

questions

d'économie de la santé

Issues in health economics
— results —

Background

The SHARE Survey (Survey of Health, Ageing and Retirement in Europe) is an international and multidisciplinary initiative, carried out by a European network coordinated by the Institute of Research on the Economics of Ageing (MEA) at the University of Mannheim. It constitutes the first wave of what is destined to become the European Panel on health and socio-economic aspects of ageing. The 2004 survey involved 10 European countries: Germany, Austria, Denmark, Spain, France, Greece, Italy, the Netherlands, Sweden and Switzerland. The survey questions, which were the same for all countries, relate to health status, pharmaceutical consumption, socio-economic status and living conditions.

The French survey was carried out by INSEE and coordinated by the Institute for Research and Documentation in Health Economics (IRDES). This study has benefited from a parallel publication by INSEE (INSEE Première no. 1052).

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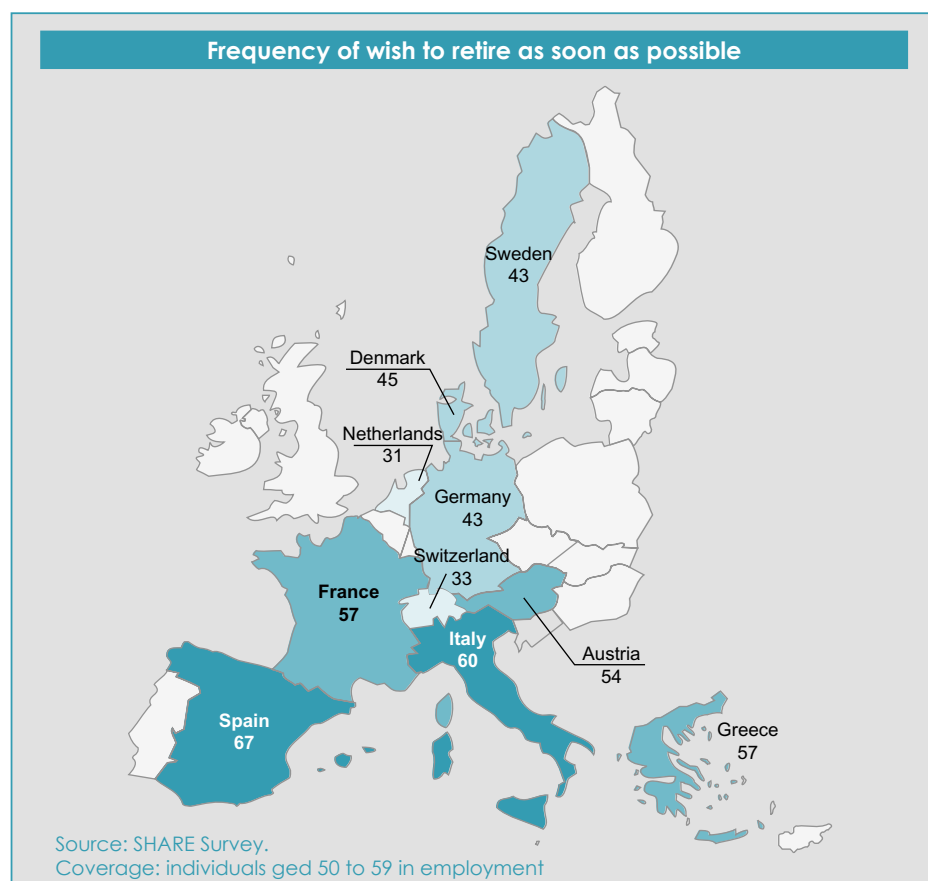
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Retirement intentions, health and satisfaction at work: a European comparison

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According to the SHARE 2004 Survey in 10 European countries, 57% of the French population aged between 50 and 59 who are still in employment would like to retire as soon as possible, compared to 31% of the Dutch population.

Two factors which may explain this wish for early retirement are working conditions and health status. In the group of countries studied, good or very good declared health status reduced the probability of wishing to retire as soon as possible by 5.5 points. Being satisfied overall with work reduced it by 14.2 points. But the preference for early retirement varies considerably between countries, even when health status and working conditions are the same.



Retirement age varies widely between European countries. Preliminary analysis suggests that these differences are related to institutional differences: higher or lower legal retirement age, the presence or absence of incentives to prolong employment beyond the legal retirement age, or the opposite - variation in the extent of early retirement systems established in different countries to deal with the employment problems of older persons.

However these explanations do not fully account for the differences. Individual preferences concerning retirement age also need to be taken into account. These preferences cannot be measured directly, but can perhaps be ascertained indirectly, by asking about the wish to retire «as soon as possible».

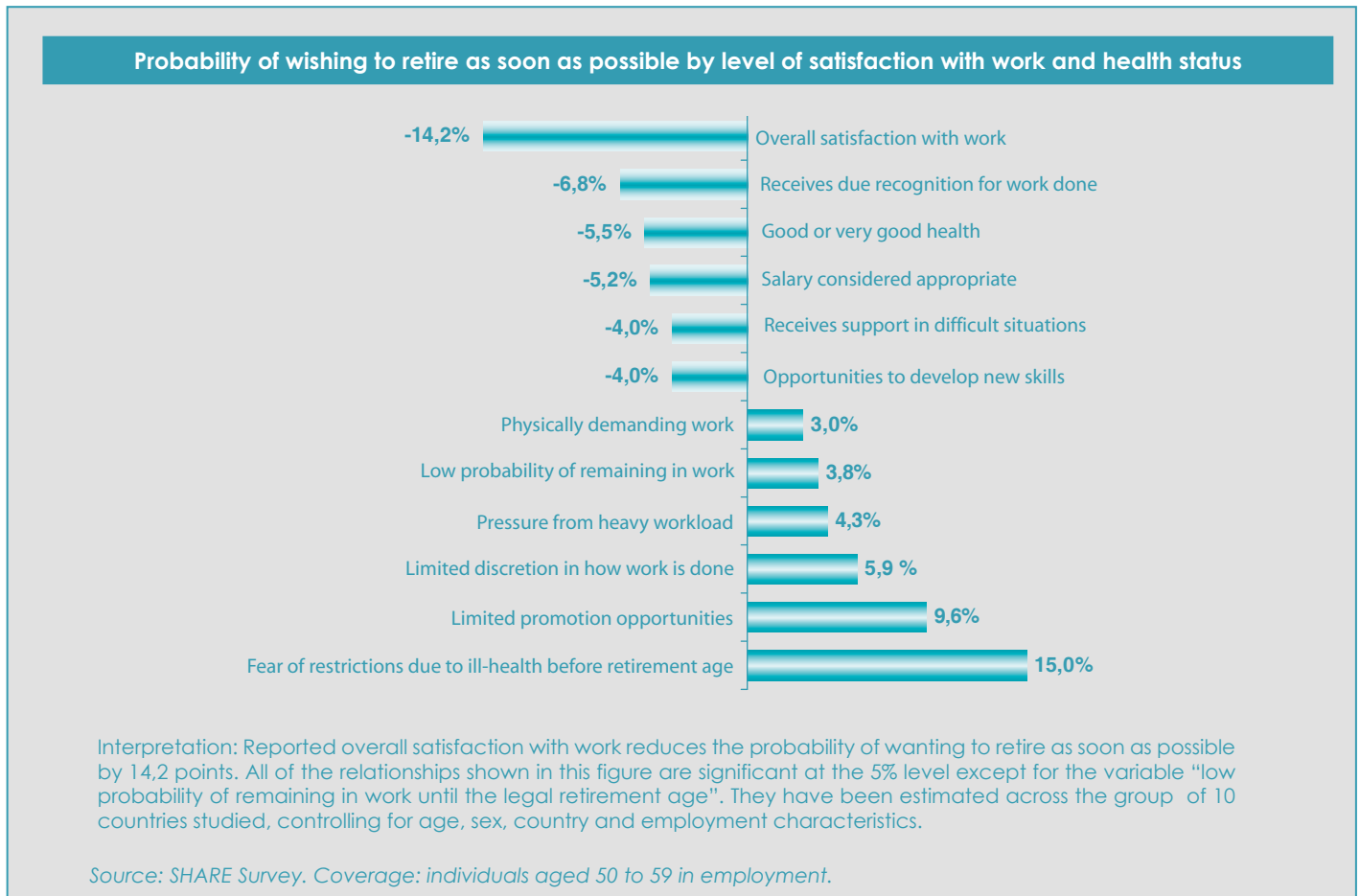
We can compare the response to this question in 10 European countries (see map, p. 1) in a recent comparative survey of persons older than 50 in Europe, the so-called «SHARE Survey» (see the Box «Source» on page 4). The proportion of persons stating a wish to retire as soon as possible increases from northern to southern Europe, with the exception of Switzerland. In France, this proportion is 57%. It is highest in Spain at 67%, and is lowest in the Netherlands at 31%.

Satisfaction at work and good health, the most important reasons for preferring employment at the level of individuals

Many factors are responsible for the variation in preferences for retirement age. Satisfaction with work and health status are often considered to

be key factors. However they are not independent of each other: demanding or unsatisfying work may result in poorer health status, or a poor state of health may reduce satisfaction at work.

The SHARE Survey proposes a range of indicators for measuring these factors. It includes an indicator on general satisfaction at work, an indicator of physical severity and an indicator of workload. It also includes indicators on level of support, and of recognition of employee contributions, as well as indicators relating to pay and to end of career preferences. It also includes indicators on health status. The indicators used here are: concern that health status may limit one's work capacity in current employment before normal retirement age, and self-reported «good» or «very good» health.



Satisfaction with work and health status, in France and the group of countries studied

	France	Average
All in all I am satisfied with my work	88%	93%
My work is physically demanding	40%	47%
I am constantly under pressure because of a heavy workload	49%	57%
I have very little freedom in how I carry out my work	23%	26%
I have the opportunity to develop new skills	62%	73%
I receive appropriate support in difficult situations	65%	74%
I receive due recognition for my work	55%	74%
For the work I do my salary is correct	54%	59%
My promotion prospects are not good	65%	66%
My chances of keeping my job are not good	18%	23%
I worry that my health status will limit my capacity to continue working in the same job before normal retirement age	26%	27%
My health is good or very good	20%	18%

Interpretation: 55% of French persons aged between 50 and 59 and still in employment «agree» or «strongly agree» with the statement: «I receive due recognition for my work». This figure is an average of 74% for the ten countries studied.

Source: SHARE Survey. Coverage: Individuals aged 50 to 59 in employment

At the individual level these indicators clearly have the expected effect on preference for early retirement (see Figure page 2). The biggest effects are those of overall satisfaction with work, and the concern that health status may limit one's work capacity in current employment before normal retirement age. Being satisfied overall with work reduces the probability of wanting to retire as soon as possible by 14,2 points; concern about being limited by health status increases this probability by 15 points. These effects are smaller but are in the direction expected for the other variables. For example, poor promotion opportunities increases this probability by 9,6 points, while receiving due recognition for work performed reduces it by 6,8 points. Physical severity or workload-related stress increase the wish to retire as soon as possible by 3,8 and 4,3 points.

Given the same characteristics, more of the French wish to retire early

France is one of the countries where wish to retire early is most common. Various factors discussed above help to explain this, but others should have the opposite effect (see the table above). Hence in France a greater than average proportion of workers consider that their work is inadequately recognised, financially and non-financially: lack of support in difficult situations, lack of recognition for work done, salary considered appropriate by a little under the average for the ten countries studied (see the table above). The French have an overall view of work somewhat more negative than their neighbours, with 88% reporting satisfaction at work compared to an average of 93%.

Method

The effects of variables measuring satisfaction at work, working conditions or health status are evaluated using a Probit model controlling for the effects of age, gender, country and employment characteristics (sector, size of the enterprise, management responsibilities). The country effects shown in the figure on page 4 are derived from the same model.

Care should be taken in interpreting these results. They are based on self-reported health and working conditions; but declared behaviour varies between countries: more detailed analysis is needed to assess the significance of this. Furthermore wishing to retire «as soon as possible» does not necessarily have the same significance in a country where the first opportunity to retire is at a relatively late age, and in a country with an earlier legal retirement age. Linguistic factors may also result in some differences between countries, however carefully questionnaires have been translated. Finally this analysis is based on individuals in employment. The motivations of individuals who have already left employment should be analysed separately.

In contrast France is well-placed in other respects. This is true for the proportion of older workers and who state that their work is physically demanding or that they are stressed by a heavy workload: this rate is lower than elsewhere, which is due both to labour market selectivity in this age group, and the protective effect of age with regard to the most demanding working conditions. Fear of losing employment at the end of one's career is not particularly high, which is less of a paradox than it appears: the low rate of employment of older persons in France is related above all to problems in finding work when they have lost a job, but the probability of losing work is somewhat lower than for other age groups.

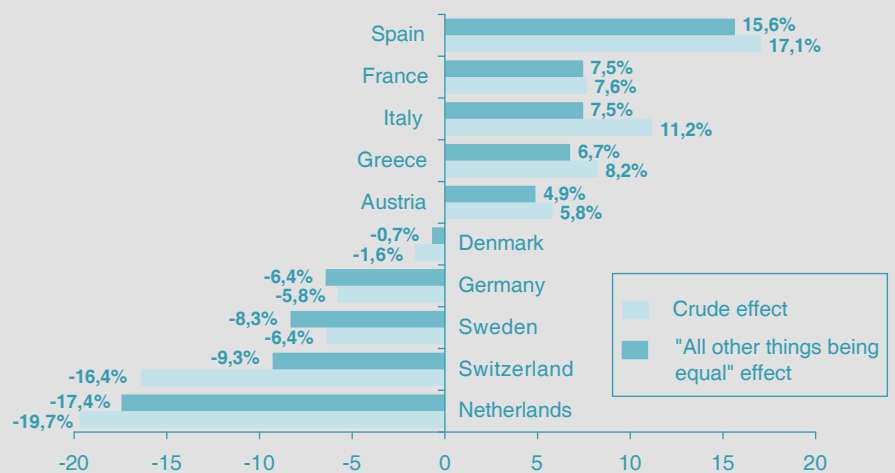
Finally, reported health status does not indicate a significantly worse situation compared to other countries, which accords with France's ranking for life expectancy. France is average in terms of overall health status and with regard to fear that health status

Source

This paper uses data from the early release 1 of SHARE 2004. This release is preliminary and may contain errors that will be corrected in later releases. The SHARE data collection has been primarily funded by the European Commission through the 5th framework programme (project QLK6-CT-2001-00360 in the thematic programme Quality of Life). Additional funding came from the US National Institute on Ageing (U01AG09740-13S2, P01 AG005842, P01 AG08291, P30 AG12815, Y1-AG-4553-01 and OGHA 04-064).

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"Country effects" on the probability of wishing to retire as soon as possible



Interpretation: In Italy, an active person aged over 50 in employment has a probability of wishing to retire as soon as possible 12 points higher than the average for the other countries. About 4,5 points of this difference is explained by poorer values for health status and satisfaction at work. This leaves a specific national effect of about 7,5 points.

Source: SHARE Survey. Coverage: individuals aged 50 to 59 in employment

may limit one's work capacity in current employment before normal retirement age.

Clearly there is no simple explanation for the strong preference of older persons in France to retire early. The «all other things being equal» analysis confirms this. Given identical health and satisfaction at work, a French person older than 50 has a 7,5 point higher probability of wishing to retire as soon as possible than the average for the group of countries.

For the other countries also, comparison at a given level of health or severity of work, has little impact on the international variation in preferences for early retirement (see the figure above). A preference for early retirement is still greater in the countries of southern Europe. It is lowest in Switzerland and the Netherlands, but also low in Germany, Sweden and Denmark. Hence, although health and severity of work remain important determinants at the individual level, they

do not fully explain the differences in national attitudes to age at retirement.

Further information

Börsch-Supan, A. et al. (2005) *Health, Ageing and Retirement in Europe : first results from SHARE*, Manheim: MEA (<http://www.share-project.org/Documentation-Chapters.html>).

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