



Employed and Happy Despite Weak Health? Job Satisfaction, Labour Market Participation of Older Workers in Europe

Catherine POLLAK; Nicolas SIRVEN

Catherine.Pollak@univ-paris1.fr; sirven@irdes.fr

Centre d'Economie de la Sorbonne Université Paris 1;

Institut de Recherche et de Documentation en Economie de la Santé

In this paper, we test the hypothesis that working conditions play an important role in explaining contrasted European performances in keeping older workers with health inabilities in employment. Therefore, we focus on the links between labour market participation of older workers, health and working conditions.

An earlier descriptive analysis (Pollak, 2009) has shown that Nordic countries perform better than Continental and Southern countries in terms of employment rates and job satisfaction despite lower levels of health among the employed population. This indicates that they achieve to keep older workers in weaker health in employment by compensation mechanisms. Therefore, we can wonder which aspects of the job really matter for older workers to keep them employed and happy despite weak health. Can good working conditions compensate weak health linked to ageing? What is in particular the role of non monetary aspects of job quality on job satisfaction and health? How important are these aspects in explaining country differences in job satisfaction and senior employment performances?

The purpose of this paper is to further investigate compensation mechanisms of health inabilities by job characteristics for older workers in a comparative perspective. We use longitudinal data from the first two waves of the European survey SHARE (Survey of Health, Ageing and Retirement in Europe, 2004, 2006). This data contains extended information on the health status, the socio-economic status, and job characteristics on a representative sample of individuals aged 50 or more in eleven European countries (Denmark, Sweden, Germany, Austria, France, Switzerland, Netherlands, Belgium, Italy, Greece, Spain).

Our contribution to the existing literature is threefold:

First, we study the determinants of labour market participation for older workers between 2004 and 2006. In order to take selection effects into account, and in particular the healthy worker effect that contributes to having a younger and healthier sample of older workers still employed, we use a two step Heckman model that corrects for selection effects. Our results confirm that non monetary factors, and especially job satisfaction, play a major role in explaining labour market behaviour. These results are in line with several studies in the economic literature that have shown the predictive effects of job satisfaction on quits (Freeman, 1978, Akerlof et al., 1988, Clark, 2001, Lévy-Garboua et al., 2007).

Second, we analyse the determinants of job satisfaction itself. In a first model, general job satisfaction depends on different aspects of working conditions (physical demand, decisional latitude, rewards, social support and security). This allows to depict socially identifiable aspects of job satisfaction and thus to draw policy recommendations on what really matters in a job for older workers. In a second model, health variables are included to explain job satisfaction. This enables us to see how good working conditions can compensate for physical inabilities related to ageing and keep workers satisfied despite weak health.

Third, we simulate the effects of changes in working conditions and health on labour market participation. We highlight the contrasted European performances in absorbing possible health shocks and show that some countries are more liable to maintain older workers at work despite ageing and health impoverishment.

Key words: Job Satisfaction, Self Reported Health, Labour Force Participation

JEL Code: J28, J22, I19