

# **Older workers in manufacturing industries – the toilers of working life**

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This report describes skilled and unskilled workers in manufacturing industries and gives an account of the number and proportion aged 50 years and above. It also outlines the present knowledge status regarding working conditions, sickness absence and early retirement for this group of workers. Available statistics and previous research shows that:

## ***One in eight men over the age of 54 works in manufacturing***

The majority of employees aged 50 and above are skilled or unskilled workers. Among gainfully employed men over the age of 54, one in eight is in fact working in manufacturing industries. The majority of them are machine operators.

## ***Many have physically strenuous work***

The working environment has improved for most workers over the last 20–30 years, due to technological advances, automation, effective H&S measures and better safety equipment. This does not mean, however, that all strains and health hazards have disappeared. Among industrial workers, there are many whose exposure to harmful factors in the working environment is above that of the average worker.

## ***More sickness absence and disability retirement***

Unsurprisingly, industrial workers have a greater risk of sickness absence and disability retirement than gainfully employed people in general.

### **Very long working careers**

Perhaps somewhat surprisingly, most Norwegians over the age of 50 today have only upper secondary education or less. Today's seniors started working at a young age. When they reach the age of 62, it is thus not uncommon for them to have been working for 45–46 years.

## ***Continue working after the age of 62***

Among those who are still gainfully employed at the age of 61, the majority choose to continue working for a few more years. This was also the case 20 years ago, but the proportion that chooses to continue working is higher today. This proportion has grown especially after the pension reform came

into force in 2011, in particular among men in manual occupations, such as industrial workers.

### ***Low, but rising age of retirement***

Although the average age of retirement has risen in manufacturing and among industrial workers as a group, it remains lower for employees in manufacturing and industrial workers than in most other sectors.

### **The seniors' experiences**

To obtain a detailed impression of the life of older industrial workers today, we have interviewed twelve workers aged 61 to 66 in two industrial enterprises. We asked them about their education and careers, working environment and health, facilitation and senior policies at the workplace, skills and acknowledgment, and not least adaptation to the pension reform, the choice of retirement options and work after the age of 62.

Our informants are a selected group, since the enterprises where they work belong to the most well-organised part of the Norwegian labour market (member of the Inclusive Working Life agreement, favourable pension schemes and programmes for older workers, etc.), and the majority of them have chosen to work after the age of 62. They are thus not representative of all older industrial workers. Their stories may nevertheless provide an impression of the wide range of factors that are considered when deciding whether to take early retirement or continue working after the age of 62. Compared to previous research, are there for example any other, new factors that play a role in this decision today?

However, qualitative interviews with twelve informants do not permit any conclusions regarding the factors that most influence the decision to take early retirement or to continue working, nor any identification of the most common adaptations to the labour market at a late career stage. Clarification of such issues requires larger representative studies.

### **More about the informants**

The majority of our informants had started working at the age of 16–17 and had been economically active for 45 years or more at the time of the interview. With one exception they were all men, and most of them had been in the same enterprise throughout their working lives. They were thus in a good position to describe and reflect on the changes that had taken place in terms

of the working environment, technology and job requirements over time, which was especially valuable for the purposes of this report.

### **The working environment remains important**

Although our informants were largely healthy and described the working environment as far better than in previous times, this does not mean that the working environment is free from stress or that increasing age is without its problems. Much of the physical hardship may be gone when compared to the 1970s and 1980s, but other, new stresses have been added. The pace of work and requirements for efficiency were described as more arduous than before.

Some also noted that the style of management was undergoing change. The distance to the management was seen as growing. It was also mentioned that the control of work performance had intensified – while previously there was freedom with responsibility, there was now responsibility without much freedom. Since there is evidence that job autonomy is a key factor in preventing sickness absence, this development may perhaps merit a more detailed investigation.

Some also described a trend towards ‘academisation’, i.e. that mid-level management tasks that previously were performed by experienced unskilled or skilled workers were now assumed by administrative staff members with higher education. This may not always be necessary, since it causes the enterprise to miss out on the valuable experience-based knowledge that many seniors possess. In addition, it narrows down the opportunities for alternative work for older employees.

### **Senior policy = facilitation**

Even though most of the informants reported coping well at work, many told us that they felt more tired than previously at the end of the working day or week. They thus needed to rest more. In this context, many called for an opportunity to gradually reduce their working hours and/or have another and less arduous job, since they felt that this might help them continue working for a few more years. For some, this appeared to be more important than the traditional retention measures usually offered, such as extra holidays and days off, even though these were also appreciated and may be used to reduce the total working hours if they are spread out, as many of the informants do. What is needed is perhaps primarily a change of mindset in the management and among the workers themselves. Full-time work has been common in the manufacturing sector, but it should be made more possible to share a job, a

delivery route or a shift between two people who wish to do so, even though such solutions obviously also involve aspects of cost.

### **Why draw a pension while continuing to work?**

The opportunity that the pension reform has provided for drawing a pension while continuing to work is positively valued by most of our informants, and many of them had made use of this option. This seems to be due to the fact that many of them, perhaps for the first time in their lives, now feel that they have (and in fact do have) a total monthly income that leaves a surplus when all necessary outlays and needs have been covered. They are thus able to save up (pay off debt or put money in the bank) or allow themselves luxuries that previously were unattainable, such as a holiday trip, gifts for the children or grandchildren or other indulgences. For those who are accustomed to living on a tight budget this may be an agreeable experience in itself and provide a sense of security and freedom. Such considerations may have made it especially attractive to continue working after the age of 62.

It is still a fact, though, that pensions that remain untouched attract a higher rate of interest than pensions that are taken out and put in the bank. For the informants, however, it was important to be in charge of this money, ensuring that they themselves or their family (should they pass away) were able to collect the pension that they had accumulated over a long working life.

Assessment of their own health and the uncertainty regarding their remaining lifespan were key factors in the decision on whether to continue working or to retire. Frequently, this involved striking a balance between working for so long that there was enough money to live a good life, but not for so long that there is no life left to live. In other words, they were concerned about having at least 'a few good years' as fit and healthy retirees.

The question we may ask, however, is whether these workers who at age 62 have been employed for 45–46 years are those who primarily ought to remain in the workforce. This notwithstanding, it is obviously important to make provisions for those who want to keep working even if they already have long working careers behind them.

### **What about living on only a pension?**

The informants were fully aware that drawing their pension early would entail lower pension payments for their remaining lifetime, and that their income would be considerably lower when they finally stopped working than it would have been had they delayed the pension period. They were neverthe-

less confident that they would cope with the income reduction (although none of them yet had any experience of this), emphasising that they were accustomed to a frugal lifestyle.

Most of them, however, had made plans for the transition. They were in the process of paying off debt, and they were saving money. In addition, they referred to other assets in the form of inherited housing or other property that they could draw on or sell. Many also envisaged the possibility of adding to their income with a part-time or occasional job now and then.

Although most of them seemed able to manage their finances and put money aside for a rainy day, not everyone succeeds in this. Some told us that they generally spent all their wages, with the attitude that they would 'cross that bridge when they came to it'. This is part of the reason why we have systems of 'compulsory saving' for old age (pension schemes). The new system, however, has attempted to take account of this, barring early pensions if the annual payments will be lower than the minimum pension. The question remains, however, whether this will be sufficient to avoid an increase in the proportion of people with a very low income in their old age, among those who have spent a part of their pension entitlements before they actually retire completely (and stop working).

### **Working after retirement**

Even though there are many who envisage the opportunity to continue working after retirement from a regular job, previous studies rarely refer to this strategy. This change in attitude may be related to the new pension system, which for some may have made this a necessity, while the reform has also made such odd jobs more economically attractive than previously. This will be an interesting aspect to investigate in future studies: Since the reform, is it true that a greater number of retirees continue to take odd jobs or is this only a possibility that they envisage? Moreover, will this opportunity be available to all those who want or need it, and will the enterprises really be interested in their labour?

Should this option become widely used, it would also be interesting to investigate its effect on the labour market and prevailing wage levels and working conditions. Given that these job-seeking retirees have an income base (which perhaps is comparable to a kind of universal basic income), they are likely to be more willing than other employees to accept odd jobs with no permanent contract on a part-time, temporary or on-call basis, and perhaps make fewer demands with regard to wages and working conditions. For employers, the availability of such a 'reserve army' of flexible elderly people

who are eager to work may come in handy to deal with seasonal variations in demand and the associated need for manpower. However, this opportunity can also be abused and help undermine wage levels and working conditions for those who have only their wages to live on.

### **Pensions are complicated**

Pension schemes are complicated, and very few people have the qualifications needed to familiarise themselves with the regulations in detail, or the inclination to do so. They thus need to obtain reliable, objective and easily understandable information from a trustworthy source. In many settings, this will be the local trade union representatives. It is therefore crucial that local trade union officials be provided with appropriate training in the prevailing pension schemes and regulations. The website of the Norwegian Labour and Welfare Administration (NAV) provides a good overview, but not everybody is equally comfortable with computers. Provision of additional written information should perhaps therefore be considered for workers who are approaching the age of 62 years. A possible idea could be for NAV to distribute a brief information leaflet to everybody in the year when they turn 61, with information on the pension payments they can expect when taking out their entitlement in different years, etc. This is likely to simplify the decision for some, and they will feel more confident of having made the right choice.