

Work and Retirement Transitions: Changing Sociological and Social Policy Contexts

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The main argument of this paper is that retirement will retain its importance over the next few decades, despite pressure from governments to encourage workers to delay leaving paid employment. Retirement may prove especially difficult to reverse among the 'baby boom' cohorts where an expectation of withdrawing from work at earlier ages has become entrenched. The article examines the policy context influencing current debates. It then reviews data on retirement attitudes and trends in the employment of older workers. The paper concludes by arguing for a 'broadening' in the social institution of retirement, with the development of new types of social engagement in formal as well as informal spheres of activity.

Introduction

At the beginning of a new century it is clear that much uncertainty surrounds the nature of the transition from work to retirement. The underlying problems come from a number of directions – economic, social and cultural. The economic foundation of retirement has been undermined with the unravelling of state and personal pensions, and the movement of companies from defined benefit to money purchase schemes. The social desirability of retirement is also being questioned, as governments attempt a switch from an 'early exit' to a 'late exit' work culture. And the idea of postponing retirement is increasingly canvassed, with organisations such as the Institute for Public Policy Research in the UK arguing that the pension age will need to be raised to 67 if the living standards of pensioners are to be maintained (IPPR, 2002).

But reversing the age of retirement may prove difficult. Governments, over the next few years, may wish to encourage later retirement as well as 'age diversity' in the workplace. In contrast, attitudes and aspirations on the part of working people may run in the opposite direction. This paper will explore tensions in current debates about retirement in three main ways:

- first, summarising current trends in the transition from work to retirement;
- second, examining the development of attitudes towards retirement;
- three, reviewing the significance of new transitions from work to retirement.

Current retirement trends

An important trend in the UK and most European countries has been the declining age of exit from the labour force (Kohli *et al.*, 1991; OECD, 2001). Among men in the UK aged

60–64, labour force participation declined from 82.9 per cent in 1971 to 54.1 per cent in 1991. By 1999, the rate had declined to below 50 per cent. The proportion of men aged 50–64 neither in work nor looking for employment increased from 11 per cent in 1976 to 27 per cent by the end of the 1990s. In general, male employment rates now begin to decline from an earlier age: as early as age 50 in the UK according to one estimate (Campbell, 1999).

For women, employment patterns are more complex. In the period from the mid-1970s to the mid 1990s, there was a decrease in participation rates among non-married women in the 55–59 age group; for married women in this age group, however, the pattern appeared more stable, with rates fluctuating at around 53 per cent. Overall, the evidence indicates that women as well as men are leaving work at younger ages across successive cohorts, even though cohort-specific employment rates are increasing.

The move away from paid work was accelerated by periods of high unemployment in the 1970s and 1980s. During the 1990s, with the move out of recession, the shift towards earlier retirement went into reverse with modest increases in economic activity for men and women in their late fifties. This pattern is confirmed in comparative data from the Organisation for Economic Co-operation and Development (OECD) (2001) which examines trends across a mix of OECD member countries (Tables 1 and 2). By 1999, 70 per cent of men in the UK aged 55–59 were employed, representing a drop of six percentage points since 1983 but an increase of four points over the period since 1993. The trend for women aged 55–59 shows a gradual increase over the sixteen-year period, but with a sharper upturn in the period at the end of the 1990s.

In most countries these changes illustrate modest upturns in economic activity amongst older workers. Together with cyclical recovery, some determining factors include:

- closure or restriction of pathways encouraging early retirement (for example reduction of replacement rates for disability benefits; initiatives to encourage disability beneficiaries back into the workforce) (de Vroom and Guillemard, 2002);
- development of programmes encouraging training and returning to work (for example in the UK, New Deal 50plus);
- encouragement of gradual pathways to retirement (for example expansion of part-time working);
- introducing work incentives in pension schemes (for example, the switch from defined benefit to defined contribution plans – these providing less incentive to retire with increased age).

While these measures have slowed and in some cases reversed trends towards earlier retirement, the evidence suggests that many women and men will be reluctant to return to paid employment. In the first place, the majority of those who leave the labour market in their fifties become ‘economically inactive’ rather than registered as ‘unemployed’ and ‘looking for work’. Just over one in two men indicate being long-term sick or disabled as the main reason for inactivity; for women the reasons are split between long-term sick and caring at home. The majority of both men and women (around 70 per cent) identify themselves as ‘not wanting a job’ (Barham, 2002). Barham’s (2002: 307) analysis of the economically inactive in the British Labour Force Survey suggests, at least in the case of older men, two different groups – neither of whom seem strong candidates for returning

Table 1 Employment/population ratios for older men (Percentages, selected years: 1983–1999)

	Age	1983	1985	1987	1989	1990	1991	1992	1993	1995	1997	1998	1999	Variation (in percentage points)	
														1992/1983	1999/1993
Canada	55 to 59	74	74	73	73	72	69	67	66	66	66	66	67	-7	2
	60 to 64	55	51	48	48	48	44	43	42	40	42	41	44	-12	1
Finland	55 to 59	61	59	57	58	62	58	52	49	46	50	51	54	-9	5
	60 to 64	39	36	31	29	30	29	25	22	22	23	23	23	-14	1
Germany	55 to 59	74	71	71	69	70	71	67	64	64	64	65	65	-7	1
	60 to 64	37	32	32	32	32	28	28	27	26	27	27	28	-9	1
Italy	55 to 59	71	68	68	64	66	66	61	62	55	52	51	52	-10	-10
	60 to 64	36	37	36	34	34	36	31	31	29	30	30	29	-5	-2
Japan	55 to 59	87	87	87	89	90	92	92	92	91	92	91	91	4	-2
	60 to 64	70	67	66	67	69	71	71	71	69	68	67	66	1	-4
Netherlands	55 to 59	65	64	62	64	64	61	61	60	58	62	65	67	-4	7
	60 to 64	34	29	28	22	22	22	21	21	20	21	24	27	-13	6
Sweden ^a	55 to 59	..	..	84	86	86	84	82	78	76	76	78	81	-2	3
	60 to 64	..	..	63	62	62	63	58	53	51	50	50	49	-4	-4
United Kingdom	55 to 59	76	75	71	73	75	74	69	66	66	69	69	70	-6	4
	60 to 64	52	50	49	50	49	49	47	45	45	48	46	47	-5	2
United States	55 to 59	76	76	77	77	77	75	75	74	75	76	76	76	-1	2
	60 to 64	54	53	53	53	54	52	51	51	51	53	54	53	-2	2

Notes .. Data not available.

^a 2000 instead of 1999. Variations are calculated on years 1992/1987 and 2000/1993.

The table shows trends in the employment/population ratio for men in two older age groups. Taking the UK as an example, it shows that about 76% of men 55–59 were employed in 1983. By 1999 this had dropped to 70%. However, the period since 1993 has seen an increase of 3%.

Source: Adapted from OECD (2001).

Table 2 Employment/population ratios for older women (Percentages, selected years: 1983–1999)

	Age	1983	1985	1987	1989	1990	1991	1992	1993	1995	1997	1998	1999	Variation (in percentage points)	
														1992/1983	1999/1993
Canada	55 to 59	36	39	40	42	43	42	44	43	44	44	47	48	7	5
	60 to 64	23	22	23	21	23	22	22	22	22	23	24	25	−2	2
Finland	55 to 59	57	55	52	56	59	57	54	52	50	49	50	56	−3	5
	60 to 64	30	30	22	23	21	21	19	16	16	16	16	20	−11	4
Germany	55 to 59	37	34	34	34	35	37	36	37	40	43	44	44	0	8
	60 to 64	11	10	10	10	10	9	9	9	10	11	11	11	−2	3
Italy	55 to 59	19	19	19	19	19	21	17	19	19	21	22	22	−2	3
	60 to 64	9	10	10	9	10	10	8	8	7	8	7	8	−1	−1
Japan	55 to 59	50	50	50	51	53	55	55	56	56	57	57	57	5	1
	60 to 64	39	38	38	39	39	40	40	39	39	39	39	38	1	−1
Netherlands	55 to 59	17	18	21	21	23	22	25	26	28	32	30	32	8	6
	60 to 64	8	7	8	8	8	7	6	7	8	7	9	10	−1	3
Sweden ^a	55 to 59	..	..	77	77	78	78	77	75	73	75	75	76	0	1
	60 to 64	..	..	48	49	52	53	50	47	45	44	43	43	2	−4
United Kingdom	55 to 59	47	49	49	51	52	51	52	51	53	50	53	54	5	3
	60 to 64	20	18	18	22	22	23	23	24	25	26	23	24	3	1
United States	55 to 59	46	48	50	53	54	54	54	55	57	59	60	60	8	5
	60 to 64	32	32	32	35	35	34	35	36	37	39	38	38	3	2

Notes .. Data not available.

^a 2000 instead of 1999. Variations are calculated on years 1992/1987 and 2000/1993.

The table shows trends in the employment/population ratio for women in two older age groups. Taking the UK as an example, it shows that about 47% of women 55–59 were working in 1983. By 1999 this had risen to 54%.

Source: Adapted from OECD (2001).

to the labour force:

One group appears to consist of voluntarily retired professional workers, who may well have occupational pension schemes enabling them to have an income before state pension age. A second group includes skilled or semi-skilled workers who have been made redundant and are now unable to work due to long-term sickness.

Another important characteristic, however, is the gradual acceptance of retiring ahead of state pension ages. One commentary on this aspect refers to the extent to which 'early exit has... become part of the workers "normal biography" [and that] in many cases, expectations of early exit determine the lifeplan and strategic choices of employees' (EFILWC, 1999: 10). McKay and Middleton (1998) found that successive age groups expect to retire at younger ages than their elders; working people aged 30–34 expected, on average, to retire at age 59, while the cohort aged 45–49 had an average expected retirement age close to 61. Further evidence is reported in the Employers Forum on Age (2001) survey *Retirement in the 21st century*, which explored attitudes to work and retirement among a sample of adults. The majority of respondents in this survey took the view that people should be allowed to retire by the time they are 60 at the very latest. Around a quarter of respondents felt that people should be able to retire before they are 50 and a similar proportion said that the age should be no more than 55 years.

The above findings are highly significant in the context of debates pressing for an upward revision of pension ages (see further below). They also raise issues for governments attempting to encourage new approaches to productive ageing, these including:

- promoting a switch from an 'early exit' to a 'late exit work culture' (de Vroom and Guillemard, 2002);
- adopting strategies encouraging 'active ageing' (Performance and Innovation Unit (PIU), 2000);
- promoting 'age diversity' (DfEE, 1999);
- developing flexible retirement (Bone and Mercer, n.d.);
- removing incentives to leave the labour force (Taylor *et al.*, 2000).
- combatting age discrimination in the labour market (with legislation due to take effect in the UK in 2006).

But to what extent is the trend toward retirement at younger ages likely to go into reverse? The next section of this paper considers this issue by examining changes in attitudes towards work and retirement.

Changing retirement

The main argument of this paper is that government policies notwithstanding, the institution of retirement will become even more important in the twenty-first century than it was in the twentieth. As western governments attempt to reinsert longer periods of work into the life course, retirement may prove increasingly popular. What evidence do we have for this assertion? Studies investigating the social history of retirement suggest that retirement trends may indeed prove difficult to reverse, especially among the two 'baby boom' cohorts born between the 1940s and 1960s. Taking the examples of Britain and the US, evidence from researchers such as Costa (1998) and Graebner (1980) in

the US and Macnicol (1998) in the UK suggests that retirement is now firmly embedded within the life course. As an institution it began to take-off in the 1880s and 1890s in both countries, i.e. preceding Social Security in the US and non-contributory Old Age Pensions in the UK. The trend towards retirement was accelerated by the economic depression of the 1930s, was slowed to a limited extent by the economic boom of the 1950s and early 1960s, but by the late 1960s had reached a broad range of social groups (Phillipson, 1993, 2002).

This process was accelerated by the surge in early exit /retirement in the 1970s and 1980s; labour force participation for men 60–64, for example, dropped 30 percentage points over this period. This has received much attention in economic reviews, but its more general impact has been neglected in social research. Acceptance of early retirement greatly raised the profile associated with retirement and ideas associated with the rise of the so-called ‘third age’ (Laslett, 1989; Gilleard and Higgs, 2000).

During the 1950s and 1960s retirement was viewed as an appendage to the ‘work society’, but it re-emerged with an enhanced status in the 1980s and 1990s. By the end of the 1990s, according to a report for the Economic and Social Research Council, an ‘expectation for early retirement [had] become entrenched’, notably for professional and managerial groups, but now spreading down the socio-economic ladder (Scales and Scase, 2001: 5).

Some slowing in the rate of withdrawal from work will, as observed above, certainly occur. On the other hand, changes over the last two decades have generated expectations and aspirations that may prove hard to change. Retirement (after a period of active resistance from some groups in the 1950s) is now welcomed as a valued addition to the life course. Costa’s (1998: 27) American study, *The Evolution of Retirement*, expresses it thus:

Since the 1950s, a much more positive view of retirement has emerged, far removed from early reformers’ conception of retirement as protection against the insecurities of an industrialized economy. Retirement is now viewed as a period of enjoyment and creative experience and as a reward for a lifetime of labour, [one which is] increasingly shorter.

Similar points are made by Scales and Scase (2001) in their report for the ESRC, but with the observation that a polarisation has emerged between affluent early retirees and disadvantaged older workers. The latter, it is argued, are often forced through financial necessity to continue in low-paid employment, despite the wish to retire from work. On the other hand, the authors make the more general point that, for many people, attitudes are working against the idea of extending working life:

Life after work is seen to offer a period of at least 30 years when personal talents and skills can be developed free from the demands of work. Those who are released from financial commitments – mortgages paid, children left home, and so on – are likely to exit the labour market in their 50s on either a full- or part-time basis, even in the face of a likelihood of a decline in living standards. The search for personal autonomy – a cultural feature of the information age – will be seen to offer greater benefits than higher material living standards. (Scales and Scase, 2001: 5)

But an equally important question is whether there will be a sufficient number of paid jobs to accommodate additional older workers. Jonathan Scales (1999: 39) has raised

some doubts on this issue, arguing that the future supply of paid work in Britain, at a level that will ensure that most adults are able to support themselves through employment, cannot be guaranteed. He concludes that: 'despite recent reductions in unemployment rates in Britain, it is plausible that technological innovation, productivity increases, global competition and sectoral change will continue to erode the number of full-time jobs over the long-term'.

New transitions

What is the central issue and challenge to emerge from this review? A critical concern must be that of securing a more balanced assessment of the future of work and retirement. In its discussion paper *Winning the Generation Game* the Government's Performance and Innovation Unit (PIU, 2000) presents the future as one of:

- disillusioned early retirees;
- economic problems arising from declining work rates;
- and a long-term crisis with (by 2020) two million fewer working age people under 50 compared with two million more over 50.

This, it might be argued, is a somewhat unbalanced view of the current situation. The numbers in the working age population are in fact buoyant over the short- and medium-term. Supporting measures for age diversity are welcome from an equal opportunities perspective but should not be seen as a response to economic problems associated with 'too few workers'. The real policy challenge is that of responding to the increasing diversity of transitions from work to retirement. From a sociological perspective, changing transitions after 50 are significant because the usual means of integration – in relation to work and the family – have lower visibility in comparison with 10 or 20 years ago. Employment is a less stable experience, with the rise of what has been described as 'contingent work' and the decline of the old model of the working career (Beck, 2000). Family experiences are also changing, with an increasing proportion of 50 year-olds living alone, and an increase in those who have experienced a divorce. The implication of these developments suggest new types of social integration may emerge for men and women moving through their 50s: work may become less important but involvement in personal networks, leisure experiences and voluntary activities may matter more.

In response to this last point, mid and later life transitions might be better approached less in terms of fixed options of work or retirement, more through the notion of a gradual broadening in social engagement through the latter half of the life course. This notion of a 'broadening' in the institution of retirement carries an important message for government. Policies aimed at reversing current retirement trends will almost certainly prove difficult to implement. Few economically inactive 50 and 60 year olds express interest in paid work (though low pay is a major disincentive). Some may become self-employed but surveys suggest that only a minority will want to take the financial risks. And schemes such as New Deal 50 plus are likely to prove more appealing to those at the lower rather than the upper age range. None of this is to argue against the importance of encouraging age diversity in all settings (including paid employment), but for many women and men enhanced support in other spheres such as informal care, learning, and volunteering, may be more appealing.

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