

The long and winding road

A life course approach to retirement behaviour

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For Örträsk, one of the many villages in Lapland whose natural resources, labour, hopes and dreams were the prerequisite for industrialisation, urbanisation and the welfare state, which is now maturing into oblivion.

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List of original papers in the thesis

- I. Örestig, J. “Ageing toward meaningful work? Age, labour market change and attitudes to work in the Swedish work force, 1979–2003”. *Submitted to journal*
- II. Örestig, J, Strandh, M and Stattin, M 2013. A wish come true? A longitudinal analysis of the relationship between retirement preferences and the timing of retirement. *Journal of Population Ageing*,(6) 1-2, 99-118.
- III. Örestig, J, Larsson, D and Stattin, M. Retirement preferences before and after pension reform: evidence from a Swedish natural experiment. *Submitted to journal*.
- IV. Halleröd, B, Örestig, J and Stattin, M 2013. Leaving the labour market: the impact of exit routes from employment to retirement on health and wellbeing in old age. *European journal of ageing*, 10(1), 25-35.

Abstract

Background This thesis explores the retirement behaviour of older people approaching retirement decisions. The research questions in focus deal with the attitudes toward work, the retirement preferences and the subjective well-being of the “youngest old”, i.e. people aged 55–64. The included studies analyse the social determinants of these subjective evaluations and how they predict the timing of retirement and post-retirement well-being.

Methods In the included studies, methods are used that allow us to follow developments over time. Repeated cross-sectional analyses are employed to examine general developments pertaining to the older work force. These include OLS and logistic regression analysis. Longitudinal analyses are used to follow individual developments over time. These include Structural equation modelling and Cox regression analysis.

Results The results indicate that subjective evaluations such as attitudes to work and retirement preferences, as well as subjective well-being, are closely related to the structural conditions to which individuals are exposed, i.e. class position and work environment. The results also indicate that subjective evaluations such as preferred exit age and subjective well-being reported while in the work force are determinants of both the timing of retirement (in the case of preferred exit age and pre-retirement subjective well-being) and post-retirement subjective well-being (in the case of pre-retirement subjective well-being).

Also, results indicate that recent policy changes in the Swedish pension systems are reflected in the retirement preferences of the older work force. A comparison of two time-points representing the incentive structure of the old and the new pension systems indicates that preferences were delayed with pension reform.

Conclusion The thesis contributes a temporal perspective to a research field that is dominated by research studying retirement behaviour at a single point of in time. The included studies underline the value of understanding retirement behaviour as a process rather than an isolated event. The way people evaluate their work, their well-being and their retirement prospects is intimately intertwined with their earlier experience. These subjective evaluations affect future retirement outcomes. Life course approaches offer illuminating tools for examining and explaining the significance of the biographies behind retirement behaviour.

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*Umeå, June 2013
Johan Örestig*

Introduction

Pensions, retirement age and social protection in old age are among the most complex issues faced by modern societies. Such debates have been revitalised by the publicity around rapid global population ageing. The United Nations has estimated that the expected average annual percentage growth of the 80+ population between 2010 and 2035 will be 3.39 for the world in general, 2.14 in Western Europe and 2.19 in Sweden. The percentage of the 60+ population in 2035 is expected to be 18 percent at a global level, 33.4 in Western Europe and 29.5 in Sweden (Zimmer and McDaniel, 2013:7).

Such statistical estimations have provoked controversies around the appropriate political response. Major events occurred when the OECD (1988), by the end of the 1980s, upgraded population ageing to the status of a central political and economic challenge for its member states, and when the World Bank (1994) published the report *Averting the Old Age Crisis*, in the early 1990s. The main concern was how the demographic changes would threaten the financial stability of welfare states through a relative decrease of their active workforce whose taxes finance pension provisions for the increasing part of the population who are dependent on such benefits (Gilbert, 2004). Since then, debates on the social, economic and political consequences of the ongoing demographic changes have come and gone using moderately phrased concepts such as *ageing societies*, *greying societies* or *population ageing* or with more creative alarmist epithets such as *apocalyptic demography*, *the old age boom* or *the population bomb* (Bengtsson and Kirk, 2010; Rauhut, 2010; Blackburn, 2003: 20ff.).

During the 1990s and 2000s governments in most European countries advocated policies such as retrenchment of public pensions and social security as well as postponed retirement and strengthened work incentives in social security (Kangas et al., 2010; Belfrage and Ryner, 2009). This political re-orientation aimed to increase the labour market participation of

older age groups to cut costs for social security and, to an increasing extent, to privatise pension savings. As the British historian Robin Blackburn (2003:17) reminds us, calls for pension retrenchment during the 1990s provoked general strikes, mass demonstrations and eventually the fall of governments in countries such as France, Germany and Italy. In other countries, such as Sweden, the debate was also present but without open social struggles (Belfrage and Ryner, 2009). By the turn of the millennium, many European governments had introduced policies that would profoundly change the systems that regulate the transition from work to retirement (Reday-Mulvey, 2005:112ff.).

The research subject area

The studies included in this thesis deal with research questions related to this contentious issue. More precisely, the studies revolve around older workers approaching retirement and their attitudes toward work, their retirement preferences and post-retirement health and well-being. Earlier research consists primarily of cross-sectional comparative studies. Such research has been conducted in several fields, particularly sociology, economics and psychology. The main focus has been on mapping the social determinants of older workers' attitudes and preferences regarding work and retirement, and their health and need for economic and social support (e.g. Damman et al., 2013; Bengtsson and Kirk, 2010; Alavanja and Burdorf, 2008; Stattin, 2008; Esser, 2005; Barnes-Farell, 2003).

A pervasive finding is that retirement behaviour is strongly related to the individual's social position. When you retire, how you view work and what you expect your life as a pensioner to be like depends on your standing in the social structure (Wang et al., 2011). Conditions at the workplace are of particular importance. Most importantly, working conditions are primary determinants of health inequalities, in terms of both physical and psychosocial health (Marmot and Wilkinson, 2006). Also, older people with

poor working conditions are more likely to prefer early retirement over continued work and to retire before the statutory age of retirement (e.g. Raymo et al., 2010; Stattin, 2008; Ebbinghaus, 2006; Esser, 2005; Dahl and Vaage, 2002; Henkens and Tazelaar, 1997; Mathieu and Zajac, 1990; Hult, 2004). Last but not least, the workplace is significant with regard to the role that the expectations and behaviour of management and colleagues plays for older workers' retirement behaviour.

Moreover, earlier research shows the importance of factors related to the private sphere. Here, family situation, private economic conditions and social networks outside of the workplace are particularly influential. The spouse's retirement plans and actual retirement age, the expectations of friends and family, and care responsibilities towards kin are of importance for the individual's retirement behaviour (van Solinge and Henkens, 2008; Stattin, 2008; Barnes-Farrell, 2001).

An important and growing strand of research has demonstrated the role of the institutional characteristics of labour markets and welfare states. Cross-country comparisons show that attitudes to work, retirement preferences and the average timing of retirement vary substantially over institutional contexts (e.g. Hou et al., 2010; Ebbinghaus, 2006; Hult, 2004; Svallfors et al., 2001). For example, Esser (2005) shows that in countries with social democratic welfare regimes and coordinated labour market regimes, such as Sweden and Norway, workers prefer to retire later and have more positive attitudes toward work than in other regime types.

Taken together, earlier research convincingly demonstrates that retirement behaviour is the result of a complex interplay of factors at the institutional, organisational, private and individual levels. Generally, the job structure and labour market regulation, the design of key social security systems (pension, disability and unemployment schemes) and activation policies represent the preconditions, or "the rules of the game", in which retirement behaviour plays out (Hou et al., 2010). These institutional characteristics interact with

workplace and private conditions, and with the characteristics of individuals or social groups (such as age, social class, gender and education), and (re)produce variation in retirement behaviour.

These merits aside, earlier research generally shares a common limitation: it does not take *processes* into account in analyses of the retirement transition. This is unsatisfactory given that we know that older workers' subjective experiences and evaluations are closely related to living conditions and social context, and that these circumstances change over time. When the time dimension is not taken into account in analyses, research fails to show how such social changes relate to changes in retirement behaviour. Also, earlier research seldom focuses on the longitudinal relationship between attitudes, preferences and subjective evaluations at one point in time and behavioural patterns at a subsequent point in time. This is a severe limitation given that ageing in itself is a process. Thereby, arguments that assume that attitudes and preferences constitute predispositions to act and that retirement behaviour has changed substantially over time remain assumptions that must be put to the empirical test.

The contributions of this thesis

The main contribution of this thesis is that it brings a temporal perspective to research on retirement behaviour. It includes four Swedish case studies on older workers approaching retirement. The analyses are based on cross-sectional and longitudinal data from the period 1979–2011. The focus is not only on the behavioural outcome, that is, the timing of retirement. Rather, the main interest is on older workers' *subjective evaluations of work and retirement*, i.e. attitudes toward work and retirement preferences, and on their subjective well-being. The studies were carried out in a period of substantial changes in Sweden's labour market and system of social welfare. Labour market participation increased among older workers, especially

women, and the service sector grew extensively. In the early 1990s Sweden underwent a far-reaching financial crisis that increased unemployment. The immediate effect was greatest in the private sector, but the subsequent retrenchment policies and public sector downsizing would affect unemployment levels and working conditions in the public sector. In labour market and social policy, the economic incentives of social security programmes were strengthened and a number of pathways from work to early retirement were closed. Most prominently, in 2003 the Swedish government established a new pension system that would radically change conditions for future pensioners (Kangas et al., 2010).

The aim of this thesis is to examine the attitudes to work, retirement preferences and subjective well-being of older workers approaching retirement from a temporal perspective. The thesis includes:

- (i) a study on the development of work attitudes in different age groups in the work force,
- (ii) a study on the longitudinal relationship between retirement preferences and the actual timing of retirement,
- (iii) a study on the development of retirement preferences from the period before and the period after the establishment of the new Swedish pension system, and
- (iv) a study on the longitudinal relationship between social inequality in working life, early retirement and inequality in health among old-age pensioners.

Background: Population ageing and its implications

Demography and the adequacy and sustainability of retirement pathways

There is a lively debate on how present and future population ageing will affect societies. There is consensus around the fact that demographic development will be a vital strategic challenge for European and Nordic policies in the coming decades. The question is how these challenges will play out in different contexts and how they should be tackled. Amitsis (2013) distinguishes two different but related challenges posed by population ageing: *adequacy* challenges and *sustainability* challenges. The adequacy of pension systems is examined in terms of how they correspond with the main objectives of pensions (Holzmann and Hinz, 2005). The first defined aim of pension systems is to provide all individuals with income security in old age after retirement. From this perspective pension systems should be designed in such a way that they establish programmes that reduce the risk of poverty in old age and which prevent social exclusion. The main indicators used within the EU context are at-risk-of-poverty rate and the relative income of the elderly. These together may provide a clear picture of the efficiency of minimum-income pensions in providing adequate income security for the elderly (see also Blackburn 2003: 81ff.; Baldwin, 1990:279ff.).

A second defined aim of pension systems is as a mechanism for *consumption smoothing*. From this perspective, pensions balance individual consumption in the productive middle years and in retirement. Therefore, pension systems need to be designed in ways that retain the value of income over time (i.e. indexation) so that the real value of pensions is held constant. A commonly used measure here is *replacement income*, i.e. “the extent to which pension systems enables workers to preserve their previous living standards when moving from employment to retirement and the relative income of the elderly” (Amitsis, 2013: 11).

The sustainability of pension systems refers to how they correspond with broader policy and economic objectives. A central sustainability objective in the design of pension systems is to make sure that they do not create disincentives to work but secure the reproduction of the labour force (Junestav, 2004; Blackburn, 2003; Lindbeck, 1995). Pension systems are generally based on one of two different models: the Bismarckian and the Beveridgian. The Bismarckian model originates in Otto von Bismarck's criterion for social insurance. His version of social insurance was introduced on the national scale in Germany during the 1880s and was founded on the insurance principle: the benefit levels were related to income and financed through fees. Work incentives were supposed to be accounted for by making it beneficial for individuals to stay in work and aim for a career that would increase one's future pension (Blackburn, 2003:45ff.). The Beveridgian model originates from the ideas of William Beveridge and was introduced in England after World War II. The industrialisation of England led to debates on how to deal with problems related to poverty. Beveridge recommended a model based on flat rates, in order to guarantee a minimum standard for all citizens. Similar to the Bismarckian model, this also involved a supplementary provision through occupational schemes (Ibid. 56ff.). The Beveridgian flat-rate model reproduces work incentives in a different way than the Bismarckian insurance model. By keeping benefits low, a flat-rate model encourages a long work life and private savings to create a buffer for independence in old age (Ibid: 404). It is important to keep in mind that these are ideal-typical models and the intentions behind the models are not necessarily the same thing as their outcomes. Although these two models provided the point of departure for the emergence of universal pension systems, national variations have been – and still are – substantial (Kangas et al., 2010).

Another central sustainability objective is to secure the financial balance of pensions. Current pension systems (systems based on funding as well as “pay as you go”) are made up by transfers from the “active” part of the population to the retired. The financial sustainability of social security is dependent on

an ongoing reproduction of the labour force. A central concept in this discussion is the *dependency ratio*. The dependency ratio expresses the relationship between the part of the population which is in work, which pays taxes and contributes to pensions, sickness benefit, etc. and the part of the population which is dependent on such income and benefits. Population ageing together with a relatively low labour market participation of older people means that the dependency ratio has increased during recent decades. Since the welfare state is predominantly financed by taxes on wage labour (income taxes and employers' fees) a decrease in the labour market participation of the oldest part and the youngest part of the population will increase the financial imbalances of the welfare state and eventually cause a fiscal crisis for public finances (the dependency ratio is discussed and critically evaluated in Rauhut et al., 2009; Mahon, 2007).

The crux of the matter is that pension policies are forged by the, at least partially, contradictory relationship between adequacy and sustainability objectives. A central argument from the European Commission, the World Bank and other leading actors is that a short-term concern for the adequacy of pensions (e.g., generous benefit levels and eligibility that decreases poverty in old age) will obstruct long-term sustainability objectives. It is argued that, if pension schemes are too generous, imbalances in the dependency ratio will persist since even people who are able to work are likely to retire earlier than they would under less advantageous circumstances. In the long term, especially considering population ageing, this imbalance threatens to undermine public finances and cause welfare states to fail to fulfil not only the sustainability objectives but also the adequacy objectives for future pensioners. It is further argued that, since pension schemes are based on transfers between the working part of the population and the retired, this might evoke intergenerational conflicts around the distributive justice of pension systems (Razin et al., 2001; Fougère and Mérette, 1999).

This adequacy versus sustainability argument has been a central point of departure in pension reforms around Europe from the 1990s and onwards (Reday-Mulvey, 2005:49ff.). The European Commission (2003)

distinguishes four different sustainability objectives within the EU context. First, pensions should enable increasing labour market participation and prolonging working life to balance the dependency ratio. Second, they should be designed so that they do not undermine public finances. Third, they are to ensure that adjustments to benefit and contribution levels are equitable. Fourth, they should enhance the quality of funded pension schemes, which are increasingly important in many EU member states (see also Bongaarts, 2004).

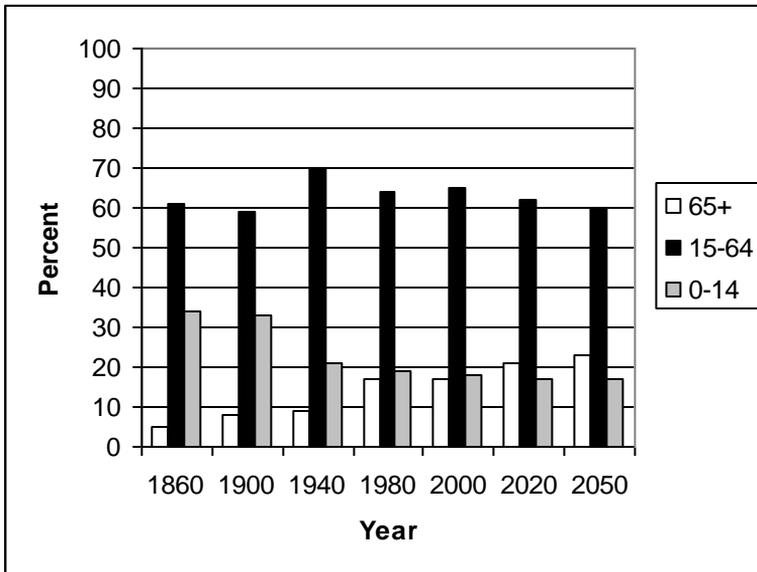
These aims have been transformed into policy initiatives of varying intents. Although there are great cross-country variations, Amitsis (2013) identifies three common features in (calls for) pension reform: (i) encouraging/enabling more people to work more and longer, (ii) greater pre-funding of pensions and (iii) decline in the accrual of annual pension rights, all else being equal. Common policy strategies have included:

- Increasing pensionable ages – i.e. the ages at which benefits can be obtained.
- Abolishing or restricting pathways to early retirement.
- Improving flexible retirement options which allow people to continue working full-time or part-time and encourage people to do so by making it beneficial for future pensions.
- Increasing the link between actual contributions (labour market participation and income) and eventual pension income.
- Linking pension benefit calculation and/or indexation of benefits to changes in longevity or dependency ratios.
- Outlawing and reducing age discrimination in workplaces and labour markets at both EU and national levels. (Ibid.: 14)

The Swedish case in context

From an international perspective, Sweden is a particularly relevant case for further studies. A basic precondition for this is of course that Sweden has faced challenges and pressures that also concern other countries. This is certainly the case regarding demographic changes. In fact, the process of population ageing started earlier in Sweden than in most other countries. Figure 1 shows actual developments for the age structure in Sweden from 1860-2004 and estimated changes up to 2050.

Figure 1. Age composition in Sweden, 1860-2050.



Source: Tornstam, 2004.

Akerby (1992:27) states that pension policies were put under pressure earlier in Sweden than in many other West European countries. When the first public pension scheme was introduced in 1913 there were no obstacles regarding sustainability. Not only were the pensions low and thereby failed to fulfil adequacy objectives. The life expectancy at birth in 1913 was only

about 56 years while the statutory age of retirement was set at 67. This meant that many older workers did not live long enough to receive pensions and many others spent just a few years in retirement before they died. This changed dramatically with the demographic transition into population ageing. In 1990, 18 percent of the population were aged 65 or more. As Figure 1 shows, these figures are continuations of a long trend that has changed the age structure in Sweden. Today older people in general can expect to spend more than a decade in retirement. The increase became accentuated around 2010, when the “baby boomers” (i.e. the large cohorts born at or after the end of World War II) were about to retire; there was a rapid increase in elderly people. Estimates indicate that the ratio of workers will fall from 100 workers for every 30 pensioners in the year 2000 to 100 workers for every 41 pensioners in the year 2025 (Ministry of Health and Social Affairs, 2002:9).

However, Sweden is not merely a relevant object for a case study because it shares trends and features with other European countries. Perhaps more importantly, Sweden has undergone major policy changes to counteract the sustainability obstacles of ageing societies. The prime example is the new pension system of 1994/1998. The reform was a radical overhaul of the existing system and is unique by international standards. The flat-rate basic pension of the preceding system was replaced by a new means-tested *guarantee pension*. The old earnings-related ATP pension (settled in 1957) was replaced by two defined contribution schemes. First, a new *income pension* was introduced, a *defined contribution system* calculated from the individual’s lifetime earnings. Such a system is a broad trend within pension reform that strengthens the insurance character of old age pensions, in the sense that pension expectations are more directly related to the individual’s actual contributions during his or her working life. This is compared with the former ATP system which was based on the so-called “15/30-year rule” where the universal national pension was supplemented by earnings-related pensions (ATP) based on the earnings of the 15 best years out of 30 in work. Second, a new mandatory *premium pension* was introduced, a funded

individual account administered by a state agency (Kangas et al., 2010). Last but not least, the former statutory retirement age, set at 65, was abandoned. Instead, old-age pension can be requested between the ages of 61 to 67. The system offers full pension retirement, or benefits representing part-time retirement receiving 25, 50 or 75 percent of full pension entitlement. There are built-in economic incentives to remain in work since early retirement results in lower benefits but retired persons are also allowed to work after retiring (Belfrage and Ryner, 2009; Reday-Mulvey, 2005:99ff.).

This policy-programme was accompanied by a set of related initiatives outside old-age pensions. From the early 1990s restrictions were introduced in eligibility for, and benefit levels of, early retirement pension. During the economic crises of the 1970s the Early Retirement Act was modified so that older workers could be granted early retirement when their health, taken together with labour market conditions, complicated their participation in the work force. This possibility for early retirement for labour market reasons was abolished in 1991, and the possibility for early retirement when health and labour market reasons are combined was abolished in 1997 (Wadensjö and Sjögren, 2000). In the new pension system the early retirement pension was replaced by a new form of sickness benefit and was thereby separated from the old-age pension scheme and integrated with sickness insurance. In 2003, the Employment Protection Act was modified so that older workers were now formally entitled to continue working until the age of 67 (from the former 65) if they preferred (Kangas et al., 2010).

The aim of these policies was not only to cut costs for social security but to increase labour market participation of older workers and postpone retirement. Overall, the new pension system substantially strengthened individual economic incentives to postpone retirement, mainly by reinforcing the relationship between labour market participation and income pension. Also, older workers' formal capability to postpone retirement was advanced by the abolishment of the statutory retirement age (Kangas et al., 2010; Andersson and Immergut, 2007; Andersson, 2001).

Theoretical framework: The political economy of ageing, life course theory and the subjective experience of older workers

The political economy of ageing, work and retirement

Many sociologists and social gerontologists who study ageing, work and retirement can be placed in the theoretical tradition of *political economy* (Walker, 1981; Guillemard, 2000; Phillipson, 1998; Kohli and Rein, 1991). The political economy of ageing emerged as a critique of functionalist theories on old age. In the post-war period, Social Gerontology, the multidisciplinary study of the social dimension of ageing (Bond et al., 1993), was dominated by a biomedical understanding of ageing. The ageing process was medicalised and individualised and defined deterministically as physical and mental decline.

In contrast, the political economy of ageing postulates that ageing always must be situated in the economic and political context in which it takes place. From this perspective, ageing is a process conditioned by biological constraints but the way, and the conditions under which, we age are socially mediated via the *opportunity structure* that surrounds the individual (Phillipson, 1998:17ff.). The opportunity structure provides the subject with rules, regulations, opportunities and constraints important for retirement behaviour (see also Wang et al., 2011). Furthermore, the political economy perspective acknowledges that different societies have different norms and expectations around ageing and that these are related to the surrounding economic and political context. Therefore the term *social age* is introduced with reference to the specific roles and behaviours expected by society that are tied to particular ages in a particular social context. This is further addressed through the concept of *age norms*. These refer to the normative aspects of age enforced by the social structure or widely observed in society.

They can be expressed as informal expectations as well as formal rules and laws that put moral pressures, socialisation pressures or legal restrictions on individuals that will affect their expectations about the appropriate way to lead a life at a particular age. Research demonstrates that age norms vary not only across time and across societies but also across gender, ethnicity, and social class lines within a given time and society (Chudacoff, 1992; Settersten, 2003; Settersten and Mayer, 1997).

Estes (1986) summarises the aim of the political economy model as meaning to develop an understanding of how differences in how old people are treated in different contexts and how these variations can be related to policy, economy and society in advanced capitalism. Political economy challenges the view of older people as a homogeneous group and underlines how the experience of ageing is related to social policy and differentiated according to social class, disability, gender and ethnicity (Phillipson, 1998:18).

Ageing and cumulative (dis)advantage: understanding inequalities in old age

A useful way to understand how diversity in older peoples' living conditions is established is the *life course approach* (e.g. Mayer, 2009; Moen, 1996). This theory looks at how chronological age, social relationships, common life transitions and social change shape people's lives from birth to death. The central category in life course theory is time. Present states are dependent on previous conditions and experiences and therefore cannot fully be understood without a temporal perspective. Giele and Elder define a life course as "a sequence of socially defined events and roles that the individual enacts over time" (Giele and Elder, 1998:22). The life events that an individual is exposed to and the roles that he or she are expected to take do not necessarily proceed in a given sequence. In contrast, they are made up by the sum of the individual's experience and characteristics. The life course is

characterised by constants that provide stability, as well as trends, cycles and shifts that provide disruptions.

Life courses are characterised by diversity within cohorts (intra-cohort) as well as between cohorts (inter-cohort). Depending on the time and place where you were born and on the social position you obtain, your life will develop along different paths. A weak social position increases the exposure for *developmental risks* that under particular circumstances will have a *developmental impact* on health, wealth and living conditions later in life. By developing an *event history*, life course scholars identify a sequence of significant events, experiences and transitions in a person's life from birth to death (or to the outcome of interest to the researcher). An important task is to identify the life events that constitute a *turning point*, i.e. a point in the life course that represents a substantial change or discontinuity in direction and that has a developmental impact on the individual (e.g. the likelihood of early retirement, poor health or premature death) (Rutter, 1996).

Life courses are the results of a complex interplay between biological and social determinants. Elder (1998) distinguishes four themes of the life course perspective that can be used to more completely recognise diversity in older age in its many forms. First of all, there is the *interplay of human lives and historical time*. Cohorts tend to have different life trajectories depending on which set of events they encounter. Age-categories are part of a *generation*, i.e. cohorts that include individuals born in the same period who have distinctive social or historical life events in common (e.g. Schaie, 1965). The common features of each generation are influenced by a number of forces (i.e., parents, peers, media, critical economic and social events and popular culture). These forces create common values distinguishing them from younger and older generations. These shared experiences and events during their lives should affect living conditions, expectations and preferences in old age within this cohort (Lubinski, Schmidt, and Benbow, 1996; Meglino and Ravlin, 1998).

Second, there is the *timing of lives*. Age norms are different across time. Life course scholars identify which expectations and roles are associated with different ages in a particular society. For example, models that predominantly have been developed in the context of advanced welfare states are ill equipped for global applications (Scott et al., 2002). Age norms also vary depending on position in the social hierarchy of a given society, most notably by gender, ethnicity and social class (Settersten, 2003; Settersten and Mayer, 1997). These factors are important for understanding not only differences from one cohort to another (inter-cohort) but also differences among the individuals within a cohort (intra-cohort).

Third, there are *linked or independent lives*. Individuals have access to different extents of social support and obligations. This can vary within a social context based on personality or social position and between social contexts through differences in family structures or the social division of reproductive work. For example, extensive care responsibility for family has an effect on gender differences in life course trajectories since this responsibility predominantly is placed on women (Arber and Ginn, 1995).

Fourth, there is *human agency in making choices*. Trajectories might be moderated by intervention through intentional acts. Individuals make plans and choices based on the opportunities and constraints of a given situation, or they might intervene to enable other people to avoid or recover from developmental risks. Social movements act to challenge social inequalities and call for recognition of groups that are discriminated against within oppressive systems (Fraser, 2013). These four themes illustrate how the diversity of individuals' life courses are shaped and expressed.

A central finding within this line of research is that inequalities tend to be accentuated in old age, i.e. the gap between those better off and those worse off is greater than in earlier stages of life (e.g. Marmot and Wilkinson, 2006; Christensen et al., 2010; Alavinia et al., 2008). The pattern is very similar to that expressed in the Gospel of Mathew (13:2): "Whoever has will be given

more, and they will have abundance. Whoever does not have, even what they have will be taken from them”.

To explain this, life course scholars have developed the concepts of *cumulative advantage* and *cumulative disadvantage*. This distinction was originally coined by sociologist Robert Merton (1968), to explain how inequality develops over the life course. Merton describes this mechanism as “the ways in which initial comparative advantage of trained capacity, structural location, and available resources make for successive increments of advantage such that the gaps between the haves and the have-nots widen” (Merton, 1988:606). This approach focuses on how cumulative (dis)advantage is structured by social institutions and societal structures and related to the social position, resources and behaviour of the individual (Blane, 2006; Settersten, 2003).

Sociologist Dale Dannefer (2003:327) specifies the definition “as the systemic tendency for inter-individual divergence in a given characteristic (e.g. money, health, or status) with the passage of time”. He puts particular emphasis on the terms *systemic tendency* and *inter-individual divergence*. The former term implies that divergence between individuals and social groups is not simply a reflection of individuals’ social positions. Rather, divergence results from the interaction of multiple complex forces. The latter term implies that cumulative (dis)advantage is an aggregated mechanism rather than a property of individuals. This is particularly important in research on ageing and older people. Ageing is not an individual process; it is a process that happens to *collectivities* (Ibid.).

Consider the effect of advantages in education. Children who are born into affluent families with a long history of higher education are provided with pressures, encouragement and social support that will make them successful in school and likely to obtain higher education. Such a degree will in turn position them for occupations with high wages, stimulating and health-promoting work tasks which will give them opportunities to be in good

health in old age. Children who are not as privileged are more likely to face difficulties in school, to suffer from longer unemployment periods, to hold occupations with low wages and have monotonous and hazardous work tasks that increase the risk for poor health in old age, early retirement, etc. However, it should be pointed out that early deprivations and stressors do not necessarily lead to a trajectory of failure and developmental risks. Trajectories can be changed by human agency, social support, political measures and historical events. As Baldwin (1990) shows, historically, reforms for public health, education and pensions are prominent examples of historical events and political measures that moderated risks for people born into less advantageous circumstances.

To sum up, for the life course approach, time is crucial for understanding diversity and inequality in older age. Inequality in old age cannot be explained merely by data on current living conditions, social position and status of individuals. Current states must be linked with previous life events, social positions, social networks and experiences to understand how inequality has been generated and accumulated across life. The timing of retirement and health inequalities in old age are both rooted in the unequal distribution of risks on the labour market and in other social spheres which individuals experienced earlier in their life courses.

The social determinants of retirement behaviour: the protection-oriented pull approach versus the production-oriented push approach

Throughout life individuals are exposed to a variety of factors that will influence their social position and their psychological and physiological developments and thereby also their attitude to work, retirement preferences and their retirement behaviour. These different factors through a complex interplay form what has been called the opportunity structure. Opportunity structures constitute the combinations of opportunities and constraints that structure people's opportunities to affect their lives and to achieve goals

(Phillipson, 1998:17ff.). Earlier research on retirement behaviour has had quite a different focus regarding the relative importance of different dimensions of the opportunity structure. Ebbinghaus (2006) divides the political economy tradition into two different theoretical standpoints: the *production-oriented push approach* and the *protection-oriented pull approach*. The different factors are not necessarily exclusive in relation to each other. Different theories and researchers tend to assume that one factor or a group of factors may be more influential than others.

The production-oriented push perspective tend to emphasise how the timing of retirement depends on structural conditions and institutional characteristics of the labour market (e.g. Lund et al., 2001; Kohli et al., 1991). In the extended vocabulary of Jensen et al. (2006), this perspective focuses on *push* and *stay* factors. Push factors concern structural conditions and labour market changes that “push” people out of employment. Push factors play out at the societal level and at the workplace level and affect individuals’ employment chances. The main focus is on how living conditions and work environments affect health and work ability for older workers. There has also been an increasing emphasis on push factors as determinants of older workers’ subjective experiences of work attitudes, retirement preferences and subjective well-being (Gould et al., 2008; Loretto et al., 2007). Stay factors include stimulating work tasks, strong social networks at the work place and other factors that encourage older workers to stay in work not because they have to but because they want to (Jensen et al., 2006). Theoretically, the production-oriented push approach shares features with neo-Marxist and post-Keynesian theory by its focus on how economic crises, the organisation of work and technological change affect *the labour demand side* in advanced capitalist societies (Dugger and Sherman, 2000; Karasek and Theorell, 1990). Labour markets are understood in social relational terms, i.e. “the people that participate in production have different kinds of rights and powers over the use of the inputs and over the results of their use” (Olin-Wright 2005:9). From this perspective the social division of labour in

advanced capitalism is characterised by inequality in conditions and opportunities between different groups, which explains why some groups have a longer work life while others are pushed out of employment through various pathways to early retirement. This is not only expressed in behavioural outcomes such as timing of retirement but also in how older workers subjectively evaluate work and retirement when making retirement decisions. For example, push factors such as poor work conditions, weak labour market attachment, poor work ability or a non-rewarding job constitute one set of motivational factors behind preferences to retire early (Stattin, 2008).

The protection-oriented pull perspective emphasises, in the words of Ebbinghaus (2006:252), explanations that “focus on individual workers’ preference for leisure over work, given the financial incentives for public preretirement benefits”. This approach tends to focus on how rules, regulations and social norms create incentives for retirement over work (e.g. Maltby et al., 2004; de Vroom and Guillemard, 2002; Kreuger and Meyer, 2002; Barnes-Farrell, 2003). Jensen et al. (2006) develop a more specified vocabulary. Here, protection-oriented pull factors are divided into *pull*, *jump* and *stuck* factors. Pull factors refer to the incentive structures of different institutional settings of rules and regulations. The focus is on how the institutional design of social security and public policy and the degree of coordination between the state and the labour market actors affect the relative attractiveness for early retirement among older workers and institutional actors (Karlström et al., 2008; de Vroom and Guillemard, 2002). *Policy feedback theory* provides a conceptual apparatus that links institutions with retirement preferences and behaviour by arguing that political changes by institutions, such as public pension systems, might not only result in responses of satisfaction or dissatisfaction but might also change social norms, attitudes, preferences and behaviour around work and retirement (Soss and Schram, 2007:113). They do so by modifying “the structure of rewards and costs” (Svallfors, 2007:11), thereby (re)distributing resources and entitlements. In other words, by providing individuals with

resources and incentives for particular behaviours, public policies “profoundly influence crucial life choices, what kind of job to take ... [or] when to retire” (Pierson, 1993:606). Pension benefit levels, eligibility criteria and other dimensions of the institutional structure affect retirement preferences and behaviour by making some retirement outcomes more costly and risky than others (see paper III in this thesis). The effect of policy changes is dependent on how they are designed and implemented. Soss and Schram (2007:122) state that policy feedback is likely to occur (i) when policies have a high degree of *visibility* for target groups and (ii) when policies have a high degree of *proximity*, i.e. the changes have direct effects on people’s lives.

Jump factors are related to pull factors but concern the individual’s own choice and subjective interest in retirement. The underlying assumption is that improvements in the health and wealth of older people together with generous pension systems have a negative effect on work-centrality in societies. Work-centrality is a measure used in labour market research to quantify the importance of work for individuals in specific communities and/or societies (Noon and Blyton, 2007). This term can be understood as a pole linked in a continuum with another pole – leisure-centrality – and individuals and societies based on wage labour can be placed somewhere between these poles. It has been suggested that welfare states have moved closer toward the pole of leisure-centrality and that jump factors are of increasing importance for understanding retirement patterns (Krueger and Meyer, 2002).

Different theories suggest that western societies have undergone a normative shift where retirement is increasingly associated with self-realisation. During the 1980s scholars began to question the tripartite life-course model as not reflecting more recent developments. The distinction between childhood/youth, working age and old age fails to recognise the heterogeneity that characterises the ageing populations in post-Fordist societies (Komp, 2013). Particularly important here is the extensive *third*

age literature that emphasises the dramatic changes in older people's living conditions during the 20th century. The concept of the third age was coined by the British historian Peter Laslett (1989) to modify the tripartite life-course model that he considered obsolete. The first and the second age represent what in the tripartite model is called childhood/youth and working age. The fourth age refers to the individual's last period in life which is characterised by dependency and decrepitude. With the third age, Laslett emphasises the emergence of a new group of older people that retires relatively healthy and wealthy and spends decades in retirement despite work ability. This category engages more in social life, leisure activities and consumption (see also Giljeard and Higgs, 2002). Taken together, the third age literature paints a picture of growing individualism, consumerism and leisure-centrality.

Similar arguments have been put forward in research on older workers' exit patterns. Retirement policies during the 1970s and 1980s is now widely criticised for establishing an *early exit culture* (e.g. Guillemard, 2002). A central theme within the research is how old-age policies undermine the economic necessity to work and the moral obligation to work (Noon and Blyton, 2007:50ff.). The generous eligibility and benefit levels of social security undermined work incentives, encouraged a leisure culture and thereby risked becoming an obstacle to labour supply (de Vroom and Guillemard, 2002; Krueger and Meyer, 2002; Lindbeck, 1995). The early-exit culture was also criticised for encouraging moral degeneration and generational conflicts where a "shrinking middle" of working people supported an increasingly healthy and wealthy older population in a life free from the burdens of wage labour (for a review, see Esping-Andersen and Sarasa, 2002).

Stuck factors are those that prevent people from withdrawing from the labour market even though they would prefer to, e.g. they cannot afford to lose their wage income (e.g. Phillipson, 2007). Theoretically, the protection-oriented pull perspective shows a close similarity with the marginal utility

theory in neoclassical economics. It tends to view individuals as rational actors who calculate gains and losses with continued work and retirement and assumes that individuals are enabled to let such considerations influence the timing of retirement and thereby affect a society's *labour supply* (e.g. Lindbeck, 1995).

The psychosocial dimension of retirement behaviour: attitudes, preferences and subjective well-being

In the debate on older workers' retirement behaviour there has been increasing focus on the subjective side of retirement patterns, i.e. the values, attitudes, judgements and preferences of older workers. This is part of a more general scientific paradigm shift within the social sciences which focuses on the *psychosocial* dimension of social life (e.g. Marmot and Wilkinson, 2006). Beside the emphasis on structural factors, there has been a growing recognition of how the surrounding opportunity structure interacts with the mental processes of individuals and groups and affects their attitudes, preferences and judgements regarding work and retirement. In particular, theory and research have examined how emotional responses, affective states and subjective evaluations of one's social position are related to health and social behaviour (e.g. Frank, 2007; Karasek and Theorell, 1990).

The psychosocial perspective includes central inter-related concepts such as *culture, values, norms, institutionalised norms, preferences, attitudes and behaviour*. At the most general level individuals are part of a surrounding culture. In a broad definition, Allardt (1977:66) includes customs, habits, traditions, law, knowledge and religious and technological practices in this concept. Symbolic forms of culture not only include a set of beliefs and ideas but also materialised cultural heritage such as buildings, tools and skills. Cultures are historical and fluid, under constant negotiation, and are structured by and reflect the social structure, i.e. the organisation of

economic, political and social life, “the distinctive, stable arrangement of institutions whereby human beings in a society interact and live together” (Form and Wilterdink, 2013). Cultures are made up of beliefs, values, social norms, attitudes and preferences. Values and norms are general and more stable over time while attitudes and preferences are more particular and dependent on concrete situations, phenomena and available choices. Values are fundamental in human culture, a notion that was emphatically expressed in the classical sociologies of Max Weber and Emile Durkheim (Arts et al., 2003:4). A general definition of values is that they include learned, general and goal-oriented tendencies that function as guidelines for behavioural strategies (Allardt, 1977:51; Bowles, 1998). Values can be general (e.g. equality, freedom, justice) and particular (modified and adapted to specific situations) and represent the goals that an individual is striving for and as such they condition his or her less deeply rooted attitudes or beliefs (Oskamp, 1977:13). Social norms are generally understood as morally regulated shared rules for behaviour. Deviant behaviour that violates social norms tends to have negative social consequences for the deviant through direct punishment or through indirect punishment by the cancelling of rewards (Fehr and Gächter, 2002). When certain norms are widely accepted or enforced as superior, are represented by observable forms of action and are internalised by a majority of the members within a social system, they have become institutionalised.

Values and norms underlie and influence attitudes and preferences. Attitudes can be defined in terms of a tendency to react positively or negatively to demarcated phenomena, objects or persons (Thompson and McHugh, 1990). Attitudes toward work are widely used within labour market research to map and explain workers’ views on management, loyalty, employment commitment and work motivation (e.g. Noon and Blyton, 2007; Hult, 2004; Thompson and McHugh, 1990). In similar fashion, preferences are also connected to the person but involve actual or hypothetical choice between two or more alternatives. Lukes (2005:157) define preferences as “structured, standing, rankable dispositions to choose certain states of affairs

rather than others that in turn imply dispositions to act in one way rather than another under specified conditions”.

Where does this renewed interest in older workers’ attitudes, preferences and subjective well-being come from? I distinguish three different sets of arguments: the *empirical*, the *governmentality* and the *emancipatory*.

The empirical argument takes its point of departure in the assumption that attitudes and preferences regarding work and retirement as well as subjective well-being are important determinants behind labour market participation and retirement patterns. A central theory here is the *attitude-behaviour consistency theory* which takes its point of departure in the “psycho-logic” of cognitive consistency:

[W]e all strive to be consistent in our beliefs, attitudes and behaviours, and that inconsistency acts as an irritant of a stimulus that motivates us to modify or change them until they form a coherent if not logical package (Atkinson et al., 1990:703).

In other words, consistent attitudes and preferences are assumed to embody psychological functions for individuals. Thompson and McHugh (2009:274) divides these into four sub-functions:

- **Adjustment:** utility of object in need satisfaction; maximising external rewards and minimising punishment.
- **Ego defence:** protecting against internal conflicts and external dangers.
- **Value expression:** maintaining self-identity; enhancing favourable self-image; self-expression or self-determination.
- **Knowledge:** need for understanding, for meaningful cognitive organisation, for consistency and clarity.

The strong link between attitudes/preferences and mentalities deeply rooted in the person explains why they are understood in terms of predispositions to act. Such positioning toward concrete phenomena or choices are not temporary or coincidental but linked to stable mental patterns that influence the chosen path when individuals are confronted by choice. Azjen and Fishbein (1980) view the attitude-behaviour consistency as dependent on the circumstances in which it is formulated. Researchers who assume a relationship between attitudes, preferences and behaviour must take four dimensions into account: the specific *action*, the *target* of the action, the social *context* in which the action is performed and the *time* at which the action is to be performed.

The problem of attitude and preference change is underdeveloped in labour market research. However, the theory of cognitive dissonance, developed within psychological theory, emphasises the close relationship between the opportunity structure and attitudes and preferences. From this perspective, people strive to maintain consistency in their attitudes and preferences. Attitudes and preferences tend to change (i) since they are easier to change than our behaviour, (ii) since attitudes are adapted to behaviour and (iii) since attitudes and preferences are directed toward behaviours and identities and these are in constant flux. This understanding is central in research on *endogenous* preferences which takes an interest in how preferences emerge within a social and institutional context and that they are *adaptive*, i.e. that they tend to be adapted to the opportunities and constraints that are given (Elster, 1983; Nussbaum, 2002; Bowles, 1998). Colburn states that “[a]daptive preference formation is the unconscious altering of our preferences in light of the options we have available” (Colburn, 2011:52).

Drawing of this relationship, the governmentality argument states that knowledge and mapping of the social determinants of older workers’ attitudes, preferences and well-being are crucial for governments and employers’ subtle manipulation to strengthen work motivation. The

underlying argument around mechanisms can be illustrated in the following quote:

Even though we cannot predict the behaviour of single individuals, we should be able to predict that people (in general) will *change* their behaviour if we can *change* their attitudes of greatest relevance to the behaviour in question. We cannot predict which people will change or how much they will change, but a change in the attitudes of the population should be accompanied by a change in the behaviour of the population (Zimbardo et al., 1977: 52).

The present notion of governmentality was most prominently developed by Michel Foucault (2000, 2007). Governmentality implies the subtle direction of conduct which structures ‘winning solutions’ and ‘modes of action’ that are used (consciously or unconsciously) to influence the scope of actions of other actors (Foucault, 2000:346). In one of his lectures, Foucault (2007 269-70) quotes the economist Gary Becker, who defined *homo economicus* as “someone who accepts reality [...] [and] who responds systematically to modifications of the environment”. The important thing is not whether or not this rational calculating being exists empirically. Rather, this neoliberal conception of such an ideal individual “is someone who is eminently governable” (Foucault, 2008:270; see also Becker, 1976:7). This idea of human nature is a fundamental point of departure for political programmes which aim to change the context within which decisions are made.

A key ideal of neoliberal governmentality is the move away from ‘big government’ disciplinary measures toward self-organising organisations and individuals. Nikolas Rose emphasises governmentality as the conduct of conduct. Labour market and social policy are increasingly developing “programmes, strategies and techniques for acting upon the action of others towards certain ends” (Rose, 1999:xxi). The basic principle is the combination of *autonomisation* and *responsibilisation*. On the one hand, free spaces are opened up for individual choice (e.g. different caregivers and different alternatives for private pension funding or flexibilisation of retirement). On the other hand, these autonomised actors are enwrapped within new forms of control (Rose, 1999:xxiii). In line with New Public

Management this includes opening up markets for the sale of training programmes that educate and ‘coach’ people on how to avoid or handle risky situations such as poor health, unemployment or early retirement (Lindvert, 2006). In the research field of which this thesis is a part, the governmentality argument suggests that it is not merely the consideration of retirement behaviour that is relevant but also the subjective experience, attitudes and preferences that underlie that behaviour. The fundamental question here is which set of social factors are related to older workers’ positive attitudes toward work and preference for late retirement (i.e. beyond the former statutory age of retirement) and how policies can be changed to adjust attitudes and preferences in line with policy goals (to postpone retirement). This question recurs in governmental and international political organisations’ reports (SOU, 2011; OECD, 2006; World Bank, 1994) and is with the governmentality concept understood as a form of social control.

Last but not least, there is the emancipatory argument. This argument is central in Humanistic Marxist approaches (Sayers, 2005), Labour Process Theory (Braverman, 1974; Thompson, 1983), Critical Management Theory (Alvesson and Willmott, 1992) and the Dignity in Work literature (Bolton, 2012). The point of departure here is that inequalities in the social division of labour deprive disadvantaged people of their right to a dignifying, enriching and stimulating job. This perspective adds a normative dimension to research on older workers’ subjective evaluation of work and retirement. In contrast to the governmentality argument, it takes its point of departure in the individual’s right to self-fulfilling life activities, well-being and freedom, whether or not this is in line with the sustainability objectives of the hegemonic order. From this perspective, attitude and preference measures serve as indicators of progress in a long-term effort to balance inequalities that stem from the social division of labour. The renewed interest in alienation theory belongs to this tradition (e.g. Wendling, 2010) as does the Capability Approach (e.g. Sen, 1992).

Data, samples and variables

The Panel Survey of Ageing and the Elderly

The analyses are based on Swedish data from the annual *Survey of Living Conditions in Sweden* (ULF) and the *Panel Survey of Ageing and the Elderly* (PSAE). PSAE is an extended edition of ULF, conducted by Statistics Sweden in collaboration with the Department of Sociology at Umeå University (Vogel and Häll, 2006).

ULF has been published annually since 1975 and covers a wide range of different dimensions of living conditions, such as working environment, health, material assets and social relations. Since 1979 ULF includes a panel sample that is repeated at eight-year intervals. When ULF was produced in 2002 and 2003, it was supplemented with PSAE, a special survey including questions directed to people aged 55+ in the sample regarding, for example, retirement preferences and activities in daily life.

A major strength with PSAE is that it enables temporal perspectives via longitudinal and repeated cross-sectional analyses. The data base contains a panel sample with individuals who previously participated two or three times in ULF over eight-year intervals. We can follow individual development over time on matters such as subjective health, work environment, education, etc. Furthermore, the survey data can be linked to registry data from *the Longitudinal Integration Data Base for Health Insurance and Labour Market Studies* (LISA) This data includes information about everyone aged 16 and over who was nationally registered by the 31st of December every year. Thereby, longitudinal income data on respondents' wages, pensions, unemployment and sickness benefits, etc. can be used to identify, for example, retirement patterns. Since ULF and LISA are available for every year and generally include a consistent set of variables, they enable repeated cross-sectional analyses on developments for cohorts.

PSAE includes approximately 5500 people aged 55 and older. The sample is population based but is over-sampled for people in the age category 65+. The included studies primarily involve older people between the ages of 55 and 70. Table 1 shows the age composition of this age group.

Table 1. Age-composition of older people aged 55 through 70 in PSAE 2002/2003 (n=2872)

Age	n	Age	n
55	201	63	149
56	209	64	155
57	229	65	202
58	199	66	168
59	198	67	168
60	184	68	160
61	159	69	155
62	139	70	152

Papers I and III were based on cross-sectional ULF data for the years 1979-2003 and 2002/03 and 2010/11, while papers II and IV were based on longitudinal PSAE data and LISA data.

Note on methods

In the included studies I use different methods that enable longitudinal and repeated cross-sectional analyses. These include Structural Equation Modelling (SEM), Cox regression analysis and logistic and OLS regression analysis (see the included studies for further details and references). These methods have been chosen to allow me to take the often-overlooked temporal dimension into account in empirical research in ways that recognise and capture social change as well as the influence of biographical events that took place before the time of the specific outcome of interest (e.g. timing of retirement, retirement preferences or post-retirement well-being). By doing this I hope to achieve analyses that are more sensitive regarding change and individual biographies than is the case for much of the earlier research discussed above.

Summary of papers

Paper I: *Ageing toward meaningful work? Age, labour market change and attitudes to work in the Swedish work force, 1979-2003*

Paper I examines how attitudes to work have changed over recent decades. There is extensive research on attitudes to work but these are generally limited to distributions at a single point in time. Such studies have enhanced our understanding about the social determinants of work attitudes and how they vary between different institutional contexts. Much less is known about whether there has been attitude change over time and, if so, the driving forces behind such change.

A central finding in earlier research is that attitudes to work generally are more positive among older workers than among younger workers. This result has been interpreted in two different ways, by the cultural and the structural hypotheses. The cultural hypothesis sees age differences as outcomes of generational differences. Different cohorts share different life events and conditions and these tend to generate generational differences in how work is valued. In addition, moral hazard theory and research starting from such theory suggest that work values are undermined by the combination of generous benefit levels and generations who opt for leisure and retirement while in good health. We would expect that different cohorts should hold different work attitudes and that the work values of an age group at an earlier point in time should be different from the work values of the same age group at a later point in time. The structural hypothesis sees age differences as expressions of labour market inequality between older and younger workers. From this perspective changes in attitudes to work should have more to do with changes in the job structure and in working conditions than with a general cultural shift, i.e. people value work differently because people in general hold other types of jobs than in earlier periods. This point of view

leads us to expect that age differences in work attitudes will follow changes in the job structure and in working conditions.

Drawing on data from the Swedish survey of living conditions (ULF), paper I examined attitude change within the Swedish work force during the period 1979–2003. Attitude to work was measured by a variable distinguishing an extrinsic (work as an economic necessity) from an intrinsic (work as inherently meaningful) view on work. Three sub-periods, 1986/1987, 1994 through 1996 and 2001 through 2003 were compared to 1979, the year of reference. The main results showed that a consistently lower share of the work force held extrinsic work values in the subsequent periods and this applied to all age groups. The results did not support the assumption that broader cultural differences between generations are central explanations of differences in work values. Older workers held extrinsic work values to a lesser degree than younger workers regardless of period. Most strikingly the wide gap between the youngest group on the labour market (aged 16–29) and the older ones persisted during the period. On the one hand, around one out of three workers in the youngest category reported an extrinsic attitude and this distribution was stable for all sub-periods. On the other hand, a decreasing share of workers in the older age groups held an extrinsic attitude to work.

Results from multivariate analyses underlined the importance of changes in structural conditions during the period. For the three oldest age groups, the attitudinal change that was observed proved to be statistically insignificant when class, work environment and other structural factors were controlled for. Also, when structural conditions were held constant, the youngest age group showed a statistically significant decrease in extrinsic attitude. Thus, the wide gap between the youngest and the older age-groups is largely explained by different class composition etc. This indicates that attitude change to a great extent is explained by the substantial changes in the Swedish employment structure and in working conditions during the period. Furthermore, class differences in the distribution of the extrinsic attitude

were intact throughout the study period; manual employees were consistently more likely to hold an extrinsic attitude than were service class employees. This implies that differences in the probability of extrinsic work attitudes have been identifiable regardless of period, but that their prevalence has decreased since jobs involving features related to extrinsic work values have decreased since 1979. In other words, the findings in paper I showed no support for the cultural hypothesis that work attitudes vary due to generation or cohort.

Paper II: *A wish come true? A longitudinal analysis of the relationship between retirement preferences and the timing of retirement*

Theories of the relationship between preferences and behaviour often infer a causal relationship where individuals are assumed to act intentionally to realise their preferences (Lukes, 2005; Krueger and Meyer, 2002; Lindbeck, 1995). In line with this reasoning, older working people who report that they prefer to retire at a given point in time will act to influence decision makers in order to retire in accordance with the preferred exit age. This causality is questioned in institutional theory which views social norms, attitudes and preferences as influenced and structured by the institutional framework that surrounds them. For example, in strictly regulated labour markets and welfare regimes individuals should have limited possibilities to influence institutional actors' decisions on the timing of retirement. This implies that the relationship between retirement preferences and the timing of retirement might be either non-existent or adaptive, i.e. individuals adapt their preferences so that they are in line with their socially accumulated work ability.

In Paper II, longitudinal Swedish data from the PSAE and LISA were used to analyse the influence of retirement preferences reported in 2002 or 2003 (t_0)

on the hazard¹ to retire sometime between the years 2003–2007 (t_1). Four different categories were construed based on what age the persons preferred to retire in relation to t_0 . The results showed that retirement preferences were positively related to the timing of retirement. In comparison with those who preferred to retire the latest, all other categories showed a higher hazard to retire during the study period. The earlier the preference for retirement, the higher the hazard of retirement. This effect remained statistically significant when other important factors behind retirement patterns such as age, education, health and class were controlled for. However, the strong effect of retirement preferences found in the bivariate analysis proved to be strongly confounded by the individuals' age at the time when preference was reported. Moreover, the introduction of time-dependent coefficients showed that people who preferred to retire in the near future were more likely to retire earlier in the study period than later on in the study period. These results underlined the importance of preferences of older workers since they demonstrated their predictive value for the actual timing of retirement.

Paper III: Retirement preferences before and after pension reform: Evidence from a Swedish natural experiment

In 2003 a new pension system was introduced in Sweden. A central aim in the reform was to postpone retirement. The new system was based on substantially different principles than the preceding system. Most importantly, work incentives were strengthened by linking benefits more closely to the individual's labour market participation. Older workers were also given the right to work until age 67 which meant that age 65 was abandoned as the statutory age of retirement. Research shows that retirement de facto was postponed during the years that followed the introduction of the new system. But did retirement preferences, i.e. the

¹ The term hazard is a technical term used in Cox regression and should not be interpreted in the way that it is used in everyday language. Instead, in this case, it refers to the average odds for an individual with a particular characteristic to retire during the study period. See paper II for details.

individual's preferred exit age, develop in the same manner? This can be expected from policy feedback theory but empirical evidence is poor.

Drawing on cross-sectional data from the PSAE surveys in 2002/03 and 2010/11, paper III examines how retirement preferences developed between the time when the new system was about to be introduced and a later time when it was in place. Since retirement preference is related to conditions on the structural and the individual levels, education, health, work environment and other known background factors are included as control variables. The main results show that there was substantial change in how retirement preferences were distributed in the two time-points. In general, the 55–64 year-olds in 2010/11 preferred to retire around a year later than the same age group did in 2002/03. The share of the older workforce that preferred to retire beyond 65 doubled and the increased share was clustered around the age 67. Most strikingly, this pattern applies to all included sub-categories. Even those who reported poor health and poor work environment preferred to retire later in 2010/11 than the corresponding category did in the preceding time period. The results of paper III indicate that the strengthened work incentives and public campaigns to increase awareness of them have had a general impact on the older workforce in Sweden. The increase in age 67 as a preferred exit age indicates that the norm of suitable exit age is being delayed from 65 to 67.

Paper IV: *Leaving the labour market: The impact of exit routes from employment to retirement on health and wellbeing in old age*

Exit patterns from employment to retirement have become increasingly heterogeneous. The transition takes place at different ages and through different pathways for different people. This development has given rise to a debate among policy-makers, interest groups and researchers whether heterogeneous exit patterns may accentuate inequalities between older people in retirement. Some studies on this topic have indicated that early

exit through certain exit pathways may be associated with decreased post-retirement health. This is a serious critique of the present design of social security, since a central function of the system is to offer people with poor workability protection from exposure to unhealthy environments.

Paper IV analyses whether and to what degree specific routes into retirement affect older people, i.e. the relationship between heterogeneous exit patterns and post-retirement health and wellbeing. We used longitudinal data from two points in time; data related to t_0 collected in 1993, 1994, 1995 and 1996 and data related to t_1 were collected in 2002 and 2003 ($n=589$). We focused on older people (65 at t_1) who were employed at t_0 and retired at t_1 . We used confirmative factor analysis to identify identical measures of health and wellbeing at both t_0 and t_1 . Hence, we were able to control for pre-retirement health and wellbeing when evaluating the effects of different exit routes. These routes were defined as dependence on incomes from sickness benefit, disability pension, part-time pension, unemployment insurance and active labour market programmes. Our initial structural equation model showed a clear relation between exit routes and post-retirement wellbeing. People who prior to retirement were pushed into social benefit programmes related to health and unemployment were significantly worse off as retirees, especially those with health-related benefits. However, these relationships disappeared once pre-retirement well-being was added to the model. Our main conclusion is therefore that post-retirement wellbeing first and foremost is a consequence of accumulation of advantages and disadvantages during the life course. Both labour market exit routes and post-retirement wellbeing can be seen as outcomes of this process. There are no indications of independent effects of the retirement process. Judging from our findings, there is no reason to believe that involvement in social security programmes allowing early retirement on health grounds has any additional negative consequences for health and wellbeing.

Concluding discussion

Ageing is a process characterised by diversity and inequality. For a researcher it is a delicate dilemma to capture the multiplicity as well as the generic patterns of social life. Too narrow an individual focus comes with the price of non-generalisability. Too broad a focus on aggregate patterns risks oversimplification. The general aim of this thesis is to add a temporal perspective on older workers approaching retirement which does not of course paint the whole picture but which recognises the importance of time and biographies for understanding retirement behaviour. Particular focus is directed to the subjective side of retirement behaviour, i.e. older workers' attitudes to work, preferred exit age and subjective wellbeing. As noted above, earlier research has enhanced our knowledge about the workings of different institutional arrangements, such as different welfare state models, different labour market models and the interplay between them. However, such studies are generally based on cross-sectional data and do not inform us about developments over time or causal relationships between different variables. In this thesis, longitudinal relationships and changes across time have been placed at the centre of attention. In this concluding section, the main findings of the thesis will be summarised and discussed from a theoretical perspective.

Main findings

The studies included in this thesis confirm that ageing is a process featured by diversity. As stated in the theoretical framework presented above, diversity in ageing can be expressed in several different ways. On the one hand, this diversity is expressed in *intra-cohort* differences. People who are born during the same historical period, in the same country, region etc. are internally stratified. The results of this thesis clearly illustrate that this diversity applies to attitudes to work, retirement preferences, subjective wellbeing and the timing of retirement. Differences can to a certain extent be

explained by individual variation based on genetic predisposition or personality, but the diversity is also clustered around shared features or collectivities, to use Dannefer's (2003) life course terminology, that can be linked to the social structure: class, gender, education, health, etc. However, results from paper III indicate that intra-cohort differences regarding retirement preferences decreased with the Swedish pension reform in the early 2000s. This result underline a more general pattern: the distribution of older workers subjective evaluations regarding work and retirement are situated in a social context under constant change. On the other hand, diversity in ageing is expressed in *inter-cohort* differences. This means that there is variation between groups born in different historical periods, i.e. differences between different age groups. Paper I shows that such inter-cohort differences are expressed in the distribution of attitudes to work. Papers II and III show that retirement preferences are strongly related to age.

Furthermore, the included studies show that this diversity can be traced back to a variety of different social determinants which in turn can be categorised as factors belonging to either the protection-oriented pull or the production-oriented push approaches. As a brief reminder, these perspectives have diverse genealogies, the former drawing on neoclassical economic theory and the latter on Marxian, Weberian and post-Keynesian traditions. The protection-oriented pull approach emphasises the importance of incentive structures in social security while the production-oriented push approach focuses on structural conditions in the labour market and social inequality. Few would argue that only one of these approaches is correct. However, they are commonly used as generators of hypotheses for empirical studies (e.g. Wang et al., 2011; Ebbinghaus, 2006; Esser, 2005; Kreuger and Meyer, 2002; Lindbeck, 1995) and are poles between which academic and political debates play out (Lundström, 2011; Johnsson, 2006). Results from the studies included in this thesis illuminate the strengths as well as weaknesses of these approaches.

To begin with, the protection-oriented pull approach found support regarding the influence of preferences on retirement behaviour. Paper II showed that retirement preferences indeed represent something more than merely reflections of the individual's adaptation to his or her social position. Even when other known predictors were controlled for, retirement preferences proved to be a predictor of timing of retirement. Here, the production-oriented push approach tends to overemphasise preferences as reflections of structural conditions.

Moving on to attitude change, propositions that workers are increasingly instrumental in how they view work (Lindbeck, 1995) found no support in this thesis. Rather, it was the production-oriented push approach which found the strongest support. Results in paper I show that attitudes to work have changed substantially during recent decades but they are increasingly intrinsic. In other words, an increasing part of the work force describe their work as meaningful while a decreasing part describe their work as no more than an economic necessity. The fact that the youngest age group were those most likely to hold extrinsic work attitudes could be interpreted as indicators of generational differences. However, the youngest group was more extrinsic no matter which cohort/sub-period was examined. When class, work environment etc. were held constant the youngest age-group showed a statistically significant decrease in the extrinsic attitude, while the decrease in the three oldest age-groups was found to be insignificant. That is, the youngest group in the workforce was more extrinsic because the age group to a greater extent consisted of individuals in the working class and with poorer working conditions than older age groups. Thus, age differences were to a great extent also confounded by structural conditions.

Results in paper III provided support for a dimension of the protection-oriented pull approach. The results indicated that the argument from policy feedback theory (discussed in the theoretical section above) that strengthened work incentives in the pension system together with high degrees of proximity and visibility will provoke changes in preferences is

valid for retirement preferences. A comparison of retirement preferences among 55–64 year-olds before the introduction of the new pension system with the same age category after the new pension system was introduced show a strong general delay. The striking finding is that the delay of retirement preferences applied to practically all subgroups including individuals with poor health and poor work environment.

Furthermore, regarding the social determinants of health in old age, paper IV provided additional support for the production-oriented push approach. Inequality in subjective health among pensioners is established earlier in the life course when they are still in work. Here, central social determinants of health inequality are social class and work environment. The essentially protection-oriented pull argument that early retirement and detachment from work will have a negative health effect found no support in paper IV. Moreover, suggestions that psychosocial problems are increasingly important for retirement patterns seem overrated. Psychosocial problems were only related to early retirement when combined with somatic problems. Furthermore, psychosocial problems were not as stable over time as somatic problems proved to be.

Taken together, the results show that both approaches are supported by empirical evidence but for different dimensions. This indicates that research should move beyond the dichotomy between these perspectives to get a more complete understanding of how these different perspectives together help or block theoretical and empirical progress in understanding retirement behaviour. Treated in isolation from each other, both approaches suffer from deficits and blind spots.

Bridging theoretical dichotomies

The point that the protection- and production-oriented approaches are problematic is not unique; it has been put forward by other scholars but in somewhat different research fields. First of all, I agree with Hou et al. (2010)

that the protection-oriented pull approach has too narrow an understanding of how the workings of welfare states affect work incentives, attitudes and preferences. Its assumption that generous eligibility criteria and high benefit levels should make work less attractive and important for individuals simply do not correspond with empirical findings (see also Esser, 2005). For example, in line with neoclassical marginal utility theory, generous social security moderates the economic loss of being out of work and this might create disincentives to work (Krueger and Meyer, 2002; Lindbeck, 1995). However, more comprehensive analysis of the workings of the Swedish and other Nordic welfare states has led to other conclusions (e.g. Hou et al., 2008; Korpi, 2001; Esser, 2005). The Swedish welfare state has several important features that should encourage positive work attitudes and high labour market participation. Benefit levels are based on income and labour market participation which means that incentives to work are built into social security. This was also the case before the extensive policy changes in the 1990s and 2000s (Ståhlberg, 2008; Junestav, 2004). Labour market policies are regularly active which means that people out of work are obliged to engage in programmes to re-enter the labour market (Lindvert, 2006). The education system is largely public and free and contributes to relatively high social mobility in Nordic welfare states. High social mobility should mean that more workers feel they have chosen the job they hold rather than being forced to take it (Breen and Jonsson, 2005). Last but not least, work environments and working conditions have improved over time for large groups (Vogel and Stattin, 2006). In other words, the Nordic welfare states including Sweden hold features that through a complex interplay counteract the undermining of work motivation (e.g. Esser, 2005; Hult, 2004). In fact, the findings in paper I of this thesis indicate that this, by international standards, widespread positive work attitude has been substantially more prevalent among those in the work force who are 30 years or older.

Second, the production-oriented push approach underestimates the significance of the cultural and normative context and individual attitudes and preferences. This is likely to do with a general sociological antipathy

towards neoclassical rational choice models for human behaviour. The highly influential *homo economicus* assumptions about human nature (e.g. Becker, 1976) has been confronted with massive critique for overestimating individuals' capacity to influence their life situation and for failing to account for social stratification and inequality regarding life opportunities (Olin-Wright, 2005). Here, I suggest that research on older workers' retirement behaviour should look at recent theoretical developments within the field of behavioural economy (e.g. Bowles and Gintis, 2011; Gintis et al., 2005).

This approach provides a broader understanding of rationality that moves far beyond the narrow *homo economicus* model without abandoning a theory on agency and cultural influence. In *The Bounds of Reason* (2009), Herbert Gintis presents a critique of the variant of the *Beliefs, Preferences and Constraints model* (the BPC model) put forward in neoclassical decision theory (e.g. Becker, 1976). In this version, the BPC model suggests that human action is restricted by desires, goals and beliefs. At the most general level, constraints refer to the set of limitations that make some action alternatives more feasible than others (e.g. legal boundaries or transaction costs). Beliefs reflect how individuals understand the world, particularly the relationship between the individual's actions and the calculated probable outcomes of various action alternatives. Preferences are understood as the positive and negative sentiments that are associated with different outcomes of an action. Gintis points out that the neoclassical approach is delimited to *self-regarding* preferences. Preferences are here based on states regarding one's self. But in most situations where we are to make decisions we are not generally self-interested in a strict economic sense. Rather, attitudes and preferences as predispositions to act are influenced by *other-regarding* preferences. Drawing on Adam Smith's *theory of moral sentiments* (2010 [1880]) and Aristotelian ideas of *character virtues* (e.g. fairness, loyalty, honesty, courage), Gintis argues that our desires, goals and preferences reflect our social emotions and our socialised understanding of what is right, wrong, fair and honest and which action would be preferable in the eyes of others. This means that at least a part of our evaluation of different action

alternatives is based on states that occur to others if we take a particular action.

I argue that these perspectives – the comprehensive institutionalist approach (of Hou et al., 2010) and the behavioural economist theory of other-regarding preferences (of Gintis, 2009) add a more nuanced view on pull and push factors as intimately intertwined, rather than opposed dichotomies. Indeed, there are good reasons to theoretically separate different levels of analyses. A distinction between factors on an individual (micro), work place/community (meso) and a labour market or welfare state (macro) levels is effective in making a complex social reality comprehensible. However, empirically, these different levels are not clear-cut.

Consider the case of retirement preferences. To opt for leisure in old age and to prefer a life freed from the burdens of wage labour might be a consequence of leisure centrality rather than work centrality (jump factors at the micro level). But the leisure-centrality of older workers might be a response to previous experiences in the workplace (push and stay factors at the meso level) and of recent changes in retirement policies (pull factors at the macro level). In the most obvious case, long-term exposure to poor working conditions should affect the desire to retire early (given that it is a decision within reach). Less obviously, such a desire might be the effect of adaptation to strong social norms around the appropriate age to leave the labour market. For example, the centre of gravity of the work-centrality and leisure-centrality axis might be affected by internalised ideas of the “common good” for the workplace, colleagues and employers. Another subtle source of influence can be inter-generational solidarity. The notion that I hold a position that younger people in lower positions desire (and the notion that they might do it better than me) can provoke a re-orientation from work-centrality toward leisure-centrality and a changed preference for the appropriate time to retire. Note that such mechanisms are made up by both push, pull and jumpfactors and by self-regarding and other-regarding preferences. Not only is an individual’s preferred exit age influenced by his

or her personal gains or losses for the different alternatives (relief from poor work conditions, more time for social relations or hobbies) but also by what he or she considers possible, right and fair in relation to others (employers, colleagues, unemployed younger people, etc.).

The hitherto discussed mechanisms are limited since they fail to recognise a fundamental condition: the passing of time. Retirement behaviour and the timing of retirement are not only related to the immediate conditions in the surrounding context. Also, they are dependent on previous structural conditions and life events earlier in life. Therefore, I argue that theoretical approaches add a notion of the passing of time to *temporalise* the opportunity structure in which retirement decisions are made.

Therefore, I suggest that approaches to retirement behaviour begin from the standpoint of life course theory (see theoretical framework above). Time, social change and the temporal interdependence of structural conditions and incentive structures are crucial aspects for understanding the social determinants of retirement behaviour. From a life course approach, the distinction between protection-oriented pull and the production-oriented push perspectives appear to be false dichotomies. The adding of a temporal perspective to diversity and inequality in older ages illuminates the complex interplay between conditions at the structural level and the evaluations, and predispositions to act, at the individual level.

A central strength with the application of the life course approach is that it does not rule out individuals' agency nor fail to recognise that their preferences and choices are conditioned by structural factors on the macro and meso levels. The social, economic and political inequalities mapped by life course scholars are expressed in an unequal distribution of *control*. Control, i.e. the capability to change conditions in the surrounding environment to better fit desires and needs, is a prerequisite for the very possibility to choose. This is a central argument in the so-called *Capability Approach* which emphasises that the degree of freedom depends on an

individual's real opportunities to do and be what he or she has reason to value (e.g. Sen, 1992; Robeyns, 2005). The individual's control over and scope of choice regarding the timing of retirement is dependent on context and social position and varies over time. The logic of cumulative (dis)advantage means that differences in control are accentuated in older age groups. This should mean that protection-oriented pull explanations are more important for a certain layer of the population while production-oriented push explanations might be more important for another layer of the population depending on life courses.

Older people who have a high degree of control due to the logic of cumulative advantage should have greater possibilities to choose a pathway from work to retirement, for example the opportunity for early retirement via generous occupational pensions (*pull* factors). If this is accompanied by a strong motivation to retire early to engage in private or social life (*jump* factors) and non-rewarding work (*push* factors) the individual is likely to use his or her control to retire early. If the job is enriching, is closely related to the individual's self-identity and wellbeing and the relationship to management and colleagues is good (*stay* factors), the individual is more likely to use his or her control to postpone retirement.

Other older people who have a low degree of control due to the logic of cumulative disadvantage are bound up by constraints that leave them with a limited scope of action while approaching retirement decision. Consider an individual whose health is poor, work ability hampered and whose relation with management and colleagues are poor (*push* factors). If such conditions are combined with strictly restricted pathways to early retirement and high personal costs (stuck factors) individuals might have no choice but to stay in work as long as possible. If such conditions are combined with generous eligibility and benefit levels, occupational pensions (pull factors) and a tradition of ageist early retirement practices at the workplace the individual might feel strong moral pressure from management, colleagues or friends and family to leave the workplace or the labour market prematurely.

Another strength of the life course approach is that it illuminates how the consequences of individual variation in control are dependent on how the social structure amplifies, downplays or neutralises the developmental impact of a particular individual's characteristics (Blane 2006). For example, during the Swedish economic crisis in the early 1990s, work organisations underwent rapid and comprehensive downsizing. Also, rehabilitation programmes were subjected to retrenchment (Johnsson, 2006). A concrete consequence of downsizing and rationalisation was that jobs that previously were available and doable for people that were less competitive were abolished. These changes in the surrounding context came to amplify the consequences of the principle of cumulative disadvantage. Older people in poor health or social problems did no longer have access to jobs that downplayed their disadvantage in relation to people favoured by the logic of cumulative advantage. Characteristics that previously had been problematic but still did not mean an overarching threat of exclusion from the labour market in the new context came to mean just that.

The life course approach also recognises the importance of individual life events to understand why particular individuals increases or decreases their control in relation to other individuals within the same social group. Taking a step upwards or downwards in the hierarchy of the workplace or in social life generally (e.g. career moves, education, long-term unemployment or disability) might change the individuals vulnerability in the transition from work to retirement.

The picture gets even more complex with the results in paper III. These indicate that a change in the incentive structure of pensions even out differences in retirement preferences between different social categories (e.g. manual employees and service class employees, men and women and those in poorer and those in better health). In turn, this indicates a hierarchical rank of different dimensions in the opportunity structure where some are more influential than others. In fact, a change at the structural level such as job structure or social security might structure, weaken and strengthen other

dimensions of the opportunity structure. In this case, stronger work incentives seem to affect the older work force generally despite intra-cohort structural inequality.

Last but not least, the life course approach recognises that the relationship between different societal levels work in both directions. The above discussion on inter-generational variations remind us that events, political climate, etc. at a specific historical period provide the framework in which individuals' beliefs, norms, actions, preferences and attitudes are shaped. Such conditions always have a complex effect on actual behaviour that eventually will result in new challenges for institutional actors at the macro level. A prime example here is demographic change. Improved living conditions, initiatives to protect childbearing mothers and infants from life-threatening risks and expansion of public education are all examples of how policy changes have come to affect demographic changes. The resulting changes in societies age structure produces new challenges for institutional actors at the macro level. The "unorthodox" use of early retirement from the 1970s and onwards is such an example. In the short run it was an effective and "rational" way to deal with the rise in unemployment at the time. In the long run, however, the use of early retirement schemes established retirement behaviour that came to be perceived as a threat to sustainability objectives. For example, a discourse of *intergenerational solidarity* emerged as a reaction to high levels of youth unemployment during the oil-crises of the 1970s. Supported by political campaigns this provided older workers with a moral obligation to "step aside" and leave their positions to the unemployed. According to de Vroom and Guillemard (2002) governments lost control over developments and faced the emergence of "early exit cultures" which persisted beyond the crisis. This structurally imposed behaviour on meso and micro levels created incentives for policy-makers to restrict or even abolish such systems to change behavioural patterns in line with sustainability objectives. In other words, pressures from the macro level changed the opportunity structure at the meso and micro level. This led to new behavioural patterns which, when widespread and questioned, forced

macro level actors to react (for example, by imposing new laws) that would eventually have effects on the retirement behaviour of older workers.

To conclude, the results provided in this thesis indicate that attitudes, preferences and subjective wellbeing evolve during life in a close dynamic relationship to changes in the opportunity structure. When confronted by a need to make a choice, individuals are influenced not only by present opportunities and constraints but also by previous experiences, opportunities and constraints; not only by self-regarding calculation but also by social other-regarding preferences. The distinction between protection-oriented and production-oriented factors may help us map the manifold determinants of older workers' retirement behaviour. Life course theory adds tools to recognise and understand how these social determinants interact and develop and result in the continuities as well as the diversity in the conditions for and experiences of the transition from work to retirement.

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