

ג'וינט ישראל
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והתפתחות אדם וחברה בישראל

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RETIREMENT POLICY AND PRACTICE IN ISRAEL

SHIMON BERGMAN

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RETIREMENT POLICY AND PRACTICE IN ISRAEL

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Retirement Policy and Practice in Israel

SHIMON BERGMAN

Formal retirement preparation is a fairly recent development in Israel. A survey of a representative sample of manufacturing and service firms revealed employer attitudes and policies concerning retirement. Survey questions addressed current practices, employer readiness to introduce retirement planning programs and company retirement rituals. The study constructs a typology of postretirement contacts and develops an Index of Retirement Awareness and Sensitivity (IRAS) as a guide to identifying employers with positive inclinations towards pre- and postretirement assistance.

Finally, policy recommendations are made for Israel, including a review of the legal status of the current retirement age and institutionalization of retirement preparation as a component of collective labor agreements.

Retirement has long outgrown its purely occupational and economic connotations. There may be differences in the acuity or chronicity of retirement problems and in various societies' resources to deal with them; but the political, social, psychological and personal connotations of retirement are broader than geographical boundaries. Internationally, a continuum exists with some societies reaching advanced positions and others moving rapidly to catch up.

Israel is a case in point. Our interest in retirement has grown enormously as developments of the last two decades have made it imperative to confront the implications of growth in two sectors of the population:

- Tens of thousands of immigrants entered Israel around or at retirement age, whose retirement was *a priori* bound to be difficult economically (no accumulation of pension rights), psychologically and adaptively. For most there has been no time for retirement preparation.
- Many old-timers spent most of their working lives in Israel and have accumulated pension benefits under collective labor agreements and National Insurance coverage.

The differences between the two groups are a major characteristic of the specific situation of older workers in Israel. Because there is no

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statutory retirement age, variations along occupational lines occur through labor agreements, though ages 65 (male) and 60 (female) are usual.

Retirement Research Cited

The Israeli preoccupation with economic security for retirees preceded by many years any scientific study of retirement problems. In the 1960s, the first articles on retirement were published (Bergman, 1964; 1967; 1968; 1969), a study on workers' retirement attitudes was conducted (Jacobson, 1967) and national data on work and retirement were collected and published (Avner, 1970).

The first systematic studies in retirement preparation were initiated in the early 1970s (Kraemer, 1974); opinions of retirees and preretirees in industrial enterprises were gathered (Peri, 1976; Gutman, 1970), and broader groups of the aged were sampled on retrospective and prospective attitudes to retirement (Bergman and Bar-Zuri, 1977).

The seventies were characterized by growing interest on the part of government and voluntary bodies. The Ministry of Labor and Social Affairs initiated the establishment of a National Authority on Aging and Retirement that still awaits statutory approval by the Knesset. A number of public committees on the subject were founded. Trade unions developed a few programs to train retirement officers. Research partnerships were formed between large companies and the Institute of Gerontology for retirement training program development.

Most of this research endeavored to ascertain the retirement attitudes of older workers and retirees and the workers' readiness to participate in retirement preparation. The assumption may have been that planning responsibility is in the employees' hands and that the employer should be ready to facilitate such activities.

As the success of any large-scale retirement program obviously depends on close cooperation between workers and employers (allocation of resources, time, etc.), it was deemed important to study employers' attitudes to retirement preparation, their perceived role in it and their present retirement practices. Accordingly, an attitudinal survey was undertaken of organizations and companies *as employers* (not of employers as individuals) who express their attitudes through retirement policies and practices established by contracts, directives or custom in the employing enterprise.

Representative Sample Studied

Manufacturing and service enterprises (N-788) employing at least 100 people were included in the study, based on a list drawn from an Israeli civilian labor force survey conducted by the Ministry of Labor and the National Institute of Insurance. Valid replies to a self-administered questionnaire were received from 248 respondents (31.5 percent) employing 190,674 persons (17 percent of the civilian labor force or 22 percent of the salaried population). Some respondents said the survey had no relevance for them, since they had no older workers. It is as-

sumed that more industrial companies found the study irrelevant for the same reason but failed to return the questionnaire with an explanation.

The sample obtained corresponds to the overall situation in Israel with regard to company size, economic sector, ownership and policies. The manufacturing sector comprised 43.2 percent of respondents; the nonmanufacturing sector, 56.8 percent. In comparison with the national distribution, there was an underrepresentation of agriculture and an overrepresentation of industry and public services.

Company ownership is interesting, as it reflects the peculiarities of the local socioeconomic structure. Nearly half (47 percent) were private enterprises; 16.6 percent were under trade union ownership; 14.5 percent were local government services; 11.6 percent central government, and 10.4 percent had other types of ownership. This distribution explains the representativeness of the sample, since ownership generally indicates uniformity of procedures and policies. Private industry also has a high degree of uniformity of basic policies resulting from countrywide or sectorwide labor agreements.

As to size, half the sample employed up to 300 workers each; 40 percent employed 300-1,300, and about 10 percent had more than 1,300. Agriculture was generally found among small employers (< 300); industry was concentrated in the lower part of the second category, and large employers were mostly government and other public services.

Age Density Examined

Israeli manpower is relatively young, contrary to some expectations. The sample's (N=231) age density, measured by the percentage of workers ages 60 and over, shows the following:

<i>Percent of Workers Age 60 and Over</i>	<i>Company categories</i>	<i>Percent of companies</i>
Less than 10	young	83
10-20	maturing	13
30	aging	4

In the year preceding the study, retirement affected 1.5 percent of the total employed 3,000 persons in the enterprises surveyed. Though assumed age density might be an important factor in the behavior and retirement practices of maturing and aging companies, no evidence of that was found. Most of the policies and practices are applied in similar ways by all three company categories. However, we found a higher retirement awareness and sensitivity in maturing and aging companies.

No greater policy flexibility was discovered in such companies in regard to employment extension beyond formal retirement age, nor was there evidence of a greater interest in formal retirement preparation program introduction. There was some indication of a direct relationship between age density and staff participation in conferences/study days on retirement problems.

In general, age density seems to have little weight in the totality of factors influencing company policy and behavior.

Retirement Policies Categorized

The definition of "retirement policy" in our case includes company retirement age, conditions of retiree employment, the pension system and degree of policy and practice formalization. Policy was categorized as: Flexible, undefined or inflexible.

Retirement age in 80 percent of the companies is stipulated by collective labor agreements—mandatory for men at age 65, for females at age 60. But, there is considerable flexibility in application of the rule. In about a quarter of the sample (23 percent), no exceptions were practiced. Retirement is mandatory in the remaining companies, but exceptions are possible (55 percent), workers may continue as long as they meet job requirements (15 percent) and certain categories of workers may be exempted (three percent).

A flexible policy is applied by 73 percent of the employers; inflexible policy is applied by 23 percent, and an undefined policy exists in four percent of the companies. Flexibility was obviously higher in the 20 percent of the companies in which retirement age was not stipulated in the labor agreement. Flexibility seems to be directed toward extending the employment of professionals and executives. Continuation of employment beyond formal retirement age is practiced in various forms:

Continuation of work (full time, part time, consultants)	66 percent
Reemployment of retired employees	25 percent
Other patterns, as dictated by needs of the company	9 percent

The rather liberally applied flexibility may be the result of values, full employment and shortage of labor, or advantages derived from employing older workers (experience, low absenteeism, low rate of accidents, greater stability, *etc.*). A study conducted by the Ministry of Labor (Lieber and Siegel, 1978) in a densely populated and highly industrialized region of Israel showed that 81 percent of the surveyed companies/services (with more than 25 employees) were ready to continue to employ older people. Only 19 percent were against it.

Employers Flexible on Continued Work

There was no relationship between age density or economic sector and policy flexibility, the latter a matter of custom rather than institutionalized procedure. Only a third of the companies in which flexibility is practiced have clear procedures. Government- and trade union-owned companies show more of a tendency to institutionalization of such procedures than private companies in which retirement flexibility may be more frequently practiced. It is interesting to note that in four out of five cases the worker initiates the extension or renewal of employment.

Policies and procedures for cessation of employment seem to be more often clearly spelled out (stipulation in the labor agreement—62 percent; standing rules issued by personnel departments of companies, *etc.*). Retirement procedures seem to be handled administratively; the company social worker, the work committee and the pension fund play insignificant roles. Procedures include making available a supply of

information on accumulated pension privileges in close to half of the companies.

A two-way flow of communication develops between employer and older employees in the process of activating retirement procedures, with the latter raising problems defined as legal, financial and "people problems" (O'Meara, 1977). The problems* respondents cite as being raised by employees fall into three categories:

- (1) *economic problems* (pension rights,** seniority, feared deterioration of the economic situation, etc.): 46 percent
- (2) *wish to continue to work* (as a value and a need in itself or as a vehicle to cope with some of the problems mentioned above): 29 percent
- (3) *personal problems* ("People problems" such as health, worries, crisis situation, leisure time, loneliness, etc.): 15 percent

Problems of a concrete nature (work, money), that the employer may be perceived as capable of solving, are raised more frequently than personal problems. Employers' perceptions of their role in solving personal problems are expressed in their attitudes toward the need for retirement preparation programs.

Retirement Planning A Recent Development

Employer involvement in retirement preparation programs is a rather recent phenomenon in Israel. We found employer-initiated and -supported retirement preparation programs in seven percent of the sample alone. In reality, we were aware of more programs than were reported.

The picture changes radically when one considers the *readiness of employers to introduce such programs* and to accept professional assistance in their organization or planning. About seven out of 10 respondents (69 percent) expressed various degrees of readiness (18 percent very interested; 17 percent interested, and 34 percent favorable disposed). Only 18 percent of employers replied in the negative. This predominantly positive attitude was strengthened by a declared readiness to finance such programs, though not on company time.† Employers opposed to

*In a series of studies on prospective and retrospective opinions on retirement (Gutman, 1970; Peri, 1976; Bergman, 1979; Kraemer, 1977), the question of problems of primary concern to workers before or after retirement was extensively studied and results used in planning retirement preparation programs organized in various companies and organizations.

**Ninety-two percent of the responding companies have pension arrangements. More than half (57.4 percent) have comprehensive or basic pension systems; 17.3 percent, budgetary pensions (civil service, local governments, etc.); 16.9 percent, other pension arrangements. Only 6.8 percent of the companies have no pension system (only severance pay and mutual benefit funds); 1.6 percent did not reply.

†In several studies on pre- and postretirement opinions, 80-90 percent of the respondents (workers) believed it was the employer's duty to offer retirement preparation programs. Opinions were less uniform in regard to whose time should be used. Over a third believed such activities should be on the employee's private time rather than that of the employer, a particularly prevalent finding in groups with a higher level of education.

retirement preparation programs (18 percent) were also against any form of involvement in funding (17 percent). Moreover, a third of the companies in which such programs already existed were interested in their expansion and in professional guidance.

Government and trade union participants responded more positively than private employers. There was no relationship between the size of the enterprise and employers' attitude. The economic sector to which the company belongs does play a certain role in attitudes. The agricultural sector has a low degree of interest and readiness to participate in such programs. Age density, as already mentioned, is of no significance.

Another expression of employer involvement is the readiness to allow staff to participate in various outside training courses on retirement, counseling, organization of programs, etc. The percentage of enterprises doing so was higher than those where programs already exist.

Employers Express Interest

The positive attitude of employers also was expressed in replies to open-ended questions that concluded the questionnaire. Half of those replying indicated interest in learning more about the subject, though the matter was not yet topical in their enterprises.

Analysis of the existing formal and company-sponsored programs showed that practically all were at the company site, on company time and at the employer's expense. The number of programs was at yet too small and of too short duration to permit meaningful analysis and evaluation of their impact on participants.* With the growth of industrial social work, a number of employers see company social workers or industrial psychologists as the appropriate staff to organize and implement retirement preparation programs.

In Israel a traditional, sometimes elaborate retirement ritual** has developed. Practically all respondents (93 percent) have such a ritual, usually planned by management in cooperation with the work committee. Its traditional components are: (1) a gift from management (51 percent of respondents); (2) a public affair (39 percent); (3) a scroll or letter of gratitude presented publicly (18 percent), and (4) an invitation to the family (44 percent).

No significant relationship was found between company ownership and the practice. However, companies owned by voluntary and/or public bodies (government, municipalities, trade unions) are more likely to practice the custom than those in the private sector. From a purely sociological point of view, considerable weight seems to be given this ritual, particularly by clerical and blue-collar workers.

*Kraemer (1977) studied a group of participants in a program before and after their retirement. The findings do not show any significant changes in attitudes, patterns of leisure time use, etc.

**In 1976, Israel's Civil Service Commission published a special circular in regard to "parting from and maintaining contact with retiring employees" (Circular 5/LZ), as well as detailed instructions (82.56) concerning the organization of the farewell party, the amount to be spent on the gift, etc.

Postretirement Contact Important

A number of researchers in Israel and abroad have looked at the desirability, frequency, typology and importance of postretirement contacts between the company and its former workers. Psychological and practical importance is attached to these contacts as an expression of continued social identification. Many employers believe this contact so important that they formalize the arrangements and frequently allocate special staff time to management and development of these contacts (33 percent). This is also an area of practical partnership with workers' committees and retirees' representatives. Contact with former employers is a well-entrenched tradition, and over the years retirees have internalized a set of expectations concerning former employers' practical policies.

Our study shows that almost as many companies maintain contact with former employees (70 percent) as observe retirement rites (80 percent). Practically all studies in Israel show that older people, both before and after retirement, highly value contact with former employers. Seventy percent of our sample responded affirmatively in this regard, and it may be assumed that in the total population of companies the percentage is even higher.

A typology was constructed consisting of 12 types of contacts in four major categories: Participation in company events; employment opportunities; concrete advantages and services to retirees, and involvement in activities of the workers' community within the company.

Half of all respondents maintain at least eight out of the 12 possible types of contact, a quarter maintain up to four of the 12 contacts and about three percent maintain *all 12 types* of contacts. The quarter of respondents who do not maintain organized ongoing contact either do not yet have retirees or have only several retirees at present.

There was a significant relationship between maintenance of contacts and:

- availability of a company retirement program
- existence of clearly defined retirement policies and practices
- continued employment of retirees by the company
- allocation of a special staff person to deal with such matters

There was no relationship with age density or company size.

Index of Employer Attitudes Devised

This study not only obtained basic data on present policies and practices but also attempted to identify existing factors as a possible basis for the formulation of strategies of change, if indicated. An Index of Retirement Awareness and Sensitivity (IRAS) was developed to be used as a guide in identifying employers with more positive inclinations toward involvement in pre- and postretirement assistance.

The IRAS was compounded of elements reviewed here and grouped in three categories:

- *company policy* in regard to retirement, reemployment, timing of retirement procedures, *etc.*
- *institutionalization of retirement care*, such as retirement rites, post-retirement contacts and a staff person for retirees' affairs
- *retirement preparation*, such as the availability of programs, readiness to introduce and/or fund them, preparation and distribution of retirement materials, staff training, *etc.*

Differential weights were allocated to the various components; the maximum number of points possible was 50. The three levels of the IRAS were: *low* (0-14 points); *medium* (15-20), and *high* (30-50). Results show that a third (34 percent) of the total respondents (N=248) fall into the low end of the scale, 60 percent into the medium and only six percent into the high position.

The almost total (94 percent) concentration in the low and medium group could be the result of the low percentage of companies with retirement preparation programs. A significant number of the young enterprises were not yet concerned or confronted with the issue of older workers.

Company Size Is Significant

No significant relationships were found between the IRAS and age density or between the IRAS and the economic sector to which the respondent belonged. Positive relationships were found between the size of the company and the IRAS. Large enterprises and those belonging to the government and trade union sectors had higher rankings on the IRAS.

The IRAS had practical value as an indicator of employers who would be receptive to the introduction of retirement preparation programs.

Results of the study have been communicated to all employers of the study population (N=788), as well as national organizations and government and labor offices. The findings were also reported at a number of meetings with company representatives not yet involved in retirement preparation.

The study pointed to two major policy issues that need reconsideration:

- A high degree of flexibility in extending employment and in reemploying retiring employees is practiced by 75-80 percent of employers. Reexamination of the legal status of existing policies is warranted with regard to retirement age, possibly with a view toward legalizing current practices and raising the formal retirement age. Regretfully, the present economic difficulties in Israel and the deteriorated employment situation make it highly improbable that such changes would be approved by the authorities at present.
- The time may be ripe to consider retirement preparation as the worker's right and the employer's duty. Consequently, it needs institution-

alization as an integral component of collective labor agreements between the trade unions and the employer's associations. As mentioned, the trade unions' Authority on Aging has formally recommended the adoption of such a policy.

In this and in a number of other practical aspects, the study seems to have achieved its objectives and to have had some impact in the direction of change. ◀

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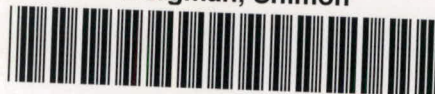
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Bergman, Shimon



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המכון

הוא מכון ארצי למחקר, לניסוי ולחינוך בגרונטולוגיה והתפתחות אדם וחברה. הוא נוסד ב-1974 ופועל במסגרת הג'וינט האמריקאי (ועד הסיוע המאוחד של יהודי אמריקה). בעזרתו של קרן ברוקדייל בניו-יורק וממשלת ישראל.

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התפתחות האדם

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מאת:

שמעון ברגמן

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