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Paid Work after Retirement – Does Quality of Your Main Job in the Past Matter?

In this brief, we summarize the results of a recent analysis focused on identifying the key determinants of engagement in paid work after retirement based on life histories data from the Survey of Health, Ageing and Retirement in Europe (SHARE). We find a strong link between the probability of work after retirement and indicators of quality of work prior to labor market exit, such as high physical and psychosocial demands, lack of control or receiving adequate social support. These results suggest a potentially important role of job-quality regulations. We find no significant association with past experience of adequate rewards with respect to efforts in the main job, which suggests that involvement in paid work after retirement may to a lesser extent be driven by financial concerns. This might mean that policy initiatives targeted at higher level of labor market activity among retirees should stress non-material aspects of employment in later life.



The collection of data in the 7th wave of the Survey of Health, Ageing and Retirement in Europe (SHARE) proceeded in 2017, and the Centre for Economic Analysis (CenEA) has recently published a report based on information collected in previous waves of the survey. The report entitled “The Polish 50+ generation in the European context: activity, health and wellbeing” examined among other issues the determinants of labor market activity of people aged 50+ with a special focus on Poland (Myck and Oczkowska, 2017).

SHARE is a panel survey conducted every two years and focuses on health conditions, material situation and social relations of the population aged 50 years and older. In 2017, in the 7th Wave, interviews were conducted with over 80,000 participants in 26 European countries and Israel. While the survey usually focuses on contemporary conditions of respondents, the interviews in Wave 3 (the *SHARE-Life* conducted in 2008-2009) is concerned with respondents’ life histories and topics such as family history, mobility and work histories.

In this brief, we draw on one of the chapters from the report and present results of an analysis that combines information on the quality of the main job of the respondents’ working careers, with information on engagement in paid work among retired individuals to examine key determinants of undertaking paid work after labor market exit.

Work histories in SHARE

The life-history interview includes a series of 12 questions evaluating effort-reward imbalance in the main job of individuals’ working careers (Siegrist and Wahrendorf, 2011; Siegrist et al., 2004; 2014). Based on these questions, five dimensions of the quality of the workplace were identified: physical and psychosocial demands, control, social support and reward (see Table 1). Figure 1 presents an example of the distribution of answers to one of the questions used to define these dimensions, which asked about the extent

to which the respondents’ main jobs was physically demanding. Generally, men’s past main job is more often described as physically demanding than women’s. While less than half of respondents in France and Sweden claimed physically strenuous main job, the respective measure in Poland and Greece was as high as 75%.

Table 1. Dimensions of job quality

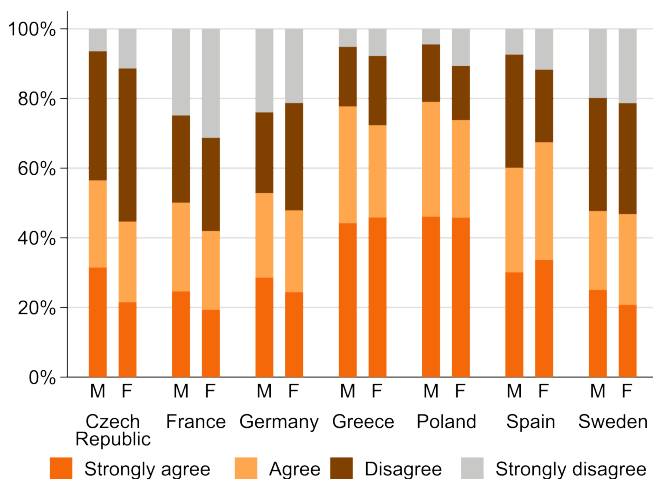
| Dimension | SHARE questionnaire items |
|------------------------|---|
| Physical demands | - „My job was physically demanding.” - „My immediate work environment was uncomfortable (for example, because of noise, heat, crowding).” |
| Psychosocial demands | - „My work was emotionally demanding.” - „I was exposed to recurrent conflicts and disturbances.” |
| Control | - „I was under constant time pressure due to a heavy workload.” - „I had very little freedom to decide how to do my work.” |
| Social support at work | - „I received adequate support in difficult situations.” - „There was a good atmosphere between me and my colleagues.” - „In general, employees were treated fairly.” |
| Reward | - „I had an opportunity to develop new skills.” - „I received the recognition I deserved for my work.” - „Considering all my efforts and achievements, my salary was adequate.” |

Notes: answer categories: “strongly agree, agree, disagree, strongly disagree”. *Source:* adapted from Siegrist and Wahrendorf (2011).

Following Wahrendorf and Siegrist (2011), for the purpose of further analysis, we construct five measures of workplace quality based on the questions listed in Table 1. For each dimension of job quality, we calculate a sum-score of answers (from 1 “strongly agree” through 2 “agree”, 3 “disagree” to 4 “strongly disagree”) to selected questions, and identify the upper (lower) tertile of observations. We create five binary indicators (with 1 meaning “yes”) describing the quality of work in the sense of high physical or psychosocial demands, lack of control, and adequate social support or adequate reward. The results are presented in Figure 2 in association with the frequency of paid work after retirement.

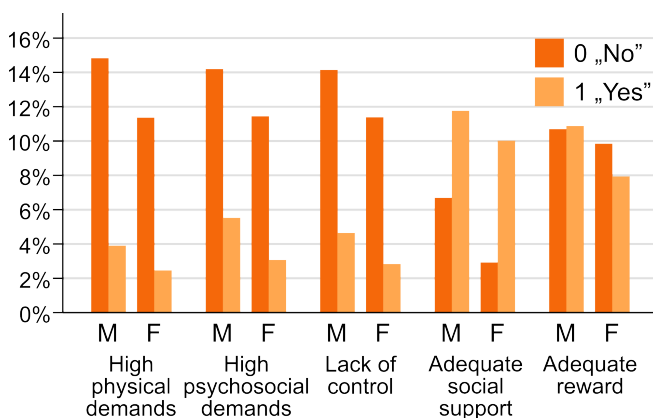


Figure 1. “My job was physically demanding”



Notes: includes wave 3 respondents with at least 10 years of seniority who retired by the time of wave 6; weighted.
 Source: own calculation based on SHARE data waves 3 (2008-2009) and 6 (2015).

Figure 2. Associations between quality of work in the past and frequency of paid work after retirement



Notes: includes wave 3 respondents with at least 10 years of seniority who retired by the time of wave 6 from selected countries (CZ, FR, DE, GR, PL, ES, SE); weighted. Source: own calculation based on SHARE data waves 3 (2008-2009) and 6 (2015).

In most cases the percentage of retirees engaged in paid work was significantly higher among those positively evaluating the quality of their past workplace. The only dimension where no significant difference was found in the level of involvement in paid work was between the retirees who estimated rewards at work as adequate to their efforts and those who assessed them otherwise.

What determines paid work after retirement?

The role of the five measures of job quality was further examined using models of probability of paid work after retirement. Apart from quality indicators regarding the main job, controls included total labor market experience, unemployment incidence, as well as detailed demographics and information concerning current health status and material conditions. Odds ratios were estimated separately for men and women from a group of selected countries: Czech Republic, France, Germany, Greece, Poland, Spain and Sweden.

Higher education is positively associated with the odds of employment after retirement, but have the opposite effect for age, poor health and living in rural areas. Each additional year of labor market experience increases the odds of working after retirement, but we find no significant effect of unemployment episodes.

Both men and women without experience of high physical demands and lack of control in their main job have higher odds of working after retirement than those who declared such experiences. For example, men who did not experience highly, physically demanding main jobs have 1.4 times higher odds of work after retirement compared to those who did. The respective odds for those who did not experience lack of control are 1.9. On the other hand, high psychosocial demands and adequate social support have significant influence only among retired women. Women who did not report high psychosocial demands had 1.25 times higher odds of work after retirement, while those who received adequate support in their past job had 1.5 times higher odds. We find no significant effect of the experience of adequate rewards with respect to efforts in the main job, and similarly no significant association between material conditions and employment of retirees. Both of these may imply that involvement in paid work



after retirement is to a lesser extent driven by financial concerns.

Further discussion and policy implications

Differences in the degree of engagement in paid work after retirement with respect to the assessment of past job quality suggest a potentially important role of job quality regulations. At the same time, lack of significant association between the material situation and paid work after retirement implies that policy initiatives targeted at higher levels of labor market activity among retirees may benefit from stressing the non-material aspects of employment in later life.

Results point to a strong link between quality of work in the past and probability of work after retirement, which is in line with what other studies have showed: e.g. that low quality of work in the past strongly correlates with the desire to retire as soon as possible (e.g. Dal Bianco et al., 2014). Given the demographic pressure on public finances observed or expected in many developed countries, and foreseen reductions in the generosity of pension benefits, increasing the level of engagement in paid work after labor market exit may become an important policy challenge. The results summarized in this brief suggest that governments should, on the one hand, pay attention to the labor market

conditions faced by those currently employed, and on the other hand focus on a broad set of incentives to encourage employment among older generations, going beyond financial remuneration.

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