminish. Those early retirees who have retired as a result of health problems, are under a threat to become socially marginalized with time, especially if they are living alone.

From a theoretical point of view, these results suggest that the experience of exit is related to well being, in terms of subjectively experienced social integration. However, this connection was witnessed mainly among those early retirees, who are not on disability-based pensions. Interestingly, gender does not play any role in determining Finnish early retirees' level of social integration, and marriage is a shield against weak social integration only among ordinary disability pensioners. Time and age effects were significant only among disability-based pensioners. However, this is quite normal, because they have the longest time span to be investigated. Among other early retirees the age and years spent as a retiree vary less. Usually it is assumed that the level of social



integration is also related to socio-economic status. In this data, this connection was found only among the so-called voluntary early retirees.

## Financial well being in Finland<sup>26</sup>

The level of subjectively experienced financial well being varies significantly between Finnish early retirees in different pathways of exit. According to the results (table 22), the financially worst offs among early retirees are ordinary disability pensioners. Also, the level of financial well being of unemployment pensioners is lower when compared to full- and part-time early retirees or relaxed disability pensioners (pair-wise comparisons). In Finland, the well offs in terms of financial well being are full- and part-time early retirees as well as relaxed disability pensioners.

**Table 22.** Comparison of financial well being between Finnish early retirees in different pathways. Analysis of variance (GLM), *b* coefficients, std. errors in parenthesis, *F* value in bold.

	Mean	N	
			<b>32.08***</b>
Full- and part-time early pathway	3.18	148	0.83*** (0.10)
Unemployment pathway	2.76	229	0.41*** (0.08)
Relaxed disability pathway	2.96	197	0.61*** (0.09)
Disability pathway	2.35	469	0
R <sup>2</sup> =8.5			

<sup>26</sup> The non-response rates are relatively high also concerning the financial well being among early retirees in Finland. Among full- and part-time pensioners 26%, among unemployment pensioners 25%, among relaxed disability pensioners 23% and among ordinary disability pensioners 30% were non-respondent. This may create a problem if the non-responses are biased. The investigation revealed that among unemployment pensioners women were likelier to be non-respondent. Among full- and part-time early retirees, unemployment pensioners and ordinary disability pensioners the non-respondents were likelier to be prior blue-collars. The effects of non-responses will be discussed in the summary of this section.

Among full- and part-time early retirees and unemployment pensioners prior socio-economic status, experience of exit, health problems and prior work satisfaction determine the level of subjective financial well being as an early retiree (see appendix table 13). The results support the notion that prior blue-collar employees are likelier to have more financial worries than prior white-collars. Also, the experience of expulsion is related to financial diswelfare. In addition, health problems and low prior work satisfaction are related to financial worries. Among full- and part-time early retirees, adjusting both, prior socio-economic status and experience of exit into the same model was not possible and the experience of exit was chosen due to a higher F value. If the experience of exit is excluded from the model, then socio-economic status, health problems and work satisfaction determine the level of financial well being. Among unemployment pensioners work satisfaction is not selected for the model, because it does not increase the explanatory power of the model after introducing other independent variables.

Gender, years spent as a retiree, and health are determinants of subjective financial well being among relaxed disability pensioners. Financial worries are more common among female relaxed disability pensioners, as well as among those with health problems and those who have been retired already awhile. Interestingly, prior socio-economic status or experience of exit is not connected to subjective experience of financial well being.

Marriage prevents ordinary disability pensioners not only from lower levels of social integration but also from financial distress. Financial distress seems to weaken with age. However, health problems tend to increase financial worries.

The shared determinant of subjectively experienced financial well being in Finland is good health. The level of financial well being is related to prior socio-economic status among the non-disability-based early retirees. Among them, the experience of exit and prior work satisfaction is also connected with financial well being. These indicate that blue-collar background as well as experience of expulsion is related to financial distress. Low work satisfaction, which probably correlates with actual previous income, is also related to financial worries. Among disability-based early retirees the determinants of financial well being

vary more. In addition to health, there are no other common factors related to financial well being.

### Social contacts in Denmark<sup>27</sup>

Social contacts, although high in Denmark, show variation between the pathways of exit and suggest that among all early retirees the level of social contacts is not that high (table 23). In Denmark, both disability-based early retiree groups seem to have significantly lower level of social contacts compared to other early retirees. Among unemployment pensioners, the experienced social contacts are better, however, significantly lower than among full- and part-time early retirees (pair-wise comparisons). Like in Finland, in Denmark also the well offs among early retirees seem to be full- and part-time early retirees.

**Table 23.** Comparison of social contacts between Danish early retirees in different pathways. Analysis of variance (GLM), *b* coefficients, std. errors in parenthesis, *F* value in bold.

	Mean	N	
			<b>69.92***</b>
Full- and part-time early pathway	3.47	1047	0.62*** (0.05)
Unemployment pathway	3.25	134	0.41*** (0.08)
Relaxed disability pathway	2.96	156	0.12 (0.07)
Disability pathway	2.85	326	0
R <sup>2</sup> =11.2			

<sup>27</sup> Non-response rates are low: among ordinary disability pensioners 7%, relaxed disability pensioners 10%, among unemployment pensioners 1.5% and among full- and part-time early retirees 0.4%. Non-responses were not biased by gender, civil status or prior socio-economic status.

What explains the variation in the level of social contacts between individuals within pathways and further, are the determinants of the level of well being the same between pathways? Full- and part-time early retirees' experiences of social contacts are related to civil status, experience of exit, age, years spent retired and health (see appendix table 14). According to the results, experience of expulsion, living alone, health problems, relatively old age and recent retirement are determinants of lower levels of social contacts. Results suggest that these so-called voluntary early retirees are not able to maintain their experience of social contacts in the early years of retirement, but within time are. Although the connection is significant, it is, however, very weak. The effect of age is also significant, but weak, indicating that with age the experiences of social contacts diminish, yet very slowly.

The model explaining the social contacts of full- and part-time early retirees is succeeding weakly, the model explains only 8.6% of the variation, yet it is better than the one explaining the variation in the experiences of the unemployment pensioners. Rather interestingly, none of the tested variables seem to be connected with the experiences of social contacts among unemployment pensioners.

Among relaxed disability pensioners, the experiences of social contacts are related to age and health problems, and after controlling for these, also to socio-economic status. These results indicate that prior white-collars experience higher levels of social contacts compared to the blue-collar employees. Results also indicate that these experiences of social contacts increase with age and decrease with health problems.

The connection between age and health and experienced social contacts is similar among ordinary disability pensioners as among relaxed disability pensioners. However, among female ordinary disability pensioners social contacts are experienced higher than among male disability pensioners, which was not witnessed among relaxed disability pensioners.

Also in Denmark, health is a common determinant of social contacts independent of pathway (among unemployment pensioners the connection was not significant). Other common determinants were not found. However, the results suggest that age has a different effect on social contacts among so-called

voluntary early retirees and disability-based pensioners. Among so-called voluntary early retirees young age is related to higher levels of social contacts and the experience decreases within age. Among the disability-based early retirees, adjustment to retirement seems to proceed within age as the experiences of social contacts increase.

In Denmark, connections between the experience of social contacts and gender, civil status, socio-economic status or experience of exit did not prove any unanimous patterns yet they were found to be connected with well being in different pathways.

### **Social acceptance in Denmark<sup>28</sup>**

The level of social acceptance is very high in Denmark (table 24). But just like social contacts, social acceptance also shows variation between the pathways of exit. In Denmark, both disability-based early retiree groups have significantly lower levels of social acceptance compared to other early retirees. Although the level of social acceptance is significantly lower; it cannot be regarded as low. Among unemployment pensioners, the social acceptance is higher than among disability-based early retirees, however, significantly lower than among the full- and part-time early retirees (pair-wise comparisons). Again the well offs among Danish early retirees seem to be full- and part-time early retirees.

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<sup>28</sup> Non-response rates are very low in Denmark, 8% among ordinary disability pensioners, 11% among relaxed disability pensioners, 1.5% among unemployment pensioners and 0.4% among full- and part-time early retirees. Responses are not biased by gender, civil status or prior socio-economic status.

**Table 24.** Comparison of social acceptance between Danish early retirees in different pathways. Analysis of variance (GLM), *b* coefficients, std. errors in parenthesis, *F* value in bold.

	Mean	N	
			<b>77.74***</b>
Full- and part-time early pathway	3.88	1047	0.45*** (0.03)
Unemployment pathway	3.72	134	0.29*** (0.05)
Relaxed disability pathway	3.49	155	0.06 (0.05)
Disability pathway	3.43	325	0
$R^2=12.3$			

What determines the level of well being in terms of social acceptance? Among full- and part-time early retirees civil status, experience of exit and health are connected to the experience of social acceptance (appendix table 15). The results indicate that expelled early retirees, those living alone and having health problems, have lower levels of social acceptance. However, these variables explain less than 7% of the variance, which cannot be regarded as high. None of the tested variables are connected with unemployment pensioners' experiences of social acceptance, which suggests that the experience of social acceptance is rather homogenous among unemployment pensioners.

Relaxed disability pensioners' experience of social acceptance is related to civil status, age, and health problems. However, after entering these variables into the model simultaneously, the significant connection between civil status and social acceptance vanishes. Results indicate that the experience of social acceptance increases with age, whereas health problems decrease it. The results concerning ordinary disability pensioners' experiences of social acceptance correspond to the findings regarding relaxed disability pensioners' experiences.

The results suggest that health is a commonly shared determining factor of experiencing social acceptance. Disability-based early retirees seem to gain the experience of social acceptance with age (just like social contacts), whereas among so-called voluntary early retirees, the experience of social acceptance is related to autonomous retirement decision, experience of release or pull and living with partner. Socio-economic status, gender, time spent as a retiree or

prior work satisfaction are not connected with the experience of social acceptance. Especially the insignificance of gender questions the role theory, which suggested that the loss of role would lead to crisis especially among men.

### **Financial well being in Denmark<sup>29</sup>**

Compared to the level of social contacts and social acceptance in Denmark, the level of financial well being is lower among early retirees in different pathways. Yet, financial well being indicates mainly well being than diswelfare. Compared to the above presented results concerning social contacts and social acceptance, the results are deviant (table 25). Above it has been stressed that both disability-based early retiree groups constitute the worst-offs of the Danish early retirees. Now the results suggest that, in terms of financial well being, the worst offs are the relaxed disability pensioners. Ordinary disability pensioners and unemployment pensioners have significantly higher levels of subjective financial well being compared to relaxed disability pensioners (pair-wise comparison). The well offs are again full- and part-time early retirees. The weak subjective financial well being among relaxed disability pensioners reflects the fact that the relaxed disability pension can, in Denmark, also be granted on the basis of needs (Laitinen-Kuikka et al. 2002), which already proposes that these early retirees are in financial terms the worst offs.

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<sup>29</sup> Non-response rates are very low in Denmark, 8% among ordinary disability pensioners, 11% among relaxed disability pensioners, 1.5% among unemployment pensioners and 0.7% among full- and part-time early retirees. Responses are not biased by gender, civil status or prior socio-economic status.

**Table 25.** Comparison of financial well being between Danish early retirees in different pathways. Analysis of variance (GLM), *b* coefficients, std. errors in parenthesis, *F* value in bold.

	Mean	N	
			<b>20.32***</b>
Full- and part-time early pathway	2.90	1044	0.29*** (0.06)
Unemployment pathway	2.62	134	0.00 (0.10)
Relaxed disability pathway	2.33	155	-0.28** (0.10)
Disability pathway	2.62	325	0
$R^2=3.6$			

The experiences of financial well being among full- and part-time early retirees are connected with civil status, socio-economic status, retirement experience and health (see appendix table 16). Marriage seems to protect early retirees from experiencing financial hardship. Prior white-collar background is also related to a higher level of financial well being compared to prior blue-collars. Health problems are again related to experiences of diswelfare. The experience of exit also seems to be connected with experiences of financial well being, experiences of expulsion are related to lower levels of well being. It must be notified that the explanatory power of the model is weak.

The experiences of financial well being of unemployment pensioners cannot be explained by these variables. Also the variance in the experiences of social contacts and social acceptance were left unexplained. Results suggest that the tested independent variables are ‘wrong’ and therefore unable to explain the variance. The experiences are too homogenous in relation to these independent variables.

Among both disability-based early retirees, the level of subjective financial well being is related to age and health problems. Health problems increase financial hardship as stated many times above. It seems to be that financial adjustment to retirement among disability-based pensioners also occurs within age.



Experiences of financial well being are strongly related to health in Denmark. However, other common factors, which would hold within each pathway of exit, related to financial well being were not defined.

## Summary

The perception of the early exit in terms of subjective experience of well being is different in Finland and Denmark. In Finland, early retirement is perceived in two dimensions, social and financial well being. In Denmark, well being is perceived in three dimensions, social contacts, social acceptance, and financial well being. Mainly the results indicate that the general level of well being measured with these dimensions is rather high. This implies that early exit per se is not related to a decline in well being.

The results indicate that in Finland, ordinary disability pensioners have the lowest levels of well being followed by unemployment pensioners. The level of well being is highest among relaxed disability pensioners and full- and part-time pensioners. In Denmark, the 'rank order' of the early retirees in terms of well being is different. Both of the disability-based early retirement groups have lower levels of well being, followed by unemployment pensioners. Also in Denmark, full- and part-time early retirees are, in terms of well being, the well offs. However, relaxed disability pensioners' financial well being is significantly lower compared to other early retirees, which means that in terms of financial well being, relaxed disability pensioners are the worst offs.

Health is a strong determinant of well being in both countries. According to these results, the importance of good health cannot be underestimated. Any other factor is not able to explain well being in all pathways and both countries. Despite that, some interesting similarities can be pointed out. In Finland, the experiences of well being among so-called voluntary early retirees and unemployment pensioners are related to the experience of exit and socio-economic status. In Denmark, so-called voluntary early retirees' well being is also connected to the experience of exit, but also civil status. Among disability-based pensioners, the common determinant of well being seems to be age. This

result suggests that among disability pensioners, the adjustment to retirement occurs with age.

In Finland the postal survey resulted in a number of non-responses within the data. In Denmark, where the data was collected by phone interviews, the problem of high non-response rates is insignificant. However, the results in Finland and Denmark are mainly in line with each another and therefore it can be assumed that the high non-response rates in Finland do not disturb the results substantially. A problem may be that in Finland the non-responses were sometimes biased to blue-collars. As a result, the tests between socio-economic groups may be defective. In Denmark, the non-response rates were biased towards disability-based early retirees, which may have disturbed the results also.

### ***5.3.2 Changes in general well being – disengagement, continuity or activity***

This section sheds light on the issue whether early exit is disengagement, continuity or activity for early retirees' general well being. In the previous section, the welfare consequences of early retirement focused on the nature of change in well being, which were defined as social and financial consequences. The results did not suggest large deficits in the experienced well being. This confirms the original assumption that early retirement is continuity. However, the interest of this chapter is in the change of well being rather than continuity, and therefore the chapter aims also to analyse for whom early exit is disengagement or increased well being.

Change in well being, for better or worse, is interesting. These results will increase the knowledge of the outcomes of early retirement in early retirees' own subjective evaluation. The aim of social security schemes is to guarantee the livelihood of individuals in different life cycles. Therefore, it could be argued that continuity of well being would be the best or most desired outcome from the social security system's point of view. If early exit produces increasing well being, it raises an interesting question; what is going on in the labour

market if early exit increases well being? The third possible outcome is the negative welfare effect, decreased well being. This would be problematic from the social security system's point of view, which is aiming at supporting the well being among those dependent of the welfare state.

Figure 22 presents the perceived changes in well being<sup>30</sup>. According to the results there is evident increase as well as continuity in the level of well being. For some early retirees, early exit is related to decreased well being. However, this group forms a minority. There is an interesting difference between the perceptions of early exit in Finland and Denmark. In Finland, well being is most often perceived to increase after exit, whereas in Denmark, the level of well being is perceived to remain at the same level or increase. Thus, there are differences between the pathways in these countries.

Generally, the theory of activity receives rather strong support in Finland. Well being increases most commonly among full- and part-time early retirees and relaxed disability pensioners. Among unemployment pensioners and ordinary disability pensioners, an increase is also common, but not as common as among other early retirees. However, when the likelihood for increase in the level of well being is tested against the continuity of the level of well being with multinomial logistic regression analysis, the differences between the pathways do not appear to be significant in Finland (table 26).

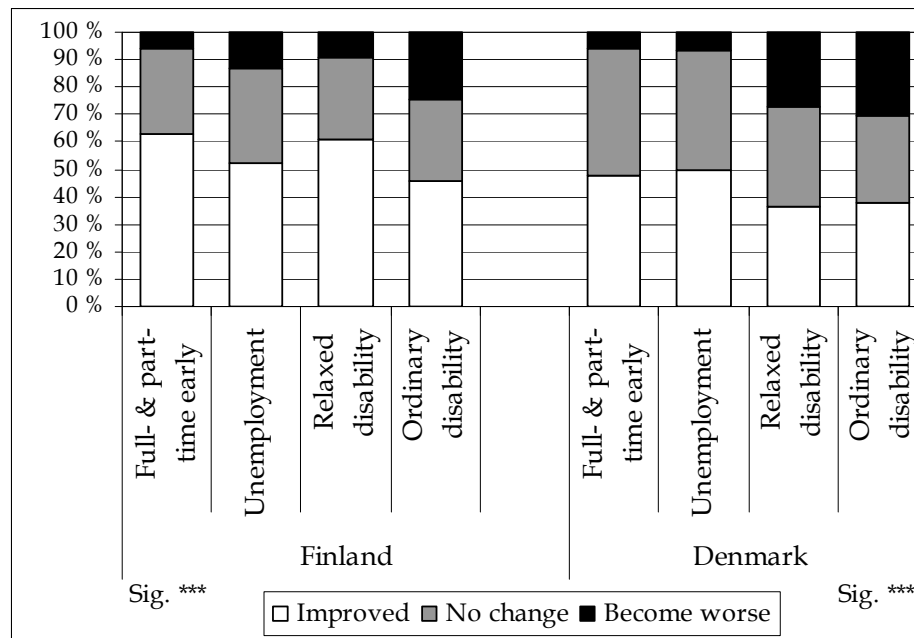
The theory of continuity also receives support in Finland, but not as much as was expected. For one third of early retirees, early exit is continuity and there does not seem to be any differences between the perceptions of individuals in different pathways. Decreasing well being is most common among ordinary

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<sup>30</sup> Original wording: How has retirement influenced your general well being? Has it improved, become worse or stayed unchanged after retirement? The answering options were improved a lot, improved a little, remained the same, a little worse, a lot worse. In Finland, the non-response rates are again high: 24% among full- and part-time early retirees, 23% among unemployment pensioners, 20% among relaxed disability pensioners and 27% among ordinary disability pensioners. Among full- and part-time, unemployment and ordinary disability pensioners the non-responses are biased towards blue-collars, which may disturb the results. In Denmark, the non-response rates are low, among full- and part-time early retirees 1%, unemployment pensioners 0%, relaxed disability pensioners 12% and ordinary disability pensioners 7%. Non-responses are not biased by gender, socio-economic status or civil status. However, the fact that non-response rates are higher among disability-based pensioners may disturb the results.

disability pensioners (25%). This decrease is likely related to health problems. Also, unemployment pensioners (13%) and relaxed disability pensioners (10%) report decreasing well being, however, compared to ordinary disability pensioners, their well being is likelier not to change due to exit (table 26). Among full- and part-time early retirees, the theory of disengagement receives support only among the minority (5%).

**Figure 22.** *Changes in general well being.*



\*\*\*p<0.001, \*\*p<0.01, \*p<0.05

In Denmark, early retirees seem to diverge clearly into two groups (figure 22). Full- and part-time early retirees and unemployment pensioners form the first cluster and disability-based pensioners form the other cluster. In the first cluster, approximately 50% report increasing well being and 45% no change in general well being. This indicates that both theories, i.e. the theory of continuity and

activity receive nearly as much support. Decreasing well being is relatively rare among these early retirees, and no more than 5% report decrease. The results concerning Danish disability-based pensioners offer equal support to all three theories, as one third of disability-based early retirees report an increase, one third no change and one third a decrease in the level of well being. When multinomial logistic regression analysis is applied, the results confirm that among disability-based early retirees, a decrease in the well being is more likely compared to other early retirees (table 26). However, the likelihood for increased well being compared to continuity does not differ significantly between the pathways.

**Table 26.** Comparison of increased and decreased well being between early retirees in different pathways in Finland and Denmark. Multinomial logistic regression analysis, odds ratios, std. errors in parenthesis.

	Finland			Denmark		
	N	Increased well being	Decreased well being	N	Increased well being	Decreased well being
Full- and part-time pathway	152	1.33 (0.21)	0.23*** (0.38)	1042	0.87 (0.15)	0.14*** (0.19)
Unemployment pathway	238	1.01 (0.18)	0.47** (0.24)	136	0.98 (0.22)	0.16*** (0.38)
Relaxed disability pathway	204	1.33 (0.19)	0.37*** (0.29)	154	0.85 (0.23)	0.79 (0.25)
Disability pathway	488	1	1	326	1	1
Nagelkerke R <sup>2</sup>	5.5			10.1		

So far these results have indicated that the early retirement pathway is significantly related to experiences of decreased well being, whereas not to increased well being compared to no change in well being (table 26). Results concerning Finland and Denmark are identical in this sense. Next, the aim is to investigate if the change in well being within pathways of exit is related to the

experience of exit or other assumed independent variables presented and discussed in section 4.2.3. As above, the analysis is carried out by the multinomial logistic regression analysis for a three-category dependent variable (more detailed presentation in section 4.4). The odds are produced for those whose well being has increased and decreased compared to those who report no change. At first step, each independent variable is tested individually and following that the models are built using a forward selection procedure. Each independent variable's pure effects are presented in the tables (appendix table 17 for Finland and table 19 for Denmark). After that, the final models are presented if the construction of the model was overall reasonable (appendix table 18 for Finland and 20 for Denmark).

Among Finnish full- and part-time early retirees, age and prior work satisfaction seem to be connected with change in the level of well being (appendix table 17). These effects suggest that increase in general well being is likely to occur with young age and among those who have had lower work satisfaction. However, when these variables, in addition to other non-significant independent variables are tested forwardly, model construction fails due to insignificant connections. This means that with the used independent variables it is not possible to estimate in which direction well being is experienced to change.

Finnish unemployment pensioners' prior socio-economic status, experience of exit, prior work satisfaction as well as health problems determine the direction in which individuals have experienced that their general well being has changed (appendix table 17 and 18). Well being is likely to increase, compared to continue, if early exit is experienced as release or pull out of work. Also, low work satisfaction is related to increase in general well being. The results suggest that exit through the so-called involuntary unemployment pathway may result in an increase in well being, if retirement is experienced as release and prior work was not very satisfying. Experiences of decreased well being among unemployment pensioners are related to blue-collar status, experience of expulsion and health problems.

The direction of change in general well being among relaxed disability pensioners is related to health problems (appendix table 18). At the first stage,

the results suggest that low work satisfaction is related to an increase in general well being and health problems are related to a decrease in general well being. However, the model construction indicates that only health determines the direction in which well being is experienced to change.

Among Finnish ordinary disability pensioners, an increase in well being, compared to no change, is likeliest to occur among women and those living alone (appendix table 18). A decrease in the level of general well being, compared to no change, is likeliest to occur among those living alone and having health problems. The results suggest that marriage guarantees continuity in terms of well being for disability pensioners, while being single may be a blessing or a curse.

Overall, the independent variables inadequately predict the direction which well being is experienced to change after retirement in Finland. Most interestingly, the experience of exit performed poorly; although it is connected to change in well being among unemployment pensioners. Interesting is that also gender, civil status and socio-economic status do not confirm a similar connection with the change in well being within different pathways. This may be due to the fact that the number of valid cases is rather small and therefore proper model construction fails. The only shared determinant of the change in general well being is health.

In Denmark the model construction within the pathways of exit succeeds better than in Finland. Full- and part-time early retirees in Denmark have experienced an increase in their well being, compared to no change, if they are relatively young and had low work satisfaction. A decrease in well being is likely among expelled and not so healthy 'voluntary' early retirees. A previously presented notion suggests that exit through the so-called voluntary early retirement pathway is related to an increase in well being. These results suggest that if retirement is experienced as expulsion, this notion is falsified.

Danish unemployment pensioners' well being is likely to increase if they experienced early exit as release or pull, also a young age is connected to an increase in general well being. Only bad health determines unemployment pensioners' decreased well being. Also, among both disability-based pensioners, health problems are determining factor for decreasing well being. However,

among relaxed disability pensioners, young age is also related to decreased well being. Ordinary disability pensioners' well being is likely to increase, if prior work was experienced less satisfying.

In Denmark, health is a commonly shared determinant of well being. In addition, among non-disability based early retirees, change in well being is related to experience of exit as well as age. Other independent variables did not prove to be significant determinants of the direction of changed well being.

To conclude the findings concerning changes in the well being. Early exit is disengagement in terms of well being for a small number of early retirees. Mainly, early exit is connected with continuity or an increase in well being. The pathways of exit do not differ significantly when increase and continuity of well being is compared. However, decreased well being is most common among ordinary disability pensioners and, in Denmark, also among relaxed disability pensioners.

The results in Finland and Denmark, while investigating changes in well being by pathways of exit, do not propose that the same factors determine the direction of change in well being. Gender, civil status, prior socio-economic status, age, years spent as a retiree and work satisfaction all failed to suggest similar kind of connection with the change in well being within the pathways of exit. Only health seems to be a common determinant of the change in well being. In Finland, the poor performance of the models may very well be due to the high non-response rate.

In this research the experience of exit has a central role and therefore it should be discussed a bit further. Although the results do not totally confirm a similar pattern between the experience of exit and experienced change in well being, some cautious notions can be made. The idea that exit through so-called voluntary early retirement scheme is directly related to an increase in well being can be doubted. Firstly, even those retiring through these so-called voluntary schemes whom have experienced exit as release or pull are not likelier to experience an increase in their well being compared to those who experience exit as expulsion. Secondly, if exit is experienced as expulsion, well being is likelier to decrease rather than to continue at the same level or increase. However, the results suggest a different connection for those retiring through the



unemployment pathway. Among them the escape from unemployment is related to increase in well being, if exit is perceived as release or pull compared to the experience of expulsion. This suggest that exit through these so-called involuntary schemes may promote well being, if exit is perceived as release or pull. But, also among the unemployment-based pensioners decrease in well being is related to the experience of expulsion.

An important thing to notice is, that, while the lack of some resources indicates a decrease in well being, existence of that same resource does not necessarily indicate an increase in well being. This is, for example, the case with health; health problems are related to a decrease in well being, but good health does not predict an increase in well being. Therefore, the results suggest, although seldom notified, that lack of a resource or having the resource are not inverse phenomena. Eliminating the lack of resource may eliminate diswelfare, but does not necessarily lead to an increase in well being.

### **5.3.3 Summary**

This chapter has addressed the experienced change in well being among early retirees. Firstly, the dimensions of well being were defined as social integration and financial well being in Finland and social contacts and social acceptance as well as financial well being in Denmark. This suggested that the welfare consequences of early retirement are perceived differently in Finland and Denmark. Secondly, changes in general well being were investigated. All of these subjective measures of well being indicate rather high levels of well being among early retirees. Therefore, the theory of activity and continuity receive strong support. However, for some early retirees early retirement is related to decreased well being.

When early retirees in different pathways of exit are compared, the results suggest that the worst offs among Finnish early retirees are ordinary disability pensioners, followed by unemployment pensioners. For them early retirement can be disengagement. The level of well being is higher among full- and part-

time early retirees and relaxed disability pensioners. In Denmark, the worst offs are both disability-based pensioners, followed by unemployment pensioners. The full- and part-time early retirees can be regarded as the well offs, just like in Finland. However, when financial well being was used as a measure of well being, for Danish relaxed disability pensioners, diswelfare became evident. The two pathways of exit, which varied the most between the countries, the relaxed disability pathways produce different outcomes in terms of subjective well being. Finnish relaxed disability pensioners' level of well being seems to be higher in a Finnish context, compared to Danish relaxed disability pensioners' level of well being in a Danish context.

The chapter aimed to find determinants of low or decreased well being by pathways of exit. These determinants are listed in table 27. In Finland, three measures of subjective well being were used and in Denmark four. It can be said that if the factor listed in the below table is related to low or decreased well being with two or more measures of well being, it can be regarded as a strong determinant of diswelfare. These strong determinants are marked as bold in the table. Strong, common determinants of subjective diswelfare are rare. Only health problems seem to be connected quite unanimously, in each pathway and both country, with decreased or low well being. Among so-called voluntary early retirees and Finnish unemployment pensioners, the experience of expulsion is associated with low well being. In Finland, also prior socio-economic status plays an important role suggesting that early exit continues to reproduce the same stratification that occurs in the labour market. However, this is not the case in Denmark where 'voluntary' early retirees living alone have lower levels of well being.

Common factors determining low levels of well being among relaxed disability pensioners, in addition to health, were not found. In Finland, low well being is related to time spent as a retiree, whereas in Denmark to a relatively young age. Ordinary disability pensioners' low level of well being is related also to young age. In Finland, disability pensioners living alone have a high risk of marginalisation as civil status determines the level of well being among ordinary disability pensioners so strongly.

*Table 27. Determinants of decreased well being by country and pathway.*

		Full- and part-time early pathway	Unemployment pathway	Relaxed disability pathway	Ordinary disability pathway
Finland					
	Social integration	Men Blue-collars Expulsion Health problems	Expulsion Health problems Low work satisfaction	Long time retiree Health problems	Living alone Relatively young Long time retiree Health problems
	Financial well being	Low work satisfaction Blue-collars Expulsion Health problems	Blue-collar Expulsion Health problems	Women Long time retiree Health problems	Living alone Relatively young Health problems
	Decline in well being	Blue-collars Expulsion Health problems		Health problems	Living alone Health problems
Denmark		Full- and part-time early pathway	Unemployment pathway	Relaxed disability pathway	Ordinary disability pathway
	Social contacts	Living alone Expulsion Relatively old, recent Health problems		Blue-collar Relatively young Health problems	Men Relatively young Health problems
	Social acceptance	Living alone Expulsion Health problems		Relatively young Health problems	Relatively young Health problems
	Financial well being	Living alone Health problems Blue-collar		Relatively young Health problems	Relatively young Health problems
	Decline in well being	Expulsion Health problems	Health problems	Relatively young Health problems	Health problems

The fact that the data sets were collected differently resulted in a situation of high non-responses in Finland compared to Denmark. This may weaken the reliability of the results. The data collection method seems to matter at least when the questions concern a subjective evaluation of one's own well being.

From the theoretical point of view the results propose that in addition to health, perception of exit is also related to subjective well being, at least among non-disability-based early retirees. Therefore, it is important to distinguish the truly voluntary early retirees from those who exit through the so-called voluntary early retirement pathway, but have not experienced their exit as a voluntary choice but rather as an expulsion.

## **5.4 Comparing the level of well being between the ageing employed and early retirees**

In the previous section (5.3), the level of well being among early retirees was investigated as a subjective experience. In this section, the aim is to compare the level of well being between early retirees and the ageing employed (this section has been partly reported in Saurama 2002a). The measures of well being are not strictly objective or subjective. The measures of well being are the same that are used in the level of living surveys in the Nordic countries. This chapter compares the level of well being by using more objective-like measures of well being, although they include elements of subjectivity. The chapter addresses first, social support (this section has been partly reported in Saurama 2002b), secondly, political capability and thirdly, economic resources. The chapter ends with an investigation of the accumulation of diswelfare.

### **5.4.1 Social support**

Social contacts with other people are a central part of human life. Social contacts and social support are meaningful for an individual and they are a resource: social support is acknowledged to be connected to well being and health (Knipsheer & Antonucci 1989) as well as coping with stressful life events (Bergman & Syme 1979). The family is often considered as a primary source of integration into society. In western societies, a growing number of people live alone without the primary family. Though living alone has become more common, the majority of people do not live alone. The majority of early retirees and the ageing employed are married or cohabiting, even though there are significant differences in the civil status of early retirees and the ageing employed (table 28)<sup>31</sup>. The results indicate that ageing employees' civil status

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<sup>31</sup> The analysis is carried out by pair-wise cross tabulation. All of the other groups are compared to the ageing employed who are not planning to exit early.

does not differ between exit planners and non-planners. However, it seems to be that ordinary disability pensioners, and in Denmark also relaxed disability pensioners, are more often living alone either because they are unmarried, divorced or widowed. This is the case in both of the countries.

**Table 28.** *The civil status of early retirees and the ageing employees, %.*

Finland					
	Married/ cohabiting	Unmarried	Divorced	Widow	Sig/N
Disability	60.9	17.8	15.8	5.5	***/(658)
Relaxed disability	74.1	7.8	8.2	9.8	*/(255)
Unemployment	74.8	5.0	11.6	8.6	ns/(301)
Full- & part-time early	74.9	8.5	8.0	8.5	*/(196)
Ageing employed-exit planners	78.7	6.7	13.1	1.3	ns/(150)
Ageing employed-non planners	79.1	5.0	12.9	2.9	(139)
Denmark					
	Married/ cohabiting	Unmarried	Divorced	Widow	Sig/N
Disability	57.6	14.9	15.2	12.3	***/(349)
Relaxed disability	64.2	9.2	16.2	10.4	***/(173)
Unemployment	77.3	2.9	9.6	10.3	*/(136)
Full- & part-time early	81.2	4.9	4.9	9.1	*/(1051)
Ageing employed-exit planners	85.3	4.1	7.1	3.5	ns/(482)
Ageing employed-non planners	85.2	6.9	5.9	2.0	(203)

ns= non-significant connection

There are also significant differences in the labour force participation of the spouse of an early retiree compared to the spouse of the ageing employed (table 29). In both countries, the spouse of an early retiree is also often out of the

labour market. This speaks in favour of the joint retirement decision among ageing couples. However, this kind of conclusion cannot be made solely on the basis of this, because there is also an age effect, which is not controlled for here.

**Table 29.** *Spouse's labour market status, %.*

Finland				
	Working	Unemployed	Not working	Sig/N
Disability	38.4	10.3	51.3	***/(302)
Relaxed disability	17.8	6.7	75.6	***/(135)
Unemployment	21.5	6.3	72.2	***/(158)
Full- & part-time early	29.3	11.2	59.5	***/(116)
Ageing employed-exit planners	79.3	5.2	15.5	ns/(116)
Ageing employed-non-planners	74.0	5.0	21.0	(100)
Denmark				
	Working	Unemployed	Not working	Sig/N
Disability	46.3	3.7	50.0	***/(188)
Relaxed disability	41.6	5.0	53.5	***/(101)
Unemployment	42.1	3.7	54.2	***/(107)
Full- & part-time early	24.6	1.9	73.5	***/(853)
Ageing employed-exit planners	74.0	3.6	22.4	ns/(411)
Ageing employed-non-planners	80.8	0.6	18.6	(172)

Having a primary family or not is one way to approach the issue of social support. Another way is to examine the quality of social support as having a reliable friend to talk to outside the family. If one lacks social support outside the family, it is not alarming, if one has a family. If both of the social resources, family and a friend are lacking, the situation may be harsh for an individual.

Results presented in table 30 indicate that the majority of the ageing population have qualitative social support in both countries. In Finland, approximately 25% of the ageing is lacking a reliable friend outside the family. Having a reliable friend does not vary between early retirees in different pathways and the ageing employed. Also in Denmark, approximately a quarter of the ageing population is lacking qualitative social support, but unlike in Finland, there are differences between early retirees and ageing employed. In Denmark, the ageing employed seem to be likelier to have a reliable friend outside the family compared to all early retirees. However, the difference is significant only as compared to relaxed disability pensioners and unemployment pensioners.

**Table 30.** *Lack of a reliable friend outside the family, %<sup>32</sup>. Logistic regression analysis, odds ratios, std. errors in parenthesis.*

	Finland		Denmark	
	%	Odds ratio	%	Odds ratio
Ordinary disability pension	25.3	1.02 (0.26)	26.9	1.45 (0.21)
Relaxed disability pension	22.5	1.06 (0.24)	30.1	1.69* (0.24)
Unemployment pension	25.0	0.93 (0.25)	29.6	1.66* (0.26)
Early & part-time pension	24.2	1.08 (0.22)	25.6	1.35 (0.19)
Ageing employed- exit planners	25.7	1.10 (0.28)	18	0.86 (0.21)
Ageing employed- non-planners	23.9	1	20.2	1

Danish results may suggest that in Denmark, labour markets are more integrative arena of life as they provide individuals social support outside the immediate family. When early retirement through unemployment or relaxed disability

<sup>32</sup> Non-response rates are low in both countries. In Finland, 3.2% among ordinary disability pensioners, 2.7% among relaxed disability pensioners, 3.6% among unemployment pensioners, 1.5% among full- and part-time early retirees, and 3.1% among the ageing employed. In Denmark, 1.7% among ordinary disability pensioners, 0.6% among relaxed disability pensioners, 0.7% among unemployment pensioners, 1.1% among full- and part-time early retirees and 1.3% among the ageing employed.

pathway takes place, the lack of a reliable friend outside the family as well as work becomes evident. However, these kind of conclusions of causality cannot be drawn due to the cross sectional data. A second interpretation could be that in Denmark, those who lack social support outside the immediate family are likelier to exit early. Also, this interpretation should be avoided due to the limits of the data. Instead it can be concluded that the level of social support is lower among some Danish early retirees than the ageing employed.

Although qualitative social support seems to be strong among the ageing population, still approximately a quarter is lacking this support. Next, the analysis aims to find out who is lacking social support. The question is what determines the lack of social support, lack of social resources outside one's family?

The analysis is carried out by logistic regression analysis separately by pathways of exit and the ageing employed. Previous research was discussed in chapter 3. On the basis of those studies, gender, civil status, socio-economic status, age, and the current health problems are taken into analysis as independent variables (see section 4.2). This analysis aims to seek if these factors determine the lack of social resources. First, all of the above variables were investigated separately to find the significant variables (appendix table 21 for Finland and appendix table 23 for Denmark). After that the aim has been to construct a model using forward procedure (appendix table 22 for Finland and appendix table 24 for Denmark).

In Finland, results indicate unanimously that men are likelier to lack social support (appendix tables 21 and 22) compared to women. In Finland, married or cohabiting early retirees are likelier to lack social support than those living alone. This is contradictory to the previous studies, especially compared to US research evidence. It has been stated that married or cohabiting couples have more social support. However, this is not the case in Finland. This finding is, however, comforting, because it indicates that people living alone do not lack social resources, because they have friends whereas married people have their spouse. The significant difference between married and non-married vanishes among ordinary disability pensioners and the ageing employed when all of the variables are tried to adjust to the same model. Socio-economic status, age or



health does not determine the lack of social support in Finland. Especially the missing connection between health problems and lack of social support is encouraging.

Also in Denmark, men are likelier to lack social support than women (appendix table 23). However, this connection is not significant among disability-based early retirees (appendix table 24). Socio-economic status is related to a lack of social support among full- and part-time early retirees, ordinary disability pensioners and among the ageing employed. This supports the findings of Mutran and Reizes (1981), who discovered that higher socio-economic status is related to social activity. Lack of social support increases with age as well as health problems among the ageing employed. This can be problematic, because as one ages and becomes weaker the importance of social support increases.

Lack of social support cannot be regarded as a problem among early retirees or the ageing employed in Finland and Denmark; although in Denmark it is more common than in Finland. Results suggest that support is mostly missing from men. Lack of social support does not accumulate with people already living alone, and therefore it cannot be regarded as a problem. Comforting is also the fact that health problems are not related to lack of social support.

#### **5.4.2 *Political capability***

Social networks, which individuals construct, form the framework in which people live. Social contacts with other people are important to individuals. Individuals can depend on their social networks and social support in times of need. Social resources may also provide individuals with political capabilities, resources, if one is not capable to manage by oneself. The main objective in this section is to compare the level of political capability between early retirees in different pathways of exit and ageing employed. The measure of political capability assesses individual's capability to act for his own interests if public authority would mistreat him (see Fritzell & Lundberg 2000).

The first hypothesis to be tested states that there are differences in the political capability between early retirees in different pathways and the ageing employed. Disability-based pensioners and unemployment pensioners are assumed to have the lowest political resources.

Political capability is relatively high in both countries (table 31). If people are not capable themselves, they are able to receive support from their friends. In Denmark, this capability seems to be generally higher than in Finland. In Finland, the weakest political resources are among ordinary disability pensioners and unemployment pensioners. In Denmark, both disability-based early retiree groups have the weakest resources. Danish unemployment pensioners' and full- and part-time early retirees' political capabilities differ significantly from the ageing employees' capabilities. Mainly it is due to the fact that they are more often unable to write a letter of complaint themselves. In both countries, the ageing employed and voluntary full- and part-time pensioners seem to be the most capable of writing a letter of complaint or getting help with it.

**Table 31.** *Political capability, %<sup>33</sup>.*

	Finland				Denmark			
	Able	Not able, but can get help	Not able and can't get help	Sig/(N)	Able	Not able, but can get help	Not able and can't get help	Sig/(N)
Ordinary disability	54.6	27.5	17.9	***/(614)	71.1	21.0	7.9	***/(343)
Relaxed disability	71.6	17.9	10.5	ns/(229)	67.4	22.7	9.9	***/(172)
Unemployment	56.3	26.4	17.3	***/(284)	78.5	17.7	3.8	*/(130)
Full- & part-time early	73.3	22.5	4.2	ns/(191)	80.5	15.9	3.6	**/(1031)
Ageing employed-exit planners	73.5	20.4	6.1	ns/(147)	83.5	13.0	3.6	ns/(478)
Ageing employed-non planners	74.0	17.3	8.7	(127)	88.7	7.4	3.9	(204)

Further analysis is carried out by logistic regression analysis as it was done in the previous section. Models are again built separately for each pathway of exit as well as the ageing employed in both countries. Effects of single factors and models are presented in appendix tables 25-28.

In Finland, the one and only determinant of political capability seems to be prior socio-economic status (appendix tables 25 and 26). Prior blue-collar employees in each pathway of exit have lower political capabilities compared to white-collars. Interesting is that this is however not the case among the currently employed. This may suggest that labour markets provide support for individuals in this sense. It seems to be that Finnish ordinary disability pensioners' political incapability is related to relatively young age.

<sup>33</sup> Non-response rates are relatively low in Finland and very low in Denmark. In Finland, non-response rates are among ordinary disability pensioners 7.7%, relaxed disability pensioners 10.5%, unemployment pensioners 7.5%, full- and part-time early retirees 5% and among the ageing employed 5.8%. Among relaxed disability pensioners, unemployment pensioners and full- and part-time early retirees non-responses are biased to blue-collars, which may disturb results. Non-response rates in Denmark are among ordinary disability pensioners 2.9%, relaxed disability pensioners 1.1%, unemployment pensioners 4.4%, full- and part-time early retirees 1.9% and the ageing employed 1.9%.

Also in Denmark socio-economic status reflects an individual's capabilities to act in his own interest (appendix tables 27 and 28). Interesting is however, that this connection is significant only among full-and part-time early retirees and currently employed. In this respect the results differ from Finland where the connection was significant among all early retirees, but not among the currently employed.

In Denmark, the factors used in the analysis are not connected to unemployment pensioners' or relaxed disability pensioners' political capabilities. Female ordinary disability pensioners have significantly lower capabilities than male disability pensioners. Among others, gender differences are not significant. Results suggest that among the ageing employed those living alone have lower capabilities than those who are married.

Overall, the ageing population has relatively good political resources, either themselves or with the help from friends. Political capabilities are strongly related to socio-economic status. The other determinants of the lack of political resources are country or early retirement pathway specific and do not allow generalisations.

### **5.4.3 *Economic well being***

The three types of rights defined by Marshall (1950) included the civil rights, political rights and social rights. Political rights and capabilities were discussed in the previous chapter and now the aim is to discuss social rights in terms of economic integration. Marshall argued that the aim of social rights is to secure individuals economic welfare and the right to live life according to the standards of the prevailing society. Therefore, the fulfilment of social rights is quite often measured through income level as well as experienced financial hardship.

The lack of financial resources, money, can be seen as an indicator of marginalisation. Yet, it should be taken into account that even if the income level of an individual or household does not reach the standards of the prevailing society, individual can still get along in the situation. On the other hand, a household may have a sufficient level of income but its members might still

experience difficulties in making ends meet. Therefore, in this study, both of the indicators, actual income as well as experienced difficulties, are investigated further, in order to answer the question do early retirees have lower financial resources than the ageing employed.

At first, the income level of early retirees' and their household will be examined. In this study, income refers to gross income, i.e. income before taxes are deducted. A usual income measure is disposable income, income after taxes have been deducted. In this study, gross income is used because there was only information about gross income in the Danish study. It should also be noticed that many respondents did not want to clarify their income level and therefore the share of non-responses is rather high. As usual, the households are made comparable using equivalence scales. Here the scale is the old OECD scale<sup>34</sup>.

As both income measures are based on gross income, country comparisons should be avoided, because the taxation effect is not possible to estimate. Differences between countries are also related to the fact that pensions are awarded in different ways. As described in section 4.1 the role of national and employment pension is very different. This results in the fact that in Finland and Denmark, the importance of national and employment pensions are very different in early retirees' income package.

In Finland, the majority of the early retirees receive an earnings-related pension, which is related to previous income level as well as length of employment. In Denmark, the situation is different. Disability-based pensioners mainly receive a national pension, which is not based on previous income level, but on paid contributions. The pension is means-tested against income and also depends on civil status. The full-time early retirement pension is related to income level, but also length of retirement. (Laitinen-Kuikka et al. 2002.) These differences will reflect on the income level of early retirees'.

Income level, both personal and the household's income level, illustrate the same rank order between the early retirees in different pathways of exit in terms of financial well being than has been witnessed with other non-financial measures of well being (table 32). In Finland, ordinary disability pensioners have the lowest income levels, followed by unemployment pensioners, relaxed disability pensioners and finally full- and part-time early retirees.

In Denmark, disability-based pensioners, especially relaxed disability pensioners have lower income levels compared to others. This is in line with the fact that the relaxed disability pension is lower in Denmark than ordinary disability pension (Laitinen-Kuikka et al. 2002). Full- and part-time early retirees' and unemployment pensioners' income level does not differ much in Denmark on either measure of income.

**Table 32.** *Early retirees and their household's gross income.*

Personal gross income/month, euros						
	Finland			Denmark		
	N	Mean	Median	N	Mean	Median
Ordinary disability pension	531	1064	875	278	1404	1121
Relaxed disability pension	199	1355	1177	140	1295	1043
Unemployment pension	236	1104	940	116	1500	1345
Early & part-time pension	166	1454	1211	898	1533	1457
Ageing employed-exit planners	132	2068	1850	461	3225	2803
Ageing employed – non-planners	112	1863	1640	188	3414	3363

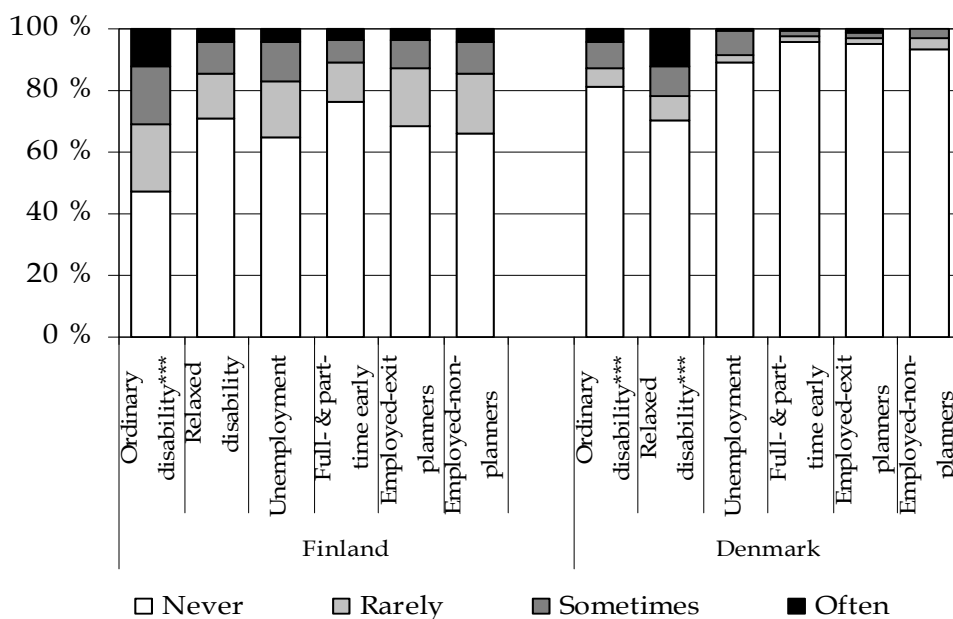
Household's equivalent income <sup>34</sup> , euros						
	Finland			Denmark		
	N	Mean	Median	N	Mean	Median
Ordinary disability pension	528	1152	989	276	1498	1319
Relaxed disability pension	199	1489	1345	143	1444	1076
Unemployment pension	232	1220	1182	116	1742	1599
Early & part-time pension	165	1652	1514	903	1638	1517
Ageing employed-exit planners	131	1901	1731	461	2915	2802
Ageing employed – non-planners	113	1666	1484	189	2995	2711

Actual income level is one way to investigate the financial situation of ageing households. It offers an objective measure of income, but does not offer

<sup>34</sup> OECD equivalence scale (first adult=1, other adults=0.7, under 18 years old children=0.5). Income is gross income of the household.

information on how households actually experience their level of income in financial terms. Therefore, it is important also to investigate the experienced difficulties in paying necessary expenses, which will give information on income level in terms of sufficiency. The results are presented in figure 23.

**Figure 23.** Experienced difficulties in paying necessary expenses<sup>35</sup>?



The results indicate clear differences between the two investigated countries, although the ageing mainly have not had differences in paying necessary

<sup>35</sup> Non-response rates in Finland are 5.4% among ordinary disability pensioners, 3.9% among relaxed disability pensioners, 4.2% among unemployment pensioners, 2% among full- and part-time early retirees and 4.8% among the ageing employed. Despite low non-response rates they are slightly biased in some cases. Among ordinary disability pensioners and the ageing employed, those living alone were likelier to none respond. Also blue-collars in the relaxed disability pathway have higher non-response rate than white-collars in the same pathway. Non-response rates in Denmark are 2% among ordinary disability pensioners, 0.6% among relaxed disability pensioners, 2.9% among unemployment pensioners, 1.4% among full- and part-time pensioners and 2.1% among the ageing employed. These non-responses are not biased by gender, civil status and socio-economic status.

expenses. The differences between the two counties are almost disturbing; in Finland, the ageing have far more often experienced difficulties in paying necessary expenses than the ageing in Denmark. The Finnish recession in the beginning of the 1990's had serious effects on the financial well being of citizens, but because this data has been collected many years after the recession, when the economy had already recovered that cannot explain the results. The assumption that Finns would experience more financial problems receives support, but more strongly than assumed.

The preliminary investigation indicates similar results to the income level investigation; in Finland, ordinary disability pensioners have experienced problems most often. The other investigated groups do not differ significantly from the ageing employed who are not planning early exit. In Denmark, financial difficulties of relaxed disability pensioners and also ordinary disability pensioners are witnessed again. Also among unemployment pensioners financial problems are more common than among the ageing employed, however the difference is not significant.

Next, the investigation aims to find out who are having economic problems within the pathways of exit. The analysis aims to examine if the same factors determine economic problems within each pathway. Analysis is carried out by logistic regression analysis. For this analysis the above described variable is dichotomised. Those who reported having difficulties in paying necessary expenses often or sometimes were defined to have economic problems. Again the results are presented in appendix tables. At first, each independent variables' connection with economic problems are tested (appendix table 29 for Finland and appendix table 31 for Denmark). After that aim has been to construct a model to explain economic problems (appendix table 30 for Finland and appendix table 32 for Denmark).

Economic problems of Finnish full- and part-time early retirees are not related to any tested factors, gender, civil status, prior socio-economic status, age or even health problems (appendix tables 29 and 30). Among unemployment pensioners, health problems increase the risk of having economic problems. Finnish disability-based pensioners' economic problems are related to living alone and having health problems. Ordinary disability pensioners' young age is



also likely to increase financial problems. Among the ageing employed, younger age, living alone as well as a blue-collar background, increases the risk of economic problems. The connection between prior socio-economic status and lack of financial resources was not significant (even pointing in same direction) among early retirees in different pathways of exit.

In Denmark, those full- and part-time early retirees living alone and suffering from health problems are likelier to lack financial resources (appendix tables 31 and 32). However, financial problems are not related to prior socio-economic status. Among Danish unemployment pensioners, the results are interesting. Firstly, factors pure effects (appendix table 31) indicate that financial problems are related to a relatively young age and interestingly good health. However, after entering factors to the model forwardly (appendix table 32) the results indicate that health and age cannot be fitted into the same model. The final model includes gender (which pure own effect was nearly significantly in connection with financial problems) and age. The results suggest that financial problems are likely among relatively young male unemployment pensioners. This pretty much support the disengagement or role loss theory, however stressing the financial aspect of retirement.

Among Danish disability-based early retirees, financial worries are related to health problems and young age. Yet, among ordinary disability pensioners age and health cannot be fitted into a same model due to multicollinearity. Therefore, only age remains as a significant determinant of financial problems. Results support the fact that in Denmark, the disability pension benefits are related to age through employment years and therefore early retirement through disability pathway may cause significant financial worries for younger early retirees. The Danish ageing employed are least likely to experience financial worries and among them none of the factors appear as significant determinants of financial problems. However, after entering factors forwardly into a model, civil status changes from nearly significant factor to a significant factor. Results confirm the findings concerning full- and part-time early retirees; living alone increases the risk of having economic problems.

The results in Finland and Denmark point out different determinants of economic problems among early retirees in different pathways of exit. However,

the main concern should be on the disability-based early retirees in Denmark and ordinary disability pensioners in Finland who have clearly the highest risk of having economic problems. In Finland, the financial problems of ordinary disability pensioners are related to health problems as well as living alone. In Denmark, the problems are also related to health, however most importantly to a relatively young age. These should be in the focus of future studies addressing financial well being among the ageing or pensioners. These results are encouraging as they indicate that the socio-economic stratification, which usually is related to financial problems, seems to be insignificant among the early retirees in different pathways of exit. Especially in Denmark, there doesn't seem to be any connection. In Finland, the connection seems to be there, however, it does not reach a level of significance. Also, this issue could be addressed in future studies more thoroughly and with proper data.

#### **5.4.4 *The accumulation of diswelfare***

Previous chapters have investigated different resources of well being, health, social support, political capability and economic resources. In this chapter, these analyses are brought together with the objective of analysing to what degree these dimensions of well being overlap and do welfare problems accumulate more among early retirees than the ageing employed.

The different welfare problems, lack of resources, have a positive correlation (table 33), which means that having one problem increases the risk of also having another problem. The witnessed connections are mainly weak, but significant.

Two significant and relatively strong correlations are found in both countries. First, lack of economic resources and health problems are strongly connected with each other. This means that financial problems tend to accumulate with those with bad health and vice versa. Secondly, lack of social support is connected with low political capabilities. Connection is relatively strong and significant. In practice, this means that those who lack a reliable friend outside the family are also unlikely able to write or get help in writing an official letter

of complaint. This connection is rather logical. In addition to these similar, rather strong and significant connections, there are some interesting notifications to make. In Denmark, health problems are relatively strongly connected with political incapability, whereas in Finland this connection is weak and insignificant. However, in Finland, political incapability is significantly connected with economic problems, whereas this connection is insignificant in Denmark. Overall it can be argued that the problems seem to accumulate. However, lack of social support and lack of economic resources have a really weak connection, which is not significant. This implies that even family would be on the margins of financial well being, they do not lack social support.

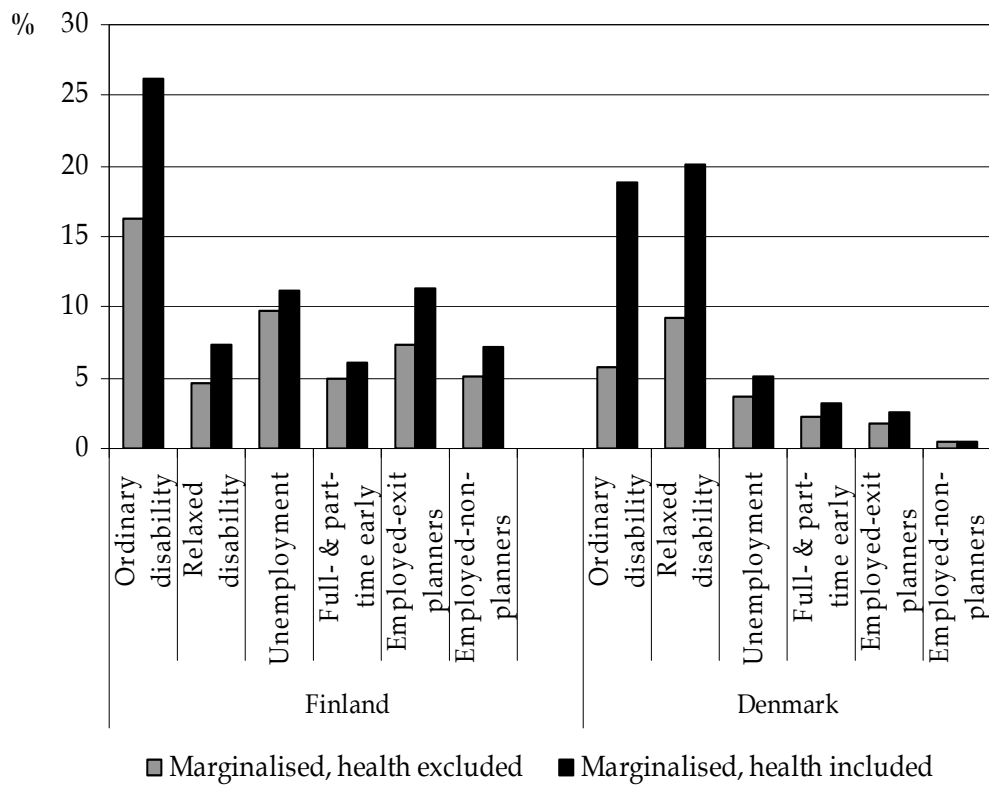
**Table 33.** *Connections between different dimensions of welfare, gamma coefficients.*

	Lack of social support	Lack of political resources	Lack of economic resources
Lack of political resources	FI: 0.40*** DK: 0.33**		
Lack of economic resources	FI: 0.12 DK: 0.07	FI: 0.32*** DK: 0.25	
Health problems	FI: 0.18* DK: 0.11	FI: 0.18 DK: 0.41**	FI: 0.51*** DK: 0.66***

Because the different dimensions of well being have a positive correlation, although not always very strong ones, the next stage is to make an index of these welfare problems (figure 24). Two different indices are created. In the first, health is not included, because it accumulates so strongly with disability pensioners. In the second index, health is included as a component of diswelfare. Two different definitions of marginalisation are used, because the group of early retirees is so heterogeneous when health is considered. In particular, disability pensioners have much poorer health than the other investigated groups. If an individual has two or more of the above discussed welfare problems he or she is

classified as marginalised or having welfare problems (similar operationalisation has been carried out in Fritzell & Lundberg 2000).

**Figure 24.** Share of ageing employed and early retirees having accumulative welfare problems (at least two), %.



In Finland, welfare problems are generally more common than in Denmark. The pattern of accumulation of welfare problems is different in these two countries. In Finland, the vulnerable groups are ordinary disability pensioners and unemployment pensioners. However, unemployment pensioners' risk of having accumulative welfare problems does not differ significantly from the risk of

ageing employees' risk (table 34). In Denmark accumulative welfare problems are most common among both disability-based early retiree groups, especially among relaxed disability pensioners (table 34). When bad health is included as a factor of welfare problem, also unemployment pensioners have a higher risk of having accumulative welfare problems in Denmark. This basically verifies what has been discovered so far with different measures of well being. The ageing employed, especially those not planning early exit, and full- and part-time early retirees, have the least welfare problems. In Finland, the level of well being among relaxed disability pensioners is also relatively high.

**Table 34.** Comparison of risks of having accumulative welfare problems (at least two) between early retirees in different pathways and the ageing employed in Finland and Denmark. Logistic regression analysis, odds ratios, std errors in parenthesis.

	Welfare problems (health excluded)			
	Finland		Denmark	
	N	Odds ratios	N	Odds ratios
Full- and part-time early pathway	200	0.99 (0.51)	1046	3.37 (0.89)
Unemployment pathway	307	2.03 (0.43)	135	5.76 (0.98)
Relaxed disability pathway	254	0.93 (0.49)	174	15.17** (0.90)
Disability pathway	659	3.63*** (0.40)	352	9.02* (0.89)
Ageing employed – exit planners	150	1.48 (0.50)	294	2.55 (0.93)
Ageing employed – non planners	138	1	126	1
Nagelkerke R <sup>2</sup>	5.5		5.8	
	Welfare problems (health included)			
	Finland		Denmark	
	N	Odds ratios	N	Odds ratios
Full- and part-time early pathway	200	0.82 (0.44)	1046	4.68 (0.86)
Unemployment pathway	307	1.59 (0.38)	136	7.79* (0.93)
Relaxed disability pathway	256	1.03 (0.41)	174	36.14*** (0.87)
Disability pathway	663	4.56*** (0.34)	352	33.13*** (0.86)
Ageing employed – exit planners	150	1.64 (0.42)	294	3.82 (0.89)
Ageing employed – non planners	138	1	126	1
Nagelkerke R <sup>2</sup>	9.7		16.2	

Next, the aim is to analyse, who those early retirees having high risk of accumulative welfare problems within pathways are. Analysis is carried out by logistic regression analysis. First, all independent variables are tested

individually and after that a model is built, if possible. The results are presented in appendix tables 33-39. In these analyses, the experience of exit is included as an independent variable for early retirees and retirement planning as an independent variable for the ageing employed.

Among Finnish full- and part-time early retirees, none of the so-called objective independent variables are able to predict accumulative welfare problems (appendix tables 33-34). Not even health problems are significantly connected with accumulative welfare problems. Furthermore, the experience of exit does not seem to explain accumulative welfare problems. However, when all of these factors, gender, civil status, prior socio-economic status, age, health problems and the experience of exit are entered forwardly to the regression model, the experience of exit changes from a nearly significant factor to a significant factor. And as assumed, the experience of expulsion is related to accumulative welfare problems.

Among unemployment pensioners, the accumulative welfare problems are clearly associated with health problems and experience of expulsion (appendix tables 33-34). Other factors are not significantly connected with accumulative welfare problems. Also, among relaxed disability pensioners, health and experience of expulsion determine accumulative welfare problems. However, these cannot be fitted into the same model, because they are too strongly in correlation. This means that the experience of expulsion is mainly related to health problems among relaxed disability pensioners. Among them also blue-collar background increases almost significantly ( $p=0.06$ ) the risk of having accumulative welfare problems.

Ordinary disability pensioners' risk of having accumulative welfare problems is related only to health problems. However, model fitting failed, which suggests that although health problems are connected with accumulative welfare problems, the connection is relatively weak and therefore disability pensioners' health problems do not determine other welfare problems.

Finnish ageing employees' welfare problems are not related to any of the discussed factors, which is surprising. Not even health problems and socio-economic status seem to determine accumulative welfare problems. On the other hand, these ageing employed are in employment, which already suggest that they

are in relatively good position, especially when compared to the ageing unemployed and some of the early retirees.

To sum the findings in Finland. Among Finnish disability-based pensioners, health problems seem to be only so-called objective determinant of accumulative welfare problems, and not a very good one. Among non-disability-based early retirees, objective factors perform also poorly (however, health is a significant factor among unemployment pensioners), whereas the experience of exit seems to determine accumulative welfare problems.

Also, in Denmark, so-called objective factors determine welfare problems poorly (appendix table 35). Among full- and part-time early retirees, socio-economic status, blue-collar background, and experience of expulsion are related to a higher risk of having accumulative welfare problems. Health problems increase the risk of accumulative welfare problems, but because it is strongly correlated with the experience of exit they cannot be fitted into the same model. Among unemployment pensioners none of the factors seem to be connected with welfare problems.

In Denmark, the results confirm the findings in Finland concerning disability-based early retirees. Among relaxed disability pensioners, health problems increase significantly risk of having additional welfare problems. However, among ordinary disability pensioners the connection is weaker and non-significant. Therefore, it can be assumed that among relaxed disability pensioners, accumulative welfare problems are related to health problems, but among ordinary disability pensioners, the high likelihood of having accumulative welfare problems is only slightly related to health problems.

The second index of accumulative welfare problems includes bad health as one component of diswelfare. Next the aim is to analyse if the results change when health problems are included into an index of welfare problems. The results are presented in appendix tables 36-39.

In Finland, the results (appendix tables 36-37) confirm what was discussed above, objective factors are not related to having a higher risk of accumulative welfare problems. Instead, the subjective experience of exit addresses the most vulnerable group as those who have experienced exit as expulsion. This holds among unemployment and relaxed disability pensioners. Among ordinary

disability pensioners, including health as a component of diswelfare, made having accumulative welfare problems an age relevant issue. Younger ordinary disability pensioners are likelier to have accumulative welfare problems. Among the ageing employed including health as a component of welfare problem, made the issue relevant for socio-economic status. The results indicate that blue-collars are likelier to have accumulative welfare problems than white-collars. Due to the connection between gender and socio-economic status they were not adjusted to the same model.

In Denmark, the results confirm what was found in Finland only among the ageing employed. Including bad health as a component of diswelfare, makes the issue of accumulative welfare problems relevant to socio-economic status. Blue-collars are likelier to have accumulative welfare problems, when health is included as a component of welfare problem (this does not hold among unemployment pensioners and ordinary disability pensioners). Very peculiar finding is that the Danish white-collars who have exited through the relaxed disability pathway have a higher risk of having accumulative welfare problems than blue-collars. This connection existed already with the first index of accumulative welfare problems, but was not then significant. Among so-called voluntary early retirees the experience of expulsion is related to a higher risk of having additional welfare problems. And among disability-based pensioners, health made the issue age relevant, indicating that younger disability pensioners have higher risk of having accumulative welfare problems.

To conclude, accumulative welfare problems are not common in Finland or in Denmark among early retirees and the ageing employed. In Finland accumulative welfare problems are most common among ordinary disability pensioners and in Denmark both disability-based pensioners, especially among relaxed disability pensioners. This leads to the assumption that early retirement does not generally lead to diswelfare.

Accumulative welfare problems are, rather surprisingly, not related to usual socio-demographic factors, such as gender, civil status, socio-economic status or age. Especially when the definition of accumulative welfare problems does not include health problems, these objective factors, despite health problems, are unable to define who are the ones having welfare problems. Instead, the



experience of expulsion was found to have a connection with accumulative welfare problems, especially among non-disability-based early retirees. When health was included in the definition of accumulative welfare problems, the issue became relevant also for socio-economic status. This suggests that prior occupation is related to accumulative welfare problems via health. However, among disability-based early retirees health does not explain all the accumulative welfare problems.

#### **5.4.5 Summary**

This chapter has investigated if early retirees have more welfare problems or to say, lower resources, than the ageing employed. The approach is a traditional way to investigate level of living. The main resources, which have been investigated, are social, political and economic resources. Also health was included in the analysis.

The results do not support the hypothesis that early retirees would per se have more welfare problems than the ageing employed. This implies that early retirement is not always a question of labour market marginalisation, which has been posed to be connected to the accumulation of diswelfare. In Finland, the lowest levels of well being were found among ordinary disability pensioners. In Denmark, both disability-based early retirees, especially relaxed disability pensioners, and also unemployment pensioners had low levels of well being. Other early retirees' and ageing employees' who are planning early exit level of well being did not differ significantly from non-exit planners' level of well being.

Traditional socio-demographic factors poor ability to predict low levels of well being was surprising. Either the data is not valid for the investigation or then the problems in well being cannot be identified with traditional socio-demographic factors. Since the investigation of well being with these more-like objective measures of well being are less effected by high non-response rates than the investigation of subjective well being, it seems to be that the data is

valid. Therefore, the conclusion is that in modern societies, predictors of diswelfare are not necessarily traditional socio-demographic factors. As this study has shown, for example, the experience of exit may very well be in future studies utilised as a factor of well being.

In this study health has been identified as a key determinant of well being. The fact that socio-economic status did not seem to play a role in determining well being was at first puzzling. However, when health was included in the definition of accumulative welfare problems, the issue became relevant also for socio-economic status. This suggests that prior occupation is related to accumulative welfare problems via health. However, among disability-based early retirees health does not explain all of the accumulative welfare problems, which suggests that among them the accumulation of diswelfare needs to be examined in further studies in more detail.

These results overall do not present alarming results concerning the well being of early retirees. However, especially the situation of disability pensioners suggests that there is a need for further studies, which could focus, for example, on comparisons of the disability pensions and the financial well being that these schemes provide. This information becomes especially crucial in particular once the numerous alternative pathways out of the labour force will and has been closed down. This means that in the future, disability schemes will be the main exit pathways and therefore all of the knowledge on the outcomes of these schemes will be needed.

## 6 Conclusion and discussion

This thesis has addressed early retirement in Finland and Denmark in the turn of the millennium. The country selection has based on the idea to compare two similar cases. Both of these welfare states have had the problem of low labour force participation among the ageing in the Scandinavian context. Also, unemployment has been a challenge, in Denmark, already in the 1980's and in Finland, in 1990's. However, Denmark became a model country of active labour market policy in the 1990's, while Finland was battling with mass unemployment.

Both welfare states have offered rather numerous pathways of exit for the ageing population during the 1990's. The early retirement policy has been aiming to battle unemployment among the ageing, but also, to maintain well being among early retirees who do not for some reason participate in the labour force. This study has addressed the experience of early retirement in Finland and Denmark in this context. The aim has been to investigate, do the institutional similarities reflect to early retirees' experiences of early exit. The similar institutions refer to similar pathways of exit, ordinary disability pathway, relaxed disability pathway, unemployment pathway, and full- and part-time early pathway. Also unemployment has been a shared concern in these two countries. However, in Denmark unemployment was more modest compared to Finland, where the 1990's recession caused mass unemployment.

The study has aimed to analyse do the similar institutions have similar outcomes in terms of well being. The argument has been that as early retirement is a form of decommodification it should therefore not only aim, but also to be able to maintain the level of well being among early retirees. Well being has been approached in the framework of work, experience of exit as well as a condition.

It has been argued that if well being at work does not realize, the outcome is early exit. This argument has been investigated through retirement plans, notion of expulsion and work-related stress experiences. The results point out that early retirement plans are very common in Finland and Denmark. However,

retirement plans are more common in Denmark, even actual early retirement is less common in Denmark than in Finland. This may reflect the more substantial use of the so-called voluntary pathways of exit in Denmark. Retirement plans reflect both health problems and straining work conditions. Though, willingness to have more free time is also a common reason for retirement plans.

This study has tested the notion of expulsion, i.e. whether early retirees are the weakest and least qualified part of the labour force. The results suggest that there are interesting country differences. Results indicate that in Finland, ordinary disability pensioners as well as unemployment pensioners have lower resources (e.g. education and health) than the ageing employed, whereas part-time pensioners have even better qualifications than the ageing employed. In Denmark, all early retirees and also exit planners have lower qualifications in terms of education and socio-economic status, and partly also health, than the ageing employed who are not planning early exit. Therefore, the results suggest that in Denmark, the most qualified employees remain in the labour force while less qualified exit early.

The results suggest, in Finland, that indeed those ageing employed who are not planning early exit have less work-related stress. Furthermore, early retirees and exit planners are, in Denmark, less satisfied with their work than the currently employed non-exit planners. Because work satisfaction consists of different dimensions of work-related stress, it can be suspected that together with working capacity, they result in decreased work satisfaction and further, to exit plans. However, this investigation is probably the one that suffered most from the limitations of the data.

The results concerning well being at work indicate that early retirement is related to expulsion among some of the early retirees. The results suggest that work satisfaction plays an important role in relation to work-related stress experiences and retirement plans, and it should therefore be investigated further in forthcoming studies. Also, retirement intentions, which have been indicated to reflect actual behaviour, should be addressed in comparative studies in order to understand the role of early retirement institutions and labour market practises in producing and shaping these intentions.

The experience of exit has been investigated through the concepts of expulsion, release and pull. The results suggest that for the majority of early retirees, exit has been a release. This implies that the exit decision has been experienced voluntarily, although the ultimate reasons for retirement lie in straining work conditions and decreased resources. In this sense, it can be argued that early retirement policy has been successful, since the majority of early retirees feel that they were able to escape from the straining conditions of the labour market. In particular, blue-collar workers experience themselves as released workers. The large share of experiences of release suggest that by means of rehabilitation and improving the working conditions of the ageing employed, there are possibilities for policies to lengthen the working career of the ageing employed.

The experiences of expulsion have been found alarming, maybe not in figures, but as an experience. The ageing employed who are willing and capable to continue at work experience that they are expelled from gainful employment. The experiences of expulsion are related to the unemployment- and disability-based early retirement pathways of exit. Both of these pathways are related to a situation where an individual has limited autonomy to decide on retirement. Therefore it can be argued that the experiences of expulsion are related to diswelfare in the process of early retirement.

The experiences of expulsion have been more common in Finland than in Denmark among unemployment pensioners. This may reflect the harsh labour market conditions in the Finnish labour market during the 1990's. Other reason for these different perceptions may lie in institutional differences. In Denmark, the transitional allowance (corresponds the Finnish unemployment benefit for ageing) ends as an individual turns 60 years old, and after that he or she receives normal early retirement benefit. In Finland, the unemployment benefit turns into unemployment pension as an individual turns 60 years old. The experience of long-term unemployment at the end of the working career may be perceived as stigmatising, which may reflect on the individuals' perceptions for a long period of time.

Overall, the experiences of being pulled out of the labour force have been the least common and related to those schemes, which do not have disability or unemployment criteria, the full- and part-time early retirement pathways. These

results suggest that the new early retirement policy in Finland and Denmark, which offers financial incentives for the ageing employed to continue to work, is not likely to succeed among the majority of early retirees. This is because totally voluntary early exits, pulls out of labour force, are not common even among these so-called voluntary early retirees.

Retirement is often a significant change in individuals' life and the experience of early exit is a very subjective perception. Substantial life changes may have bigger or smaller effects on well being. Therefore, the aim of this study has been also to investigate well being among early retirees, what is the outcome of early retirement in terms of well being. The idea has been to use both, subjective indicators of well being and more-objective indicators of the level of living and to see, if they provide a similar picture. The investigation of subjective well being has relied on gerontologists' theories of disengagement, continuity and activity, whereas the comparison of the level of living between early retirees and the ageing employed has relied on the Scandinavian level of living research tradition.

The subjective experiences of well being have confronted rather continuity or activity of well being than disengagement or crisis of it. Similar result is obtained with more-objective measures, early retirees do not per se have more welfare problems than the ageing employed. This implies that early retirement is not always a form of labour market marginalisation, which has been posed to be connected to the accumulation of diswelfare.

However, for some early retirees exit has been related to decrease in well being or diswelfare. Firstly, ordinary disability pensioners in both countries seem to have lowest level of well being. In Finland unemployment pensioners' well being is also relatively low. In Denmark, relaxed disability pensioners have also low levels of well being, sometimes even lower than ordinary disability pensioners.

Secondly, the results have posed the central role of health problems determining the level of subjective well being. However, the relationship between health problems and more-objective measures of well being is more compound. The results suggest that prior occupation is related to accumulative welfare problems via health. However, among disability-based early retirees

health does not explain all of the accumulative welfare problems, which suggests that among them the accumulation of diswelfare needs to be examined in further studies in more detail.

Thirdly, the experience of expulsion has been found to determine decrease or low level of well being among early retirees, especially among full- and part-time early retirees and unemployment pensioners. This suggests that the experienced autonomy, well being in the retirement decision, determines the level of well being also after early retirement. This study has therefore, at least partly, succeeded in its aim to develop a new conceptual approach to examine the experience of early exit and at the same time to find determinant of well being.

These results overall do not present alarming results concerning well being of early retirees. However, especially the situation of disability pensioners suggests that there is a need for further studies, which would focus, for example, on comparison of the disability pension schemes and financial well being that these schemes provide. This information becomes especially crucial in particular once the numerous alternative pathways out of the labour force will be and has been closed down, not only in Finland and Denmark, but also elsewhere in Europe. This means that in the future, the disability schemes will be the main exit pathways out of the labour force and therefore all of the knowledge on the outcomes of these schemes will be needed.

This study proposes that the similar institutions produce rather similar outcomes in terms of well being. It can be concluded that the level of well being among early retirees is mainly high in Finland and Denmark, which indicates that both welfare states have succeeded in the policy objective to maintain the level of well being for those ageing who do not participate in the labour force for some reason. However, experiences of work and early exit indicate that in both countries, there is prospect for policy means to improve the quality of working life, which result still a number of early exits. Early exit occurs in an institutional context, in which individuals act upon their resources as well as preferences. Therefore the policy should, as it has been, focus also on the resources of the ageing employed by means of rehabilitation. In the context of this study, these policy measures, rehabilitation and improving the quality of

working life, can be regarded most likely to succeed compared to the policy means, which establish financial incentives for the ageing employed to continue to work. Financial incentives will effect on the employment behaviour of minority of the ageing employed and therefore they can supplement the other policy means, which aim to lengthen the working career.



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## **Appendix tables**

*Appendix table 1. The development of pathways out of labour market in Finland.*

Disability pathway (Työkyvyttömyyseläke)	Relaxed disability pathway (yksilöllinen varhaiseläke)	Unemployment pathway (työttömyyseläke)	Voluntary pathway (varhennettu vanhuuseläke)	Gradual pathway (osa-aikaeläke)
<p>1962 Disability pension - 60% reduced working capacity 1996 - temporary disability pension became a rehabilitation allowance 2005 Right for rehabilitation, if -disease ect. is a threat to workability in the next 5 years -rehabilitation is appropriate --if applicant is 63, straight to old age pension or part-time pension</p>	<p>1986 Individual early retirement pension (private sector) - 55-64 - long working career - permanently reduced work capacity - determinant factors: age, type of disease, length of service, working conditions 1989 - also in public sector - 55-64 1994 - 58-64 years old 2000 -60-64 years old 2005 will end, but the nature of work and work condition will be stressed for 60 years old applicants</p>	<p>1971 Unemployment pension -60-64 years old unemployed - received unemployment benefit for 200 days 1978 - 58-64 years old 1980 - 55-64 years old 1986 - 60-64 years old 1994 - received unemployment benefit for 500 days - 5 years of employment during the last 15 years before retirement 2005 will end -for those born 1950 or later and will be replaced by the extension of the unemployment benefit for 59 years old who have 5 years of employment during the last 15 years</p>	<p>1986 Early old age pension (private sector) - 60-64 years old - reduced benefit (0.5%/month) 1989 - also in public sector - 60-64 2005 -62 years old -decreased benefit (0.6%/month) -flexible retirement for 63-68 years old -increment for deferred retirement after the age of 68 (0.4%/month)</p>	<p>1987 Part-time pension (private sector) - 60-64 years old - long working career - 16-28 hours of employment in week 1989 - also in public sector, but for 58-64 years old 1994 - 58-64 years old for all 1998 - 56-64 years old to 2003 and 58-67 onwards</p>

Sources: The Central Pension Security Institution 2003, The Social Insurance Institution 2003

*Appendix table 2. The development of pathways out of labour market in Denmark.<sup>1</sup>*

Disability pathway (Førtidspension)	Relaxed disability pathway (Almindelig førtidspension)	Unemployment pathway (Øvergansydelse)	Voluntary pathway (Efterløn)	Gradual pathway
<p>1921 Disability insurance</p> <p>1984 Invalidity pension became the social pension</p> <p>1) The highest level (højeste førtidspension)</p> <ul style="list-style-type: none"> <li>-Only medical criteria</li> <li>-18-59 years old</li> <li>-reduced capacity to work</li> </ul> <p>2) The intermediate level (højeste førtidspension)</p> <ul style="list-style-type: none"> <li>-Only medical criteria</li> <li>-60-66 years old if reduced capacity to work</li> <li>-18-59 years old if capacity to work is reduced at least by 2/3</li> </ul>	<p>3) The increased ordinary anticipatory pension (for højet almindelig førtidspension)</p> <ul style="list-style-type: none"> <li>-18-59 years old if work capacity reduced at least by 50% (medical criteria/medical &amp; social criteria)</li> <li>-50-59 years old on social reasons, the determining factors are age, education, working career, working conditions</li> <li>-if recipient is under 50, his conditions is checked every 5<sup>th</sup> year</li> </ul> <p>4) The ordinary anticipatory pension (almindelig førtidspension)</p> <ul style="list-style-type: none"> <li>-Medical &amp; social reasons</li> <li>-60- 66 years old work capacity reduced due health or health and social reasons at least by 50%</li> <li>-Over 50 years old on social criteria, if income has permanently reduced. The determinant factors are age, education, working career and working conditions. Does not require reduced employability because it is needs tested.</li> </ul>	<p>1992 Unemployment pension</p> <ul style="list-style-type: none"> <li>-long-term unemployed who received benefits</li> <li>-55-59 years old</li> <li>-membership in an unemployment fund at least 20 years</li> <li>-was entitled to voluntary early retirement benefit in the age of 60</li> <li>-1994</li> <li>-50-59 years old</li> <li>-1995 Access to this scheme stopped</li> </ul>	<p>1979 Early retirement benefit</p> <ul style="list-style-type: none"> <li>-60-66 years old</li> <li>-possible to work 200 hours/year</li> <li>-membership in an unemployment fund at least 5 years</li> <li>-1992</li> <li>-membership in an unemployment fund at least 20 years</li> </ul>	<p>1987 Part-time pension</p> <ul style="list-style-type: none"> <li>-managed by Ministry of Social Affairs</li> <li>-60-66 years old employed and self-employed</li> <li>-membership in an unemployment fund/at least</li> <li>10 years of working career</li> <li>-weekly working hours 12-30/reduced by 25%/at least 7 hours per week</li> </ul> <p>1995 Part-time pension benefit (delefterløn)</p> <ul style="list-style-type: none"> <li>-managed by the Ministry of the Labour</li> <li>-reduced working by 25%, but work at least 12 hours/week</li> </ul>
<p>1997 Flex jobs and soft jobs</p> <p>1998 Act on active social policy, rehabilitation and activation means must have been exhausted</p> <p>2003</p> <ul style="list-style-type: none"> <li>-18-65 years old</li> <li>-the loss of capacity to work will be replaced by the idea of working capacity requires that all means of rehabilitation are exhausted</li> </ul>			<p>1999 Full and part-time early retirement benefits (efterløn) were merged</p>	
			<ul style="list-style-type: none"> <li>-membership requirement 25 years during the last 30 years</li> <li>-in addition to unemployment contribution also early retirement contribution is required</li> <li>-work over 29.6 hours/week abolishes the pension right</li> <li>-if retirement after 62,</li> <li>--the benefit level will increase (usually 91% of unemployment benefit, now 100%)</li> <li>--tax exemption if postponed after the age of 62 and continues contributions</li> <li>--private savings do not decline the benefit, as they would if retirement before 62</li> </ul>	<p>1999 Part-time pension</p> <ul style="list-style-type: none"> <li>-60-66 years old</li> <li>-on the labour market at least</li> <li>20 years</li> <li>-work at least 9 months during the last 12 months</li> <li>-weekly working hours 12-30</li> </ul>

Sources: Juul 1992; Laitinen-Kuikka & Bach 1999; Herbertsson, T. T. et al. 2000; Jensen 2000; Weatherall 2001; Laitinen-Kuikka et al 2002; Social Policy in Denmark 2003

<sup>1</sup> 1999 pension age decreased from 67 to 65, which will become effective in 2004

**Appendix table 3.** *Finnish early retirees by age, gender and years spent as retiree.*

	Sample	Population <sup>2</sup>
<b>Disability pathway</b>		
Age under 40	8.2	11.8
40-49	11.0	18.7
50-54	21.1	18.1
55-59	25.5	23.3
60-64	34.4	28.0
Men	49.8	54.2
Women	50.2	45.8
Recent retiree (1-2 years)	12.5	
Being retired 3-4 years	17.6	
Retired over 4 years	69.9	
<b>Relaxed disability pathway</b>		
Age 58-59	3.2	12.2
60-61	21.0	29.0
62-64	75.8	58.8
Men	46.1	47.1
Women	53.9	52.9
Recent retiree (1-2 years)	13.9	
Being retired 3-4 years	26.6	
Retired over 4 years	59.5	
<b>Unemployment pathway</b>		
Age 58-59	3.2	0
60-61	40.5	39.9
62-64	56.3	60.1
Men	47.1	48.0
Women	52.9	52.0
Recent retiree (1-2 years)	56.2	
Being retired 3-4 years	26.4	
Retired over 4 years	17.4	
<b>Early pathway</b>		
Age 58-59	1.4	0.8
60-61	14.3	21.3
62-64	84.3	77.9
Men	42.8	43.2
Women	57.2	56.8
Recent retiree (1-2 years)	47.1	
Being retired 3-4 years	40.4	
Retired over 4 years	12.5	
<b>Gradual pathway</b>		
Age 58-59	43.4	
60-61	28.3	
62-64	28.3	
Men	39.2	
Women	60.8	
Recent retiree (1-2 years)	70.3	
Being retired 3-4 years	24.3	
Retired over 4 years	5.4	

<sup>2</sup> Source: The Central Pension Security Institute & The Social Insurance Institution 1999



**Appendix table 4. Danish early retirees by age, gender and years spent as retiree.**

	Sample	Population <sup>3</sup>
<b>Disability pathway</b>		
Age under 40	8.8	16.0
40-49	18.4	20.1
50-54	17.0	16.6
55-59	18.8	19.7
60-66	37.0	27.7
Men	50.9	49.4
Women	49.1	50.6
Recent retiree (1-2 years)	5.9	
Being retired 3-4 years	13.4	
Retired over 4 years	80.7	
<b>Relaxed disability pathway</b>		
Age under 40	8.6	6.9
40-49	20.1	18.5
50-54	19.0	15.9
55-59	16.1	19.3
60-66	36.2	39.5
Men	25.9	32.0
Women	74.1	68.0
Recent retiree (1-2 years)	9.8	
Being retired 3-4 years	27.5	
Retired over 4 years	62.7	
<b>Unemployment pathway<sup>4</sup></b>		
Age 50-59	63.3	100
60-66	36.7	
Men	37.5	31.7
Women	62.5	68.3
Recent retiree (1-2 years)	7.8	
Being retired 3-4 years	41.9	
Retired over 4 years	50.4	
<b>Early pathway</b>		
Age 60-64	73.2	69.8
65-66	26.8	30.2
Men	54.5	49.3
Women	45.5	50.7
Recent retiree (1-2 years)	31.6	
Being retired 3-4 years	36.9	
Retired over 4 years	31.5	
<b>Gradual pathway</b>		
Age 60-64	67.6	62.8
65-66	32.4	37.2
Men	83.6	78.8
Women	16.4	21.2
Recent retiree (1-2 years)	25.4	
Being retired 3-4 years	34.5	
Retired over 4 years	40.1	

<sup>3</sup> Source: NOSOSCO 2000; Statistik Denmark 2003

<sup>4</sup> Age structure is not similar in the data and reality. The unemployment-based early retirees (efterløn) were added to the unemployment pathway (transitional allowance) in order to make the concept of unemployment pathway broader (see chapter 4.3.2).

**Appendix table 5.** Retirement plans among the ageing employed in Finland and Denmark, %.

	<i>Finland</i>			<i>Denmark</i>		
	<i>Planners</i>	<i>Non-planners</i>	<i>N</i>	<i>Planners</i>	<i>Non-planners</i>	<i>N</i>
<b>Gender</b>						
Women	53	47	(151)	75	25	(288)
Men	51	49	(139)	67	33	(397)
Chi <sup>2</sup> , p	0.746			0.024		
<b>Socio-economic status</b>						
Upper white collar	52	48	(56)	64	36	(215)
Lower white collar	49	51	(101)	72	28	(184)
Blue-collar	55	45	(71)	83	17	(204)
Self-employed	44	56	(39)	45	55	(67)
Chi <sup>2</sup> , p	0.685			0.000		

**Appendix table 6.** Experiences of work-related stress among Finnish early retirees in different pathways and the ageing employed. Analysis of (co-)variance (GLM), *F* values in bold, *b* coefficients, std. errors in parenthesis. (Parameters of single variables in the first column, possible full model in the second column (- not included).)

	Full- and part-time early pathway		Unemployment pathway		Relaxed disability pathway		Disability pathway			Ageing employed	
	N		N		N		N			N	
<b>Gender</b>		<b>0.23</b>		<b>0.32</b>		<b>0.50</b>		<b>6.60**</b>	<b>6.24**</b>		<b>2.13</b>
Female	98	0.07 (0.14)	129	-0.07 (0.12)	118	0.10 (0.14)	261	0.22** (0.09)	0.23** (0.09)	134	0.17 (0.12)
Male	69	0	125	0	94	0	265	0	0	122	0
<b>Employment sector</b>		<b>1.73</b>		<b>0.34</b>		<b>0.52</b>		<b>1.35</b>	-		<b>0.41</b>
State	18	-0.42 (0.23)	19	-0.14 (0.23)	34	0.03 (0.18)	54	-0.24 (0.15)		28	-0.01 (0.20)
Municipality	39	0.04 (0.17)	14	-0.15 (0.26)	40	0.18 (0.17)	79	-0.07 (0.13)		67	0.12 (0.14)
Private	88	0	178	0	99	0	294	0		135	0
<b>Socio-econ. status</b>		<b>0.02</b>		<b>0.01</b>		<b>2.44</b>		<b>0.23</b>	-		<b>0.43</b>
White-collar/self-e	133	0.03 (0.18)	147	-0.01 (0.13)	145	0.23 (0.15)	262	-0.04 (0.09)		177	-0.09 (0.14)
Blue-collar	29	0	100	0	63	0	239	0		62	0
<b>Years spent retired</b>	151	<b>0.01</b>	231	<b>0.50</b>	206	<b>0.14</b>	461	<b>5.43*</b>	<b>5.41*</b>	-	
		0.00 (0.04)		-0.02 (0.03)		-0.01 (0.03)		-0.02* (0.01)	-0.02* (0.01)		
<b>Retirement age</b>	152	<b>1.46</b>	233	<b>0.23</b>	210	<b>2.07</b>	470	<b>3.95*</b>	<sup>5</sup>	-	
		-0.04 (0.03)		-0.02 (0.03)		-0.05 (0.03)		0.01 (0.01)			
<b>Retirement plans</b>		-		-		-		-	-		<b>2.12</b>
Planned early exit										139	0.17 (0.12)
Non-planner										118	
R <sup>2</sup>									2.5		

<sup>5</sup> Retirement age is not included to the model simultaneously with years spent as retiree, because the variables correlate strongly and therefore create multicollinearity.

**Appendix table 7.** Experiences of work-related stress among Danish early retirees in different pathways and the ageing employed. Analysis of (co-)variance (GLM), *F* values in bold, *b* coefficients, std. errors in parenthesis. (Parameters of single variables in the first column, possible full model in the second column (- not included).)

	Full- and part-time early pathway			Unemployment pathway			Relaxed disability pathway	Disability pathway		
	N			N			N	N		
<b>Gender</b>		<b>12.51***</b>	<b>10.41***</b>		<b>5.89*</b>	<b>3.77*</b>	<b>0.00</b>		<b>0.00</b>	-
Female	547	0.22*** (0.06)	0.22*** (0.07)	85	0.49* (0.20)	0.38* (0.20)	112	0.01 (0.20)	157	0.00 (0.12)
Male	502	0	0	49	0	0	43	0	166	0
<b>Employment sector</b>		<b>7.85***</b>	<b>3.46*</b>		<b>0.46</b>	-		<b>1.53</b>	<b>3.54*</b>	<b>4.49*</b>
State	132	0.04 (0.10)	-0.03 (0.10)	10	-0.21 (0.38)		12	0.39 (0.33)	40	-0.15* (0.18)
Municipality	250	0.29*** (0.08)	0.19* (0.08)	22	0.19 (0.27)		38	0.30 (0.21)	67	0.34* (0.15)
Private	667	0	0	102	0		104	0	214	0
<b>Socio-econ. status</b>		<b>7.19**</b>	<b>11.72***</b>		<b>11.19***</b>	<b>10.19**</b>		<b>1.56</b>	<b>0.13</b>	-
White-collar/self-e	611	-0.17** (0.06)	-0.22*** (0.07)	82	-0.66*** (0.20)	-0.62** (0.20)	72	-0.22 (0.18)	153	-0.04 (0.12)
Blue-collar	418	0	0	48	0	0	77	0	163	0
<b>Years spent retired</b>	979	<b>1.34</b>	-	127	<b>0.17</b>	-	151	<b>0.73</b>	312	<b>15.37***</b>
		-0.02 (0.02)			-0.01 (0.03)			0.02 (0.02)		-0.05 (0.01)
<b>Retirement age</b>	979	<b>0.43</b>	-	132	<b>0.95</b>	-	154	<b>4.00*</b>	318	<b>1.74</b>
		-0.02 (0.03)			-0.04 (0.04)			-0.02 (0.01)		-
R <sup>2</sup>			3.2			10.7				7.4

**Appendix table 8.** Experiences of expulsion among Finnish early retirees in different pathways. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of single variables in the first column, possible full model in the second column (- not included in the model).)

	Full- and part-time early pathway			Unemployment pathway			Relaxed disability pathway		Disability pathway		
	N			N			N		N		
<b>Gender</b>			-			-					-
Female	78	1.01 (0.48)		101	1.27 (0.29)		110	0.86 (0.30)	235	0.66 (0.23)	
Male	59	1		97	1		94	1	241	1	
<b>Employment sector</b>			-								-
State	18	0.00 (38.72)		17	0.19** (0.60)	0.22** (0.62)	30	0.63 (0.46)	48	0.63 (0.35)	
Municipality	26	0.00 (32.22)		11	0.73 (0.63)	0.81 (0.65)	45	0.79 (0.39)	72	1.17 (0.34)	
Private	72	1		137	1	1	96	1	267	1	
<b>Socio-econ. status</b>			-								-
White-collar/self-e	114	0.43 (0.55)		122	1.96* (0.30)	2.78** (0.35)	142	2.06* (0.36)	237	0.89 (0.23)	
Blue-collar	23	1		73	1	1	58	1	211	1	
<b>Years spent retired</b>	138	0.87 (0.16)	-	194	0.88 (0.07)	-	204	0.97 (0.07)	454	1.06* (0.03)	-
<b>Retirement age</b>	139	1.55* (0.19)	1.61** (0.19)	196	1.06 (0.07)	-	208	1.01 (0.07)	463	0.97* (0.01)	0.96** (0.02)
<b>Work satisfaction</b>	139	0.77 (0.21)	-	198	0.92 (0.14)	-	207	0.86 (0.14)	471	1.08 (0.09)	-
<b>Health problems</b>	140	1.07 (0.21)	-	200	1.06 (0.12)	-	209	1.13 (0.11)	485	1.32*** (0.08)	1.35** (0.10)
Nagelkerke R <sup>2</sup>			8.8			14.5					8.1

**Appendix table 9.** Experiences of expulsion among Danish early retirees in different pathways. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of single variables in the first column, possible full model in the second column (- not included in the model).)

	Full- and part-time early pathway			Unemployment pathway		
	N				N	
<b>Gender</b>			-	<b>Gender</b>		
Female	448	0.58** (0.20)		Female	73	0.85 (0.52)
Male	396	1		Male	32	1
<b>Employment sector</b>				<b>Employment sector</b>		
State	109	0.82 (0.29)	0.79 (0.30)	State	10	0.94 (0.84)
Municipality	204	0.38*** (0.29)	0.36*** (0.29)	Municipality	19	0.70 (0.69)
Private	531	1	1	Private	76	1
<b>Socio-econ. status</b>			-	<b>Socio-econ. status</b>		
White-collar/self-e	478	1.16 (0.20)		White-collar	49	4.15* (0.56)
Blue-collar	352	1		Blue-collar & self-e	52	1
<b>Years spent retired</b>	844	0.99 (0.06)	-	<b>Years spent retired</b>	103	1.04 (0.10)
<b>Retirement age</b>	844	1.03 (0.08)	-	<b>Retirement age</b>	103	1.01 (0.08)
<b>Work satisfaction</b>	843	0.90 (0.07)	-	<b>Work satisfaction</b>		1.15 (0.20)
<b>Health problems</b>	844	1.24** (0.08)	1.26** (0.08)	<b>Health problems</b>	105	1.24 (0.20)
Nagelkerke R <sup>2</sup>			4.6			



**Appendix table 10.** Correlation coefficients (Pearson) between experiences of well being in Finland.

	You miss the daily contact with colleagues etc. You feel isolated	You don't feel You have anything to get up to in the morning You feel it is hard to kill time	You feel that other people look down on You	You feel that You are treated badly	You feel You are of no use to society	You feel kept out of society	You have to manage with less money	You feel insecure about Your own financial situation
You miss the daily contact with colleagues etc. You feel isolated	1	.319 ***						
You don't feel You have anything to get up to in the morning You feel it is hard to kill time	.415 ***	1						
You feel that other people look down on You	.236 ***	.505 ***	.471 ***	1				
You feel that You are treated badly	.183 ***	.488 ***	.436 ***	.456 ***	1			
You feel You are of no use to society	.149 ***	.477 ***	.379 ***	.410 ***	.623 ***	1		
You feel kept out of society	.202 ***	.494 ***	.376 ***	.449 ***	.561 ***	.573 ***	1	
You have to manage with less money	.221 ***	.556 ***	.429 ***	.441 ***	.582 ***	.639 ***	.666 ***	1
You feel insecure about Your own financial situation	.169 ***	.381 ***	.361 ***	.326 ***	.378 ***	.438 ***	.385 ***	.507 ***
	.214 ***	.339 ***	.321 ***	.270 ***	.357 ***	.416 ***	.389 ***	.465 ***
								.794 ***
								1



[illegible]

**Appendix table 12.** Experiences of social integration among Finnish early retirees in different pathways. Analysis of (co-)variance (GLM), *F* values in bold, *b* coefficients, std. errors in parenthesis. (Parameters of single variables in the first column, possible full model in the second model (- not included).)

	Full- and part-time early pathway			Unemployment pathway			Relaxed disability pathway		Disability pathway		
	N			N			N		N		
<b>Gender</b>		<b>0.72</b>	<b>8.64**</b>		<b>2.31</b>	-		<b>0.09</b>		<b>0.00</b>	-
Female	82	0.07 (0.09)	0.19** (0.07)	122	-0.14 (0.09)		106	0.02 (0.08)	235	0.00 (0.07)	
Male	64	0	0	116	0		91	0	247	0	
<b>Civil status</b>		<b>0.00</b>	-		<b>2.87</b>	-		<b>0.29</b>		<b>15.30***</b>	<b>5.44*</b>
Married/cohabiting	114	0.00 (0.10)		186	0.19 (0.11)		152	-0.05 (0.10)	302	0.28 *** (0.07)	0.18* (0.08)
Alone	35	0		52	0		51	0	193	0	0
<b>Socio-econ. status</b>		<b>5.12*</b>	-		<b>0.07</b>	-		<b>0.15</b>		<b>3.11</b>	-
White-collar/self-e	117	0.22* (0.10)		139	-0.03 (0.10)		137	-0.04 (0.09)	242	0.13 (0.07)	
Blue-collar	27	0		93	0		55	0	212	0	
<b>Retirement experience</b>		<b>32.30***</b>	<b>35.55***</b>		<b>4.93*</b>	<b>3.86*</b>		<b>0.00</b>		<b>6.90**</b>	-
Expulsed	19	-0.52*** (0.09)	-0.54*** (0.09)	108	-0.22* (0.10)	-0.19* (0.10)	63	0.00 (0.09)	357	-0.23** (0.09)	
Released/pulled	114	0	0	83	0	0	125	0	92	0	
<b>Age</b>	150	<b>1.01</b>	-	239	<b>0.19</b>	-	198	<b>0.05</b>	487	<b>13.17***</b>	<b>15.69***</b>
		-0.02 (0.02)			0.01 (0.03)			-0.00 (0.02)		0.02*** (0.00)	0.02*** (0.01)
<b>Years spent retired</b>	148	<b>2.11</b>	-	231	<b>0.74</b>	-	196	<b>4.45*</b>	459	<b>7.50**</b>	<b>9.05**</b>
		-0.03 (0.02)			-0.02 (0.02)			-0.04* (0.02)		-0.02** (0.01)	-0.02** (0.01)
<b>Health problems</b>	150	<b>3.71*</b>	<b>4.08*</b>	237	<b>15.29***</b>	<b>13.11***</b>	201	<b>3.32</b>	491	<b>13.17***</b>	<b>8.94**</b>
		-0.07 (0.04)	-0.06* (0.03)		-0.15*** (0.04)	-0.14*** (0.04)		-0.06 (0.03)		-0.09*** (0.02)	-0.07** (0.03)
<b>Work satisfaction</b>	149	<b>1.93</b>	-	239	<b>4.42*</b>	<b>5.05*</b>	200	<b>1.25</b>	480	<b>0.01</b>	-
		0.05 (0.04)			0.10* (0.05)	0.10* (0.04)		0.05 (0.04)		0.00 (0.03)	
R <sup>2</sup>			26.7			12.2					9.6

**Appendix table 13.** Experiences of financial well being among Finnish early retirees in different pathways. Analysis of (co-)variance (GLM), *F* values in bold, *b* coefficients, std. errors in parenthesis. (Parameters of single variables in the first column, possible full model in the second column (- not included).)

	Full- and part-time early pathway			Unemployment pathway			Relaxed disability pathway			Disability pathway		
	N			N			N			N		
<b>Gender</b>		<b>0.54</b>	-		<b>2.86</b>	-		<b>13.31***</b>	<b>15.41***</b>		<b>1.71</b>	-
Female	81	-0.11 (0.15)		112	-0.24 (0.14)		106	-0.52*** (0.14)	-0.55*** (0.14)	230	-0.13 (0.10)	
Male	63	0		113	0		85	0	0	225	0	
<b>Civil status</b>		<b>0.82</b>	-		<b>0.98</b>	-		1.64	-		<b>24.30***</b>	<b>15.69***</b>
Married/cohabiting	110	0.16 (0.17)		171	0.17 (0.17)		147	0.21 (0.17)		288	0.50*** (0.10)	0.41*** (0.10)
Alone	37	0		53	0		<b>50</b>	<b>0</b>		180	0	0
<b>Socio-econ. status</b>		<b>8.64**</b>	-		<b>3.71*</b>	<b>8.90**</b>		<b>0.05</b>	-		<b>3.72</b>	-
White-collar/self-e	115	0.55** (0.19)		135	0.28* (0.15)	0.46** (0.15)	135	-0.04 (0.16)		231	0.20 (0.11)	
Blue-collar	26	0		85	0		54	0		197	0	
<b>Retirement experience</b>		<b>13.96 ***</b>	<b>11.87***</b>		<b>15.35***</b>	<b>17.46***</b>		<b>0.95</b>	-		<b>3.39</b>	-
Expulsed	16	-0.77*** (0.21)	-0.69*** (0.20)	109	-0.58*** (0.15)	-0.62*** (0.15)	62	-0.15 (0.16)		344	-0.24 (0.13)	
Released/pulled	115	0	0	76	0	0	120	0		85	0	
<b>Age</b>	148	<b>0.09</b>	-	225	<b>0.63</b>	-	192	<b>1.15</b>	-	460	<b>14.26***</b>	<b>5.85*</b>
		-0.01 (0.03)			-0.03 (0.04)			-0.04 (0.04)			0.02*** (0.01)	0.02* (0.01)
<b>Years spent retired</b>	147	<b>0.65</b>	-	219	<b>0.00</b>	-	190	<b>3.49</b>	<b>3.88*</b>	433	<b>2.87</b>	-
		-0.03 (0.04)			0.00 (0.04)			-0.06 (0.03)	-0.06* (0.03)		-0.02 (0.01)	
<b>Health problems</b>	148	<b>8.31**</b>	<b>4.54*</b>	224	<b>14.70 ***</b>	<b>10.29**</b>	197	<b>7.69**</b>	<b>8.23**</b>	455	<b>20.31***</b>	<b>17.16***</b>
		-0.19** (0.06)	-0.13* (0.06)		-0.22*** (0.06)	-0.19** (0.06)		-0.15 ** (0.06)	-0.16** (0.06)		-0.16*** (0.04)	-0.14*** (0.03)
<b>Work satisfaction</b>	147	<b>9.19**</b>	<b>5.89*</b>	226	<b>6.19**</b>	-	194	<b>0.08</b>	-	455	<b>1.64</b>	-
		0.20** (0.07)	0.15* (0.06)		0.17** (0.07)			0.02 (0.07)			0.05 (0.04)	
R <sup>2</sup>			17.2			18.0			12.9			9.8

**Appendix table 14.** Experiences of social contacts among Danish early retirees in different pathways. Analysis of (co-)variance (GLM), *F* values in bold, *b* coefficients, std. errors in parenthesis. (Parameters of single variables in the first column, possible full model in the second model (- not included).)

	Full- and part-time early pathway			Unemployment pathway		Relaxed disability pathway			Disability pathway		
	N			N		N			N		
<b>Gender</b>		<b>0.02</b>	-		<b>1.10</b>		<b>2.21</b>	-		<b>10.55***</b>	<b>12.25***</b>
Female	547	-0.01 (0.04)		84	-0.12 (0.12)	113	0.24 (0.16)		158	0.33*** (0.10)	0.32*** (0.10)
Male	500	0		50	0	43	0		168	0	0
<b>Civil status</b>		<b>14.14***</b>	<b>11.21***</b>		<b>0.01</b>		<b>1.33</b>	-		<b>2.14</b>	-
Married/cohabiting	849	0.19*** (0.05)	0.18*** (0.05)	103	0.02 (0.13)	97	0.18 (0.15)		187	0.16 (0.11)	
Alone	198	0	0	31	0	58	0		136	0	
<b>Socio-econ. status</b>		<b>0.59</b>	-		<b>1.42</b>		<b>3.66</b>	<b>5.46*</b>		<b>0.52</b>	-
White-collar/self-e	608	0.03 (0.04)		81	0.14 (0.12)	72	0.28 (0.15)	0.33* (0.13)	154	0.08 (0.11)	
Blue-collar	418	0		49	0	77	0	0	161	0	
<b>Retirement experience</b>		<b>48.28***</b>	<b>41.33***</b>		<b>3.32</b>		-	-		-	-
Expulsed	123	-0.42*** (0.06)	-0.38*** (0.06)	21	-0.29 (0.16)						
Released/pulled	721	0	0	83	0						
<b>Age</b>	1047	<b>0.25</b>	<b>5.81*</b>	134	<b>0.53</b>	156	<b>11.71***</b>	<b>3.65*</b>	326	<b>25.02***</b>	<b>19.42***</b>
		-0.01 (0.01)	-0.04* (0.02)		0.01 (0.02)		0.03*** (0.01)	0.02* (0.01)		0.03*** (0.01)	0.02*** (0.01)
<b>Years spent retired</b>	977	<b>1.87</b>	<b>4.62*</b>	127	<b>0.09</b>	152	<b>0.08</b>	-	315	<b>0.11</b>	-
		0.02 (0.01)	0.04* (0.02)		-0.01 (0.02)		0.01 (0.02)			-0.00 (0.01)	
<b>Health problems</b>	1046	<b>24.22***</b>	<b>11.54***</b>	134	<b>1.89</b>	156	<b>10.25**</b>	<b>12.96***</b>	325	<b>15.14***</b>	<b>12.11***</b>
		-0.09*** (0.02)	-0.06*** (0.02)		-0.06 (0.04)		-0.14 (0.04)	-0.16*** (0.04)		-0.13*** (0.03)	-0.11 (0.03)***
<b>Work satisfaction</b>	1046	<b>0.83</b>	-	132	<b>0.24</b>	153	<b>0.23</b>	-	319	<b>0.59</b>	-
		-0.02 (0.02)			-0.02 (0.04)		0.03 (0.06)			-0.03 (0.04)	
R <sup>2</sup>			8.6					12.6			13.5

**Appendix table 15.** Experiences of social acceptance among Danish early retirees in different pathways. Analysis of (co-)variance (GLM), *F* values in bold, *b* coefficients, std. errors in parenthesis. (Parameters of single variables in the first column, possible full model in the second model (- not included).)

	Full- and part-time early pathway			Unemployment pathway		Relaxed disability pathway			Disability pathway		
	N			N		N			N		
<b>Gender</b>		<b>0.00</b>	-		<b>0.34</b>		<b>0.10</b>	-		<b>0.82</b>	-
Female	547	0.00 (0.20)		84	-0.05 (0.09)	97	0.04 (0.13)		168	-0.08 (0.09)	
Male	500	0		50	0	57	0		167	0	
<b>Civil status</b>		<b>15.21***</b>	<b>16.13***</b>		<b>0.04</b>		<b>4.10*</b>	-		<b>1.46</b>	-
Married/cohabiting	849	0.10*** (0.03)	0.11*** (0.03)	103	0.02 (0.10)	113	0.29* (0.14)		187	0.11 (0.09)	
Alone	198	0	0	31	0	42	0		135	0	
<b>Socio-econ. status</b>		<b>0.42</b>	-		<b>0.15</b>		<b>3.22</b>	-		<b>1.12</b>	-
White-collar/self-e	608	0.01 (0.02)		81	0.03 (0.09)	72	0.23 (0.13)		154	-0.09 (0.09)	
Blue-collar	418	0		49	0	76	0		161	0	
<b>Retirement experience</b>		<b>29.82***</b>	<b>24.24***</b>		<b>1.50</b>		-	-		-	-
Expulsed	123	-0.17*** (0.03)	-0.15*** (0.03)	21	-0.14 (0.11)						
Released/pulled	721	0	0	83	0						
<b>Age</b>	1047	<b>0.00</b>	-	134	<b>3.31</b>	155	<b>27.93***</b>	<b>18.93***</b>	325	<b>41.46***</b>	<b>34.17***</b>
		0.00 (0.01)			0.02 (0.01)		0.04*** (0.01)	0.03*** (0.01)		0.03*** (0.01)	0.03*** (0.01)
<b>Years spent retired</b>	977	<b>0.00</b>	-	127	<b>0.01</b>	151	<b>2.98</b>	-	315	<b>0.53</b>	-
		0.00 (0.01)			-0.00 (0.03)		0.03 (0.02)			-0.01 (0.01)	
<b>Health problems</b>	1046	<b>16.21***</b>	<b>11.96***</b>	134	<b>0.52</b>	155	<b>14.14***</b>	<b>5.90*</b>	324	<b>20.80***</b>	<b>12.84***</b>
		-0.04*** (0.01)	-0.03*** (0.01)		-0.02 (0.03)		-0.14*** (0.04)	-0.09* (0.04)		-0.13*** (0.03)	-0.10*** (0.03)
<b>Work satisfaction</b>	1046	<b>1.00</b>	-	132	<b>0.01</b>	152	<b>3.29</b>	-	319	<b>0.31</b>	-
		0.01 (0.01)			0.00 (0.03)		0.09 (0.05)			0.02 (0.04)	
R <sup>2</sup>			6.6					18.6			15.1

**Appendix table 16.** Experiences of financial well being among Danish early retirees in different pathways. Analysis of (co-)variance (GLM), *F* values in bold, *b* coefficients, std. errors in parenthesis. (Parameters of single variables in the first column, possible full model in the second model (- not included).)

	Full- and part-time early pathway			Unemployment pathway	Relaxed disability pathway			Disability pathway		
	N			N				N		
<b>Gender</b>		<b>1.17</b>	-		<b>0.19</b>				<b>0.14</b>	-
Female	544	0.06 (0.06)		84	-0.08 (0.19)	113	0.05 (0.20)	158	-0.05 (0.12)	
Male	500	0		50	0	42	0	167	0	
<b>Civil status</b>		<b>11.40***</b>	<b>5.64*</b>		<b>3.31</b>		<b>0.02</b>		<b>0.03</b>	-
Married/cohabiting	847	0.25*** (0.07)	0.19* (0.08)	103	0.39 (0.21)	97	0.03 (0.19)	187	0.02 (0.12)	
Alone	197	0	0	31	0	57	0	135	0	
<b>Socio-econ. status</b>		<b>9.48**</b>	<b>8.84**</b>		<b>0.39</b>		<b>0.70</b>		<b>1.10</b>	-
White-collar/self-e	606	0.18** (0.06)	0.19** (0.06)	81	0.12 (0.19)	72	0.15 (0.18)	154	0.13 (0.12)	
Blue-collar	418	0	0	49	0	76	0	161	0	
<b>Retirement experience</b>		<b>22.91***</b>	<b>19.16***</b>		<b>1.74</b>		-		-	-
Expulsed	122	-0.43*** (0.09)	-0.39*** (0.09)	21	-0.34 (0.26)					
Released/pulled	719	0	0	83	0					
<b>Age</b>	1044	<b>0.58</b>	-	134	<b>0.96</b>	155	<b>18.11***</b>	325	<b>16.69***</b>	<b>12.59***</b>
		-0.01 (0.02)			0.02 (0.02)		0.04*** (0.01)		0.03*** (0.01)	0.02*** (0.01)
<b>Years spent retired</b>	974	<b>0.49</b>	-	127	<b>1.45</b>	151	<b>1.18</b>	315	<b>0.41</b>	-
		-0.01 (0.02)			0.04 (0.04)		0.03 (0.02)		0.01 (0.01)	
<b>Health problems</b>	1043	<b>16.80***</b>	<b>9.67**</b>	134	<b>0.51</b>	155	<b>25.30***</b>	324	<b>17.46***</b>	<b>12.23***</b>
		-0.10 (0.03)	-0.08** (0.03)		-0.05 (0.07)		-0.26*** (0.05)		-0.16*** (0.04)	-0.13*** (0.04)
<b>Work satisfaction</b>	1044	<b>2.26</b>	-	132	<b>0.21</b>	152	<b>2.22</b>	319	<b>0.63</b>	-
		0.04 (0.02)			0.03 (0.07)		0.11 (0.07)		-0.04 (0.05)	
R <sup>2</sup>			5.6							8.7

**Appendix table 17.** Comparison of increased and decreased well being among Finnish early retirees. Multinomial logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of single variables.)

	Full- and part-time early pathway			Unemployment pathway			Relaxed disability pathway			Disability pathway		
	N	Increased	Decreased	N	Increased	Decreased	N	Increased	Decreased	N	Increased	Decreased
<b>Gender</b>												
Female	85	1.61 (0.37)	2.09 (0.77)	117	1.22 (0.29)	0.76 (0.43)	110	0.97 (0.32)	0.39 (0.57)	223	1.56* (0.22)	0.88 (0.26)
Male	63	1	1	115	1	1	87	1	1	250	1	1
<b>Civil status</b>												
Married/cohabiting	112	1.04 (0.41)	0.67 (0.78)	179	0.56 (0.36)	0.85 (0.54)	152	1.11 (0.35)	2.06 (0.69)	292	0.59* (0.23)	0.46** (0.26)
Alone	39	1	1	54	1	1	52	1	1	193	1	1
<b>Socio-econ. status</b>												
White-collar/self-e	120	1.54 (0.48)	2.18 (1.13)	138	1.06 (0.30)	0.49 (0.44)	139	1.24 (0.36)	0.90 (0.58)	243	1.56* (0.23)	0.81 (0.26)
Blue-collar	24	1	1	89	1	1	55	1	1	207	1	1
<b>Experience of exit</b>												
Expulsed	18	2.21 (0.67)	2.40 (1.25)	108	0.47* (0.33)	3.10* (0.61)	61	1.09 (0.35)	1.09 (0.62)	342	0.65 (0.28)	1.04 (0.34)
Released/pulled	117	1	1	82	1	1	125	1	1	95	1	1
<b>Age</b>	152	0.82* (0.08)	1.05 (0.13)	236	1.09 (0.08)	1.19 (0.12)	199	0.86 (0.08)	0.87 (0.14)	478	1.00 (0.01)	1.02 (0.02)
<b>Years spent retired</b>	151	0.91 (0.09)	1.07 (0.13)	228	0.90 (0.07)	0.97 (0.11)	197	1.01 (0.07)	1.17 (0.12)	455	1.00 (0.03)	1.06 (0.03)
<b>Work satisfaction</b>	150	0.67* (0.20)	0.57 (0.33)	232	0.67** (0.15)	0.71 (0.21)	200	0.71* (0.17)	0.90 (0.29)	470	0.86 (0.10)	0.94 (0.11)
<b>Health problems</b>	152	1.27 (0.17)	1.55 (0.30)	233	1.00 (0.13)	1.72*** (0.17)	203	0.82 (0.13)	1.49* (0.21)	482	0.94 (0.08)	1.35*** (0.09)

**Appendix table 18.** Comparison of increased and decreased well being among Finnish early retirees. Multinomial logistic regression analysis, odds ratios, std. errors in parenthesis. (Forward entry, final model.)

	Unemployment pathway			Relaxed disability pathway			Disability pathway		
	N	Increased	Decreased	N	Increased	Decreased	N	Increased	Decreased
<b>Gender</b>		-			-				
Female							219	1.52* (0.23)	0.75 (0.27)
Male							245	1	1
<b>Civil status</b>		-			-				
Married/cohabiting							279	0.64* (0.24)	0.50** (0.27)
Alone							185	1	1
<b>Socio-econ. status</b>					-			-	
White-collar/self-e	115	1.24 (0.39)	0.30 * (0.54)						
Blue-collar	59	1	1						
<b>Experience of exit</b>					-			-	
Expulsed	98	0.41* (0.36)	3.66* (0.65)						
Released/pulled	76	1	1						
<b>Age</b>		-			-			-	
<b>Years spent retired</b>		-			-			-	
<b>Work satisfaction</b>	174	0.67* (0.17)	0.79 (0.26)		-			-	
<b>Health problems</b>	174	0.94 (0.15)	1.51* (0.20)	203	0.73* (0.14)	1.29 (0.24)	464	0.93 (0.08)	1.34*** (0.09)
Nagelkerke R <sup>2</sup>	22.7			6.9			8.5		



**Appendix table 19.** Comparison of increased and decreased well being among Danish early retirees. Multinomial logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of single variables.)

	Full- and part-time early pathway			Unemployment pathway			Relaxed disability pathway			Disability pathway		
	N	Increased	Decreased	N	Increased	Decreased	N	Increased	Decreased	N	Increased	Decreased
<b>Gender</b>												
Female	542	1.10 (0.13)	1.22 (0.27)	85	1.34 (0.37)	0.86 (0.72)	111	0.69 (0.43)	0.67 (0.46)	159	1.17 (0.27)	0.80 (0.28)
Male	500	1	1	51	1	1	43	1	1	167	1	1
<b>Civil status</b>												
Married/cohabiting	845	1.41* (0.17)	0.66 (0.30)	105	1.00 (0.43)	0.57 (0.77)	97	0.59 (0.39)	1.02 (0.44)	187	0.85 (0.27)	0.95 (0.29)
Alone	197	1	1	31	1	1	56	1	1	136	1	1
<b>Socio-econ. status</b>												
White-collar/self-e	607	1.02 (0.13)	0.98 (0.27)	82	0.69 (0.38)	0.61 (0.73)	70	1.36 (0.39)	1.24 (0.42)	153	1.05 (0.27)	1.10 (0.29)
Blue-collar	415	1	1	50	1	1	77	1	1	164	1	1
<b>Experience of exit</b>												
Expulsed	123	0.83 (0.21)	2.60** (0.33)	21	0.23** (0.58)	1.73 (0.83)	-	-	-	-	-	-
Released/pulled	717	1	1	84	1	1	-	-	-	-	-	-
<b>Age</b>	1042	0.90*** (0.03)	1.10 (0.07)	136	0.88** (0.05)	1.08 (0.10)	154	0.96 (0.03)	0.88*** (0.03)	326	0.97* (0.02)	0.96* (0.02)
<b>Years spent retired</b>	972	0.92* (0.04)	1.12 (0.07)	129	0.85* (0.08)	1.26 (0.12)	150	0.97 (0.05)	0.97 (0.05)	314	1.02 (0.03)	1.03 (0.03)
<b>Work satisfaction</b>	1042	0.74*** (0.06)	0.90 (0.12)	133	0.79 (0.15)	0.67 (0.25)	151	0.77 (0.16)	0.79 (0.17)	320	0.70** (0.13)	0.83 (0.14)
<b>Health problems</b>	1041	1.05 (0.06)	2.47*** (0.10)	136	1.17 (0.16)	2.30*** (0.26)	154	0.99 (0.13)	1.89*** (0.16)	325	1.06 (0.09)	1.70*** (0.10)

**Appendix table 20.** Comparison of increased and decreased well being among Danish early retirees. Multinomial logistic regression analysis, odds ratios, std. errors in parenthesis. (Forward entry, final model.)

	Full- and part-time early pathway			Unemployment pathway			Relaxed disability pathway			Disability pathway		
	N	Increased	Decreased	N	Increased	Decreased	N	Increased	Decreased	N	Increased	Decreased
<b>Gender</b>		-			-			-			-	
Female												
Male												
<b>Civil status</b>		-			-			-			-	
Married/cohabiting												
Alone												
<b>Socio-econ. status</b>		-			-			-			-	
White-collar/self-e												
Blue-collar												
<b>Experience of exit</b>								-			-	
Expulsed	122	0.76 (0.22)	2.21* (0.36)	19	0.17** (0.65)	1.43 (0.94)						
Released/pulled	705	1	1	79	1	1						
<b>Age</b>	827	0.89** (0.04)	1.18 (0.10)	98	0.84** (0.06)	0.98 (0.13)	140	0.97 (0.03)	0.90*** (0.03)		-	
<b>Years spent retired</b>		-			-			-			-	
<b>Work satisfaction</b>	827	0.74*** (0.06)	1.03 (0.15)		-			-		301	0.71** (0.13)	0.83 (0.14)
<b>Health problems</b>	827	1.02 (0.07)	2.48*** (0.12)	98	1.22 (0.22)	2.52** (0.33)	140	0.94 (0.13)	1.61** (0.17)	301	1.12 (0.10)	1.75*** (0.11)
Nagelkerke R <sup>2</sup>	17.3			29.2			25.8			14.9		

**Appendix table 21.** *Lack of social support among early retirees and the ageing employed in Finland. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of single variables.)*

	Full- and part-time early pathway		Unemployment pathway		Relaxed disability pathway		Ordinary disability pathway		Ageing employed	
	N		N		N		N		N	
<b>Gender</b>										
Female	113	0.33** (0.35)	149	0.30*** (0.29)	129	0.22*** (0.34)	311	0.41*** (0.19)	144	0.16*** (0.33)
Male	80	1	137	1	110	1	311	1	137	1
<b>Civil status</b>										
Married/cohabiting	146	4.96** (0.55)	220	3.38** (0.40)	186	2.86* (0.43)	391	1.18 (0.19)	221	2.48* (0.41)
Alone	50	1	71	1	63	1	249	1	60	1
<b>Socio-econ. status</b>										
White-collar/self-e	144	0.93 (0.42)	159	0.74 (0.28)	166	0.95 (0.34)	293	0.61** (0.20)	190	0.68 (0.31)
Blue-collar	40	1	116	1	69	1	286	1	70	1
<b>Age</b>	197	1.01 (0.05)	290	1.05 (0.06)	242	0.99 (0.07)	628	1.01 (0.01)	282	1.01 (0.04)
<b>Health problems</b>	196	1.02 (0.15)	291	1.22 (0.11)	247	1.07 (0.12)	635	1.08 (0.06)	282	1.15 (0.10)

**Appendix table 22.** *Lack of social support among early retirees and the ageing employed in Finland. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Forward entered models, final.)*

	Full- and part-time early pathway		Unemployment pathway		Relaxed disability pathway		Ordinary disability pathway		Ageing employed	
	N		N		N		N			
<b>Gender</b>										
Female	103	0.36** (0.38)	147	0.33*** (0.30)	122	0.25*** (0.36)	278	0.43*** (0.21)	130	0.16*** (0.34)
Male	72	1	135	1	102	1	267	1	128	1
<b>Civil status</b>								-		-
Married/cohabiting	133	4.10* (0.64)	215	3.14** (0.43)	171	3.58* (0.56)				
Alone	42	1	67	1	53					
<b>Socio-econ. status</b>		-		-		-		-		-
White-collar/self-e										
Blue-collar										
<b>Age</b>		-		-		-		-		-
<b>Health problems</b>		-		-		-		-		-
Nagelkerke R <sup>2</sup>		14.2		13.3		18.2		4.7		18.8

**Appendix table 23.** *Lack of social support among early retirees and the ageing employed in Denmark. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of single variables.)*

	Full- and part-time early pathway		Unemployment pathway		Relaxed disability pathway		Ordinary disability pathway		Ageing employed	
	N		N		N		N		N	
<b>Gender</b>										
Female	544	0.62*** (0.14)	84	0.42* (0.39)	128	1.08 (0.38)	170	0.85 (0.24)	205	0.51*** (0.20)
Male	495	1	51	1	45	1	176	1	253	1
<b>Civil status</b>										
Married/cohabiting	841	1.30 (0.19)	104	1.59 (0.48)	110	1.09 (0.35)	197	1.70* (0.25)	371	1.15 (0.27)
Alone	198	1	31	1	62	1	146	1	86	1
<b>Socio-econ. status</b>										
White-collar/self-e	602	0.65** (0.14)	82	0.56 (0.39)	71	1.14 (0.36)	154	0.60* (0.26)	323	0.45*** (0.20)
Blue-collar	416	1	49	1	78	1	166	1	126	1
<b>Age</b>	1039	0.98 (0.04)	135	1.08 (0.05)	173	1.01 (0.02)	346	1.00 (0.01)	458	1.08** (0.03)
<b>Health problems</b>	1039	1.12 (0.06)	135	1.07 (0.15)	172	0.96 (0.10)	346	1.01 (0.08)	458	1.19* (0.09)

**Appendix table 24.** *Lack of social support among early retirees and the ageing employed in Denmark. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of forward entered model, final.)*

	Full- and part-time early pathway		Unemployment pathway		Ordinary disability pathway		Ageing employed	
	N		N		N		N	
<b>Gender</b>								
Female	525	0.69* (0.15)	81	0.37** (0.40)		-	198	0.60* (0.22)
Male	493	1	50	1		-	250	1
<b>Civil status</b>								
Married/cohabiting		-		-		-		-
Alone								
<b>Socio-econ. status</b>								
White-collar/self-e	602	0.70* (0.15)			153	0.59* (0.26)	322	0.49*** (0.21)
Blue-collar	416	1			164	1	126	1
<b>Age</b>								
		-		-		-	448	1.10*** (0.03)
<b>Health problems</b>								
		-		-		-	448	1.20* (0.09)
Nagelkerke R <sup>2</sup>		2.2		1.1		1.9		8.0

**Appendix table 25.** *Lack of political resources among early retirees and the ageing employed in Finland. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of single variables.)*

	Full- and part-time early pathway		Unemployment pathway		Relaxed disability pathway		Ordinary disability pathway		Ageing employed	
	N		N		N		N		N	
<b>Gender</b>										
Female	108	5.34 (1.08)	141	1.09 (0.32)	116	1.20 (0.44)	295	0.94 (0.22)	142	2.28 (0.50)
Male	78	1	133	1	105	1	296	1	131	1
<b>Civil status</b>										
Married/cohabiting	140	2.53 (1.08)	209	0.78 (0.35)	174	0.48 (0.45)	371	0.77 (0.21)	216	0.46 (0.50)
Alone	49	1	70	1	55	1	240	1	57	1
<b>Socio-econ. status</b>										
White-collar/self-e	141	0.14** (0.76)	157	0.23*** (0.35)	158	0.27** (0.46)	286	0.57* (0.23)	187	0.69 (0.52)
Blue-collar	36	1	108	1	60	1	270	1	66	1
<b>Age</b>	190	0.99 (0.09)	278	1.04 (0.07)	223	1.08 (0.11)	599	0.97** (0.01)	274	1.00 (0.07)
<b>Health problems</b>	188	1.59 (0.30)	278	1.14 (0.13)	228	1.21 (0.16)	607	1.05 (0.07)	274	0.90 (0.19)

**Appendix table 26.** *Lack of political resources among early retirees and the ageing employed in Finland. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of forward entered model, final.)*

	Full- and part-time early pathway		Unemployment pathway		Relaxed disability pathway		Ordinary disability pathway	
	N		N		N		N	
<b>Gender</b>		-		-		-		-
Female								
Male								
<b>Civil status</b>		-		-		-		-
Married/cohabiting								
Alone								
<b>Socio-econ. status</b>								
White-collar/self-e	133	0.17* (0.79)	151	0.26*** (0.36)	153	0.29** (0.47)	270	0.60* (0.24)
Blue-collar	34	1	95	1	56	1	253	1
<b>Age</b>		-		-		-	523	0.97* (0.01)
<b>Health problems</b>		-		-		-		-
Nagelkerke R <sup>2</sup>		9.6		10.0		6.8		3.1



**Appendix table 27.** *Lack of political resources among early retirees and the ageing employed in Denmark. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of single variables.)*

	Full- and part-time early pathway		Unemployment pathway		Relaxed disability pathway		Ordinary disability pathway		Ageing employed	
	N		N		N		N		N	
<b>Gender</b>										
Female	538	0.97 (0.34)	79	0.97 (0.93)	128	1.68 (0.66)	170	2.60* (0.44)	203	0.91 (0.39)
Male	493	1	51	1	44	1	173	1	254	1
<b>Civil status</b>										
Married/cohabiting	837	0.61 (0.38)	100	1.21 (1.14)	111	0.75 (0.52)	195	0.79 (0.40)	370	0.43* (0.43)
Alone	194	1	30	1	60	1	145	1	86	1
<b>Socio-econ. status</b>										
White-collar/self-e	603	0.23*** (0.39)	79	0.14 (1.13)	72	1.67 (0.56)	154	0.74 (0.43)	322	0.32** (0.38)
Blue-collar	407	1	47	1	76	1	163	1	127	1
<b>Age</b>	1031	1.00 (0.09)	130	1.01 (0.12)	172	0.99 (0.03)	343	1.02 (0.02)	457	0.99 (0.05)
<b>Health problems</b>	1031	1.18 (0.13)	130	0.99 (0.36)	171	1.32 (0.17)	343	1.01 (0.13)	457	1.20 (0.16)

**Appendix table 28.** *Lack of political resources among early retirees and the ageing employed in Denmark. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of forward entered model, final.)*

	Full- and part-time early pathway		Ordinary disability pathway		Ageing employed	
	N		N		N	
<b>Gender</b>		-				-
Female			170	2.60* (0.44)		
Male			173	1		
<b>Civil status</b>		-		-		
Married/cohabiting					363	0.40* (0.39)
Alone					85	1
<b>Socio-econ. status</b>				-		-
White-collar/self-e	603	0.23*** (0.39)			321	0.31** (0.39)
Blue-collar	407	1			127	1
<b>Age</b>		-		-		-
<b>Health problems</b>		-		-		-
Nagelkerke R <sup>2</sup>		6.2		3.6		6.1

**Appendix table 29.** *Lack of financial resources among early retirees and the ageing employed in Finland. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of single variables.)*

	Full- and part-time early pathway		Unemployment pathway		Relaxed disability pathway		Ordinary disability pathway		Ageing employed	
	N		N		N		N		N	
<b>Gender</b>										
Female	113	1.46 (0.49)	148	1.41 (0.32)	130	1.57 (0.38)	303	1.16 (0.18)	143	0.66 (0.37)
Male	79	1	136	1	108	1	305	1	133	1
<b>Civil status</b>										
Married/cohabiting	146	0.43 (0.47)	217	0.58 (0.34)	184	0.40* (0.38)	385	0.50*** (0.18)	220	0.26*** (0.39)
Alone	49	1	72	1	62	1	240	1	56	1
<b>Socio-econ. status</b>										
White-collar/self-e	144	0.49 (0.50)	160	0.64 (0.32)	169	0.96 (0.41)	292	0.71 (0.18)	188	0.39* (0.41)
Blue-collar	39	1	115	1	65	1	276	1	67	1
<b>Age</b>	196	0.88 (0.08)	288	0.98 (0.06)	240	1.10 (0.09)	613	0.97** (0.01)	277	0.80*** (0.07)
<b>Health problems</b>	195	1.34 (0.19)	287	1.30* (0.12)	244	1.42* (0.14)	621	1.17** (0.06)	277	1.21 (0.13)

**Appendix table 30.** *Lack of financial resources among early retirees and the ageing employed in Finland. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Forward entered model, final.)*

	Unemployment pathway		Relaxed disability pathway		Ordinary disability pathway		Ageing employed	
	N		N		N		N	
<b>Gender</b>		-		-		-		-
Female								
Male								
<b>Civil status</b>		-						
Married/cohabiting			183	0.37** (0.39)	340	0.52*** (0.20)	207	0.31** (0.46)
Alone			61	1	193	1	46	1
<b>Socio-econ. status</b>		-		-		-		
White-collar/self-e							188	0.40* (0.43)
Blue-collar							65	1
<b>Age</b>		-		-	533	0.97* (0.01)	253	0.83** (0.07)
<b>Health problems</b>	255	1.28* (0.13)	244	1.45** (0.14)	533	1.21** (0.07)	-	-
Nagelkerke R <sup>2</sup>		5.7		8.9		7.7		14.0

**Appendix table 31.** *Lack of financial resources among early retirees and the ageing employed in Denmark. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of single variables.)*

	Full- and part-time early pathway		Unemployment pathway		Relaxed disability pathway		Ordinary disability pathway		Ageing employed	
	N		N		N		N		N	
<b>Gender</b>										
Female	540	1.68 (0.40)	83	0.30 (0.66)	129	0.79 (0.41)	170	0.89 (0.32)	203	1.14 (0.45)
Male	496	1	49	1	44	1	175	1	253	1
<b>Civil status</b>										
Married/cohabiting	841	0.16*** (0.39)	102	0.48 (0.67)	110	0.72 (0.38)	198	0.91 (0.33)	369	0.42 (0.49)
Alone	195	1	30	1	62	1	144	1	86	1
<b>Socio-econ. status</b>										
White-collar/self-e	602	1.00 (0.40)	80	1.06 (0.66)	72	1.27 (0.39)	155	0.85 (0.34)	321	2.36 (0.63)
Blue-collar	413	1	48	1	77	1	164	1	127	1
<b>Age</b>	1036	1.12 (0.10)	132	0.78* (0.10)	173	0.91*** (0.02)	345	0.95*** (0.02)	456	1.10 (0.06)
<b>Health problems</b>	1036	1.45** (0.13)	132	0.28* (0.64)	172	1.55*** (0.13)	343	1.24* (0.11)	456	1.37 (0.17)

**Appendix table 32.** *Lack of financial resources among early retirees and the ageing employed in Denmark. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Forward entered model, final model.)*

	Full- and part-time early pathway		Unemployment pathway		Relaxed disability pathway		Ordinary disability pathway		Ageing employed	
	N		N		N		N		N	
<b>Gender</b>		-				-		-		-
Female			80	0.21* (0.70)						
Male			48	1						
<b>Civil status</b>				-		-		-	362	0.37* (0.05)
Married/cohabiting	825	0.18*** (0.40)							85	1
Alone	190	1								
<b>Socio-econ. status</b>		-		-		-		-		-
White-collar/self-e										
Blue-collar										
<b>Age</b>		-	128	0.75** (0.11)	147	0.92*** (0.03)	361	0.94** (0.02)		-
<b>Health problems</b>	1015	1.44** (0.14)		-	147	1.46** (0.15)				-
Nagelkerke R <sup>2</sup>		11.1		21.3		23.7		5.8		2.1

**Appendix table 33.** Risks of having accumulative welfare problems (at least two, health excluded) among early retirees and the ageing employed in Finland. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of single variables.)

[illegible]

**Appendix table 34.** Risks of having accumulative welfare problems (at least two, health excluded) among early retirees and the ageing employed in Finland. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of forward entered models, final.)

	Full- and part-time early pathway		Unemployment pathway		Relaxed disability pathway	
	N		N		N	
<b>Gender</b>		-		-		-
Female						
Male						
<b>Civil status</b>		-		-		-
Married/cohabiting						
Alone						
<b>Socio-econ. status</b>		-		-		
White-collar/self-e					139	0.27 (0.71)
Blue-collar					54	1
<b>Age</b>		-		-		-
<b>Health problems</b>		-	182	1.78** (0.20)	193	1.92* (0.28)
<b>Experience of exit</b>						-
Expulsed	21	11.47* (1.25)	106	5.38* (0.79)		
Released/pulled	110	1	76	1		
<b>Retirement plans</b>		-		-		-
Exit planner						
Non-planner						
Nagelkerke R <sup>2</sup>		15.3		17.3		14.1



**Appendix table 35.** Risks of having accumulative welfare problems (at least two, health excluded) among early retirees and the ageing employed in Denmark. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of single variables in the first column, if possible, forward entered final model in the second column.)

	Full- and part-time early pathway			Unemployment pathway		Relaxed disability pathway			Ordinary disability pathway		Ageing employed	
	N			N		N			N		N	
<b>Gender</b>												
Female	546	0.99 (0.42)	-	84	0.14 (1.13)	129	1.57 (0.67)	-	173	0.84 (0.46)	205	1.92 (0.63)
Male	500	1		51	1	45	1		179	1	257	1
<b>Civil status</b>												
Married/cohabiting	848	0.43 (0.45)	-	104	1.20 (1.14)	111	1.76 (0.60)	-	201	1.77 (0.50)	375	0.31 (0.65)
Alone	198	1		31	1	62	1		148	1	86	1
<b>Socio-econ. status</b>												
White-collar/self-e	607	0.39* (0.45)	0.36* (0.48)	82	0.14 (1.13)	72	2.98 (0.62)	-	155	0.87 (0.46)	324	0.47 (0.62)
Blue-collar	418	1	1	49	1	78	1		166	1	129	1
<b>Age</b>	1046	1.09 (0.11)	-	135	0.94 (0.12)	174	0.95 (0.03)	-	352	0.98 (0.02)	462	1.12 (0.08)
<b>Health problems</b>	1046	1.47** (0.14)	-	135	0.86 (0.40)	173	1.68** (0.18)	1.80** (0.20)	350	1.12 (0.15)	462	1.37 (0.24)
<b>Experience of exit</b>												
Expulsed	123	4.66*** (0.45)	5.32*** (0.46)	21	1.33 (1.18)		-	-		-		-
Released/pulled	721	1		83	1							
<b>Retirement plans</b>												
Exit planner		-	-				-	-		-	294	2.55 (0.93)
Non-planner											103	1
Nagelkerke R <sup>2</sup>			9.2					13.9				

**Appendix table 36.** Risks of having accumulative welfare problems (at least two, health included) among early retirees and the ageing employed in Finland. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of single variables.)

[illegible]

**Appendix table 37.** Risks of having accumulative welfare problems (at least two, health included) among early retirees and the ageing employed in Finland. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of forward entered models, final model.)

	Unemployment pathway		Relaxed disability pathway		Ordinary disability pathway		Ageing employed	
	N		N		N		N	
<b>Gender</b>		-		-		-		-
Female								
Male								
<b>Civil status</b>		-		-		-		-
Married/cohabiting								
Alone								
<b>Socio-econ. status</b>		-		-		-		
White-collar/self-e							194	0.39* (0.45)
Blue-collar							69	1
<b>Age</b>		-		-	429	0.97* (0.01)		-
<b>Experience of exit</b>						-		-
Expulsed	107	3.76* (0.66)	63	2.93* (0.53)				
Released/pulled	78	1	130	1				
<b>Retirement plans</b>		-		-		-		-
Exit planner								
Non-planner								
Nagelkerke R <sup>2</sup>		5.9		4.9		1.8		3.6

**Appendix table 38.** Risks of having accumulative welfare problems (at least two, health included) among early retirees and the ageing employed in Denmark. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Parameters of single variables.)

[illegible]

**Appendix table 39.** Risks of having accumulative welfare problems (at least two, health included) among early retirees and the ageing employed in Denmark. Logistic regression analysis, odds ratios, std. errors in parenthesis. (Forward entered model, final.)

	Full- and part-time early pathway		Relaxed disability pathway		Ordinary disability pathway		Ageing employed	
	N		N		N		N	
<b>Gender</b>		-		-		-		-
Female								
Male								
<b>Civil status</b>		-		-		-		
Married/cohabiting								
Alone								
<b>Socio-econ. status</b>								
White-collar/self-e	478	0.29** (0.41)	72	3.10* (0.46)			294	0.28* (0.56)
Blue-collar	352	1	77	1			118	1
<b>Age</b>		-	149	0.92*** (0.03)	318	0.96** (0.02)		-
<b>Experience of exit</b>				-		-		-
Expulsed	122	3.28** (0.41)						
Released/pulled	708	1						
<b>Retirement plans</b>		-		-		-		-
Exit planner								
Non-planner								
Nagelkerke R <sup>2</sup>		7.6		15.5		4.0		4.3