

## Baby-boomers – How long can they work? How long do they want to?

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In recent years the number of older people in gainful employment in Germany has been increasing: Federal Statistics Office figures for 2017 count some 15.2 million 50+ year-olds in this group, amounting to 38 % of all people in employment; ten years earlier the figure was only 10 million, some 10 percentage points less. At the same time, future years will see a constantly decreasing labor pool available to the market – a development presenting individual enterprises, and society as a whole, with new challenges. Economists, social scientists, and politicians are agreed that an effective solution could lie in increasing the number of older people still working, and enabling them to work longer. But can they – and do they want to – keep on working? And for how long?



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The “lidA”-Cohort Study is investigating the final working years of older employees and their transition to retirement, and we will be looking here at how today’s 53–59 year-olds in Germany view that transition. The underlying conceptual framework of the lidA Study, along with some relevant results, will be presented and discussed, and some conclusions offered for enterprises, politics, and science.

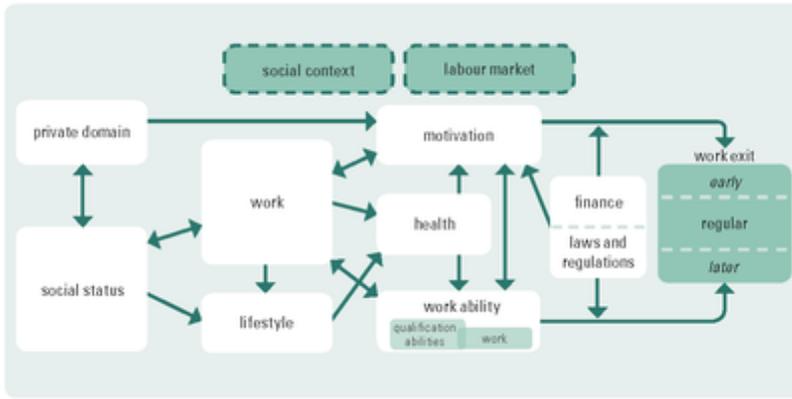


Fig. 1: lidA conceptual framework on work, age and employment

The main focus of this article is on the health of older employees, which is often considered as a key factor in the decision to retire. Numerous studies indicate that employees with poor health retire earlier, but the simple conclusion that poor health inevitably leads to early retirement, and that the prolongation of working life is therefore primarily a healthcare matter, ignores the fact that a third of the German workforce in the 51-65 age group continue to work despite poor health, either because they want to, they must, or they can. At the same time, many healthy people in that age group are no longer in gainful employment. Clearly, then, other factors besides health play a role here.

### The decision to retire is influenced by many factors

Only if the complex interplay of factors influencing retirement decisions is taken into account, can researchers draw relevant conclusions for enterprises and social politics.

The *lidA* conceptual framework on work, age and employment (Figure 1) covers eleven different domains of influence operating here and indicates their lines of influence on each other. Retirement can take place before, at, or after statutory retirement age and is often a gradual process which can also take many different forms. An employee may reduce work-hours before retirement, or may have been unemployed and/or had brief occasional jobs. Only four out of ten people who drew their first retirement pension in 2016 did so in seamless transition from employment subject to social insurance contributions.

The *private domain* – determined by factors such as marital status, resources, partner’s income and employment position, family care responsibilities, allocation of tasks and roles – is important for the ongoing participation of older people in gainful employment. These factors will likely vary with profession and social status, factors which can have considerable impact, for example, on attitudes to employment and to the division of labor between partners. The *lidA* conceptual framework sees the private situation of employees as immediately impacting the *motivation* to engage in gainful employment, e.g. through partners’ mutual expectations: If a woman has already retired, for example, her partner might not want to continue working. And the *work* domain covers both necessary organizational measures (e.g. managing daily tasks) and the content of the work: Is the work meaningful? How much stress does it involve?

The framework’s health domain requires little explanation, but it should be noted that work ability – the ability to successfully perform assigned work tasks now and in future – is influenced not only by state of health but also by the work situation and the

qualification the employee brings to it. Health and work ability are, in turn, important for the motivation to engage in gainful employment. The labor market and social context influence almost all other domains, so have no arrows in the lidA framework.

The lidA conceptual framework clearly illustrates four key characteristics of the transition from work to retirement. It is (as indicated above) *complex*, entailing aspects from various domains whose influences are interlinked – often causally. Secondly, it is a *process* whose shape is often laid down early in life: Major studies show the influence of social origins on choice of profession, with consequent impact on attitudes, job satisfaction, health, and work capability. Thirdly, the model illustrates the important *individual component* of the retirement decision, with the personal factors mentioned above, as well as health and work ability, playing an important role – and these factors are, of course, differently interrelated for each individual. Finally, retirement is crucially conditioned by its *structural framework*, in particular the structural body of statutory regulations governing retirement age and pre- or semi-retirement provision.

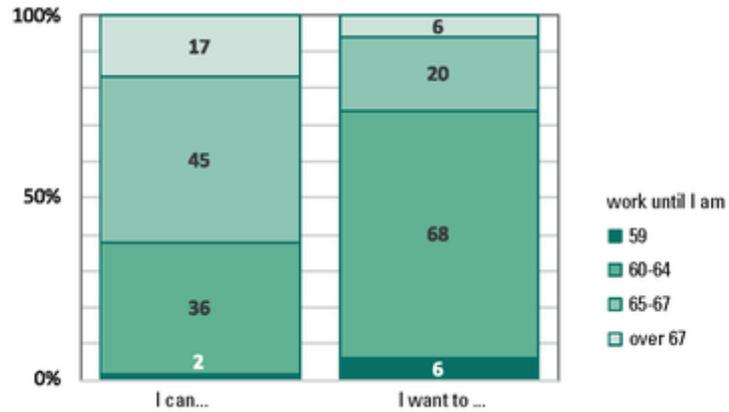


Fig. 2: How long can German baby-boomers work? How long do they want to? (Results from summer 2018 lidA survey of 3229 employees aged 53/59 representing a cross-section of socially insured employees born 1959/1965)

### Work to the age of 65? Who can? Who wants to?

A question put to a cohort of 49 and 55 year-old respondents in the second lidA survey phase (2014) was up to what age they could, and wanted to, work. At that time few (36%) thought they would be able to work at least until 65, and even fewer (14%) wanted to. Four years later (summer 2018) the rates with the same cohorts had almost doubled: to 62% and 26% respectively (the two upper segments in each bar of Figure 2). As retirement age approaches, attitudes and expectations evidently adapt to what is increasingly seen as an unavoidable necessity.

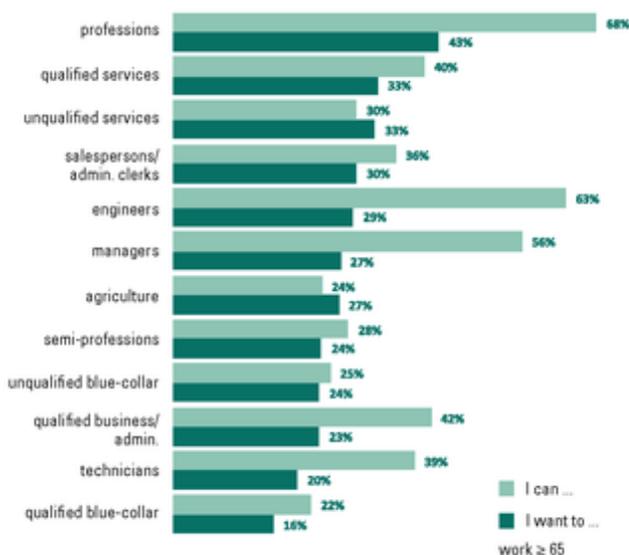


Fig. 3: What occupational groups can/want to work at least until the age of 65? (Results from 2014 and the 2018 lidA survey of 3400 or 3228 employees aged 53/59 in 2018 being representative for all socially insured employees in Germany born 1959/1965. Rates are shown for occupational groups following Blossfeld.)

though they might personally feel capable of working longer. In both cases, however, it is not the health impairment itself that is decisive, but the way it is handled.

Two other work-exit pathways function quite differently: here the reason for ceasing work is not poor health, but good. First, the *health protective pathway*: people want to stay healthy. For many employees, work carries an innate health risk – often that of stress – while others see it as a hindrance to the attention they feel they should pay to their health. Finally, the *maximizing life pathway* is taken by employees who have other goals in life – e.g. traveling, caring for grandchildren – which they want to enjoy while their health lasts.

Both good and bad health can, therefore, lead to an early exit from work, either because people cannot, or because they do not want to work longer. Because the impact on the decision to leave work is in both cases indirect, the lidA diagram (Figure 1) has no arrow leading directly from *health* to *work exit*.

### A second glance at the role of health

Unsurprisingly however, there are, in this respect, major differences between occupational groups. Figure 3 indicates that members of the higher professions (e.g. scientists, medical practitioners, high-school teachers), qualified service providers (e.g. hairdressers, law enforcement officers), and engineers are more frequently motivated to work at least until 65; on the other hand, blue-collar workers as well as semi-professionals (especially care professionals), rarely want to work that long. Not shown here is that as a rule the rates for women are significantly lower than for men.

### Poor health is a reason – good health can also be a reason

If, as stated at the beginning of this article, a third of the German workforce in the 51-65 age group continue to work despite poor health, and half those not in gainful employment report good health, it cannot be health alone that determines how long people work. Seeking to understand the situation better, researchers in New Zealand and the Netherlands have undertaken qualitative studies in which people talk about their experiences. They have identified various “work-exit pathways” in which health plays a significant role.

The first of these is the *impaired health pathway*, where an acute or chronic impairment of health leads to early – often unwilling – cessation of employment, albeit not directly because of the impairment, but because people think they can no longer do their job satisfactorily. This feeling can also be conveyed by an employer or by colleagues, until they leave voluntarily, even

To gain a better understanding of the relation between health, work capability, and motivation to stay at work, we divided the participants in our third survey phase into four groups with varying combinations of good to poor health and high to low work ability (see Figure 4). When low work ability coincides with poor health, only c. 16% of respondents want to work at least until 65. That was predictable; less so is the rate of c. 31% who feel the same despite high work ability and good health. Putting it the other way round: more than two thirds of employees with high work ability and good health want to leave work before they are 65. Clearly, the question of motivation requires further attention here, and is no way secondary in importance to health.

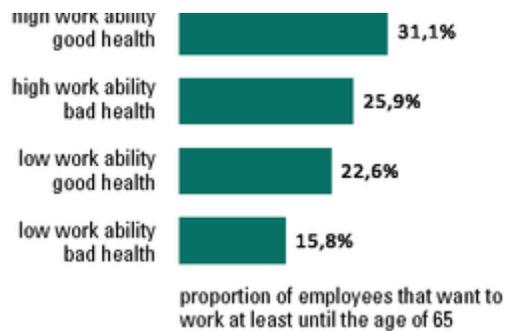


Fig. 4: What proportion of employees want to work at least until the age of 65 (classified by work ability and health)?  
(Results from 2018 lidA survey of 3229 employees aged 53/59 being representative of socially insured employees in Germany born 1959/1965)

### Retirement – an enduring issue

The question when, why, and how people leave gainful employment will concern our societies for decades to come. The *lidA* framework and survey seeks to put this question in an ever more differentiated way. Against the background of our theoretical considerations we have presented up-to-date empirical results indicating that baby-boomers in Germany are slowly but surely coming to terms with the novelty of a longer working life – with differences in line with social and professional groupings. The brevity of the present article does not allow analysis of all the domains of the *lidA* model, but the crucial importance of motivation in determining the impact of health and work capability on the retirement decision is clear.

### Conclusions: What does all this mean?

The *lidA* model and the results reported here allow certain conclusions to be drawn for enterprises, politics, and science.

The clear message for enterprises is: If, in view of the shortage of suitably trained young candidates, you need and want to keep your older workers, you should take full account of the *complexity* of the situation and the many factors influencing it. It is not enough to care for the health of your workforce if you at the same time ignore measures supporting work ability – e.g. ergonomic workplace and task design. That even under good conditions only a third of the German workforce want to work at least until the age of 65 should encourage enterprises to think of ways to step up motivation for a longer working life. One such way is to ensure a culture of appreciation of older colleagues for their special strengths and experience. HR management should also be aware of the long-term *processual* nature of working life. Employees in their mid-fifties are already thinking about retirement, and it gradually becomes a vital concern. To wait until they express this formally to the enterprise is often to miss the opportunity to influence the individual's work ability and motivation. And the *individuality* of this process means that "one size fits all" solutions are out of place. If an enterprise wants to keep the older members of its workforce in efficient and fulfilling employment, HR managers and departmental heads must review the situation for each individual separately.

What is true for enterprises also holds for social policy: apart from legislation, political measures to prolong working life are unlikely to succeed if they confine themselves to single domains. Moreover, against the background of legally regulated extended *working lives*, social policy should not confine itself to following *when* different categories of employees exit work; equal attention should be paid to *how* people are working longer. Older workers who no longer are able to work (work ability) or do not want to work (motivation) require political attention – no matter whether they have to take alternative early exit paths or remain in employment.

Finally, the *lidA* framework and our empirical results have implications for scientific research. Here, we note growing understanding for the complexity of the work-exit transition and the need for multi-disciplinary research, which even today still faces many challenges and obstacles. Comparative and also harmonising international research projects are seen in this context as desirable and fruitful, and a number of international scientific networks are already discussing the issues presented here. Concrete steps taken in this direction by the University of Wuppertal's Department of Occupational Health Science include hosting the 2016 International Interdisciplinary WAHE (Work, Age, Health, and Employment) Conference and ongoing coordination and participation activities in the OMEGA-NET research network.

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