Poor health constitutes the main reason for early retirement. How is this linked to working conditions and what are the measures required to tackle this issue?
Poor health is the most common reason for early retirement in the Baltic Sea Region (BSR). Here we look at patterns in the BSR in terms of self-perceived health status of workers aged 55+, incidence of disability pensions and working despite a chronic illness. We look at how research links health and working conditions and how taking a gender perspective related to work and health is of crucial importance. We include country perspectives from Latvia, Sweden and Finland and emphasise the importance of age management and a life-course perspective for policy development in this area.

**Health can be both a push and a stay factor in determining early retirement**

Being in a good state of health has many dimensions, as the definition of health by the World Health Organisation indicates: "Health is a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity."1

In research, factors supporting withdrawal from the labour market (push, pull, and jump factors) and those supporting a prolongation of working life (stay and stuck) have been identified.2 Health can be both a push and a stay factor, i.e. poor health can be a reason for being pushed out of the labour market, while staying in the labour market can contribute to good health. On the positive side, work can make us stay healthy both physically and mentally when the working conditions are right, providing us with financial stability and social inclusion. Health problems are, however, the most common reason for early retirement in OECD countries. Musculoskeletal disorders (MSDs) and mental health disorders are the main causes.3

**Self-perceptions of health status vary greatly between older people in the Baltic Sea Region**

Self-perceived health in the age group 45–64, as well as in that of 65+, varies significantly between countries in the Baltic Sea Region (BSR), as illustrated by figures 1 and 2. While between 67 and 74 per cent of individuals in the age group 45–64 from the Nordic countries of Sweden, Finland and Denmark perceived that they were in good or very good health in 2018, the equivalent figure for the Baltic countries and Poland was drastically lower, between 36 and 50 percent. The figure for Germany in this age group was 60 percent. The differences between countries become even greater in the age group 65+, as seen in figure 2. Furthermore, a consistent gender pattern is visible through all countries and age groups, where less women than men report that they are in good or very good health.

**Self-perceived health status as good/very good, & of population, 2018**

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1 World Health Organisation, https://www.who.int/about/who-we-are/constitution
A trend of decreasing share of disability pension beneficiaries in the Nordic countries, while the trend is the opposite in some Baltic countries

When it comes to the number of people benefitting from a pension due to disability, the countries in the BSR showed two different trends between 2011 and 2017. As figure 3 illustrates, there was a downward trend in the Nordic countries of Finland, Sweden and Denmark as well as Poland, where the total number of beneficiaries of a disability pension and its share of all pension beneficiaries decreased between 2011 and 2017. The Baltic countries, however, showed the opposite trend, except for Latvia. Germany stands out with a constant low share of disability pensions beneficiaries compared to other countries in the BSR.

Figure 3. Share of disability pensions beneficiaries of all pensions beneficiaries

At the same time, there is a trend of a growing number of people with chronic diseases remaining in work

The prevalence of chronic disease in the working population increased from 19 to 28 percent between 2010 and 2017 in EU member states. The difference between BSR countries is, again, big. In 2015, Finland had the highest share – 35 percent of its working population – living with chronic disease, while Germany, Sweden and Estonia showed figures of around 25 per cent. The European Foundation for the Improvement of Living and Working Conditions (Eurofound) finds several reasons behind this trend. One of the most important is work and lifestyle factors that are causing an increase in some conditions, including musculoskeletal disorders, mental health conditions and cardiovascular disease. This trend can also be attributed to the fact that older people are more prone to chronic disease and older age cohorts take up an increasing share of the working population. Furthermore, more limited access to disability and unemployment benefits in some countries, as well as broader socioeconomic factors might lead people to continue working despite a chronic condition, as they see this as their only financial alternative.

How is poor health linked to working conditions?

The European Pillar of Social Rights declares that workers have the right to healthy, safe and well-adapted work environments. The links between health and working conditions are complex. Working conditions include elements such as the organisation of work, safety and working time and work-life balance. Poor work-life balance may have negative effects on productivity at work, in the worst case leading to situations

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5 Eurofound (2019a)
7 https://www.eurofound.europa.eu/observatories/eurwork/industrial-relations-dictionary/working-conditions#:~:text=Working%20conditions%20refers%20to%20the%20time%20and%20work%2Dlife%20balance
of poverty. Furthermore, poor work-life balance has negative effects on a person’s social life and may also have detrimental effects on workers’ health and well-being.\textsuperscript{8}

A study from the Finnish Centre for Pensions confirms the crucial role that working conditions play in workers’ decision to retire or delay retirement in the age group 55-64.\textsuperscript{9} Factors that had a significant positive effect on delaying retirement included flexible working hours; employees’ ability to influence their own work; and opportunities to learn and to receive training at work.

Based on the results of the European Working Conditions Survey (EWCS) 2015, Eurofound has developed a conceptual model for assessing health outcomes related to working conditions. They are doing this by looking at demands and resources at work and distinguish between health-impairing processes (exhaustion) and motivational processes (engagement).\textsuperscript{9} Health-impairing processes refer to exposure to adverse work demands and motivational processes are associated with access to work resources that support engagement. When resources at work are good, this increases the engagement and well-being of workers. When demands at work are too high – i.e. in the form of physical risks and social demands – there is a risk of exhaustion and poor health of the workers.

A gender dimension to sustainable working life

Women’s and men’s participation in the labour market differ greatly, which means that they are exposed to different occupational hazards.\textsuperscript{11} The European Agency for Safety and Health at Work (EU-OSHA) differentiates between gender segregation at two levels. There is horizontal gender segregation with regards to the type of sectors that women work in (over-representation in health and social work, education and other service activities) and vertical segregation, which refers to a concentration of women lower down in the hierarchy within a company or sector.\textsuperscript{12} Furthermore, the type of work contracts held by women is also more often part-time and temporary work compared to men, which might prevent women from accessing support regarding human resources and occupational health services, EU-OSHA points out.

It is thus of vital importance to include a gender dimension in age management. Age management refers to human resources and has a direct focus on an ageing workforce, aiming at increasing the willingness and ability of older employees to remain in work.\textsuperscript{13} Age management is life-course oriented and holistic, involving for example lifelong learning, occupational health and age-adapted working environments.

EXAMPLE 1. Finland: mental health – main cause for disability retirement in 2019

The average age for starting to receive a disability pension in Finland is only 52.\textsuperscript{14} In Finland, the number of people retiring early due to mental health problems, and specifically depression, almost doubled from the mid-1990s to 2015.\textsuperscript{15} The total number of retirees due to this reason has since fallen. However, according to the Finnish Centre for Pensions, mental disorders were the most common reason for retirement on a disability pension in 2019.\textsuperscript{16} This is the first time that mental disorders were the main reason for retirement on a disability pension. Until then, musculoskeletal diseases were the main cause for retirement on a disability pension.

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\textsuperscript{8} Eurofound (2018), Striking a balance: Reconciling work and life in the EU, Publications Office of the European Union, Luxembourg.

\textsuperscript{9} Järnefelt N., R. Perhoniemi and P. Saari (2014), Working conditions and retirement intentions 2013, Finnish Centre for Pensions (in Finnish)

\textsuperscript{10} Eurofound (2019b), Working conditions and workers’ health, Publications Office of the European Union, Luxembourg.


\textsuperscript{12} EU-OSHA (2016)

\textsuperscript{13} https://eguides.osha.europa.eu/all-ages/UK_en/what-is-age-management-

\textsuperscript{14} OECD (2018), Finland: Key policies to promote longer working lives, Country note 2007 to 2017 available online at: https://www.oecd.org/els/emp/Finnland%20Key%20policies_Final.pdf

\textsuperscript{15} OECD (2018)

According to the Social Insurance Institution of Finland (Kela), the amount of sickness benefits due to mental problems increased in Finland 2019.\(^7\) The sharp increase of sick leave days was due to mental issues, especially for women and both younger and older persons, in the age group 50–67. Long-term sickness leaves increase the risk of not turning back to work, and Kela points out that it is important to follow the reasons for sick leaves and try to prevent damage that is more permanent. Possible reasons for the increase in sick leaves are linked to work-life balance: higher demands and requirements in work, family life and free time, but also awareness of mental health issues which have been discussed in media. Mental health problems are less stigmatised than before in Finland.

### Examples of actions undertaken in Finland to improve working conditions for older workers

Finland has tackled the issue of mental health and working conditions by trying to increase the cooperation between different actors and sharing of best practices.

Between 2007 and 2011, the Finnish government ran the Masto Project, which was based on the recognition of the connection between mental illnesses and work disabilities.\(^8\) The project took a preventative approach, introducing measures to tackle mental problems at an early stage. Main approaches included the promotion of well-being at work; various activities to prevent depression; early recognition and treatment; and the rehabilitation and return to work of people recovering from depression.

Between 2011 and 2015, the Finnish Institute for Occupational Health implemented the strategy “Well-being at Work”.\(^9\) Already in the 1990s, this institution started to work on awareness raising regarding the importance of improving the “work ability” of older workers and a number of tools were developed, such as a training programme called “Age Power to Work” for supporting better age management at workplaces and a questionnaire for staff called “Age-Key”, which is an initial assessment for developing age management at workplaces that identifies methods that could be developed at the workplace to improve age management. Furthermore, a tool that aims to support companies in identifying their existing level of well-being, and ways to increase it by improving the career management of employees in different stages of life was also developed.

### EXAMPLE 2. Sweden: socio-economic factors linked to health and early retirement

The average effective age of retirement in Sweden was 65 in 2018, which is the highest in the EU, while labour force participation in the age group 60–64 has increased by well over 20 percent in the last decade. As seen from OECD data in figures 1 and 2, a majority of older Swedes perceive their health status to be good or very good, far exceeding other countries in the BSR.

Socio-economic factors do, however, play a decisive role as a determinant of early retirement or longer working life. Research from 2018 indicates a dichotomisation of the Swedish labour market in terms of retirement patterns, where the risk of leaving the labour market early is much higher among manual workers than among non-manual employees.\(^21\) Of the 10 occupations where the earliest withdrawal from the labour market is seen in Sweden, seven belong to the category of manual workers.\(^22\) The top-10 occupations in Sweden with the lowest number of ‘lost years’ of work are all within the category of non-manual employees, research shows. The difference between these two extremes is 5,5 years.

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\(^{17}\) [https://tutkimusblogi.kela.fi/arkisto/5168](https://tutkimusblogi.kela.fi/arkisto/5168)

\(^{18}\) OECD (2018)

\(^{19}\) OECD (2018)

\(^{20}\) Eurostat (2019)


\(^{22}\) Kadefors et al. (2011)
One of the factors behind these differences is the type of tasks involved in the job, more specifically the level of physical strain involved in tasks. Typically, low-skilled jobs involve a higher degree of physically demanding tasks compared to high-skilled jobs. Research indicates that physical strain is the highest contributing factor when it comes to socio-economic differences regarding the health status of workers. Jobs where tasks tend to be repetitive and monotonous, involving prolonged standing and sitting, stress and high emotional demands, as well as paced and shift work have higher propensity for occupational hazards. These are also tasks which are more often found in low- and medium-skilled jobs.

Figure 4, which is based on results from Eurofound’s Fifth Working Conditions Survey, clearly illustrates how sectors and occupations play a decisive role in how people see themselves remaining, or not remaining in working life beyond the age of 60.

**Figure 4. Percentage of workers aged 50–54 years who do not think they will be able to do the same job at the age of 60**

![Percentage of workers aged 50–54 years who do not think they will be able to do the same job at the age of 60](image)


**EXAMPLE 3. Latvia: Social partners’ ‘Support for longer working lives’ project**

In Latvia, people aged 50 and older face a variety of difficulties in order to successfully compete in the labour market: health problems, lack of modern education, inadequate working environment and conditions. The country also struggles with high rates of emigration of younger people.

National social partners play an important role in promoting cooperation in the framework of active labour market policy measures to support employment opportunities, including focus on older workers. An Autonomous Framework Agreement on Active Ageing and an Inter-generational Approach was signed between social partners in the EU in 2017, providing guidance also to the work of the national social partners, namely the Employers’ Confederation of Latvia (LDDK) and Free Trade Union Confederation of Latvia (LBAS).

In line with the Framework Agreement, the Latvian State Employment Agency, together with LDDK and LBAS, implemented the project “Support for longer working life” between 2017 and 2020. The project was an example of how cooperation with social partners can involve actors from multiple sectors and levels to work towards common goals. The objective of the project was to promote working capacity and employment of older workers by providing support to 3,000 older workers. Focus was also on employers, ensuring that they include age management issues in their employment contracts, collective agreements or other employer documents.

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24 EU-OSHA (2016)
The project’s main focus was on occupational health and working conditions. It involved a multitude of activities, including public awareness measures (i.e. meetings, conferences) to promote longer and better work, involving municipalities and local public social care and health care institutions, as well as large enterprises and professional education institutions.

An assessment of the work environment and human resources potential was conducted. The main focus areas of this have been an evaluation of the overall situation of companies in terms of human resources, working environment, work organisation, learning and development opportunities, career management and social security measures. The assessment of the work environment and human resource potential was provided for the employer by a team of experts: occupational safety specialists, occupational health doctors, ergo therapists and human resource management specialists.

Support measures for the target group were developed in line with the results of the assessment, i.e. career counselling, skills transfer activities (informal education), mentoring (informal education), work-place adjustment, as well as health improvement measures. Examples of health improvement measures include short-term activities about health improvement, comprising both physical and mental support such as consultations for target group with psychologists, nutrition specialists or a physiotherapist.

The implementation of this project was a new type of activity for the Latvian State Employment Agency that expanded the range of services available to employers. LDDK and LBAS have found that their participation in the implementation of this project also increased their own capacity in terms of expertise, knowledge and human resources related to age management. They developed a practice to meet monthly to discuss age management related issues and activities of the project, also inviting experts and Latvian Association of Local and Regional Governments to their meetings.

**POLICY IMPLICATIONS**

- Be preventative instead of reactive by adopting a life-course approach to the management of workplace safety and health and preventing risks – age management is central.

- Introduce return-to-work measures for those who are on sick-leave.

- Take the range of different individual needs into consideration when creating working environments.

- Invest in motivational aspects: job control, social resources and rewarding working experiences.

- Invest in improving and adapting workplaces for all age groups – ergonomics, etc.

- Introduce flexible work arrangements.

- Provide opportunities for skills and competence development for all age groups, lifelong learning.

- National level policies should ensure focus on measures for those groups that are most prone to have health challenges at work. Research indicates the following risk factors for poor health related to work: education: lower educational attainment; occupation: lower-skilled occupations; employment status: self-employment without employees; atypical contracts; gender: being female.25

- Initiatives from social partners through the Autonomous Framework Agreement on Active Ageing and an Inter-generational Approach in 2017 between social partners.

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25 Eurofound (2019)
This policy brief is part of a series of policy briefs written for the project **BSLF for Sustainable Working Life** (BSLF-SWL) which is funded by the European Social Fund and Swedish Institute. The project addresses the demographic challenge in the BSR - i.e. an ageing population, low fertility rates and a shrinking labour force - by focussing on the working population in the age group 55+ and efforts to prolong working life through Active Ageing and Lifelong Learning. The overarching aim of the project is to support the improvement of working conditions and lifelong learning provisions, systems and policies for the older labour force in order to promote active ageing and employability.

For further information, please contact: Josefina Halme, BSLF-SWL project manager, at josefina.halme@cbss.org or visit our website: https://bslf.eu/sustainable-working-life/

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