

How employment affects the elderly's subjective well-being

Mingyu Jiang*

Graduate School of Economics, Kobe University

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Abstract

Does being employed make the elderly happier? As industrialized countries implement elderly employment promotion policies and pension revisions, it is important to understand the consequences of such policies. This study investigates the effect of employment on the elderly's subjective well-being, based on Japanese nationally representative survey data (Japanese General Social Surveys: JGSS) from 2002 to 2012. To avoid bias, instrumental variables (IV) with Probit ordinary least squares (POLS) are used, with data related to the 2006 Elderly Employment Stabilization Law and pension revisions as sources of exogenous variations in employment. The POLS results indicate that employment increases satisfaction in family finances. However, the effects disappear after applying the IV-POLS approach. Furthermore, this study finds that the effect of employment on well-being varies depending on the employment status—regular or non-regular. However, the differences disappear after controlling for household income. These results suggest that there are both positive and negative effects of employment on subjective well-being, and the two cancel each other out.

keywords subjective well-being · employment · elderly · regular or non-regular · household income

*Email:jiangmingyu.econ@gmail.com