



The effect of employment transitions on physical health among the elderly in South Korea: A longitudinal analysis of the Korean Retirement and Income Study



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ABSTRACT

This study aims to answer three research questions: First, is the positive effect of retirement on physical health replicated in Korea? Second, is there any difference in health effects of employment transition according to employment status? Third, to what extent do monetary, non-monetary and work-related factors explain the effects of employment transitions on changes in physical health? The longitudinal panel data from five waves of the Korea Retirement and Income Study was used. We conducted (a) the pooled cross-sectional analysis, which used five-wave pooled data; and (b) the fixed-effects analyses to investigate how within-individual changes in employment status correspond to changes in subjective physical health among older adults aged 55 to 84. Results show that transition into retirement leads to poor physical health in Korea, and such effect was moderately mediated by both monetary and non-monetary factors. Compared to respondents who moved to non-precarious employment, those who became employers, self-employers, precarious workers, and unpaid family workers experienced significantly greater odds of reporting subjective poor physical health. Job dissatisfaction seems to be the most important mechanism through which employment transitions were translated into increasing likelihood of poor physical health. In conclusion, the social cost of retirement should consider the negative effects of retirement on the well-being and psychological health of retired individuals and their relationships with family, friends and neighbors, as well as income loss and economic uncertainty. Improving employment quality and working conditions for older working adults may be crucial in accomplishing longer and healthier working lives.

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1. Introduction

Apart from a few Western countries with a strong social security system, middle-aged and older adults after retirement remain among the most socially and economically vulnerable groups in many countries. In countries with traditional family ethics, continued labor market participation well beyond the conventional retirement age became not optional but essential to make up for their income loss. It becomes more widespread as the number of adult children who provide their elderly parents with either care or financial support has decreased (Allen et al., 2011). Faced with a rapidly aging population and the ensuing risk of the financial

sustainability of the pension system, the focus of policy interventions has moved to encouraging longer working lives. Many countries that previously had generous public pension systems have extended age of entitlement, reduced pension benefits and eliminated incentives for early retirement (Blöndal and Scarpetta, 1999; OECD, 2015). Despite the significant policy interests in expanding job opportunities and improving employability of older workers, the effects of employment type and quality on health among the middle-aged and older adults have not been properly examined.

A great number of studies have examined the effects of retirement on health status. Many efforts have been made to determine causality by using longitudinal panel data, whereby retirement represents a predictor rather than a consequence of poor health (Berkman et al., 2014). Previous studies that are dominantly conducted in high-income countries have produced a consistent finding with improvements in mental health and well-being after

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retirement (Gayman et al., 2013; Jokela et al., 2010; Latif, 2011; Mein et al., 2003; Westerlund et al., 2010). In contrast, conflicting evidence was found for the effect of retirement on physical health with some showing a beneficial effect on physical health and reduction in functional limitations or physical fatigue after retirement (van Zon et al., 2016; Westerlund et al., 2009, 2010), while others found no significant effects on physical health after retirement (Ekerdt et al., 1983; Gayman et al., 2013; Jokela et al., 2010; Mein et al., 2003).

To the best of our knowledge, however, systematic studies of health effects of retirement in countries other than United States and European countries are still lacking. The health effect of retirement may well depend on contextual factors including adequacy of pension benefit and its population coverage in a specific country as well as individual factors such as wealth, marital status, social capital and employment status prior to retirement. Furthermore, studies on employment status in old age heavily focus on retirement rather than other employment choices such as precarious employment and self-employment that are predominant among the elderly working populations. Although the adverse effects of precarious employment on health have been extensively documented, this is limited to waged workers and workers between the age of 15–64 in general. Given the marked difference in employment structure by each age group, analysis tailored to the middle-aged and older adults is needed to better understand the association between employment status and quality and health in later life.

South Korea (hereafter, Korea) provides a particularly relevant setting for studying the effects of employment transitions on health in middle-aged and older adults in a non-Western context. First, Korea represents a group of countries that accomplished unprecedented economic growth without sufficient investment in a public pension system. Second, a filial piety ethos which emphasize unconditional respect and care for parents has rapidly waned over time; the National Social Statistics Survey indicates that the proportion of respondents who support family responsibility for caring their aged parents has substantially reduced from 89.9% in 1998 to 31.8% in 2014 (Kim, 2016). Accordingly, Korea ranked first in employment rate for the age group 65 and over among the OECD countries (male 42.1%, female 23.5%) and ranked second in effective age of retirement where men fully leave the labor market at the age of 71.1 years and 69.8 years for women (OECD, 2015, 2016). Given that the average age of retirement from a primary career is 54.1 in Korea, the extended gap of 17 years represents a substantial amount of time to be filled by being self-employed or reemployed in temporary or daily positions, presumably wandering from one job to another.

In the Korea-specific context, there have been only a limited number of studies regarding retirement and health. Kim et al. (2016) found that those retired were more likely to perform physical activity and less likely to engage in heavy smoking and drinking compared to their employed counterpart. Nevertheless, we still cannot be sure that behavioral changes after retirement do necessarily lead to subsequent changes in health outcomes. Few limited studies in Korea have consistently reported a decline in self-reported health after retirement, which is in contrast to the results from the aforementioned studies in Western countries (Choi et al., 2008; Seok, 2011). With respect to depressive symptoms, employment was associated with less depressive symptoms only among young adults aged between 45 and 64, but not among older men over the age of 65 (Jang et al., 2009). In a study by Lee and Smith (2009), regardless whether retirement occurs due to a mandatory retirement policy or a voluntary retirement for pursuing more leisure time, there has not been a significant difference in CES-D scores between retirees and current workers. For those who

have retired due to reasons other than leisure, retirement was associated with higher risk of depressive symptoms. However, due to the cross-sectional design, the previous studies could not determine the causal relationship between retirement and health (Choi et al., 2008; Jang et al., 2009; Lee and Smith, 2009). Another important gap in research lies in identifying potential mechanisms through which retirement negatively affects health in old age.

Two theoretical models provide potential explanations about how retirement affects health among the Korean elderly. First, the economic deprivation theory explains aggravated financial strain and uncertainty as well as a reduction in absolute household income after retirement might reduce access to material resources relevant to health, thereby leading to a deterioration in health outcomes (Janlert and Hammarström, 2009). Second, Jahoda's theory of latent function complements the economic deprivation theory by emphasizing the non-financial benefits of work including a routine time structure and regular activities, social contact, participation in a collective purpose and self-esteem which explains the harmful effects of unemployment or retirement on health (Jahoda, 1982; Warr, 1987). In the present study, we will consider both monetary and non-monetary factors as potential factors that mediate the deteriorating effect of retirement on health in the Korea-specific context. In addition, we will focus on the potential for job satisfaction to mediate the impact of employment status on change in subjective physical health.

The present study used longitudinal panel data from the Korea Retirement and Income Study that contains repeated observations on the same individuals from 2005 to 2013. We conducted (1) the pooled cross-sectional model, which used five-wave pooled data; and (2) the fixed-effects model, which focus on within-individual comparison. The fixed effects approach is used to investigate how within-individual changes in employment status including transition to retirement and other types of employment status (exposure) correspond to changes in subjective physical health (outcome) among older adults aged 55 to 84. Since the fixed effect analysis solely relies on within-individual comparison, it helps predict potential effects of changes in employment status on individual health, when adjusted for individual heterogeneity (Allison, 2012; Gunasekara et al., 2014). Based on the two theoretical models of how retirement affects health in old age, we also considered relevant monetary and non-monetary factors available in our data - household income, satisfaction with financial status, satisfaction with overall life, relationship with family, neighbors and friends, mental health status, and job satisfaction - to directly examine their potential mediating roles.

In short, in this study we aim to answer three research questions: First, is the positive effect of retirement on physical health replicated in Korea? Second, is there any difference in health effects of employment transition according to employment status? Third, to what extent do monetary, non-monetary and work-related factors explain the effects of employment transitions on changes in physical health?

2. Materials and methods

2.1. Data and sample

We used data from the Korean Retirement and Income Study (hereafter, KReIS), a nationally representative longitudinal survey of households with at least one family member aged 50 and above and their spouses or legal partners. The KReIS was launched in 2005 with the primary purpose of tracking the retirement status and income security of middle-aged and older adults in an era of rapidly aging population in Korea. Thus, KReIS contained detailed information on financial status, employment status, retirement and its

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