

A2.2 Determinants of Retirement Decisions in Europe and the United States: A Cross-National Comparison of Institutional, Firm-level and Individual Factors



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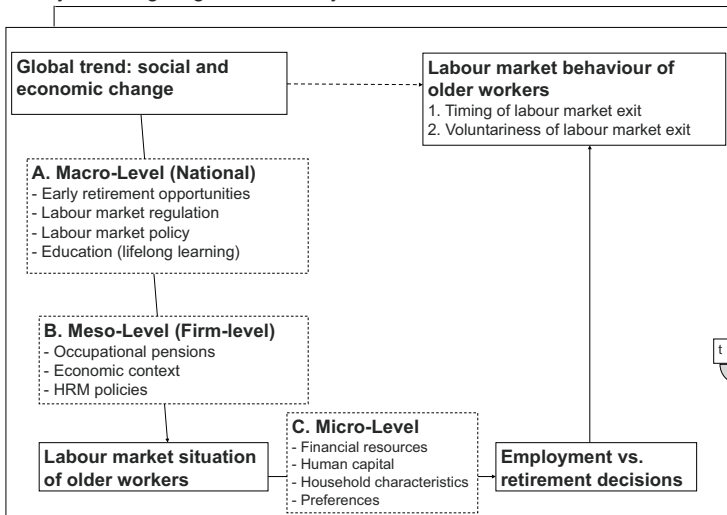
Project Aims

The project aims to reconceptualise **retirement decisions** and their **determinants** under the modified institutional **conditions of political early exit reversal** from a multi-level perspective. Key questions of the research project are:

1. In how far have relevant **institutional settings at the national level** – including labour market, welfare and educational policies – changed throughout the paradigmatic turn from 'early exit' to 'active ageing'?
2. How have these recent political changes affected **firm-level policies** towards older workers within European countries?
3. Given these changes in institutional and workplace level conditions: How do **older workers decide** between (early) labour market exit and employment continuation and how have these **decisions developed over time**?

Analytical model

The project follows a multi-dimensional explanatory approach, considering employment and retirement behaviour of older workers as arising from rational decisions between exiting employment and continuing one's career under given situational constraints and opportunities. These decisions will be analysed using longitudinal survey data, such as SHARE, HRS or ELSA.

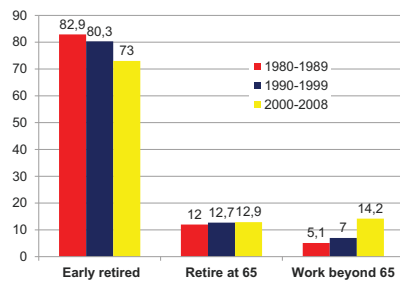


International project team (as per June 2013)

The project investigates the research questions in 11 modern societies, reflecting a variety of different institutional contexts. To this end, we collaborate with expert teams at various European universities which provide nation-specific case studies on (i) institutional contexts and (ii) the timing and nature of retirement transitions.

| Country | Leading experts | Institution |
|----------------|--|--|
| Germany | Dr. Dirk Hofäcker Moritz Heß | MZES |
| Austria | Prof. Dr. Michael Müller-Camen Dr. Heike Schröder | WU Vienna |
| Netherlands | Dr. Ferry Koster MA Maria Munderlein | Erasmus University Rotterdam |
| Italy | Dr. Roberto Rizza Dr. Sonia Bertolini | University of Bologna University of Torino |
| Spain | Dr. Jonas Radl | UNED, Madrid |
| Estonia | Prof. Dr. Ellu Saar Dr. Marge Unt | Tallinn University |
| Czech Republic | Lucie Vidovicová, Ph.D. | Masaryk University, Brno |
| Sweden | Dr. Gabriella Sjögren Lindquist Stefanie König | SOFI, Stockholm MZES |
| Denmark | Julia Schilling Stefanie König | University of Bamberg MZES |
| United States | Ass.Prof. Dr. David Warner | University of Nebraska-Lincoln |
| United Kingdom | Dr. Yuxin Li Dr. Matthew Flynn | IER, University of Warwick Middlesex University, London |
| Japan | Prof. Dr. Masa Higo Dr. Heike Schröder | University of Central Missouri WU Vienna |

First results: Retirement Timing



| Retirement timing (Ref. before 65) | 1980-1989 | | 1990-1999 | | 2000-2008 | |
|------------------------------------|-----------|-------|-----------|--------|-----------|--------|
| | at 65 | 65+ | at 65 | 65+ | at 65 | 65+ |
| Education | | | | | | |
| ISCED 0-2 | -.015 | -.301 | .107 | -.033 | .239 | .641+ |
| ISCED 5-6 (ref.: ISCED 3-4) | .611 | .897+ | .494+ | .747** | .466+ | .867** |

Data: German Ageing Study (DEAS) 1996, 2002, 2008.
 Note: Controlling for Gender, Region, and Employment Characteristics.
 Source: Hofäcker/Naumann (2012): Happy Retirement – Cancelled? Exploring an emergent trend on the German labour market; Conference "Ageing in the light of crises", October 3-5 2012, Umeå, Sweden

1. Trends over time indicate a **rise in the age of retirement** during the gradual institutional shift from early retirement (1980s/1990s) to active ageing (2000-2008) in Germany.
2. This general upward trend is accompanied by notable **changes in retirement patterns among specific social groups**. Particularly the **lower-educated** who used to have financially attractive early exit options, nowadays **tend (or need) to work longer to ensure their financial security in old age**.

First results: Reasons for Retirement

| | Involuntary retirement as % of all retirement transitions | | |
|-----------|---|---------|--------|
| | Germany | England | Japan |
| Total | 39,7 | 29,5 | (22,0) |
| Men | 44,6 | 30,1 | 22,0 |
| Women | 21,6 | 28,8 | — |
| Age 50-54 | 47,2 | 36,8 | — |
| Age 55-59 | 70,3 | 37,7 | — |
| Age 60-64 | 34,3 | 38,7 | 27,3 |
| Age 65-69 | 4,2 | 29,8 | 10,2 |
| 1990-1999 | 41,5 | 30,0 | 26,9 |
| 2000-2008 | 36,5 | 28,2 | 19,3 |

Data: Germany: SHARE, England: ELSA, Japan: JSTAR
 Source: Hofäcker, D., Schröder, H., Li, Y. and Flynn, M. (2013): Trends and determinants of work-retirement transitions in Germany, England and Japan. Paper prepared for the 73rd Annual Meeting of the Academy of Management - August 9-13, 2013 - Lake Buena Vista (Orlando), FL. [awarded as "The Careers Best International Paper Award Finalist"]

1. **Involuntary Retirement** (e.g. exit due to redundancy, early retirement without option for continued work, exit due to insufficient job prospects) is **highest in countries with a long tradition of early exit policies** (Germany) and least so in late exit countries (Japan).
2. In all countries, the **incidence of involuntary retirement decreases during the gradual shift to active ageing policies**.
3. While in **Germany's generous early exit regime**, involuntary retirement nearly **disappears after reaching formal retirement ages**, it continues to play a **considerable role in England's less generous system**, even after age 65.