

Employers play an important role in changing retirement behaviour

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Department for Work and Pensions (DWP) funded research at the University has highlighted the key role played by employers in influencing people's decisions over retirement and extending working life.

Whether through choice, diminished health, or in response to employer policies, a significant proportion of people leave the [labour market](#) early. The DWP is committed to encouraging people to work for longer and save for later life.

Following a review of [public attitudes](#), the researchers found a significant proportion of people show an interest in extending their working lives, particularly if this embodies choice and flexibility over hours worked, in particular the opportunity for reduced hours, part-time work or phased retirement.

Echoing insights from Thaler and Sunstein's influential publication 'Nudge', a key conclusion is that people tend to limit their consideration of options to choices they are presented with and are prone to be tempted by short-term financial gains, such that they make decisions which may not be in their long term interest.

Dr Andrew Weyman from the Department of Psychology said: "Most employees are passive rather than active decision makers and are susceptible to an array of situational influences or 'nudges'. Both the Government and employers play a key role in influencing and defining

employees' pension and retirement decisions."

Employers play a [pivotal role](#) in nudging people to retire or to work longer. Positive nudges might include offering working hours that are attractive to people; making [adaptive changes](#) to job-demands and providing information to help people make better decisions over income planning for retirement.

Negative nudges might include attractive redundancy packages; lump-sum payments and early pension draw-down which can motivate people to retire early and make poor [financial decisions](#).

For policy makers, motivating extended working life requires a focus on finding ways to achieve behaviour and culture change amongst employers as well as employees.

Provided by University of Bath

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