**Eager to exit or forced to retire?  
Exploring Patterns and Determinants of Voluntary and Involuntary Retirement in Europe**

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Stream 16:** Comparative Analyses of Diversities at Work: Insights from a Life Course Perspective

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**- FIRST DRAFT, PLEASE DO NOT CITE! –**

*1.Purpose*

The aim of this paper is to provide an insight into the degree of voluntariness in older workers’ retirement transitions within Europe, using data from the first two waves of the SHARE Survey. Comparing retirement transitions in 11 different European welfare states, the paper does identify the institutional conditions under which retirement is perceived as being voluntary respectively involuntary. Furthermore, the paper investigates which social strata are disproportionately affected by involuntary retirement, and thus are being at risk to become marginalised during the shift from early exit to active ageing.

*2. Design/methodology/approach*

The paper takes a quantitative approach, based on data from the first two waves of the Survey of Health, Ageing and Retirement in Europe (SHARE). Multiple logistic regression methods are employed to identify the determinants of voluntary and involuntary retirement at the national, firm and individual level.

*3. Findings*

The results show that not all retirement transitions are voluntary and that the quality of an employment withdrawal may differ significantly, depending on national institutional, firm-level as well as individual characteristics. Standard predictors of (early) exit may have very differential effects on voluntary versus involuntary retirement respectively its concrete reasoning. Precarious involuntary employment exits, especially those due to redundancies, dismissals or plant closures concentrate within a distinct group of disadvantaged workers with low education, in low-skill routine activities within secondary labour markets.

Much further effort by national governments will be needed to sustainably reverse the still persistent early retirement trend. Potential strategies to reverse this trend will need to rely on shifts in existing retirement ages and a gradual cutting back in the generosity of early retirement incentives, but just as well will need to include measures to increase the employability of older workers. However, there appears to be a disadvantaged group of workers that experience little freedom in their retirement decision and that are still at a high risk of being pushed out of employment. A sustainable policy for reversing the early retirement trend thus will need to be more case-specific and will need to develop better solutions for older employees at the margins of employment that have yet not profited from the ‘active ageing’ trend.

*4. Research limitations/implications*

Given the rather short history of the SHARE survey so far, the analysis of the paper can only rely on the first two waves of the survey, fielded between 2004/5 and 2007/8, implying a rather short time window and a limited number of cases. Replications with later SHARE waves would allow to test the robustness of the results reported. Furthermore, additional qualitative research would be needed to even more deeply investigate the retirement processes of older workers.

*5. Originality/value of the paper.*

Most earlier research had largely focused on retirement transitions as such, without differentiating between motivations behind it. This paper shows that it makes sense both from a policy as well as from an analytical perspective not only to focus at the retirement transition per se but also to explicitly consider its reasons.

*Keywords*

Active ageing, retirement decision, international comparison, SHARE, public policies, human resource management.

1. **Introduction**

For most of the last decades, public labour market and pension policies – either implicitly or explicitly – have tended to promote a trend of early retirement within European countries, i.e. the exit of older workers from the active labour force before reaching mandatory retirement ages (*Blossfeld et al., 2006*). Being faced with looming mass unemployment following the oil price shock(s) of the 1970s, many governments introduced financially attractive pathways through either pension systems or supplementary welfare state programs (such as unemployment or disability insurance) that allowed older employees to withdraw from active employment several years before official retirement age, (*Kohli et al., 1991*). Though initially targeted at specific ‘problem groups’ on the labour market (such as employees in large industrial firms), these measures increasingly proliferated across larger social strata, thereby turning early exit from a temporary labour market measure into a wide-spread mass phenomenon during the 1980s and 1990s.

In more recent years, however, early retirement was increasingly considered as being financially unsustainable, as it further increased the demographically-induced imbalance between employed ‘contributors’ to social insurance accounts and non-employed ‘recipients’ of social security transfers. Many policymakers at both the national as well as at the supranational level thus have attempted to counteract this trend by implementing various policies to retain older workers in the labour market (*Ebbinghaus & Hofäcker*, forthcoming). Central components of such policy reforms have been recent increases in mandatory retirement ages as well as the reduction of early retirement incentives embedded in contemporary pension schemes. These pension reforms frequently were supplemented by various ‘*active ageing*’ policies, such as the expansion of lifelong learning schemes, targeted active labour market policies and measures to reduce age discrimination (*Jepsen et al.,* 2002). Recent labour market data indeed seem to confirm the effectiveness of these measures as in most European countries, employment rates of older workers have visibly started to rise again.

This positive trend in total figures nonetheless may obscure persistent labour market difficulties for specific groups of older workers. While, for example, well qualified workers in supportive working environments may have little difficulties to respond to the increasing institutional target of longer work lifes, workers with lesser human capital or those employed in declining economic sectors may be faced with serious problems to continue their employment and thus may be effectively continue to be pushed out of employment before reaching mandatory exit ages. Thus, while on the aggregate level, older workers’ employment chances may improve, there at the same time be a selective deterioration of their employment among specific disadvantaged groups, thereby exacerbating existing labour market inequalities among the older workforce.

An adequate assessment of the labour market situation of older workers thus needs to go beyond an investigation of overall employment levels, but needs to take a closer look at actual employment exit processes among older workers and their underlying motives. Against this background, the aim of this paper is to provide an empirically-grounded insight into the degree of voluntariness in older workers’ retirement transitions within Europe, using recent data (Wave 1 & 2) from the Survey of Health, Ageing and Retirement in Europe (SHARE) on the timing and the motives of (early) retirement. Comparing retirement transitions in 11 different European welfare states, the paper will, on the one hand, identify the institutional conditions under which retirement is perceived as being voluntary respectively involuntary. Subsequently, the paper will investigate which societal strata are disproportionately affected by involuntary retirement, and thus are being at risk to become marginalised during the increasing shift from early exit to active ageing.

1. **Reconstructing and Explaining European Retirement Trends since the 1970s** 
   1. Trends in (Early) Retirement within European Welfare States

in order to embed the present employment situation of older workers in its socio-economic and historical context, however, I first provide an overview of long-term trends employment and retirement. To this end, Table 1 reports the employment rates of men, aged 60-64 years, and their development within the last half-century in selected European countries and the US.[[1]](#footnote-1) Following previous works that have differentiated different *regimes* in terms of older workers’ employment (*Blossfeld et al.*, 2006, 2011, *Ebbinghaus*, 2006, *Hofäcker*, 2010), the table differentiates various groups of countries based on their institutional design[[2]](#footnote-2), namely Central European, Northern European, Eastern European, Southern European and Anglo-Saxon countries. As Table 1 illustrates, there has been a substantial decline in older workers’ employment rates from the 1970s up to the millennium turn across countries. However, throughout the last 10-15 years, this trend appears to have halted or even reversed, even though the most recent financial crisis may have decreased the speed of this reversal.[[3]](#footnote-3).

At the same time, the figures indicate that there exist substantial cross-national differences in the magnitude of the trend towards early retirement and its reversal. On the one hand, early retirement trends appear to have been most pronounced in Central European countries as well as in Finland and Italy, with employment rates falling down to values as low as one quarter of the respective age group. Similar trends can be observed in larger parts of Eastern Europe, where economic transformation since the early-1990s has led to a mass displacement of older workers from employment via various early exit routes (see Blossfeld et al., 2006, 2011). Some of these countries – especially Germany, the Netherlands and Finland – appear to have started a successful reversal of their early retirement trend in more recent years (see also Ebbinghaus & Hofäcker, forthcoming). On the other hand, employment levels among older workers have remained substantially higher in Anglo-Saxon as well as most Scandinavian countries (except Finland) where around a half of all workers in their early-60s remained in the labour force and employment rates have rarely fallen below a 40% margin. Most Southern European countries (exclusive of Italy) as well as Denmark take an intermediate position between these two extremes.

**Table 1: Employment rate of men aged 60-64 years in selected OECD countries, 1960-2010**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 1960 | 1970 | 1980 | 1985 | 1990 | 1995 | 2000 | 2005 | 2010 |
| Austria | ̶ | ̶ | ̶ | ̶ | ̶ | 19,9 | [6,3](http://stats.oecd.org/OECDStat_Metadata/ShowMetadata.ashx?Dataset=LFS_SEXAGE_I_R&Coords=%5bSERIES%5d.%5bEPR%5d,%5bSEX%5d.%5bMEN%5d,%5bAGE%5d.%5b6064%5d,%5bFREQUENCY%5d.%5bA%5d,%5bCOUNTRY%5d.%5bAUT%5d,%5bTIME%5d.%5b2000%5d&ShowOnWeb=true) | 19,6 | 30,3 |
| Belgium | ̶ | ̶ | ̶ | 25,9 | 18,9 | 18,3 | 18,1 | 23,1 | 26,2 |
| France | ̶ | 66,6 | 45,0 | 29,4 | 16,0 | 10,9 | 10,6 | 14,8 | 19,1 |
| Germany | ̶ | 70,1 | 41,4 | 31,7 | 31,9 | 26,3 | 27,7 | 35,9 | 49,3 |
| Luxembourg | ̶ | ̶ | ̶ | 18,6 | 22,8 | 14,8 | 16,5 | 14,4 | 25,9 |
| Netherlands | ̶ | ̶ | 46,3 | 26,7 | 22,7 | 20,5 | 26,7 | 31,6 | 48,1 |
| Central European | ̶ | **(68,3)** | **(44,3)** | **(26,4)** | **(22,5)** | **18,2** | **19,9** | **24,0** | **33,7** |
| Denmark | ̶ | ̶ | ̶ | 45,5 | 48,8 | 47,5 | 37,8 | 46,3 | 47,6 |
| Finland | ̶ | 65,0 | 41,4 | 35,6 | 29,9 | 21,7 | 26,8 | 35,6 | 41,9 |
| Sweden | ̶ | 78,0 | 67,5 | 62,0 | 62,6 | 51,3 | 51,6 | 61,0 | ̶ |
| Norway | ̶ | ̶ | 73,4 | [70,4](http://stats.oecd.org/OECDStat_Metadata/ShowMetadata.ashx?Dataset=LFS_SEXAGE_I_R&Coords=%5bSERIES%5d.%5bEPR%5d,%5bSEX%5d.%5bMEN%5d,%5bAGE%5d.%5b6064%5d,%5bFREQUENCY%5d.%5bA%5d,%5bCOUNTRY%5d.%5bNOR%5d,%5bTIME%5d.%5b1985%5d&ShowOnWeb=true) | 62,1 | [60,3](http://stats.oecd.org/OECDStat_Metadata/ShowMetadata.ashx?Dataset=LFS_SEXAGE_I_R&Coords=%5bSERIES%5d.%5bEPR%5d,%5bSEX%5d.%5bMEN%5d,%5bAGE%5d.%5b6064%5d,%5bFREQUENCY%5d.%5bA%5d,%5bCOUNTRY%5d.%5bNOR%5d,%5bTIME%5d.%5b1995%5d&ShowOnWeb=true) | 59,6 | 62,6 | 66,4 |
| Northern European | ̶ | **(71,5)** | **(60,8)** | **53,4** | **50,9** | **45,2** | **43,9** | **51,4** | **(47,4)** |
| Ireland | ̶ | ̶ | ̶ | ̶ | ̶ | 52,0 | 53,2 | 57,2 | 49,5 |
| Switzerland | ̶ | ̶ | ̶ | ̶ | ̶ | 67,7 | 61,2 | 62,3 | 67,3 |
| United Kingdom | ̶ | ̶ | ̶ | 49,8 | 49,4 | 45,1 | 47,3 | 53,7 | 54,2 |
| United States | 76,6 | 73,1 | 58,7 | 53,2 | 53,6 | 51,3 | [53,5](http://stats.oecd.org/OECDStat_Metadata/ShowMetadata.ashx?Dataset=LFS_SEXAGE_I_R&Coords=%5bSERIES%5d.%5bEPR%5d,%5bSEX%5d.%5bMEN%5d,%5bAGE%5d.%5b6064%5d,%5bFREQUENCY%5d.%5bA%5d,%5bCOUNTRY%5d.%5bUSA%5d,%5bTIME%5d.%5b2000%5d&ShowOnWeb=true) | 56,2 | 55,1 |
| Anglo-Saxon | **(76,6)** | **(73,1)** | **(58,7)** | **(51,5)** | **(51,5)** | **54,0** | **53,8** | **57,4** | **56,5** |
| Greece | ̶ | ̶ | ̶ | 53,6 | 45,5 | 46,1 | 43,9 | 43,9 | 42,0 |
| Italy | ̶ | 47,8 | 39,0 | 38,2 | 35,4 | 30,3 | 30,0 | 27,6 | 29,6 |
| Portugal | ̶ | ̶ | 65,7 | 57,2 | 55,9 | 49,4 | 53,4 | 47,4 | 45,5 |
| Spain | ̶ | ̶ | 60,5 | 48,2 | 43,6 | [36,7](http://stats.oecd.org/OECDStat_Metadata/ShowMetadata.ashx?Dataset=LFS_SEXAGE_I_R&Coords=%5bSERIES%5d.%5bEPR%5d,%5bSEX%5d.%5bMEN%5d,%5bAGE%5d.%5b6064%5d,%5bFREQUENCY%5d.%5bA%5d,%5bCOUNTRY%5d.%5bESP%5d,%5bTIME%5d.%5b1995%5d&ShowOnWeb=true) | [40,0](http://stats.oecd.org/OECDStat_Metadata/ShowMetadata.ashx?Dataset=LFS_SEXAGE_I_R&Coords=%5bSERIES%5d.%5bEPR%5d,%5bSEX%5d.%5bMEN%5d,%5bAGE%5d.%5b6064%5d,%5bFREQUENCY%5d.%5bA%5d,%5bCOUNTRY%5d.%5bESP%5d,%5bTIME%5d.%5b2000%5d&ShowOnWeb=true) | 46,2 | 40,4 |
| Southern European | ̶ | **(47,8)** | **(55,1)** | **49,3** | **45,1** | **40,6** | **41,8** | **41,3** | **39,4** |
| Czech Republic | ̶ | ̶ | ̶ | ̶ | ̶ | 26,7 | 23,5 | 33,8 | 36,6 |
| Estonia | ̶ | ̶ | ̶ | ̶ | 64,8 | 35,8 | 43,4 | 49,3 | 44,1 |
| Hungary | ̶ | ̶ | ̶ | ̶ | ̶ | 11,5 | 11,6 | 20,9 | 16,9 |
| Poland | ̶ | ̶ | ̶ | ̶ | ̶ | 32,0 | [27,1](http://stats.oecd.org/OECDStat_Metadata/ShowMetadata.ashx?Dataset=LFS_SEXAGE_I_R&Coords=%5bSERIES%5d.%5bEPR%5d,%5bSEX%5d.%5bMEN%5d,%5bAGE%5d.%5b6064%5d,%5bFREQUENCY%5d.%5bA%5d,%5bCOUNTRY%5d.%5bPOL%5d,%5bTIME%5d.%5b2000%5d&ShowOnWeb=true) | 25,6 | 26,7 |
| Slovenia | ̶ | ̶ | ̶ | ̶ | ̶ | ̶ | ̶ | 22,5 | 26,5 |
| Eastern European | ̶ | ̶ | ̶ | ̶ | **(64,8)** | **(26,5)** | **(26,4)** | **30,4** | **30,2** |
| *Europe* | ̶ | *60,3* | *48,1* | *40,1* | *37,6* | *32,2* | *32,1* | *35,9* | *38,9* |
| *OECD countries* | *50,4* | *66,9* | *57,1* | *48,3* | *48,3* | *45,3* | *45,2* | *49,1* | *51,5* |

*Source: OECD, 2011*

* 1. Explaining Developments in Early Retirement and its Reversal

Various theoretical approaches have attempted to explain the observable *international* variation in (early) retirement. In providing a synthetic overview of these explanations, we follow previous research (*Ebbinghaus,* 2006, *Ebbinghaus and Hofäcker*, forthcoming, *Kohli et al.,* 1991) that have categorized these explanations under terms ‘pull’, ‘push’ and ‘stay’ factors.

* + 1. *Pull Factors*

*The concept of “pull factors”* rests on the assumption that there exist economic incentives in public pension or other welfare state transfer systems[[4]](#footnote-4) that provide financially attractive opportunities for older workers – e.g. through early exit options without (or with little) actuarial reduction in pension accrual to withdraw from active employment prematurely. Literally speaking, these incentives thus ‘pull’ older workers out of the labour market through different types of financially attractive ‘offers one cannot refuse’ (Bellmann and Janik, 2007). The retirement decision of older workers thus is regarded as a largely voluntary one, as older workers decide for a (favoured) early exit from work instead of a continuation of their employment. Economic research based on macro- as well as micro-data (see for example *Blöndal and Scarpetta,* 1999, *Gruber and Wise,* 1999, 2004) indeed has demonstrated empirically that countries that provide strong actuarial incentives for retirement before mandatory ages are frequently among those who also exhibit lowest employment ratios among older workers (and vice versa). In addition to public pension incentives, additional lump sum payments by the employer or occupational pension plans provided through the employer may exert strong incentives for a premature employment exit. As empirical studies indicate (e.g. *Hutchens,* 1999, *Bellmann and Janik*, 2007, *Dorn* and *Sousa-Poza,* 2010), these incentives often mutually reinforce each other, as payment of employer-based ‘top-ups’ is most frequently found in those countries where public retirement incentives already are high.

In recent years, the economic approach to explain early retirement via publically or privately provided pension incentives has gained much support among international organisations, such as the OECD or the EU Commission, that have argued that to successfully reverse early retirement, financially attractive early exit options have to be phased out and retirement ages (or contribution years needed to receive a full pension) need to be increased.

* + 1. *Push Factors*

In contrast to pull factors that emphasize older workers ‘free choice’ between labour market exit and work continuation, research in sociology and human resource management has highlighted that the decision situation of older workers may not be that discrete. Older workers are often crowded out from employment against their deliberate retirement preferences. Previous research has discussed various different types of such ‘*push factors*’ for (early) retirement (see *Ebbinghaus and Hofäcker*, forthcoming, for a detailed overview). Especially during the oil crises in the 1970s, *cyclical downturns* accompanied by large baby boomer cohorts pushing into the labour market exerted strong pressures on older workers to exit employment prematurely. These trends were exacerbated further by simultaneous *shifts in economic* (from an industrial to a service economy) *and occupational structures* (from blue-collar to white collar occupations) that partly devaluated older workers’ previous qualifications (*Blossfeld et al.,* 2006). However, while these processes apparently played a role in promoting early retirement in its early phase, their role deteriorated over time. As comparative labour market data show, in a number of (European) countries, early retirement increasingly decoupled from these processes as it continued to spread across larger parts of the population even after the economy recovered and economic respectively occupational changes slowed down (*Hofäcker*, 2010).

More recent ‘push’ approaches thus have highlighted the role of *institutional labour market characteristics* in explaining older workers’ employment patterns. Following the ‘Varieties of Capitalism’ approach (*Hall* and *Soskice,* 2011), it was argued that especially the highly regulated ‘*coordinated market economies*’ of Central (and partly Southern) European countries promote the redundancy of older workers: Labour relations between employers and employees are based on a long-term horizon and thus are strongly institutionalized, reflected in high degrees of employment protection and the central importance of the seniority principle (i.e. institutionalised increases in pay and employment security with tenure). These measures have often turned older workers into a relatively costly and inflexible while highly standardized and largely front-loaded education systems hindered older workers to adapt their qualifications to changing labour market demands. As a consequence, older workers in coordinated market economies were frequently sent into early retirement, often “helped” by generous occupational benefits or lump sum payments.

In contrast, in the less regulated ‘liberal’ market economies of Anglo-Saxon countries, ‘push’ forces were significantly less developed as the largely unstandardized education system, a flexible labour market with only modest seniority regulations and the mere absence of employment protection put older workers into a less disadvantaged structural position. Older workers thus were primarily displaced in times of economic downturns; at the same time, however, they could profit from the highly flexible labour market as it provided them with good re-entry opportunities into employment, even beyond retirement ages.

*2.2.3. Stay Factors*

Especially throughout the paradigmatic turn from early retirement to active ageing, policies to maintain older workers within employment additionally have gained in importance. Such ‘*stay factors*’ (*Ebbinghaus & Hofäcker*, forthcoming), on the one hand, encompass *lifelong learning* policies that aim to reduce the relative qualification disadvantages of older workers and thereby to enhance their potential employability. On the other hand, they include targeted active labour market policies for the older workforce, e.g. job creation or counselling schemes that augment older workers’ chances for successful job search. Traditionally, both measures have loomed large in Northern European countries where such policies have helped older workers to remain in or re-enter employment. Through the recent decade, however, these measures increasingly have spread across other European countries as well. In fact, it appears to be those countries where active labour market policies and lifelong learning opportunities are more developed or where their importance has increased recently where the reversal in early retirement has been most pronounced (*ibid*.).

* 1. Voluntary and Involuntary Retirement

Throughout recent decades, there have been numerous cross-national studies that have investigated and empirically highlighted the importance of pull (e.g. *Gruber and Wise*, 1999, 2004, *Blöndal and Scarpetta*, 1999, OECD, 2006) respectively push factors (e.g. *Blossfeld et al*., 2006, *Ebbinghaus*, 2006) for (early) retirement patterns of older workers. Studies that considered both groups of factors simultaneously highlight the complimentary nature of both explanations. Using data from the Survey of Health, Ageing and Retirement in Europe (SHARE), *Debrand and Sirven* (2009) assert that there is “a multitude of explicative factors concerning the transition from employment to retirement” (p. 13) with “the various individual and contextual domains with social protection, each playing a significant role” (p.1). Using the same data, *Engelhardt* (2011) comes to a similar conclusion when noting that “a high proportion of regional variance in labour market exit in Europe can be explained by the different early pension age schemes, the implicit tax rates, the shares of adult, and elderly population in CET measures as well as the public expenditure in active labour-market programs” (p.12). Finally, looking at early retirement *aspirations* instead of already completed transitions, *Blanchet and Debrand* (2008) find that non-financial factors such as health and working conditions (i.e. push factors) are of major importance in explaining inter*individual* differences, financial incentives (i.e. pull factors) are more central for the explanation of inter*national* variation.

A major shortcoming of most existing analyses, however, is that they focus on retirement transition *per se* without explicitly differentiating its motives or degree of voluntariness. Consequently, the actual *reasons* for retirement remain a ‘black box’. When testing push, pull and stay approaches, available studies instead refer to an indirect reasoning: if, for example, financial factors turn out to be most important in explaining early retirement transitions and their timing, it is assumed that ‘pull factors’ constitute the driving force of early retirement. By the same token, if instead human capital factors – such as educational attainment or occupational qualification prove to be influential, it is frequently concluded that older workers were ‘’pushed’ out of employment.

Without explicitly investigating the concrete reasons for (early) retirement, these conclusions may, however, be misleading. Low-qualified older workers may effectively leave the labour force because they were offered an attractive early retirement option that financially cushioned their exit from employment; it thus may be superficial to regard their retirement as primarily resulting from a ‘push’. Measures aiming at reducing the ‘push’ into (early) retirement by increasing the employability of such workers may be inefficient as long as early exit benefits are generous enough to compensate for these potential gains. Vice versa, older workers may exhibit a high reactivity to financial incentives in public pension systems only because they face significant barriers to employment. The consideration of such employment transitions as resulting from mere ‘pull’ forces thus may be equally misleading. For these workers, a recommended decrease in the attractiveness of early retirement incentives would not necessarily lead to a prolongation of their work career but may rather lead to a ‘privatisation of employment risks’ and more precarious pathways into retirement (*Blossfeld* et al., 2011, *Ebbinghaus,* 2005). Even under the increasing influence of active ageing programs, not all employees may be able to prolong their working life due to lacking employment opportunities or insufficient qualifications. Instead, they still may be ‘pushed out of employment’ and be forced to retire against their will. While thus improving the employment performance of older workers at the aggregate level, current early exit reversal policies thus simultaneously may create new labour market cleavages between those older workers who are able adapt to recent reform and to continue their employment and those that are (still) structurally excluded from employment.

A more differentiated view on the reasons for (early) retirement is thus required to better understand recent labour market developments for older workers. Yet, there are only few studies taking a suchlike perspective. Using data on individual perceptions of retirement provided in the ISSP[[5]](#footnote-5) 1997, Dorn and Sousa-Poza (2010) find that involuntary early retirement[[6]](#footnote-6) is particularly widespread in Central European ‘early exit’ countries, such as Germany or France, while it is of less importance in employment maintenance regimes such as the US, Denmark or Norway. Notably, their results also show that retirement incentives through generous social security benefits do actually trigger more *involuntary* retirement, which the authors explain by the fact that well-developed state-funded early retirement benefits make it easier for firms facing financial pressures to reduce their workforce via supplementary lump sum payments (*Dorn and Sousa-Poza*, 2010: p.436). However their data originates from the late-1990s, reflecting rather the ‘late early-retirement era’ while providing only little information about possible modifications in retirement behaviour in more recnt years. Furthermore, their differentiation of early retirement as being either ‘by choice’ or ‘not by choice’ constitutes a rather global measure with only limited information about the actual motives driving retirement.[[7]](#footnote-7)

*Fischer and Sousa-Poza* (2010) more explicitly focus on firm-based reasons by using a question from the SHARE survey which differentiates various different reasons for (early) exit, ranging from reaching an age limit for public, occupational or private pension receipt, retirement for health-related reasons, retirement out of personal motives to firm-based reasons for retirement,. Fischer and Souza concentrate on the latter aspect by investigating to which degree firm-based retirement is enforced via dismissal or incentivised via employer-provided benefits. They find that severance payments are more widespread in countries with more unionised employment relationships and rather generous pension systems while in countries where public retirement incentives are less generous, firms are more likely to revert to dismissal as a means to restructure their workforce (thus corroborating the findings from *Dorn and Sousa-Poza)*. Though the SHARE indicator appears to be more accurate than the ISSP indicator, *Fischer and Sousa-Poza* limit their analytical focus to firm-based retirement only and leave aside other retirement intentions that may be considered as reflecting further important dimensions of voluntary (e.g. retirement for private reasons) or involuntary early retirement (e.g. retirement for health-based reasons). Even for firm-based retirement, it could be argued that alternative measures that go beyond mere severance payments, such as early retirement incentives through occupational pension schemes are being neglected.

A final approach is provided by *Koenen et al.* (2009). They use the identical SHARE indicator but use it as to define ‘voluntary’ early retirement as applying to those that have exited employment for private reasons (i.e. to enjoy life/ to spend more time with the family/ to retire simultaneously with the partner) or for health reasons (either because of own ill health or that of the partner). Furthermore, voluntary retirees are assumed to be those that have reached pensionable ages and have exited employment despite having had the opportunity to continue working. In contrast, ‘involuntary’ early retirement applies to individuals that were dismissed or offered an early retirement solution by their employer as well as those exiting the labour market after an age limit without having had opportunities for work continuation. Even though single aspects of their classification may be debatable (e.g. the placement of health-based retirement as being voluntary), the model used by *Koenen et al.* incorporates various aspects of early retirement and thus can be regarded as being more holistic than the employer-based differentiation by *Fischer and Sousa-Poza*. Using this classification, the three authors show that involuntary early retirement concentrates among men working within large industrial firms and is most widespread in Eastern Germany where economic restructuring from a socialist to a market economy frequently led to massive labour shedding. Their results, however, remain restricted to a cross-sectional analysis of retrospective data from the one country case of Germany only.

Both previous studies thus do not sue the multi-faceted indicator within the SHARE survey to its full potential. Against this background, the aim of this paper will be use the same indicator, but to develop both a dichotomous differentiation of voluntary vs. involuntary retirement as well as a distinction of four different types of retirement motives – institutionally-induced, health induced, employer-induced and privately induced retirement. For the empirical analysis of retirement transitions, the paper will draw back to longitudinal data from the first two waves of the SHARE survey that both allow to observe retirement transition within a two-year age window from 2004/5 to 2006/7, i.e. during the gradual implementation of active ageing policies. At the same time, the rich data provided by SHARE on individual as well as workplace characteristics allows to connect these transitions to various aspects of the workers previous’ employment relationship. Using this data, the paper, on the one hand, aims to analyse the cross-national variation in early retirement, i.e. to explore which are the nation-specific determinants that promote respectively delimit voluntary or involuntary retirement. On the other hand, it will investigate whether there are specific disadvantaged groups of older workers that are disproportionately affected by involuntary early retirement.

*2.4. Hypotheses*

In the following, I shall reconstruct empirically both the incidence of early retirement as well as the degree of voluntariness associated with it. I assume that in first instance, individual retirement decisions are determined by the interaction between the national institutional context and policies at the firm-level. Taken together, these institutional features define the opportunities and constraints under which older workers can decide about exiting the labour market or continuing to work. If for example retirement ages are high and public and/or occupational benefits are meagre, older workers will have little choice than to continue working until personal assets and savings suffice for a permanent withdrawal for the labour market. By the same token, institutional that do not support the employability of older workers, be it through public or firm-level policies, will leave most older workers little choice than to withdraw from work. It thus can be assumed that it will be primarily institutional contexts that will affect older workers likelihood to retire early and the degree of voluntariness associated with it. Only when institutional contexts indeed leave older workers a fair degree of choice in their retirement decisions, it can be assumed that further factors at the individual level will play an additional role. In the following, we thus shall outline the main hypotheses for influencing factors at the *national* level (e.g. labour market and social policies), the *firm* level (i.e. workplace characteristics) as well as attributes of the *individual* itself (e.g. age, gender or human capital attainment). These hypothesis subsequently will be tested using most recent data from the first two waves of the SHARE survey.

Macro- level

The primary level at which older workers employment respectively retirement opportunities are being determined is the level of national policies. In line with previous research, I expect that three different types of institutions will impact on the timing and nature of older workers’ retirement transitions.

Institutional *push factors* – as reflected, for example, in high levels of labour market rigidity or high and persistent unemployment – *will promote older workers’ labour market exit and thus will increase the likelihood of early retirement* (Hypothesis A1). As they usually will narrow between work and retirement by restraining older workers’ employability, I assume that *they will increase the incidence of involuntary early exit transitions* (Hypothesis A2).

Similarly, institutional *pull factors* – e.g. economic early retirement incentives incorporated into national pension or other transfer systems *– will promote early retirement* (Hypothesis A3). However, the effect of these institutional factors on its degree of voluntariness may be ambiguous. On the one hand, following the findings from Dorn and Souza-Poza (2010), it can be assumed that financial pull incentives through public institutions may promote involuntary early retirement by creating incentives for firms to shed redundant older workers. *Those affected by such rationalisation measures may perceive their exit as being made redundant by their previous employer, i.e. as being ‘involuntary’* (Hypothesis A4a). On the other hand, the combined generosity of public early retirement payments (and potentially employers’ top-ups) may offset the psychological detriments of early labour force exit. Following Kohli’s view of retirement as being part of the ‘moral economy’ of modern societies (*Kohli*, 1987), older workers may perceive high severance payments as a kind of institutionalised ‘reward’ for previous work. Following this line of argument, generous *financial pull incentives may in fact decrease the incidence of involuntary retirement* (Hypothesis A4b).

Finally, I assume that *stay policies* aiming at promoting longer working life *will decrease the incidence of early retirement as such* (Hypothesis A5). As such measures promote older workers labour market chances, it can be assumed that retirement decisions can be taken more autonomously, thus *reducing the incidence of involuntary retirement* (Hypothesis A6).

Though the effect of the single institutional factors outlined above can be discerned analytically, concrete country cases are marked by the interplay of different – and occasionally even- contradictory – institutional configurations. In order to account for these ‘manifestations’ of institutional effects in European welfare states, the following analyses additionally distinguish between different *welfare regime types* (*Esping-Andersen*, 1990) and the associated patterns of early respectively involuntary early retirement (Hypothesis A7). For *social-democratic* Scandinavian countries, we expect that *both early retirement as well as involuntary early retirement will be lowest* (Hypothesis A7a), as low early retirement incentives, supportive active labour market policies and well-developed measures of lifelong learning promote the employability of older workers. Though in *liberal* Anglo-Saxon countries, there exist similarly low incentives for early exit, no active state policies foster older workers’ employment. Late career employment in these countries rather originates from the interplay of a flexible labour market with the need to work longer due to the often only modest public pension levels. As older workers thus are more vulnerable to market forces*, we thus expect that involuntary exit may be more frequent in liberal Anglo-Saxon than in Scandinavian countries Northern Europe* (Hypothesis A7b). Both Central as well as Southern European countries for many decades have figured as typical ‘early exit regimes’ (see *Blossfeld* et al., 2006). While generous public pension pathways offered financially attractive opportunities for leaving the labour force, rigid labour markets and the low importance of active labour market policies for older workers have severely restricted the labour market opportunities for older workers in these countries. For both regime types, we thus may expect that the incidence of early retirement will be rather high and that involuntary early exit may be of considerable importance (Hypothesis A7c). However, due to the highly generous replacement levels of public pension payments in the traditionally ‘clientelistic’ welfare states of Southern Europe (*Ferrera*, 1996) the level of involuntary retirement will be lower in Southern than in Central European countries (though lying well above the levels of Scandinavian and Anglo-Saxon nations; Hypothesis A7d).

Firm-level

As outlined above, we expect firm-level policies to systematically covary with the national institutional context. Beyond that, characteristics of the firm may have an influence on the retirement decision and its degree of voluntariness. This initially applies to the *economic sector* in which a firm is engaged (Hypothesis B1). Especially for firms in the industrial and manufacturing sector, where rationalisation and restructuring have been most pronounced throughout previous decades, we can assume that early exit will be most widespread. Due to the forced nature of most redundancies in declining sectors, we can also assume that involuntary retirement will loom large. In contrast, older workers’ employment within the growing tertiary sector can be expected to be more stable, resulting in lower rates of early and involuntary retirement. This expectedly holds especially for the *public* sector where individual careers are more safely protected against economic fluctuations (*Blossfeld et al.*, 2006, 2011).

While the firm-based ‘push’ out of employment will depend much on the economic sector, potential ‘pull’ effects expectedly will vary with the *size of a firm* in which an older worker is employed (Hypothesis B2). Institutionalised early retirement plans are known to be most widespread in large firms which, on the one hand, are more likely to be in need to restructure their staff in case of economic turbulences and, on the other hand, have available the necessary capital resources to fund such schemes. While early retirement can be expected to be more widespread, early exit will not necessarily be involuntary, given that large firms are in a comparatively better position to provide generous early exit plans or occupational pensions that compensate for the withdrawal. In contrast, early exits in small firms rather will be involuntary given the absence of such well-funded schemes.

Individual level

Finally, the timing of retirement and its voluntariness will vary depending on individual characteristics of the older worker him/herself. Much comparative research has highlighted that individual *health* plays a central role in determining the transition into retirement. Most obviously, those workers in bad health conditions or those with serious physiological impairments will be more likely to exit the labour market before mandatory retirement ages. This can be expected even the more as institutionalised welfare pathways such as disability insurance allow for a premature exit for health reasons without serious cuts in pensions. As health impairments frequently leave little choice to individuals with regard to their retirement decision, it can be assumed that in the majority, they will promote rather involuntary retirement (Hypothesis C1).

In addition, previous research has attributed a central role to *individual human capital* in influencing older workers’ retirement decision: Older workers with high educational degrees will be more flexible and competitive on changing labour markets and thus will find it easier to remain in employment (see *Blossfeld et al.* 2006). As their resources leave older workers more choice in their retirement decisions, we assume that voluntary retirement will prevail among this group. In contrast, older workers with only basic educational attainment will be at a higher risk to be ‘pushed out of employment’ given their increasingly outdated and less transferable qualifications; their retirement consequently will more likely be involuntary (Hypothesis C2).

Finally, it can be assumed that individual propensities to retire early and/or to retire voluntarily respectively involuntarily will depend on concrete *job characteristics*. Older workers who exhibit a high work commitment, are working in self-reliant jobs or are rather satisfied with their job will exhibit a higher likelihood to continue their employment. If these workers exit from the labour force before mandatory retirement ages, it can be assumed that they will likely do it at their own discretion, e.g. for family or private reasons (Hypothesis C3a). In contrast, workers in routine activities or those in less stable atypical employment will be at a higher risk to exit employment early. As it will be easier for employers to shed these workers with less safe labour market anchorage, employment exits will be primarily involuntarily (Hypothesis C3b).

1. **Data and Method**

In the following, we shall test the hypotheses outlined above using data from the Survey of Health, Ageing and Retirement in Europe (SHARE).[[8]](#footnote-8) The SHARE is a cross-national comparable, longitudinal panel survey of the population aged 50 years and over in 20 European countries. As the first multi-disciplinary survey focusing on older people, SHARE provides representative information on a number of aspects relevant to older workers’ employment decisions, including economic, social, family and health conditions.[[9]](#footnote-9) We use data from the first baseline wave, collected in 2004/5 and the first longitudinal wave in 2006/7. Countries that were included in both waves include Denmark, Sweden, Switzerland, Germany, Austria, Belgium, Netherlands, Italy, Spain, France and Greece. For these countries, the two SHARE waves enable us trace labour market transitions at the individual-level within a two-year time-span in which active ageing policies already have gained considerable ground. Our analytical interest is in transitions out of employment, i.e. into unemployment or different forms of inactivity. We prefer this focus on *employment exit transitions* to a more narrow perspective on transitions into retirement as employees often use states such as unemployment or sickness as ‘bridges into retirement’ (*Kohli et al.*, 1991) and thus effectively withdraw from employment well before formally entering the status of a pensioner. Previous evidence (*Blossfeld et al.*, 2006) as well as exploratory analyses of SHARE data indicate that returns from non-employment to employment in most European countries are rare so that employment exits of older workers can justifiably be regarded as permanent exits. For our analyses, we consider both men and women, aged between 50 and 62 years at the time of the first interview and their transitions within the following two years. This focus is guided by the fact that in some European countries and especially for women, employment withdrawal may already start in the early-50s. Self-employed individuals are excluded from the analyses as for them, the concept of voluntary versus involuntary retirement does not apply in the same manner, given their position as their ‘own employers’.

To reconstruct exits from employment into non-employment (i.e. unemployment or inactivity), we rely on self-reported employment status. To differentiate between voluntary and involuntary employment exits, we combine information from various questions that retrospectively track the reasons for completed labour market transitions. We regard voluntary ‘retirees’ as those,

* that have exited from employment into *retirement* and (i) have stated that they have retired for private reasons, i.e. to spend more time with their family, to enjoy life or to retire at the same time as the spouse or partner, (ii) have stated that they retired when having reached an age limit for public, occupational or private pension though having had the opportunity to continue working or (iii) those who received and accepted and early retirement offer despite having an opportunity for work continuation;
* that have exited from employment into *unemployment* indicating that they resigned themselves or reached a mutual agreement with their employer
* that have exited from employment into *homemaker* status because perceiving employment as being too tiring or to take care of children and grandchildren

In contrast, we regard employment exit as being involuntary for those,

* that have exited from employment into *retirement* and (i) have stated that they have retired because they were made redundant by their employer, (ii) that have stated that they retired when having reached an age limit for public, occupational or private pension and had no opportunity to continue working or (iii) that accepted an early retirement offer without having had the opportunity to continue working
* that have exited from employment into *unemployment* indicating that their place of work had closed, because they were laid off or because a temporary job had been completed
* that have exited from employment into *homemaker* status because they were laid off or their workplace closed, or who found it too expensive to hire someone to look after home or family.

For the discussion of voluntary versus involuntary retirement, we deliberately exclude employment exit because of bad health as these transitions are expected to leave virtually no choice for making the retirement transition.

To gain an even more detailed insight into the actual reasons for the transition from employment into retirement, we furthermore differentiate in a separate analysis between four groups of reasons for retirement:

* those exiting employment because having reached an age limit for public pensions (*ordinary retirement*),
* those entering into unemployment or retirement because of having being made redundant by their employers (*employer push*)
* those having accepted an early retirement offer by their employer or having reached eligibility for occupational pensions (*employer pull*), and
* those leaving employment for *private reasons* (see above)

In order to identify the determinants of early exit as well as its specific reasons, we conduct three regression analyses: (i) a logistic regression for exiting from employment, (ii) a multinomial logistic regression for exiting either into voluntary or involuntary retirement, and (iii) a multinomial logistic regression for exiting for the more differentiated reasons as outlined above, each of them taking work continuation as reference category. For all regressions, we calculate nested models, subsequently introducing control variables, macro-level, firm-level and individual-level determinants, (measured in Wave 1), to evaluate the additional explanatory power of the differential groups of determinants.

As controls, we include dummy variables for *gender*, *categorical* *age* (grouped into intervals of 50-52, 53-55, 56-58 and 59-62 years), *family status* (differentiating between single and cohabiting individuals) and *health status* (differentiating between people who report to be in good health or less than good health).

Two different types of indicators are included to reflect potential macro-level determinants of older workers’ retirement decisions. On the one hand, following the previous discussion, we include dummies for *welfare respectively labour market regimes*, differentiating between *conservative* (Germany, France, Austria, Belgium, the Netherlands), Southern European (Greece, Italy, Spain), social-democratic (Denmark, Sweden) and liberal countries (Switzerland).[[10]](#footnote-10) While regimes reflect actually existing institutional configurations, we alternatively include a number of single indicators reflecting the impact of push, pull and push factors to better understand the differential effect of specific institutional features. Both the formal retirement age (differentiated for men and women; see *Duval*, 2003) as well as the overall generosity of pension systems (as reflected in their net wage replacement rates for an average earner; see OECD 2011b) are included to approximate the ‘*pull’* incentives of the public social security system.[[11]](#footnote-11) Both the level of employment protection legislation (reflected in the OECD’s Employment Protection Legislation Index, Version 1; see: *OECD*, 2004, 2011) as well as the average unemployment rate in 2004 (*OECD*, 2011a) are included to reflect factors that ‘*push’* older workers out of employment. Finally, the participation rate of older workers within the last 12 months (Eurostat, 2011) is included to reflect a key element of contemporary ‘*stay’* policies.

At the firm level, we use information on the *number of employees* at the respective workplace to differentiate between small (0-24 employees), medium-sized (25-199 employees) and large companies (200 employees and more). Detailed data on the *sector* of employment provided in NACE-format do allow identifying whether the firms is located in the primary (agricultural), the secondary (industrial) or the tertiary (service) sector. Furthermore, we include a dummy variable indicating whether an individual is employed either in a *public* or a private enterprise.

Finally, at the individual level, we use the highest level of *education* as a proxy of human capital. For our analyses, we differentiate between those with tertiary education (ISCED 5/6) and those with lower educational status[[12]](#footnote-12). In order to account for individual *job characteristics*, we use dummies indicating agreement with a number of statements regarding the job. Individuals indicating that they are generally satisfied with their job and that the job offers the opportunity to develop new skills are considered to work in a job that guarantees a certain degree of self-reliance and responsibility. In contrast, those indicating that their job security is poor or who indicate that they have little freedom to decide how to do their work are considered to be working in more insecure working places in rather routine activities. Finally, we include a dummy variable indicating that the workers is working overtime (i.e. having a regular weekly working time of more than 40 hours) to indicate high *employment attachment*.

1. **Results**

To begin with, Table 2 presents results from nested logistic regression models to explain exit from employment to non-employment. Expectably, the likelihood to exit from employment increases with age, especially after reaching the mid-50s. Likewise, health status shows the expected effect indicating that those in bad health will be more likely to retire early. Surprisingly, there appears to be little difference in the exit behaviour of men and women, possibly reflecting that women born in the 1950s and (still) employed in their 50s may make up a rather selective group of female workers with above-average labour force attachment.

The comparison of employment exit patterns across *regimes* (Model M2) largely confirms the established differentiation of ‘employment exit/early exit’ and ‘employment maintenance/late-exit’ regimes (*Blossfeld et al.*, 2006, *Ebbinghaus*, 2006). Employment exit before age 65 is least common in social-democratic countries, while the difference to the ‘liberal’ case of Switzerland is only modest. In contrast, both Southern European and conservative countries have a clearly higher likelihood of early exit. The more detailed consideration of *single institutions* (Models M3-M5) confirms the expected role of pull, push and stay factors for producing this aggregate outcome. Early exit appears to be most widespread in countries where pension levels are most generous. In contrast, higher mandatory retirement ages expectably promote longer work continuation. It thus comes as no surprise that early exit is highest in Central and Southern Europe where (early) retirement ages are low and material compensation tends to be highest. From a push perspective, higher unemployment rates seem to foster early exit. Employment protection, in contrast, rather promotes work continuation. This partly counter-intuitive finding – that stands in contrast to our initial expectation and some earlier research – may be explained by the fact that the analyses focus entirely on those actually employed whose employment will benefit from more restrictive dismissal regulations. In contrast, those who have fallen out of employment, may be disadvantaged by these regulations as it reinforces their position as labour market ‘outsiders’. Finally, in line with our expectations, training measures for older workers indeed foster work continuation. In sum, the increase in explanatory power when including regime characteristics is quite notable, suggesting that these most general context conditions indeed have a strong effect on individual retirement decisions.

Turning from state-level to firm-level characteristics (Model 6), our results point to a significant impact of both firm size and sector on older workers’ retirement behaviour. In line with our hypotheses, employment exit appears to be most widespread in large firms while being employed in the service sector fosters employment continuation.[[13]](#footnote-13)

Finally, turning to *individual-level* factors, we find that human capital indeed has a sheltering effect, reflected in the lower probability of tertiary-level graduates to exit early.

Table 2: Logistic regression: Exit from employment no non-employment

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Model | M1 |  | M2 |  | M3 |  | M4 |  | M5 |  | M6 |  | M7 |  |
|  | N | 3211 |  | 3211 |  | 3211 |  | 3211 |  | 3211 |  | 3211 |  | 3191 |  |
|  | R-square (Nagelkerke) | 0,128 |  | 0,161 |  | 0,136 |  | 0,134 |  | 0,14 |  | 0,173 |  | 0,188 |  |
|  | Constant | -3,547 | \*\*\* | -4,435 | \*\*\* | -0,529 |  | -3,618 | \*\*\* | -3,136 | \*\*\* | -3,941 | \*\*\* | -3,446 | \*\*\* |
| Control: Gender | Male | ,078 |  | -,019 |  | ,057 |  | ,048 |  | ,038 |  | -,197 | + | -,179 |  |
| Control: Age | 53-55 years (ref. 50-52) | ,571 |  | ,595 | \*\* | ,589 | \*\* | ,569 | \*\*\* | ,573 | \*\* | ,590 | \*\* | 0,587 | \*\*\* |
|  | 56-58 years (ref. 50-52) | 1,637 | \*\*\* | 1,753 | \*\*\* | 1,674 | \*\*\* | 1,683 | \*\*\* | 1,692 | \*\*\* | 1,755 | \*\*\* | 1,820 | \*\*\* |
|  | 59-62 years (ref. 50-52) | 2,548 | \*\*\* | 2,955 | \*\*\* | 2,696 | \*\*\* | 2,604 | \*\*\* | 2,727 | \*\*\* | 3,011 | \*\*\* | 3,125 | \*\*\* |
| Control: Family status | No partner (ref: married/cohabiting) | -,181 |  | -,209 |  | -,222 |  | -,178 |  | -,181 |  | -,208 |  | -,210 |  |
| Control: Health status | Less than good health | ,303 | \*\*\* | ,256 | \*\* | ,299 | \*\*\* | ,282 | \*\*\* | ,266 | \*\*\* | ,237 | \*\*\* | ,172 | \* |
| Institutions: Regime | Liberal (ref: soc-dem.) |  |  | ,594 | \* |  |  |  |  |  |  | ,524 | + | ,695 | \* |
|  | Conservative (ref: soc-dem.) |  |  | 1,268 | \*\*\* |  |  |  |  |  |  | 1,245 | \*\*\* | 1,232 | \*\*\* |
|  | Southern (ref: soc-dem.) |  |  | 1,114 | \*\*\* |  |  |  |  |  |  | 1,136 | \*\*\* | 1,058 | \*\*\* |
| Institutions:Pull | Retirement age |  |  |  |  | -,061 | + |  |  |  |  |  |  |  |  |
|  | Net Replacement Rate |  |  |  |  | 1,071 | \*\*\* |  |  |  |  |  |  |  |  |
| Institutions: Push | Unemployment rate |  |  |  |  |  |  | ,133 | \*\*\* |  |  |  |  |  |  |
|  | Employment Protection Index |  |  |  |  |  |  | -,388 | \*\* |  |  |  |  |  |  |
| Institutions Stay | Lifelong learning rate |  |  |  |  |  |  |  |  | -,057 | \*\*\* |  |  |  |  |
| Firm characteristics: Sector | Tertiary (ref.: non-tertiary) |  |  |  |  |  |  |  |  |  |  | -,556 | \*\*\* | -,487 | \*\* |
|  | Public (ref.: private) |  |  |  |  |  |  |  |  |  |  | -,105 |  | -,030 |  |
| Firm characteristics: Size | Small: 1-24 employees (ref.: 25-199) |  |  |  |  |  |  |  |  |  |  | ,075 |  | ,044 |  |
|  | Large: >200 employees (ref.: 25-199) |  |  |  |  |  |  |  |  |  |  | ,413 | \* | ,391 | \* |
| Human Capital: Education | Tertiary (Ref.: lower than tertiary) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Job characteristics | High job satisfcation |  |  |  |  |  |  |  |  |  |  |  |  | -0,58 | \*\* |
|  | Poor job security |  |  |  |  |  |  |  |  |  |  |  |  | 0,434 | \*\* |
|  | Little freedom of choice |  |  |  |  |  |  |  |  |  |  |  |  | 0,216 | + |
|  | Work time: 40 hours and more (ref) |  |  |  |  |  |  |  |  |  |  |  |  | -0,43 | + |

Source: SHARE: Wave 1 & 2, Own calculations, \*\*\* α ≤ 0,001, \*\* α ≤ 0,01, \* α ≤ 0,05, + α ≤ 0,1

The same appears to be true for those workers with a high job satisfaction and – though somewhat less pronounced – for those showing a high employment commitment. In contrast, those who perceive their own job to be unstable or that report to have little choice in their daily work seem to be more likely to make use of early exit options.

Both individual and firm-level predictors further increase the explanatory power of the logistic regression model. The results reported in Table 2 thus indicate that institutional, firm-level and individual characteristics indeed interact to influence the employment and retirement behaviour of older European workers.

However, *per se* the results say little about whether those older workers that have left employment have done so at their own discretion or whether they were pushed out of employment, respectively which predictors are decisive for one or the other exit alternative.

To investigate this aspect in more detail, Tables 3a and 3b break down the regression model into voluntary and involuntary employment exits, using the dichotomous classification outlined in section 3. Effects for the control variables indicate that involuntary exits appear to be most frequent among men, while women more often seem to leave the labour force voluntarily. Notably, involuntary early exits are more likely among those with lower health. This is surprising given that those who actually claim to have left employment explicitly for health reason had been removed from the analysis of voluntary vs. involuntary exit (see section 3). It thus seems that those older workers with health problems who cannot use institutionalised pathways to exit from employment are at a higher risk to leave employment involuntarily, likely using more precarious exit pathways.

In line with the previous findings, Tables 3a and 3b confirm that when controlling for basic socio-demographic characteristics, employees in social-democratic and – to a lesser extent – liberal countries are less likely to exit either into voluntary or involuntary early exit; likely reflecting the significance of training policies and low levels of unemployment at the time of the interview. Among early exit countries, however, results point to notable differences in the quality of employment withdrawal. While older workers in Southern European countries exit more often voluntarily, involuntary transition loom large among older workers in conservative countries. More differentiated effects for single institutional factors suggest that this pattern may be due to the higher level of pension generosity and the low retirement ages in Southern Europe which provide considerable incentives for early retirement. Effects for employment protection confirm its sheltering effect for employment.

At the firm-level, tertiary sector employment tends to protect against both voluntary and involuntary employment withdrawal. Furthermore, older workers in large firms are at a higher risk to be ‘pushed’ into early exit against their will.

At the individual level, those with higher education appear to be most effective in avoiding involuntary early exit. Those with a high job satisfaction exit less likely into any type of early exit, be it voluntary or involuntary. The opposite is true for those with a lower job security which are less likely to continue working. Those workers, and especially those with little freedom in their daily work form a vulnerable group of workers that run a high risk to exit employment against their preferences.

Results from Table 3a and 3b thus suggest that there may be rather differential effects of macro-, firm and individual-level predictors on the actual quality of early withdrawal from employment.

Table 3a: Multinomial logistic regression: Voluntary Exit from employment no non-employment

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Model | M1 |  | M2 |  | M3 |  | M4 |  | M5 |  | M6 |  | M7 |  |
|  | N | 3211 |  | 3211 |  | 3211 |  | 3211 |  | 3211 |  | 3211 |  | 3191 |  |
|  | R-square (Nagelkerke) | 0,109 |  | 0,139 |  | 0,117 |  | 0,115 |  | 0,12 |  | 0,151 |  | 0,167 |  |
|  | Constant | -4,08 | \*\*\* | -4,839 | \*\*\* | 1,175 |  | -4,193 | \*\*\* | 3,731 | \*\*\* | -4,253 | \*\*\* | -3,699 |  |
| Control: Gender | Male | -,173 |  | -,295 | \* | -,198 |  | -,218 |  | -,207 |  | -,446 | \*\* | -,442 | \*\* |
| Control: Age | 53-55 years (ref. 50-52) | ,607 | \* | ,634 | \* | ,633 | \* | ,607 | \* | ,615 |  | ,631 | \* | 0,645 | \* |
|  | 56-58 years (ref. 50-52) | 1,759 | \*\*\* | 1,869 | \*\*\* | 1,808 | \*\*\* | 1,824 | \*\*\* | 1,809 | \*\*\* | 1,863 | \*\*\* | 1,899 | \*\*\* |
|  | 59-62 years (ref. 50-52) | 2,889 | \*\*\* | 3,252 | \*\*\* | 3,109 | \*\*\* | 2,970 | \*\*\* | 3,042 | \*\*\* | 3,283 | \*\*\* | 3,339 | \*\*\* |
| Control: Family status | No partner (ref: married/cohabiting) | -,507 | \* | -,579 | \* | -,587 | \*\* | -,513 | \* | -,509 | \* | -,563 | \*\* | -,567 | \* |
| Control: Health status | Less than good health | ,202 | \* | ,156 |  | ,192 | \* | ,170 | + | ,168 | + | ,135 |  | ,095 |  |
| Institutions: Regime | Liberal (ref: soc-dem.) |  |  | ,750 | \* |  |  |  |  |  |  | ,659 | \* | ,748 | \* |
|  | Conservative (ref: soc-dem.) |  |  | 1,035 | \*\*\* |  |  |  |  |  |  | 1,011 | \*\*\* | 1,000 | \*\*\* |
|  | Southern (ref: soc-dem.) |  |  | 1,221 | \*\*\* |  |  |  |  |  |  | 1,222 | \*\*\* | 1,183 | \*\*\* |
| Institutions:Pull | Retirement age |  |  |  |  | -,101 | \* |  |  |  |  |  |  |  |  |
|  | Net Replacement Rate |  |  |  |  | 1,438 | \*\* |  |  |  |  |  |  |  |  |
| Institutions: Push | Unemployment rate |  |  |  |  |  |  | -,492 | \*\* |  |  |  |  |  |  |
|  | Employment Protection Index |  |  |  |  |  |  | ,172 | \*\*\* |  |  |  |  |  |  |
| Institutions Stay | Lifelong learning rate |  |  |  |  |  |  |  |  | -,047 | \*\*\* |  |  |  |  |
| Firm characteristics: Sector | Tertiary (ref.: non-tertiary) |  |  |  |  |  |  |  |  |  |  | -,441 | \* | -,417 | \* |
|  | Public (ref.: private) |  |  |  |  |  |  |  |  |  |  | -,234 |  | -,176 |  |
| Firm characteristics: Size | Small: 1-24 employees (ref.: 25-199) |  |  |  |  |  |  |  |  |  |  | -,044 |  | -,069 |  |
|  | Large: >200 employees (ref.: 25-199) |  |  |  |  |  |  |  |  |  |  | -,047 |  | -,075 |  |
| Human Capital: Education | Tertiary (Ref.: lower than tertiary) |  |  |  |  |  |  |  |  |  |  |  |  | -,159 |  |
| Job characteristics | High job satisfcation |  |  |  |  |  |  |  |  |  |  |  |  | -0,556 | \* |
|  | Poor job security |  |  |  |  |  |  |  |  |  |  |  |  | 0,403 | \* |
|  | Little freedom of choice |  |  |  |  |  |  |  |  |  |  |  |  | -0,158 |  |
|  | Work time: 40 hours and more (ref) |  |  |  |  |  |  |  |  |  |  |  |  | -0,179 |  |

Source: SHARE: Wave 1 & 2, Own calculations, \*\*\* α ≤ 0,001, \*\* α ≤ 0,01, \* α ≤ 0,05, + α ≤ 0,1

Table 3b: Multinmial logistic regression: Involuntary Exit from employment no non-employment

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Model | M1 |  | M2 |  | M3 |  | M4 |  | M5 |  | M6 |  | M7 |  |
|  | N | 3211 |  | 3211 |  | 3211 |  | 3211 |  | 3211 |  | 3211 |  | 3191 |  |
|  | R-square (Nagelkerke) | 0,109 |  | 0,139 |  | 0,117 |  | 0,115 |  | 0,12 |  | 0,151 |  | 0,167 |  |
|  | Constant | -4,419 | \*\*\* | -5,467 | \*\*\* | -3,853 |  | -4,45 | \*\*\* | -3,951 | \*\*\* | -5,075 | \*\*\* | -4,678 | \*\*\* |
| Control: Gender | Male | ,311 | \*\*\* | ,233 |  | ,291 | \* | 0,291 | \* | ,267 | + | ,035 |  | ,075 |  |
| Control: Age | 53-55 years (ref. 50-52) | ,542 | \* | ,561 | \* | ,555 | \* | ,540 | \* | ,538 | \* | ,555 | \* | ,539 | \* |
|  | 56-58 years (ref. 50-52) | 1,542 | \*\*\* | 1,670 | \*\*\* | 1,567 | \*\*\* | 1,575 | \*\*\* | 1,604 | \*\*\* | 1,678 | \*\*\* | 1,772 | \*\*\* |
|  | 59-62 years (ref. 50-52) | 2,220 | \*\*\* | 2,668 | \*\*\* | 2,312 | \*\*\* | 2,259 | \*\*\* | 2,420 | \*\*\* | 2,744 | \*\*\* | 2,915 | \*\*\* |
| Control: Family status | No partner (ref: married/cohabiting) | ,079 |  | ,062 |  | ,060 |  | ,085 |  | ,085 |  | ,084 |  | ,082 |  |
| Control: Health status | Less than good health | ,392 | \*\*\* | ,334 | \*\*\* | ,390 | \*\*\* | ,378 | \*\*\* | ,353 | \*\*\* | ,327 | \*\* | ,242 | \* |
| Institutions: Regime | Liberal (ref: soc-dem.) |  |  | ,393 |  |  |  |  |  |  |  | ,342 |  | ,632 |  |
|  | Conservative (ref: soc-dem.) |  |  | 1,506 | \*\*\* |  |  |  |  |  |  | 1,487 | \*\*\* | 1,486 | \*\*\* |
|  | Southern (ref: soc-dem.) |  |  | 1,048 | \*\*\* |  |  |  |  |  |  | 1,087 | \*\*\* | ,978 | \*\*\* |
| Institutions:Pull | Retirement age |  |  |  |  | -,018 |  |  |  |  |  |  |  |  |  |
|  | Net Replacement Rate |  |  |  |  | ,768 | + |  |  |  |  |  |  |  |  |
| Institutions: Push | Unemployment rate |  |  |  |  |  |  | ,100 | \* |  |  |  |  |  |  |
|  | Employment Protection Index |  |  |  |  |  |  | -,302 | + |  |  |  |  |  |  |
| Institutions Stay | Lifelong learning rate |  |  |  |  |  |  |  |  | -,067 |  |  |  |  |  |
| Firm characteristics: Sector | Tertiary (ref.: non-tertiary) |  |  |  |  |  |  |  |  |  |  | -,659 | \*\*\* | -,553 | \*\* |
|  | Public (ref.: private) |  |  |  |  |  |  |  |  |  |  | ,015 |  | ,096 |  |
| Firm characteristics: Size | Small: 1-24 employees (ref.: 25-199) |  |  |  |  |  |  |  |  |  |  | ,197 |  | ,169 |  |
|  | Large: >200 employees (ref.: 25-199) |  |  |  |  |  |  |  |  |  |  | ,732 | \*\*\* | ,730 | \*\*\* |
| Human Capital: Education | Tertiary (Ref.: lower than tertiary) |  |  |  |  |  |  |  |  |  |  |  |  | -,423 | \* |
| Job characteristics | High job satisfcation |  |  |  |  |  |  |  |  |  |  |  |  | -,585 | \* |
|  | Poor job security |  |  |  |  |  |  |  |  |  |  |  |  | ,451 | \*\* |
|  | Little freedom of choice |  |  |  |  |  |  |  |  |  |  |  |  | ,524 | \*\* |
|  | Work time: 40 hours and more (ref) |  |  |  |  |  |  |  |  |  |  |  |  | -,745 | \* |

Source: SHARE: Wave 1 & 2, Own calculations, \*\*\* α ≤ 0,001, \*\* α ≤ 0,01, \* α ≤ 0,05, + α ≤ 0,1

Table 4: Multinmial logistic regression: Reasons for Exit from employment

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Model | Age limit |  | Employer pull |  | Employer push |  | Private |  |
|  | N | 3191 |  | 3191 |  | 3191 |  | 3191 |  |
|  | R-square (Nagelkerke) | 0,178 |  | 0,178 |  | ,178 |  | 0,178 |  |
|  | Constant | -7,101 | \*\*\* | -6,182 | \*\*\* | -4,345 | \*\*\* | -3,432 | \*\*\* |
| Control: Gender | Male | -,098 |  | ,342 | + | -,284 |  | -,775 | \*\*\* |
| Control: Age | 53-55 years (ref. 50-52) | 1,501 | \* | 1,409 | \*\* | ,046 |  | -,113 |  |
|  | 56-58 years (ref. 50-52) | 2,729 | \*\*\* | 2,350 | \*\*\* | 1,243 | \*\*\* | 1,633 | \*\*\* |
|  | 59-62 years (ref. 50-52) | 4,467 | \*\*\* | 3,883 | \*\* | 1,736 | \*\*\* | 2,891 | \*\*\* |
| Control: Family status | No partner (ref: married/cohabiting) | ,018 |  | -,743 | \* | ,471 | \* | -,936 | \*\* |
| Control: Health status | Less than good health | ,201 |  | ,220 | \* | ,347 | \* | -,068 |  |
| Institutions: Regime | Liberal (ref: soc-dem.) | 2,147 | \*\* | ,839 |  | -,018 |  | ,511 |  |
|  | Conservative (ref: soc-dem.) | 2,880 | \*\*\* | 1,267 | \*\*\* | ,596 | \* | ,874 | \*\*\* |
|  | Southern (ref: soc-dem.) | 3,040 | \*\*\* | ,850 | \* | ,214 |  | ,611 | + |
| Firm characteristics: Sector | Tertiary (ref.: non-tertiary) | -,228 |  | -,389 |  | -,887 | \*\*\* | -,436 | + |
|  | Public (ref.: private) | ,322 |  | ,364 |  | -,644 | \*\* | -,318 |  |
| Firm characteristics: Size | Small: 1-24 employees (ref.: 25-199) | -,494 | \* | ,100 |  | ,392 | + | ,121 |  |
|  | Large: >200 employees (ref.: 25-199) | ,036 |  | ,833 | \*\* | ,431 |  | ,140 |  |
| Human Capital: Education | Tertiary (Ref.: lower than tertiary) | -,666 | \*\*\* | -,047 |  | -,504 | \* | -,163 |  |
| Job characteristics | High job satisfcation | -1,038 | \*\*\* | -,396 |  | -,262 |  | -,555 |  |
|  | Poor job security | -,415 |  | ,202 |  | 1,023 | \*\*\* | ,664 | \*\* |
|  | Little freedom of choice | ,648 | \*\* | ,168 |  | ,116 |  | -,044 |  |
|  | Work time: 40 hours and more (ref) | -1,320 | \* | -1,330 | \* | ,263 |  | ,078 |  |

Source: SHARE: Wave 1 & 2, Own calculations, \*\*\* α ≤ 0,001, \*\* α ≤ 0,01, \* α ≤ 0,05, + α ≤ 0,1

To investigate these patterns in more detail, Table 4 splits the decision to exit employment into four groups of reasons: *regular retirement* – i.e. exiting employment when having reached an eligibility age for (early) retirement pensions, exits fostered by incentives from the employer (*employer pull*; considering both early exit offers as well as eligibility occupational pensions), exits through redundancies or dismissal (*employer push*) and exits due to *private reasons* (e.g. for family reasons or due to own preferences).[[14]](#footnote-14)

Leaving the labour force before age 65 using a *regular age* limit appears to be most widespread in Southern European countries, corroborating the earlier argument that low age limits and high compensation levels are primary drivers of early retirement in these countries. In contrast, the high age limits in Scandinavian countries and the absence of early exit options are reflected in consequently low rates of early exits using this route.

In contrast, those with high job satisfaction, high education and a strong labour force attachment are less to exit when having reached certain eligibility ages. Indeed, comparative research has shown that it is often especially these workers that prefer to continue working as ‘silver workers’ even beyond retirement age (*Deller et al.*, 2009).

The fact that exits from employment induced by *employer incentives* (‘employer pull’) are most frequent as individuals approach mandatory retirement ages confirms their role as additional ‘bridges’ into retirement. Apparently such programmes are frequently used as exit options for workers with deteriorating health, indicated by the higher likelihood of such workers to retire in this manner. As expected, it is especially large firms that use these opportunities, given their higher need for restructuring and the better financial capabilities to shoulder the costs related to such institutionalised programmes. In line with previous literature (e.g. *Blossfeld et al.*, 2006), results in Table 4 show that these ‘golden handshakes’ where most widespread in conservative countries. In Southern European countries, where exit is already fostered by low mandatory retirement ages (see above), such measures appear to be less prominent.

While exits via employer-led schemes often guarantee employees at least a financially sustainable withdrawal from employment, exits through mere *dismissals or redundancies* (‘employer push’) often incur more serious material consequences for older workers. As such separations are less dependent on the provision of state benefits, the age pattern in this transition consequently is clearly less steep than for exit transitions via severance payments. As the results show, exits due to separations from the employer are most frequent among those who describe their job as being insecure, an indication that dismissal are largely targeted at employees in the secondary labour market for which employment protection is less developed. Older workers with bad health tend to fall into this group as well. In contrast, highly educated workers who rather work in the primary internal labour market and those working in the more rationalisation-prone service sector appear to be more protected against such unfavourable exits.

Employment exits for *private reasons* are found most frequently among women, likely reflecting their higher likelihood to exit employment early to retire jointly with their partner or to take care of care and/or homemaking tasks. Single individuals, in contrast, are consequently less likely to use this exit route. The fact, however, that it is again those workers with low employment security that take this exit route suggests that exits for private reasons do not necessarily reflect a free decision for labour market withdrawal, but may rather apply resemble alternative exit routes by those with low or unstable labour market attachment, possibly in order to avoid job separation.

**5. Conclusion**

Using most recent data from the SHARE survey, this paper has aimed to reconstruct the retirement decisions of older workers and their degree of voluntariness in European countries. Most earlier research had largely focused on retirement transitions as such, without differentiating between motivations behind it. In this paper we have shown, that it makes sense not only to focus at the retirement transition per se but also to explicitly consider its reasons. Our results show that not all retirement transitions are in fact voluntary and that the quality of an employment withdrawal may differ significantly, depending on national institutional, firm-level as well as individual characteristics. Furthermore, our results indicate that standard predictors of (early) exit may have very differential effects on voluntary versus involuntary retirement respectively its concrete reasoning. Most precarious involuntary employment exits, especially those due to redundancies, dismissals or plant closures appear to concentrate within a distinct group of disadvantaged workers with low education and bad health status, most likely to be found in low-skill routine activities within secondary labour markets. Higher qualified workers and those in the tertiary service sector not only tend to retire later, but even if they retire early, they are more likely to be found in more favourable exit routes such as publicly- or employer-funded pre-retirement schemes.

Given the fact that early exit still represents one of the major challenges within contemporary European countries, much further effort by national governments will be needed to sustainably reverse this trend. Our analyses indicate institutional strategies that may help to maintain older workers longer within employment. These include, among other, shifts in existing retirement ages and a gradual cutting back in the generosity of early retirement incentives, but just as well measures to increase the employability of older workers. However, our differentiated analyses, considering variations at the firm as well as at the individual cast serious doubt on the existence of a political ’one-size-fits-all’ solution. Even under the gradual emergence of the ‘active ageing’ paradigm in the last decade, there appears to be a disadvantaged group of workers that experience little freedom in their retirement decision and that are still at a high risk of being pushed out of employment. Measures such as lifting mandatory retirement ages or eliminating early exit options without investing into the employability of these workers likely will create a group of older workers deprived of both their opportunities to continue working as well as of financial security in late career and retirement. A sustainable policy for reversing the early retirement trend thus will need to be more case-specific and will need to develop better solutions for older employees at the margins of employment that have yet not profited from the ‘active ageing’ trend.

Naturally, the analytical perspective taken in this paper also has its limitations. On the one hand, the SHARE is a very rich but still a rather young survey, so that only employment exits between two subsequent waves could be considered. Further waves, especially the 4th wave to be released in end-2012 will allow to widen the time span to a window of up to 6 years. This wave will also allow to additionally investigate transitions in Eastern European countries which so far have been rather neglected in research on voluntary vs. involuntary employment exits. Given the large social and economic transformations that these countries have undergone in recent years, a comparison between Western and Eastern European countries promises new insights into the dynamic of retirement in a growing Europe.

Furthermore, due to sample size reasons, this study had to restrict itself to the comparison of regimes rather than single country studies. To even more closely reconstruct retirement dynamics and its specific determinants, case study approaches looking at single countries would be required (*Mayer,* 2010) which again may be easier as conduct as further SHARE waves will become available.

Finally, in order to understand the mechanisms between voluntary and involuntary in thorough detail it would be promising to combine the quantitative approach taken here with qualitative studies, e.g. in-depth interviews with retirees reconstructing their employment and retirement decisions and its motives.

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1. Age-specific *employment rates* are defined as the ratio of persons in active employment as a percentage of the population in the respective age group (see Eurostat, 1998). The *age group 60-64 years* was chosen as, for many countries, this 5-year time-span reflects the period almost immediately before early retirement and thus represents the age span in which most labour force exits occur (Ebbinghaus, 2006, Hofäcker & Pollnerová, 2006). *Male* rates were chosen for illustrative reasons to more clearly illustrate actual early exit trends, as female employment rates in alt career often are compounded by the opposed trends of increasing labour force participation across cohorts and early employment exit. [↑](#footnote-ref-1)
2. For a more explicit discussion of these characteristic institutional differences, see section 2.2. [↑](#footnote-ref-2)
3. This may hold especially for Ireland which was most seriously hit by this development, and where older workers’ employment rates have fallen most considerably between 2005 and 2010. [↑](#footnote-ref-3)
4. Examples of such alternative “welfare state subsystems” to early retirement are disability benefits and unemployment pay schemes (*Guillemard*, 1989, *Kohli et al.*, 1991). [↑](#footnote-ref-4)
5. International Social Survey Programme [↑](#footnote-ref-5)
6. Indicated by those stating that they “retired early, not by choice” when being asked about the main reason why the last job ended [↑](#footnote-ref-6)
7. For example, there is no information *why* individuals had to retire against their deliberate will (e.g. for health reasons, for company –based reasons etc.). [↑](#footnote-ref-7)
8. “This paper uses data from SHARELIFE release 1, as of November 24th 2010 or SHARE release 2.5.0, as of May 24th 2011. 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), through the 6th framework programme (projects SHARE-I3, RII-CT- 2006-062193, COMPARE, CIT5-CT-2005-028857, and SHARELIFE, CIT4-CT-2006-028812) and through the 7th framework programme (SHARE-PREP, 211909 and SHARE-LEAP, 227822). Additional funding from the U.S. National Institute on Aging (U01 AG09740-13S2, P01 AG005842, P01 AG08291, P30 AG12815, Y1-AG-4553-01 and OGHA 04-064, IAG BSR06-11, R21 AG025169) as well as from various national sources is gratefully acknowledged (see [www.share-project.org](http://www.share-project.org) for a full list of funding institutions).” [↑](#footnote-ref-8)
9. For a detailed overview, see *Börsch-Supan et al.*, 2009. [↑](#footnote-ref-9)
10. Due to the fact that Eastern European countries were only included in the second SHARE wave, we unfortunately cannot analyse trends in these countries. [↑](#footnote-ref-10)
11. As no comparable cross-national data is available for occupational pension benefits, we have to restrict our analyses to the public dimension. [↑](#footnote-ref-11)
12. Further analysis (results not shown here) revealed only little variation in exit behavior among educational levels lower than ISCED 5/6. For the purpose of parsimonious regression models, we thus include only the tertiary level. [↑](#footnote-ref-12)
13. Even though the effect of the public sector is not significant when simultaneously controlling for tertiary sector employment, more parsimonious models only including the public/private divide (results not shown here) confirm the expected sheltering effect of public sector employment as well. [↑](#footnote-ref-13)
14. Again, exits due to health reasons were excluded from the analysis. [↑](#footnote-ref-14)