



# National Report: Belgium

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## Introduction<sup>1,2</sup>

Belgium - a state composed of 3 language communities and 3 regions - has diverse federal and local legislative and executive powers as well as socio-demographic situations specific to such country's structure. With 17.3% of population aged 65 and over, Belgium had the 5th oldest population in the world in 2005<sup>3</sup>. It is projected to fall to the 30th place by 2050, though the elderly share of the population is projected to reach 27%. As such, the Belgian ageing process is seen as having a "moderate" pace if in comparison to the neighbouring countries and to the EU average (Contreras, Martellucci and Thum, 2014). Aside demographic ageing, Belgium has among the lowest elderly employment levels in Europe. A part of it is due to extensive early labour market exit programs; they were put in place as of the 1970's and until the 1990's - as a tool to absorb the consequences of industrial restructurings (e.g. Smith, 2014).

Employment of Belgian elderly starts dropping sharply as of age 50 and is highly gender and age specific. That said, one can note that employment rate of the elderly is on the steady rise since about beginning of 1990's, though at different paces and starting levels for different age and gender groups. In comparison to men, women employment is still lower, but the gap is nothing of the magnitude seen decades ago. Still, female employment rates are considered as particularly low in an international perspective (see e.g. Vandenberghe, 2012). Following de Mulder and Druant (2011), employment growth for elderly has sustained both during and after the financial crisis. The latter study though points that "participation of elderly workers in the labour market is still insufficient".

Since the mid-2000's, policies have been taken to increase labour market participation of the Belgian elderly. For example, the law on the Intergenerational Solidarity Pact, adopted in 2005, marks a turning point in policy formulation away from a deactivation strategy to an activation strategy of older workers. It proposed a first (timid) set of ageing policies and launched reforms implicitly or explicitly embedding such an objective (Smith, 2014).

## Method

We employed both applied and meta-search strategies. First, we identified certain publications based on own knowledge at hand. This includes identifying relevant publications from authors and institutions known to be active in or providing funding for research on the topic. Then we cross-checked their co-authorship, reference lists, institutions of affiliations and journal publication in

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<sup>3</sup> [http://www.un.org/esa/population/publications/WPP2006RevVol\\_III/WPP2006RevVol\\_III\\_final.pdf](http://www.un.org/esa/population/publications/WPP2006RevVol_III/WPP2006RevVol_III_final.pdf)



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search of further relevant publications. Finally, we used the search engines of the World Wide Web and Science Direct for screening research with keywords “Belgium and retirement” or “Belgium and employment” – in English, French and Dutch. The author names and reference lists of relevant publications have been cross-examined again to identify additional literature. Publications before 2004 are not included in this review.

## Findings by domains

### Labour market

We identify 4 relevant studies for this domain. 2 of them carry econometric micro-data analysis plus simulations and are based either on SHARE or European Labour Force Survey micro-data, with data reference time from 1983 to about 2009. The other 2 studies perform macro-econometric analyses, based on administrative salaried employment data or on an existing macro model.

Regional dimension is touched upon in Jousten and Lefebvre (2013) by including regional variables in the econometric analysis of retirement determinants. They find that “Flemish workers are significantly more likely to retire than their Walloon counterparts” – a surprising result at the first glance given much stronger economic activity and employment ratios in Flanders.

Jousten et al. (2010) address the widely spread view of the “labour lump fallacy” – a belief that there is a fixed amount of work available, and so early retirement of the elderly people should ease employment of the young. The study shows that lower labour force participation rates of the elderly induce both lower employment and higher unemployment of the young – contrary to popular beliefs on the way labour market functions. In the same way, policy incentives to early retirement directed at the elderly do not have a beneficial impact on the younger cohorts. The substitution effect between the young and the elderly workers is addressed by at least two other studies. In a macro-econometric study using the Federal Planning Bureau’s macro model HERMES, Bassilière (2007) analyses employment effects of the reduction in employers’ social security contributions for the elderly workers. The study finds that the programme is “efficient in increasing the employment rate” of the elderly, especially when targeted at low wage earners. However, the policy is also found to have a wage lowering effect for the young workers. One more macro-econometric study - conducted by Smith (2014) - also hints at the existence of substitution effect, though overall the results of the study are “too small to be statistically significant”.

Based on Jousten et al. (2010), some of the labour results are at least partially subject to national demographic and socio-economic settings. For example, “whenever the fraction of the elderly in the total working age population increases, it unequivocally increases youth and prime age unemployment”. The study suggests that an explanation of this finding could be traced to the functioning of the pension system: a PAYG pension system as in Belgium implies that a higher number of pensions to be paid are associated with higher social insurance contribution rates, and thus lower marginal labour incentive rates. The study also notes that the effect of the fuller set of demographic variables is still to be explored.

### Legislation & its Implementation

This domain is the most intensively studied of all, though questions of interest are highly diverse. In total, we identified more than 15 studies as having relevant contributions on the domain. About half of the studies present econometric and simulation analyses, based on both survey and administrative data. These studies have diverse reference periods, with only one study based on the very recent



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(2013) data. The other half of studies provides diverse descriptive statistics and consequent policy discussions.

In Belgium, both federal and regional level policies affect retirement decision. Most of the identified studies explain the often complex regulations in the field; a few identified studies have a sole aim of describing the policy environment affecting elderly employment. Herremans (2005) provide a detailed description of policies enabling the elderly exit from the labour market. The study focuses on diverse transition schemes into the old-age pension at around the beginning of 2000's. Herremans (2006) explores employment-increasing effects of the 1997 pension reform and assesses the competition effects of the other labour market exit programmes using a transitional labour market approach. The study suggests typology of pension paths. Tros (2006) in a policy study of four countries - Belgium, Denmark, Germany and The Netherlands - argues that "despite the dominance of early exit, there has been a policy shift since the end of the twentieth century" in Belgium. Among the most recent policy descriptions are OECD (2012) and Smith (2014). The latter study has a special focus on the 2005 Belgian law on the Intergenerational Solidarity Pact (ISP), which had the stated aim of increasing the employment rate of the elderly. Also, following Jousten et al. (2012), the ISP covers about "30 measures aimed at reducing early retirement without changing the legal retirement age or current benefits already granted". A detailed overview of reforms relating to pensions and benefits of older workers, as well as assessment of active ageing policies is given in Plasman et al. (2012), with a focus on the year 2011.

Most of the identified studies evaluate social protection policy effects on retirement and overwhelmingly suggest that various social protection systems are largely responsible for the low participation of the Belgian elderly. Smith (2014) analyses the effectiveness of 2005 ISP law. The results of the study's macro-econometric model are "too small to be a statistically significant", though seem indicating positive reform's impact on elderly employment, with slightly larger effects for men and a negative for younger men's employment rate, suggesting a substitution effect. Other studies are more microeconomic. they analyse how individuals respond to various social insurance programmes: the old-age pension system, the early retirement, unemployment, disability social insurance schemes, the system of career breaks, etc. In addition, non-contributory social protection programmes, such as the guaranteed minimum old age income, or regulations exempting older unemployed from the job search are covered.

There are series of mainly econometric studies exploring individual retirement behaviour relating it to social security arrangements. Dellis et al. (2004) analyse the impact of retirement incentive variables, such as the present-discounted value of all social security entitlements and the change thereof when people modify their age of retirement. The study finds that social security entitlements have stronger effects, with substantial differences between men than on women. In addition, wage earners, civil servants and self-employed have different incentive structures. Desmet et al. (2007) conclude that Belgian social security systems induce workers to retire earlier. Reforms needed to change this behaviour should aim at improving "audit and control procedures, particularly for unemployment". The study also welcomes reforms of early retirement programmes upon actuarial principles. Jousten et al. (2008) argue that aside the generosity of the social security systems in terms of their benefit levels, marginal incentives towards exiting work play a decisive role in individual and collective decision making. If explicit or implicit taxes on continued work are higher, people favour early exit from the labour market. Jousten et al. (2014) assess links among the four most important Belgian labour market exit routes: old-age pension scheme (OAP), conventional early retirement (CER), unemployment insurance (UI) and disability insurance (DI). Among the major findings of the study is that when "limiting access to DI without strictly enforcing access conditions for UI and CER,



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we should broadly expect a mere shift from one program to another – without any positive labor market response". This highlights the need of overarching rather than isolated social security reforms. The proposed simulations also suggest that tightening of eligibility conditions for early retirement could increase the number of years active on the labour market. Maes (2011) also evaluates potential employment effects of the early retirement scheme. The study simulates cuts in early retirement benefits and predicts heterogeneous behavioural reactions with a link to other social security systems: a strong increase in unemployment among older "blue-collar workers in traditional industries", but a move into the old-age pension system by "members of private savings plans or occupational pension schemes and highly educated workers". Jousten et al. (2012) focus on the analysis of the Belgian disability programme and note that it serves as an early retirement route. On the other hand, the study also finds that "substantial number of [true] disabled may in fact be using other social security programs to exit the labor market". Altogether this suggests that various social security programs are often serving other than originally intended aims. Jousten et al. (2012) focus on the analysis of the Belgian disability programme and note that it serves as an early retirement route. On the other hand, the study also finds that "substantial number of [true] disabled may in fact be using other social security programs to exit the labor market". Altogether this mean that various social security programs are serving other than originally intended aims.

The Belgian career break system – permitting a partial (and final), withdrawal from the labour force as of a higher age - is explored by a series of studies, which analyse both federal and regional provisions. Devisscher and Sanders (OECD, 2007) find this "phased retirement system" a valuable policy tool for experienced employees – to keep them active. However, the programme is also seen as "relatively costly and offering many rights without obligations". The study finds no evidence that possibility of working time reduction leads to the postponement of retirement age. Devisscher (2006) reviews the Flemish government policy of "incentive premium" to Flemish workers due to which an employee can receive the Flemish allowance if she is granted the federal career break allowance. The study finds that "the joint federal-Flemish measure has a great impact on the working situation of employees", especially among the larger share of participating women. The policy is found to increase the satisfaction of the employees, but also serves as an exit to part-time job or an (early) exit from the labour market. This view is shared by a number of other studies, such as Devisscher & Van Pelt, 2006; Román et al. 2006; Van Looy et al., 2012; Van Looy et al., 2013. Van Looy (2014) studies the impact of both the career-break programme and the Flemish end-of-career time-credit system. The study finds policies predominantly serving as early labour market exit strategies, though family-work balance explains some behavioural aspects. Some dimensions of diverse regulations, such as early retirement or career break schemes, and their role on the employment of the Flemish elderly - especially those in relatively younger ages (up to 65) - are also touched upon in the conference book titled "Labour Market Research and Policy Making in Flanders" (Vranken, J. Jans, M. and van der Hallen, P., (Eds.), 2005).

The Belgian case is also addressed in a few international analyses. For example, Piekkola and Deschryvere (2005) in a study based on the ECHP data of 1994-2001 for three countries – Belgium, Finland and Germany - show that "policies to raise marginal incentives, and hence, option values (i.e. following Stock & Wise, 1990), are effective only for men in Belgium". With similar methodological settings, Piekkola (2008) simulates a pension reform with "higher actuarial increments and flexible retirement between 63 and 67 years of age" and argue that such a reform would postpone retirement by around 6 years in Belgium (and Germany).



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## Financial Factors

The section is dedicated to studies on the role of financial factors such as income, actual, self-assessed & feared loss of income on labour market participation of older workers. All the studied identified for Belgium are actually done in relation to objectively evaluated incomes and focus on the link between retirement and social protection benefits.

Most of the econometric studies discussed under the domain of « Legislation and its implementation » analyse financial incentives in light of social security entitlements and reforms of benefits. For example, Jousten et al. (2014) finds that both household financial wealth and financial incentives (i.e. captured by an option value of retirement) leads to a higher probability of retirement – “in line with intuition”. Also, for example, Frans et al. (2011) observe that most of people on career break are actually situated in Flanders due to the additional regional supplement.

## Social Position

The literature presents sketchy evidence regarding diverse socio-demographic characteristics. Based on a survey of workers, Hansez (2013) document that “there is no significant difference in the level of affected employees by restructuring according to personal characteristics as sex or age”. While this result is surprising because of a long-standing strategy of laying older (more expensive) workers off first, the author imputes it to the likely selection effect in the sample as retired individuals were not surveyed.

More generally, gender is a common exogenous variable in the econometrics studies, though not all studies provide wider explanations of the way this parameter determines behaviour. Those doing so, provide a highly heterogeneous picture of the role of gender within the wider settings of employment – retirement behaviour. Jousten et al. (2014) find that the gender dummy is insignificant in explaining retirement probabilities. Van Looy (2014) observe that in comparison to men, women are significantly more likely to reduce their working hours (as participants of the career break system). Frans et al. (2011) observes that lower participation of men in the scheme could be due to stigmatization to take a break. As the study observes, “since it is not common for men, this can send a signal of being less committed to their job, and hence lead to lower wages (signalization theory)”.

Education is often found to play a significant role in reduced models of retirement behaviour, possibly because it covaries with other unobserved underlying variables. Jousten et al. (2014) or Jousten and Lefebvre (2013) find that “higher education leads to significantly lower retirement probabilities”, especially among those who have “obtained tertiary education (i.e. post high-school)”. Van Looy (2014) observes a similar phenomenon with respect to participation in the career break system: “highly educated individuals were least likely to have reduced their working hours”. Kalwij and Vermeulen (2008) note that the observed education role is equally significant both for men and women participation on the labour market.

Age, as no surprise, is seen as a key driver in retirement behaviour. This result, for example is observed in Jousten et al. (2014) or Mortelmans and Vannieuwenhuyze (2013). The latter study provide a wider explanation on the “pure” age role: “As an individual approaches official retirement age, other retirement determinants [i.e. health or income] have increasingly less influence on the retirement decision”. The study also notes that interaction effects with age are crucial “for presenting a clear picture of the effect of these determinants”. Kalwij and Vermeulen (2008) in an international study based on SHARE data observe that age dummies for men do not start having any impact before the age of 56 – a significant age effect observed in Austria, Belgium and Italy. In comparison to men, the study finds that a decline in female labour participation in Belgium starts



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even earlier. For example, Belgian “women who are 54 years old are about 17 percentage point less likely to work compared to a 50-year-old woman”.

## Domestic domain

On the one hand, there are a number of international studies using pooled country data including Belgium and investigating the role of domestic domain. These studies, however, do not provide country specific discussions, as in de Preter et al. (2014). On the other hand, there are a number of studies that refer to selective household level influences, without a wider perspective. Various determinants, such as the role of partnership, labour market characteristics of the spouse or household composition are discussed. Overall, household context dominates the literature in this domain. However, there are also studies which take wider “private” perspective (i.e. not only family, but also personal aspirations) into account. As a border case for studying employment participation, we also include a study on the role of the neighbourhood on volunteering of the elderly.

Jousten and Lefevbre (2013) note “that marital status and labour market activity of the spouse [also] have a major influence on retirement behavior.” Being married is found to increase a probability of retirement, whereas a presence of active spouse is observed to have an opposite effect. The study explains that the latter variable of “active spouse” is “likely acting as a proxy for the loss of dependent benefits ... due to the offset/top-up rule []”. The same conclusions on the marital status and “active spouse” are reached by Jousten et al. (2014): “being married has a positive impact on the likelihood of retirement, while having an active spouse reduces the retirement probability”. The role of the “active spouse” is however not without controversies in the literature. In an earlier study, that we exceptionally include in this section, Dellis et al. (2004) observe that the presence of “an active spouse does not have a significant impact on the retirement probability”. The study however has the same conclusions regarding the role of marriage as in two later studies, with particularly strong effects found for women.

Dellis et al. (2004) explore a few other domestic variables. They find that the retirement behaviour of the elderly women, who also tend to have incomplete earnings’ history, is strongly influenced by the partner’s decisions and history. In addition, the presence of an additional dependent in the family is found to have a significant negative impact on the retirement decision. A strong positive retirement effect is noted with respect to age differences between spouses, especially for women.

Desmette and Gaillard (2008), in a survey of French-speaking 50 to 59 years old private sector workers show that “work-to-private conflict was a significant predictor of bridge employment intentions”. The “private” domain in this study is considered wider than just family or household (e.g. one of the related survey questions asks if professional obligations often lead in changing personal projects). The surveyed older workers, “who were suffering from a strong encroachment of work on their private lives were more likely to reduce their working hours”. On the other hand, work-to-private conflict was found insignificant in predicting early retirement intentions.

Van Looy (2014) in a study on the relationship between a reduction in working hours and retirement timing in Flanders – already mentioned under the domain of “Legislation & its implementation” – also considers the role of family and household characteristics. The study observes that the most important reasons of having reduction in working hours are more leisure time (36.73% of survey respondents) and more time needed for domestic work (30.61% of survey respondents). 10% of the survey respondents indicated working part-time due to caring responsibilities. Household composition is found to be of importance. For example, despite being elderly households, those consisting of single adult and dependent children were found to least likely reduce their working



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hours (only 22.22%), whereas whole dual earner households were more likely (30%) to participate in a working-hour reduction scheme. Overall, the study finds that “working part-time was not related to a better work-life balance – measured in terms of work-family conflict for older employees (with the exception of strain-based family-to-work conflict)”. The interplay between work and life, however, is found to influence both men and women’s retirement timing, following De Preter et al. (2013). This study is conducted on the ECHP data for 10 Western European countries, though without country specific conclusions (i.e. “country” dummies used as control variables).

On the basis of Belgian Ageing Studies (see <http://www.belgianageingstudies.be/>) survey data for Flanders, Dury et al. (2010) stress “the need for recognizing the crucial importance of the locality when recruiting older adults for volunteer activities”. The study “fully support[s] the hypothesis that the recruitment potential among older people can be explained through the social dimension of the neighbourhood when socio-demographic and individual resources are taken into account”.

## Health & health-related behaviour

One would expect to have ill-health status associated with a higher probability of (early) retirement and/or low probability of staying employed. Identified studies provide mixed results.

Jousten et al. (2014) show, that “the link between health and retirement in Belgium is either weak or not significant”. The same study also carries an important methodological observation: “simple cross tabulations of health and retirement probability tend to indicate a strong correlation, [however] econometric analysis shows that such a relation does not uphold in a more complete estimation when controlling for a rich set of other variables”. Jousten et al. (2013) report, that “only the lowest self-declared health category has a significantly higher instantaneous retirement probability than the other groups”. Schreurs et al (2011) in a study investigating Belgian workers’ early retirement intention find that perceived ill-health is not significantly related to early retirement intention. That said, the study suggests that “this relationship is not simply linear”, and therefore specifications of acute health condition or better distinction between minor and major illnesses could provide better explanations.

In an international study based on the ECHP data, Piekkola and Deschryvere (2005) find “weak evidence for the [low] average early retirement [age] in Belgium being associated with better health”. Karakaya (2008), on the same basis of the ECHP data, however, finds health status being among the main reasons “for the premature cessation of activity” – a result of significant importance in all studied countries, namely Belgium, Finland, the Netherlands and the UK. Kalwij and Vermeulen (2008), on the basis of SHARE data, show that self-reported health is likely to be endogenous in Belgium (also Denmark and Sweden). The study suggests that both self-reported health and objective health indicators should be used in employment studies, as the latter determinants “mitigate the endogeneity bias of self-reported health” and take multi-dimensional nature of health into account.

The role of health might not have a direct influence on retirement/employment decision, but go “hand in hand” with a number of work factors. Van Looy (2014) note that subjective health levels are not any different between those who reduced their working time and those who did not. That said, the survey respondents do indicate health reasons as the third most important motive regarding the move to part-time work (20.41% of respondents). The study suggests that health might influence the way people perceive work centrality: “theory should take into account that lower work centrality for 50+ individuals is likely to occur not only because they choose to identify less with the work role, but because they are forced to make their work role less central due to health problems”. Similarly, Desmette and Vendramin (2014) indicate that “health and working conditions play a significant role



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in the attitude of older workers regarding the prospect of working until the retirement age". The latter study, based on the EWCS data, notes that among the survey respondents "positive evaluations on 'general health', 'physical health' (backache, muscular pain in the upper body, muscular pain in the lower body) and 'psychological health' (depression or anxiety, fatigue and insomnia) are at the highest levels for those which think their current job is sustainable". Gaillard and Desmette (2008) find that "older workers in poor health were not only more willing to retire early or to reduce their working hours but also tended to display lower attachment to their organization and less self-esteem invested in their work". Bertrand et al. (2005) survey a sample of older workers and find that workers that do not intend to leave early are less stressed than younger workers. Some health related policy implications also emerge. Schreurs et al. (2011) argue that "creating and sustaining a healthy workforce by no means guarantees that older employees will continue working until their official retirement age". One should however not under-estimate importance of health, as "good health may be a necessary but not sufficient condition for retaining older workers".

Though a border case for an inclusion to this study, one should be aware of a circular link between health and retirement/employment – not the least for re-employment potential. For example, Maes and Stammen (2011) in a study of opinions of Flemish general practitioners finds that "the mere fact of retiring early may be a (very) important cause of mental health problems, in particular depressions (due to the disappearance of social networks) and deterioration of cognitive capacities". The study argues that factors causing these problems are due to unhealthy behaviour related to food consumption or lack of physical activities. Among policy suggestions, the study suggests "postponing retirement or continuing some professional activities".

## Motivation

Few studies exist on the motivation of the older people to keep working. In addition, the existing work is conceptually highly diverse. Identified studies for Belgium, discuss a negative stereotype of age-related motivation to work (see e.g. Desmette and Vendramin, 2014) and are mainly conducted in the field of psychology.

Desmette et al. (2005) shows, that social identity theory - a theory offering an explanation of individual strategies when identification with their "devalues social" group is low - helps explaining early retirement intentions. Desmette and Gaillard (2008) also observe that "cognitive identification with age-related peers increased the wish to retire as soon as possible". The study suggests that early retirement is a Belgian retirement norm associated with the fact of being an "older worker". It observes, that "the less participants thought of themselves as "older workers", the more they intended to develop their career". The study also warns, that the results of their analysis explains retirement and not the intention to reduce working hours, with the latter attitudes seemingly resulting from different underlying processes (e.g. work-to private conflict). In addition, the study advises against generalization of results, given that the analysis was conducted in Belgium, "where social norms towards ageing at work include an "early exit culture". Styen et al. (2011), based on an online wage survey among Flemish employees, analyse "how different aspects of work motivation shape older workers' wage demands". As such, the study does not directly explore the link between motivation and work. The study, however, notes that the primary implication of this research is on labour participation, as older workers' wage demands are seen as crucial for their labour market participation.



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## Work – Work factors

Conceptually diverse studies are identified as providing research evidence on Belgian working conditions and their influence on work participation of the elderly people. Most of the studies analyse work sustainability issue – the concept taking into account working conditions on one side and the age profile of employees on the other side (see Desmette and Vendramin, 2014).

Vandenbrande et al. (2013) provide an entire volume of studies dedicated on the quality of work and employment in Belgium. The evidence has been collected on the basis of the EUROFOUND EWCS survey, which was further upgraded by the Belgian government for 2010 and thus allows “more in depth research”. The study discusses “quality of work”. It covers different dimensions and refers to 22 different indicators on working and employment conditions, as well as social relations at work. Among other conclusions, suggests that “the overall picture is a strong support for policy makers who believe that the employment rate of older workers can be influenced by offering good quality jobs”. The study also stresses the importance of addressing gender differences.

Other studies confirm the importance of work sustainability and “quality jobs”. Vendramin and Valenduc (2014) observe that “a lack of meaningfulness in work (career prospects, opportunities for learning, recognition) increases the propensity to retire early”. Bertrand et al. (2010) report that work factors have a greater impact on women’s retirement timing than of men’s. Iweins et al. (2013), on the basis of analysis of own survey data of French-speaking employees from two financial companies, report that “high-quality intergenerational contact at work is linked negatively to intentions to quit”.

Following Desmette and Gaillard (2008), autonomy in performing work tasks reduces intentions to retire early. Piekkola and Deschryvere (2005) note, that satisfaction at work is a highly significant factor for postponing retirement in Belgium. Rather different conclusions on the latter two factors – autonomy and job satisfaction – are reported by van Looy (2014). The latter study, on the basis of data for Flanders, reports that the elderly workers “who reduced their working hours did not perceive significantly higher autonomy in their jobs and were no less likely to face lower time pressure in their jobs than full-time employees”. In addition, the latter study notes that job satisfaction was not found to be an important predictor of retirement timing.

## Work: HRM and interventions

A few national and international studies are identified as exploring the role of organisations and the employer with respect to work participation in upper working age.

Bredgaard (2006) report that in Belgium (and Germany), “there seem to be a stronger legalistic and centralistic approach to regulating older workers, since legislation/government according to the respondents took initiative to the majority of these arrangements and facilities for older workers at the company level”. In addition, the same study notes that in Belgium “there is less activity in personnel management towards older workers, and a stronger early retirement culture, which is underpinned by legislation”. Schalk and Desmette (2014) warn that HR practices aimed at older workers can have negative effects and that “perceiving affirmative action associated with age can elicit negative attitudes towards those who benefit...”.

Karakaya (2008) show that “employer-driven obligation to stop working (owing to business closure, redundancy, dismissal, early retirement, etc.), marital status (married/widowed) and health status are the main reasons for the premature cessation of activity common to all four countries studied”, among them Belgium. A similar finding on predominantly employer driven exit from work, on the study for Flanders, is reported by Tielens (2004). Tros (2010) explains that for Belgian employers “the



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bridging schemes are still financially and socially acceptable way of cutting back on staff in the context of rationalisations or reorganisations...". In addition, the study notes that trade unions "unanimously defended early retirement" and that "collective agreements contain advantages for older people in terms of wages, working conditions and protection against lay-offs".

## Work ability

Few studies exist on the influence of "work ability" on work participation of people of upper working age. Most of the identified studies discuss productivity and skills questions.

Gaillard & Desmette (2010) observe that older workers in comparison to younger workers are slower in performing tasks. Cataldi et al. (2011), on the basis of longitudinal employer-employee data for Belgium, show that workers above 49 years are significantly less productive than the younger ones, with larger gap found for ICT firms. In addition, the study reports that older workers are paid above their marginal productivity. Vandenberghe (2011) and (2013) report, that "an increase of 10%-points in the share of older female workers (50–64) depresses firms' productivity (value adder per worker) by 2.02 to 5.18% and gross profits by 1.43 to 2.45%". These studies argue that employability "handicap" of older women is due to lower productivity which is not compensated by lower labour costs. Lallemand and Rycx (2009) warn that "one can be wrong in attributing the effects of age variables on firm productivity to an ageing of the workforce instead of technological age of the firm".

An international study by CEDEFOP (2010), reviews a list of issues regarding the mismatch of skills and job of the elderly people. Diverse findings, such as on over-skilling or under-skilling, are reported, also for Belgium.

## Discussion and Conclusions for research needs in Belgium

Most studies focus on retirement determinants rather than determinants for working at older ages. Some studies offer insights on multiple domains, clearly a tribute to the way domains were defined, but also to the fact that often studies focus on a single conceptual issue, rather than taking a broader perspective. One particularly striking illustration is the rather pronounced separation between the fields of tax and social insurance studies and policy, and this in spite of their conceptual and practical closeness. Microsimulation models could be useful on this front, as they would allow integration the interaction between taxes and social policies, be they in-cash or in-kind.

A more systematic analysis of the work environment and the changing work relationship that people faced, face and will face during their life is of a prime importance. This environment has undergone profound changes over the last decades, both because of a seminal trend towards the service sector and stricter general work-safety requirements in place. Also, work-relations have (at least in some sectors) become increasingly short-lived, with ensuing consequences for work motivation, entitlements, etc., and thus ultimately for work at older ages.

The regional perspective is also of high importance in Belgium, but addressed in an unsystematic way. Depending on domain, some findings are derived for Flanders or Wallonia; other regional or subnational aspects are not discussed (e.g. language community competences; regional mobility) etc. Also, "some general and Federal existing measures or programs will soon be transferred to the regions allowing them to change and adapt their policies to the specific regional characteristics of the labour market" (Plasman et al 2012).

Numerous data sources are available, both survey-based (EU-SILC, SHARE, LFS, ECHP, EWCS, etc) and administrative. Regarding administrative data, in light of the high degree of complexity of the Belgian



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employment and social protection landscapes, further improvements in data quality and coverage are still required. For example, most studies focus on wage earners, mainly due to data limitation, though behaviour of civil servants and self-employed should likely follow different patterns, as faced with a different institutional setup.

Major improvements could also be achieved on workplace/worker interactions, a heavily underexplored area. Wider availability and increased use of merged employer-employee data could greatly improve the potential for future research. For example, studies on the impact of legislation and financial factors often stay short of their potential because of a patent lack of information on the precise workplace and job characteristics. Studies on worker's employment environment generally lack crucial information at the domestic and individual level.

The initiation of an interdisciplinary research at the nexus of disciplines and domains is necessary to further advance and deepen the research in the field.

Finally, budgetary impacts of policies and reform proposals are insufficiently studied and discussed, leaving the decision-makers to navigate in uncharted waters. But beyond limited information to policymakers, other collateral damage may arise: One potential consequence is that the budgetary and redistributive credibility of policies towards longer working lives may be tainted, both at the level of employers and employees.

In sum, we consider the above interconnections between fields and the need for more high-quality policy-evaluations as the main areas of need for further research. More specifically, we identify the link between taxes and benefits, the node between detailed employer and employee characteristics, as well as the impact of changing life-cycle profiles of work on retirement as prime focal points for future research funding.



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