Comparative Population Studies – Zeitschrift für Bevölkerungswissenschaft
Vol. 35, 4 (2010): 703-708 (Date of release: 26.01.2012)

Editorial to the Special Issue "Extending the Late Working Life – Prerequisites and Risks"

Frank Micheel

Population decline and ageing are the major future demographic trends that most developed countries have in common; these processes are caused by ongoing low fertility and increased longevity over the last four decades. Germany is no exception here. This general population trend is also true for the supply side of the labour market. In the long run fewer and fewer young people will enter the labour market whilst a growing number of older workers will depart from the labour force. Shrinking and ageing of the working force are expected to speed up between 2020 and 2030, when the large birth cohorts born between the 1950s and 1960s, are expected to withdraw from working (*United Nations* 2010; *Dorbritz* 2008; *Höhn et al.* 2008, *Fuchs et al.* 2011).

However, shrinking and ageing of the labour force are by themselves not the main problems of labour markets or social policies when it comes to the fiscal consequences of demographic change. Moreover, the *combination* of increased longevity and falling retirement age is the reason that will force policy makers to take action. According to this age/employment paradox (*Walker* 2006: 79), reforms of the statutory pension system which lengthen the working life span are necessary in order to re-adjust the ratio between working population and retirees and thus stabilise the fiscal balance between contributions and benefits. Not to mention the fact that reducing unemployment in general or promoting an earlier entry of young people into the labour market will additionally help to achieve fiscal sustainability

Retirement policies are not restricted to safeguard income in retirement age. They also have effects on governing the supply side of the labour market. The trends of the last forty years with respect to retirement policies and their consequences on the labour force participation of the elderly in Germany can be described as a *double paradigm shift of retirement policy* (*Bäcker et al.* 2009). The 1972 pension reform was the onset of decreasing retirement ages. Older workers were now eligible to receive benefits from old-age pensions without any deductibles before reaching the age of 65. Compared to previous birth cohorts older workers now had the opportunity to choose voluntary pre-retirement and thus extend their remaining years in enjoying retirement. On the other hand, older workers were advised to leave the labour market and were sent into retirement before reaching the legal retirement age in order to make room for younger workers. In this context, older people who had lost their jobs had significantly lower chances to find new jobs than their younger peers and thus often remained in long-term unemployment until reaching retire-

© Federal Institute for Population Research 2012
DOI: 10.4232/10.CPoS-2010-16en
URL: www.comparativepopulationstudies.de
URN: urn:nbn:de:bib-cpos-2010-16en4

ment age. Furthermore, enterprises used pre-retirement programmes as a personnel strategy device to achieve juvenile age structures in their companies. A strong manifestation of this trend can be observed in the 1980s and in the early 1990s. To summarise this trend, one can say that early retirement became part of the "normal working biography" in Germany reflecting a social norm (*Wübbeke* 1999; *Naegele/Krämer* 2002; *Heywood et al.* 2010; *Dietz/Walwei* 2011; *Kohli* 2000). Since the 1990s concerns about fiscal stability of the social security system led the German government to reverse the common practice of early retirement. Several pension reforms were undertaken (e.g. long-term lowering of pension levels, or strengthening of occupational and private pension plans) forcing and/or encouraging older workers to stay longer in the workforce (e.g. *Bäcker et al.* 2009). A recent major reform, the Act to Adjust the Standard Age Limit to Demographic Developments and to Strengthen the Financial Foundation of Statutory Pensions Insurance (*Gesetz zur Anpassung der Regelaltersgrenze an die demografische Entwicklung und zur Stärkung der Finanzierungsgrundlagen der gesetzlichen Rentenversicherung)* with a gradual increase of the legal retirement age for old-age pensions up to 67 years until 2029 seems to be a preliminary climax of this policy shift. This political measure requires an intensive debate how older workers are able and willing to extend their working lives beyond the current legal retirement age. Particularly the serious discrepancy between the fact that the elderly still face disadvantages on the labour market and that they are simultaneously obliged to delay retirement has to be considered. Against this background, improving working conditions of older workers and the recognition of their individual circumstances deserve a closer look as well in order to resolve this gap.

The lion's share of the German retirement literature deals with *pre*-retirement issues, whereas research studies about working in an age where most workers are already retired have been carried out rather infrequently (e.g. *Nilsson et al.* 2011). This is quite understandable if we consider that for the majority of older workers in Germany the employment situation is still difficult. As yet, working until the age of 65, the current legal retirement age for old-age pensions in Germany, is more the exception than the rule, although labour participation rates of the elderly have increased in recent years (*Dietz/Walwei* 2011; *Brussig* 2011). A strong interest for this topic can be mainly found in a growing body of US-literature on working in retirement age; this phenomenon is called *bridge employment* and refers to a time span between full engagement in working life and full retirement *(von Bonsdorff et al.* 2009; *Gobeski/Beehr* 2009).

Which consequences do we expect, when we leave the macro-level perspective and focus on micro-level factors, which might explain the extension of working life? In the future, older workers will be more and more often confronted with economic and legal pressures when it comes to the timing of retirement. However, beyond these foreseeable pressures, there seems to be a lack of knowledge of the ability, the plans, the motivation, or the intentions of older workers with regard to an extension of late working life. As *Barnes-Farrell* (2003) for example pointed out, health and wealth are of course relevant factors affecting the timing of retirement, and particularly in the case of Germany, we also find various institutional factors relating to

transitions into retirement that explain the timing of retirement (*Radl* 2007). Beyond these aspects, we therefore seek for further variables that explain the decision to extend the working life, especially of one's own accord. In this special issue, four papers pick up these aspects and try to shed more light on extending working life at the end of the working career.

The first paper *„Retirement at 67" – Findings on the Employment Situation of Older Female Workers* by *Barbara Zimmer, Verena Leve, and Gerhard Naegele* deals with consequences of the forthcoming gradual increase of the standard legal retirement age to 67 years especially for *older female workers* (*Zimmer et al.* 2011). Various problems of labour market issues are gender-specific. Older women are generally more exposed to the risk of unemployment than men. They are more often confronted with age discriminating recruiting strategies than their male counterparts. Interruptions of their working lives due to child-rearing or other family responsibilities and subsequent part time jobs are typical of women's working careers. Finally the opportunity structures in organisations regarding promotions, amount of wages, or the achievement of permanent jobs are not equally distributed between men and women. Altogether women receive lower pension benefits in relation to men mirroring these cumulative disadvantages through their working lives (*Allmendinger* 1994; *Leve et al.* 2009). Against this background, the article addresses the current working conditions of female workers and how they can be promoted with respect to their ability to prolong their late working lives.

In the second paper *Activities in Retirement: Individual Experience of Silver Work* by *Leena Maxin* and *Jürgen Deller*, the authors developed a new concept of individual retirement arrangements in Germany: *Silver Work*, which means that the individual is in employment while officially retired from the working career (*Maxin/Deller* 2010). This concept is closely linked to research work on the concept of *bridge employment*, which is discussed predominantly in the U.S. literature. Compared to the *bridge employment* concept, Silver Work can be brought into a broader political context; integrating Silver Workers into working life is discussed as a contribution to macroeconomic growth potential, and disburden pension systems as a fourth pillar of old age security (*Deller et al.* 2009).[1]

In the third paper *The Impact of Socioeconomic Characteristics on Older Employees' Willingness to Continue Working in Retirement Age* by *Frank Micheel, Juliane Roloff,* and *Ines Wickenheiser*, the authors present how the intention to continue work in retirement age is associated with the *socio-economic status of older workers*. Analogous to the notion that actual labour force participation of the elderly shows a u-shaped pattern in connection with their pre-retirement income (*Radl* 2007), the association between socio-economic status and the willingness to extend working life displays a non-linear connection as well (*Micheel et al.* 2011).

[1] The first pillar in Germany is constituted by a compulsory public pension system run by the state. The second (occupational pension plans) and the third pillar (private savings) are mostly organised by private insurance and capital markets. The first pillar is usually organised as a pay-as-you-go scheme, whereas the other pillars in general are fully funded schemes.

In the fourth paper *Determinants of Work Motivation and Work Ability among Older Workers and Implications for the Desire for Continued Employment* by *Victoria Büsch, Dennis A.V. Dittrich*, and *Uta Lieberum*, the authors focus on the connection between aspects of work motivation, work ability and the intention to continue working beyond the retirement age. Workers aged between 55 and 64 years were interviewed in this survey. The results show considerable differences between men and women: for men, the intention to continue working after having reached the retirement age shows a significant correlation with the work motivation, whereas for women, the work ability has a significant effect on the intention to continue working beyond the retirement age (*Büsch et al.* 2010).

In summary it can be said that this collection of papers will enhance the debates on the extension of working life until or beyond the current legal retirement age in Germany. The articles expose relevant problems concerning the consequences of delaying the legal retirement age. Furthermore, the papers provide various approaches towards solutions for policy makers and for management related to an ageing and shrinking workforce. Retirement decisions – and the decision to *delay* retirement – are driven by individual preferences as well as occupational, legal, or societal circumstances. Hopefully, the featured articles will give some valuable hints, new directions and inspiration for further debates in dealing with the upcoming demographic change and its impact on different areas of social life.

References

Allmendinger, Jutta 1994: Lebensverlauf und Sozialpolitik. Die Ungleichheit von Mann und Frau und ihr öffentlicher Ertrag. Frankfurt am Main/New York: Campus Verlag.

Bäcker, Gerhard et al. 2009: Ältere Arbeitnehmer. Erwerbstätigkeit und soziale Sicherheit im Alter. Wiesbaden: VS Verlag für Sozialwissenschaften.

Barnes-Farrell, Janet L. 2003: Beyond Health and Wealth: Attitudinal and Other Influences on Retirement Decision-Making. In: *Adams, Gary A.; Beehr, Terry A.* (Eds.): Retirement. Reasons, Processes, and Results. New York: Springer: 159–187.

Bonsdorff, Monika E. von et al. 2009: The Choice Between Retirement and Bridge Employment: A Continuity Theory and Life Course Perspective. In: The International Journal of Aging and Human Development 69,2: 79–100 [doi: 10.2190/AG.69.2.a].

Brussig, Martin 2011: Arbeit bis 65 bleibt nach wie vor die Ausnahme. In: Die BKK 99,8-9: 466–469.

Büsch, Victoria; Dittrich, Dennis A.V.; Lieberum, Uta 2010: Determinants of Work Motivation and Work Ability among Older Workers and Implications for the Desire for Continued Employment. In: Comparative Population Studies – Zeitschrift für Bevölkerungswissenschaft 35,4: 931-958 [doi:10.4232/10.CPoS-2010-20en]

Deller, Jurgen; Liedtke, Patrick M.; Maxin, Leena M. 2009: Old-Age Security and Silver Workers: An Empirical Survey Identifies Challenges for Companies, Insurers and Society. In: The Geneva Papers on Risk and Insurance - Issues and Practice 34,1: 137–157 [doi: 10.1057/gpp.2008.44].

Dietz, Martin; Walwei, Ulrich 2011: Germany – No Country for Old Workers? In: Zeitschrift für ArbeitsmarktForschung 44,4: 363–376 [doi: 10.1007/s12651-011-0092-4].

Dorbritz, Jürgen 2008: Germany: Family Diversity with Low Actual and Desired Fertility. In: Demographic Research 19,17: 557–598 [doi: 10.4054/DemRes.2008.19.17].

Fuchs, Johann; Söhnlein, Doris; Weber, Brigitte 2011: Projektion des Arbeitskräfteangebots bis 2050: Rückgang und Alterung sind nicht mehr aufzuhalten. IAB Kurzbericht 16/2011. Nürnberg [http://doku.iab.de/kurzber/2011/kb1611.pdf].

Gobeski, Kirsten T.; Beehr, Terry A. 2009: How Retirees Work: Predictors of Different Types of Bridge Employment. In: Journal of Organizational Behavior 30,3: 401–425 [doi: 10.1002/job.547].

Heywood, John; Jirjahn, Uwe; Tsertsvardze, Georgi 2010: Hiring Older Workers and Employing Older Workers: German Evidence. In: Journal of Population Economics 23,2: 595–615 [doi: 10.1007/s00148-008-0214-7].

Höhn, Charlotte; Mai, Ralf; Micheel, Frank 2008: Demographic Change in Germany. In: *Hamm, Ingrid; Seitz, Helmut; Werding, Martin* (Eds.): Demographic Change in Germany: The Economic and Fiscal Consequences. Berlin/New York: Springer: 9–33.

Kohli, Martin 2000: Altersgrenzen als gesellschaftliches Regulativ individueller Lebensgestaltung: ein Anachronismus? In: Zeitschrift für Gerontologie und Geriatrie 33, Supplement 1: S015-S023 [doi: 10.1007/s003910070003].

Leve, Verena; Naegele, Gerhard; Sporket, Mirko 2009: „Rente mit 67". Voraussetzungen für die Weiterarbeitsfähigkeit älterer Arbeitnehmerinnen. In: Zeitschrift für Gerontologie und Geriatrie 42,4: 287–291 [doi: 10.1007/s00391-009-0054-4].

Maxin, Leena M.; Deller, Jürgen 2010: Activities in Retirement: Individual Experience of Silver Work. In: Comparative Population Studies – Zeitschrift für Bevölkerungswissenschaft 35,4: 801-832 [doi: 10.4232/10.CPoS-2010-18en].

Micheel, Frank; Roloff, Juliane; Wickenheiser, Ines 2011: The Impact of Socioeconomic Characteristics on Older Employees' Willingness to Continue Working in Retirement Age. In: Comparative Population Studies – Zeitschrift für Bevölkerungswissenschaft 35,4: 869-902 [doi: 10.4232/10.CPoS-2010-19en].

Naegele, Gerhard; Krämer, Katrin 2002: Recent Developments in the Employment and Retirement of Older Workers in Germany. In: Journal of Aging & Social Policy 13,1: 69–92 [doi: 10.1300/J031v13n01_05].

Nilsson, Kerstin; Hydbom, Anna R.; Rylander, Lars 2011: Factors Influencing the Decision to Extend Working Life or Retire. In: Scandinavian Journal of Work, Environment & Health 37,6: 473–480 [doi: 10.5271/sjweh.3181].

Radl, Jonas 2007: Individuelle Determinanten des Renteneintrittsalters. Eine empirische Analyse von Übergängen in den Ruhestand. In: Zeitschrift für Soziologie 36,1: 43–64.

United Nations 2010: World Population Ageing 2009. New York [http://www.un.org/esa/population/publications/WPA2009/WPA2009-report.pdf].

Walker, Alan 2006: Active Ageing in Employment: Its Meaning and Potential. In: Asia-Pacific Review 13,1: 78–93 [doi:10.1080/13439000600697621].

Wübbeke, Christina 1999: Der Übergang von sozialversicherungspflichtiger Beschäftigung in den Rentenbezug zwischen sozialpolitischer Steuerung und betrieblichen Interessen. Eine Untersuchung der Ursachen des Frühverrentungstrends in Westdeutschland für den Zeitraum von 1975 bis 1990 auf der Basis der IAB-Beschäftigtenstichprobe. In: Mitteilungen aus der Arbeitsmarkt- und Berufsforschung 32,1: 102–117.

Zimmer, Barbara; Leve, Verena; Naegele, Gerhard 2011: "Retirement at 67" – Findings on the Employment Situation of Older Female Workers. In: Comparative Population Studies – Zeitschrift für Bevölkerungswissenschaft 35,4: 739-766 [doi: 10.4232/10.CPoS-2010-17en].

Frank Micheel (✉). Federal Institute for Population Research, Wiesbaden, Germany.
E-Mail: frank.micheel@destatis.de
URL: www.bib-demografie.de

Comparative Population Studies – Zeitschrift für Bevölkerungswissenschaft

www.comparativepopulationstudies.de

ISSN: 1869-8080 (Print) – 1869-8999 (Internet)

Published by / Herausgegeben von
Prof. Dr. Norbert F. Schneider

Layout and print: Federal Institute for Population Research, Wiesbaden (Germany)

Managing Editor / Redaktion
Frank Swiaczny

Copy Editor / Schlussredaktion
Dr. Evelyn Grünheid

Scientific Advisory Board / Wissenschaftlicher Beirat

Jürgen Dorbritz (Wiesbaden)
Paul Gans (Mannheim)
Johannes Huinink (Bremen)
Marc Luy (Wien)
Clara H. Mulder (Groningen)
Notburga Ott (Bochum)
Peter Preisendörfer (Mainz)

Board of Reviewers / Gutachterbeirat

Martin Abraham (Erlangen)
Laura Bernardi (Lausanne)
Hansjörg Bucher (Bonn)
Claudia Diehl (Göttingen)
Andreas Diekmann (Zürich)
Gabriele Doblhammer-Reiter (Rostock)
Henriette Engelhardt-Wölfler (Bamberg)
E.-Jürgen Flöthmann (Bielefeld)
Alexia Fürnkranz-Prskawetz (Wien)
Beat Fux (Zürich)
Joshua Goldstein (Rostock)
Karsten Hank (Köln)
Sonja Haug (Regensburg)
Franz-Josef Kemper (Berlin)
Michaela Kreyenfeld (Rostock)
Aart C. Liefbroer (Den Haag)
Kurt Lüscher (Konstanz)
Dimiter Philipov (Wien)
Thomáš Sobotka (Wien)
Heike Trappe (Rostock)

© Federal Institute for Population Research 2011 – All rights reserved