

# Willingness to Pay for Job Characteristics in Later Life: Evidence from a Stated Choice Experiment

“Older workers are strongly attached to their current jobs, requiring substantial compensation for more demanding job conditions while showing limited willingness to trade wages for less demanding ones”

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## What is the focus of the paper?

This paper examines how Dutch workers aged 45 to 75 value key job characteristics in later life. Using a tailored survey in the representative LISS panel, respondents evaluate hypothetical job offers that differ from their current job in only one dimension: working hours, flexibility, physical demands, or job stress. This design enables the estimation of reservation wages and the monetary valuation of changes in working conditions. The study is set against the backdrop of population aging and policies promoting longer working lives. Rather than relying on observed labor market outcomes, it directly measures how workers trade off wages against specific job characteristics.

## What are the key findings?

Older workers show strong attachment to their existing job conditions. They require substantial compensation to accept more demanding working conditions, such as longer hours, less flexibility, higher physical demands, or more stress. In contrast, their willingness to accept lower wages for less demanding job characteristics is limited and highly heterogeneous. This asymmetry is consistent with loss aversion and reference-dependent preferences. Gender differences are most pronounced for working hours: women strongly value part-time work, whereas men are, on average, less willing to reduce hours. Differences in flexibility, physical demands, and stress are comparatively modest. As retirement approaches, aversion to stressful and physically demanding jobs increases.

## What are the implications?

- Many older workers already appear well matched to their jobs, limiting the scope for policies that seek to extend working lives through changes in job characteristics alone.
  - More demanding working conditions—especially higher stress and greater physical demands—substantially reduce job attractiveness and may encourage earlier labor market exit.
  - Employers and policymakers may achieve larger effects by preventing increases in job demands than by focusing solely on providing additional amenities.
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Want to know more? Read the paper:

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