

Life Course Research of Middle and Old-Aged Persons (Part 3) — Panel Study Results on Changes in Employment (1999)

By Emiko Takeishi and Tamie Matsuura
Social Development Research Group

Introduction

As introduced in Parts 1 and 2 (released in May and June), NLI Research Institute has been conducting a panel study of middle and old-aged persons. The study follows the same participants over time, examining life events and how they impact the attitudes and behavior of individuals (and families). Two surveys were completed in 1997 and 1999, and three more are planned at two year intervals.

Parts 1 and 2 looked at changes in daily life and household finances, respectively. In Part 3, we examine the relationship between changes in employment and attitudes toward life as participants approach retirement.

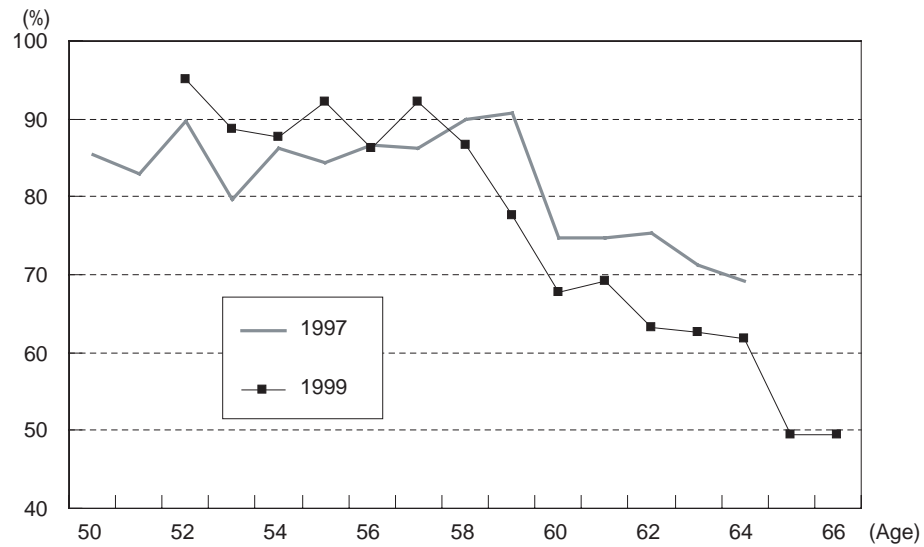
The participants — men born between 1933 and 1947 — are the salaried employees and self-employed persons who contributed to Japan's rise as an economic power, and who in turn were affected by the vast economic and social changes of this era. As they face the transition to retirement life, what conditions confront them? Also, what sense of satisfaction or anxiety do they have toward daily life at this stage of life?

1. Transition from Work to Retirement

Patterns of employment in old age are diverse. First, let us look at the transition from active careers to retirement.

Due to the mandatory retirement of employed persons, the employment rate plunges at about age 60. Compared to 1997, the employment rate drops more sharply among persons in their late 50s and older, indicating that work separation is occurring at an earlier age. This can be attributed to the weak economy's heavy toll on job opportunities for men in their 60s.

Figure 1 Employment Rate by Age of Participants



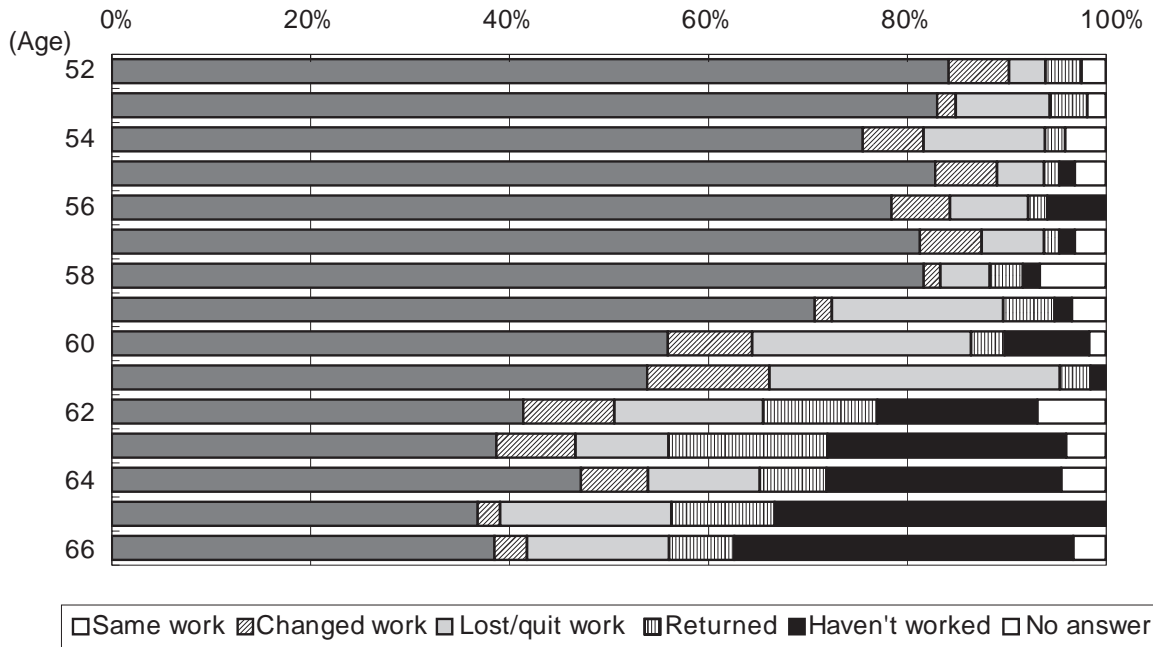
Changes in employment status from 1997 to 1999 consist of five categories.

- (1) *Same work*: continued at same employer or (self-employed) business as in 1997
- (2) *Changed work*: had a different employer or business in 1997 and 1999
- (3) *Lost/quit work*: was working in 1997, but not in 1999
- (4) *Returned to work*: was not working in 1997, but was working in 1999
- (5) *Haven't worked*: was not working in 1997 or 1999

In 1999, over 80 percent of participants up to age 58 were performing the same work as in 1997. However, work separation rises from age 59 and peaks at age 61 (29.2 percent), after which the non-working percentage increases with age. Thus retirement appears to slowly start from the late 50s. Yet even after age 60, the percentage continuing the same work does not decline significantly, and remains as high as 38.5 percent at age 66. In addition, the percentage returning to work at age 62 and 63 are 11.5 and 16.0 percent respectively, indicating that a significant number of persons who stopped working subsequently returned.

In short, employment patterns among the 60s age group are rather diverse, as not everyone necessarily goes straight into retirement: 40 percent continued to work, while a significant percentage returned to work after leaving a previous job or business.

Figure 2 Employment Rate by Age (1999)



2. Work Careers and the Retirement Process

To examine the retirement process in more detail, we focus below on participants age 60 and over in the 1999 survey.

It is known that work opportunities for old-aged persons tend to be mainly in the self-employed sector and small and medium enterprises.

In terms of the change in employment status categories described above, almost half the participants continuing in the same work in 1999 were self-employed (44.6 percent), compared to only 16.1 percent for executives (16.1 percent) and 20.2 percent for regular employees. Among persons who changed or returned to work, a high percentage were part-time and contract workers. This suggests that self-employed persons continued in the same work, while regular employees changed to part-time jobs (Figure 3).

When participants are categorized by employment status as of 1997, most self-employed persons (78.6 percent) continued at the same work in 1999, compared to 53.4 percent of employees (executives and regular employees). Work separation among these employees was 30 percent. The percentage of persons doing the same work in 1999 was higher among persons employed at small companies in 1997 than large companies, while work separation increased with employer's size (Figure 4).

This tendency also appears with work careers. When participants are categorized by career — that is, where they worked for the longest duration — 77.9 percent of those with self-employed careers continued at the same work in 1999, compared to 32.3 percent of executives and regular employees, who tended to stop working or remain unemployed. Thus persons with careers as employees tend to retire earlier than self-employed persons.

Furthermore, the percentage of employed persons who stopped working or remained unemployed tends to increase with employer’s size (Figure 5).

Programs for retaining employees after age 60 (at the same position or rehiring in a different one) are more prevalent at smaller companies than large companies (Ministry of Health, Labor and Welfare, *Survey of Employment Management 2000*). Thus the two best sources of work opportunities for older persons are small and medium enterprises, who have adapted flexibly in employing older persons, and the self-employed sector, where people can set their own retirement age.

Looking at work motivation by change in employment status, persons continuing the same work did so mainly to support the household financially (56.2 percent), while persons who changed work tended to cite personal reasons such as wanting to make the best use of one’s abilities and knowledge, keeping busy, and self-fulfillment. The motivation of persons returning to work tended to fall somewhere in between the two (Figure 6).

In addition, regarding future work intentions, 80 percent of persons in all categories wanted to work as long as possible, while very few wanted to change employers or quit work. Thus most persons appear satisfied with their present work.

Figure 3 Current Occupation and Change in Employment Status (1999)

(%)

	Working persons age 60+ (n = 327)	Same work (n = 242)	Changed work (n = 38)	Returned to work (n = 47)
Self-employed (proprietor, farmer, etc.)	37.3	44.6	7.9	23.4
Family business employee	1.8	2.1	0.0	2.1
Self-employed (professional, etc.)	3.1	2.9	5.3	2.1
Executive of company or org.	13.8	16.1	10.5	4.3
Regular employee (corporate, public)	18.0	20.2	10.5	12.8
Part-time worker	14.4	6.6	44.7	29.8
Contract employee	7.3	4.5	10.5	19.1
Temporary staffing employee	1.8	1.2	5.3	2.1
Other	2.4	1.7	5.3	4.3

Figure 4 Type of Employment in 1997 and Change in Employment Status

(%)

	Sample (n)	Same work	Changed work	Lost/quit work	Returned to work	Haven't worked	No answer
Persons age 60 and over	553	43.8	6.9	16.3	8.5	21.5	3.1
By type of employment in 1997							
Self-employed	131	78.6	2.3	16.0	–	–	3.1
Executive / regular employee	163	53.4	14.1	30.1	–	–	2.5
Executive, etc.	67	58.2	16.4	22.4	–	–	3.0
Regular employee	96	50.0	12.5	35.4	–	–	2.1
No. of employees: < 30	61	68.9	6.6	21.3	–	–	3.3
30–99	29	55.2	27.6	13.8	–	–	3.4
100–299	25	52.0	8.0	40.0	–	–	0.0
300–999	18	50.0	11.1	38.9	–	–	0.0
1,000+ / public	27	25.9	22.2	51.9	–	–	0.0

Figure 5 Work Career and Change in Employment Status

(%)

	Sample (n)	Same work	Changed work	Lost/quit work	Returned to work	Haven't worked	No answer
Persons age 60 and over	553	43.8	6.9	16.3	8.5	21.5	3.1
By career (longests position held)							
Self-employed	131	77.9	3.1	11.5	0.8	3.8	3.1
Executive or regular employee	303	32.3	8.9	21.1	10.9	25.1	1.7
Executive, etc.	85	44.7	12.9	18.8	3.5	17.6	2.4
Regular employee	218	27.5	7.3	22.0	13.8	28.0	1.4
No. of employees: < 30	73	58.9	5.5	16.4	5.5	9.6	4.1
30–99	38	39.5	13.2	13.2	5.3	28.9	0.0
100–299	42	38.1	2.4	28.6	11.9	19.0	0.0
300–999	25	12.0	4.0	28.0	4.0	48.0	4.0
1,000+ / public	108	13.0	12.0	25.0	17.6	32.4	0.0

Figure 6 Work Motivation and Change in Employment Status

(%)

	Working persons age 60+ (n = 327)	Same work (n = 242)	Changed work (n = 38)	Returned to work (n = 47)
Work is normal part of life	43.7	48.3	26.3	34.0
To support household budget	49.5	56.2	21.1	38.3
To supplement household budget	15.0	11.6	28.9	21.3
To use own skills & knowledge	19.3	18.2	31.6	14.9
To occupy spare time	9.8	6.6	26.3	12.8
To expand personal contacts	7.0	5.8	13.2	8.5
For self-fulfillment	12.8	12.8	21.1	6.4
To serve company	12.8	11.2	15.8	19.1
For health	29.4	23.6	44.7	46.8
Other	2.1	2.9	0.0	0.0
No answer	0.9	1.2	0.0	0.0

Figure 7 Future Work Intentions and Change in Employment Status

(%)

	Working persons age 60+ (n = 327)	Same work (n = 242)	Changed work (n = 38)	Returned to work (n = 47)
As long as possible	78.0	77.7	81.6	76.6
Until retirement	5.5	6.2	2.6	4.3
Want to become independent	0.6	0.4	0.0	2.1
Want to change employer	1.5	1.2	2.6	2.1
Want to quit	5.8	5.8	2.6	8.5
Don't know	6.7	7.0	5.3	6.4
Other	1.2	0.8	5.3	0.0
No answer	0.6	0.8	0.0	0.0

3. Work and Satisfaction in Daily Life

Here we look at how change in employment status affects attitudes toward daily life. Participants were asked the same questions in 1997 and 1999 regarding attitudes toward daily life (whether they experienced satisfaction or anxiety), enabling us to note changes in attitude over the two-year period. In light of the diverse patterns of employment among participants age 60 and over (in 1999), we examined how attitudes have been affected.

Figures 8 to 10 show the percentage of participants expressing satisfaction (on a binary scale) in three areas as of 1999, as well as the change in satisfaction level since 1997 (positive values indicate increased satisfaction).¹

As for satisfaction with daily life in general, most participants were satisfied regardless of change in employment status, indicating that satisfaction in daily life does not depend heavily on the current

work status. Nonetheless, satisfaction appears to be slightly higher among persons currently working than not, including those who changed work (68.4 percent), returned to work (63.8 percent), and continued at the same work (58.7 percent).

Moreover, working people showed more satisfaction regarding their own work. In particular, those who had changed work showed a significant increase of 0.21 percentage points from two years earlier (Figure 9). We can infer from this that work contributes to satisfaction with life.

However, satisfaction regarding preparedness for the future is low overall at approximately 20 percent across all categories (Figure 10).

Figure 8 Satisfaction in Daily Life, and Change in Employment Status

(%)

	All persons age 60+ (n = 553)	Same work (n = 242)	Changed work (n = 38)	Lost/quit work (n = 90)	Returned to work (n = 47)	Haven't worked (n = 119)
Satisfied	57.7	58.7	68.4	53.3	63.8	55.5
Dissatisfied	11.9	9.5	7.9	13.3	12.8	16.0
Neither	30.4	31.8	23.7	33.3	23.4	28.6
Average change in satisfaction	+0.05	+0.03	+0.11	+0.09	-0.04	+0.09

Figure 9 Satisfaction Regarding Work, and Change in Employment Status

(%)

	All working persons age 60+ (n = 327)	Same work (n = 242)	Changed work (n = 38)	Returned to work (n = 47)
Satisfied	62.7	61.6	71.1	61.7
Dissatisfied	14.4	15.3	10.5	12.8
Neither	22.9	23.1	18.4	25.5
Average change in satisfaction	-	-0.07	+0.21	-

Note: Since persons returning to work were not working in 1997, the change in satisfaction regarding work could not be calculated.

Figure 10 Satisfaction Regarding Preparedness, and Change in Employment Status

(%)

	All persons age 60+ (n = 553)	Same work (n = 242)	Changed work (n = 38)	Lost/quit work (n = 90)	Returned to work (n = 47)	Haven't worked (n = 119)
Satisfied	22.1	21.5	28.9	18.9	27.7	21.8
Dissatisfied	50.1	50.8	44.7	45.6	51.1	52.1
Neither	27.8	27.7	26.3	35.6	21.3	26.1
Average change in satisfaction	+0.05	0.00	+0.39	0.00	-0.02	+0.10

4. Anxiety About Daily Life in Retirement

The dissatisfaction in future preparedness can be attributed to anxieties regarding retirement life.

Figures 11 to 13 show the percentage of participants expressing anxiety (on a binary scale) as of 1999 in three areas of concern, and the change in anxiety level from 1997 to 1999 (positive values indicate increased anxiety).²

The results indicate that anxiety increased in the two-year period: 70 percent felt anxiety about encountering financial difficulties in retirement, 60 percent about not being able to accumulate adequate savings, and 80 percent about needing long-term care for themselves.

When the anxiety results are combined with the satisfaction results, we can infer that while participants appear to be satisfied with daily life for the most part, they feel unprepared for the future, and thus many old-aged persons live in anxiety regarding their retirement life.

When examined by change in employment status, participants who had returned to work in the past two years show greater anxiety in all areas (retirement, +0.30 percentage point; savings, +0.30; long-term care for self, +0.21). This suggests that working does not necessarily reduce anxiety about the future. On the other hand, anxiety actually decreased among participants not working in either 1997 or 1999 (retirement, -0.34 percentage point; savings, -0.23; long-term care for self, -0.14), suggesting that anxiety could have induced people to return to work.

In addition, the particularly strong anxiety among persons returning to work, along with high levels among those retiring (continuously unemployed or separated from work), portray the image of a retirement life beset with anxiety.

In the 1999 survey, participants were asked about their financial concerns in retirement life (Figure 14). Among persons age 60 and over, the top three responses were: reliability of public pensions (60.8

percent), inflation (37.8 percent), and outliving one's savings (37.4 percent). By change in employment status, persons still working tended to be concerned about being able to work in old age (persons at same work, 38.0 percent; changed work, 36.8 percent), while persons not working were concerned with the soundness of their financial institution (lost or quit work, 33.3 percent; haven't worked, 34.5 percent).

The results indicate the importance of identifying and alleviating the sources of anxiety in retirement life, and establishing conditions in society to ensure a truly happy retirement life.

Figure 11 Financial Anxiety Regarding Retirement, and Change in Employment Status

(%)

	All persons age 60+ (n = 553)	Same work (n = 242)	Changed work (n = 38)	Lost/quit work (n = 90)	Returned to work (n = 47)	Haven't worked (n = 119)
Have anxiety	70.5	71.1	65.8	73.3	76.6	68.1
Don't have anxiety	26.9	27.7	31.6	25.6	21.3	29.4
No answer	2.5	1.2	2.6	1.1	2.1	2.5
Average change in anxiety	+0.04	+0.18	-0.11	+0.12	+0.30	+0.34

Figure 12 Anxiety Regarding Adequacy of Savings, and Change in Employment Status

(%)

	All persons age 60+ (n = 553)	Same work (n = 242)	Changed work (n = 38)	Lost/quit work (n = 90)	Returned to work (n = 47)	Haven't worked (n = 119)
Have anxiety	60.8	60.3	57.9	64.4	61.7	59.7
Don't have anxiety	35.4	37.2	39.5	32.2	36.2	36.1
No answer	3.8	2.5	2.6	3.3	2.1	4.2
Average change in anxiety	+0.01	+0.10	-0.08	-0.01	+0.30	-0.23

Figure 13 Anxiety Regarding Own Need for Long-term Care, and Change in Employment Status

(%)

	All persons age 60+ (n = 553)	Same work (n = 242)	Changed work (n = 38)	Lost/quit work (n = 90)	Returned to work (n = 47)	Haven't worked (n = 119)
Have anxiety	83.7	81.8	86.8	91.1	87.2	82.4
Don't have anxiety	13.6	16.5	10.5	7.8	10.6	15.1
No answer	2.7	1.7	2.6	1.1	2.1	2.5
Average change in anxiety	+0.05	+0.03	+0.32	+0.19	+0.21	-0.14

Figure 14 Financial Concerns Regarding Retirement, and Change in Employment Status

(%)

	All persons age 60+ (n = 553)	Same work (n = 242)	Changed work (n = 38)	Lost/quit work (n = 90)	Returned to work (n = 47)	Haven't worked (n = 119)
Reliability of public pension	60.8	57.0	71.1	76.7	55.3	58.8
Inflation	37.8	33.9	42.1	42.2	38.3	41.2
Outliving savings	37.4	35.1	36.8	44.4	36.2	37.8
Able to continue working	27.3	38.0	36.8	21.1	34.0	5.9
Safety of bank deposits	26.9	21.9	23.7	33.3	27.7	34.5
Reliability of interest/div. income	18.8	12.0	15.8	24.4	27.7	25.2
No concerns	11.6	12.8	10.5	8.9	10.6	11.8
Reliability of retirement benefits	8.9	11.2	7.9	7.8	8.5	6.7
Help from children	8.0	8.7	2.6	7.8	2.1	10.1
Other	1.4	0.8	2.6	3.3	0.0	1.7
No answer	1.1	1.2	0.0	0.0	0.0	1.7

Conclusion

In studying the generation born between 1933 and 1947, our panel study has revealed a diversity of lifestyle patterns and differences by age. The generation is now undergoing significant transitions: children have become independent, and participants are concerned about their own health, the long-term care of family members, and retirement. Alongside these changes, we have identified corresponding changes in household composition, household finances, and attitudes toward daily life.

Regarding changes in attitudes toward life, we were particularly concerned that in the brief two-year period between surveys, while participants were relatively satisfied with work and daily life, they nonetheless showed significantly more anxiety regarding daily life in retirement. With the population aging more rapidly ahead, social reforms are needed to enable people to look forward to retirement and old age with comfort and not anxiety. When the baby boom generation begins reaching retirement age, the need to alleviate anxiety about work opportunities and financial security will become even more acute than today.

To eradicate the vague anxieties surrounding retirement, it is imperative that we comprehend the needs of the aging society, and create a vision for the social security system.

Notes

1. The binary satisfaction score was calculated as follows: all “satisfied” and “somewhat satisfied” responses are aggregated as “satisfied,” and all “dissatisfied” and “somewhat dissatisfied” responses are aggregated as “dissatisfied.”

Satisfaction is scored on a five-point scale: “satisfied” is 5 points, “somewhat satisfied” is 4 points, “not sure” and no response are 3 points, “somewhat dissatisfied” is 2 points, and “dissatisfied” is 1 point. After calculating scores for 1997 and 1999, we calculated the average change.

2. The binary anxiety score was calculated as follows: all “very anxious” and “somewhat anxious” responses are aggregated as “anxious,” and all “not anxious” and “not very anxious” responses are aggregated as “not anxious.”

Anxiety is scored on a five-point scale: “very anxious” is 5 points, “somewhat anxious” is 4 points, no response is 3 points, “not very anxious” is 2 points, and “not anxious” is 1 point. After calculating scores for 1997 and 1999, we calculated the average change.