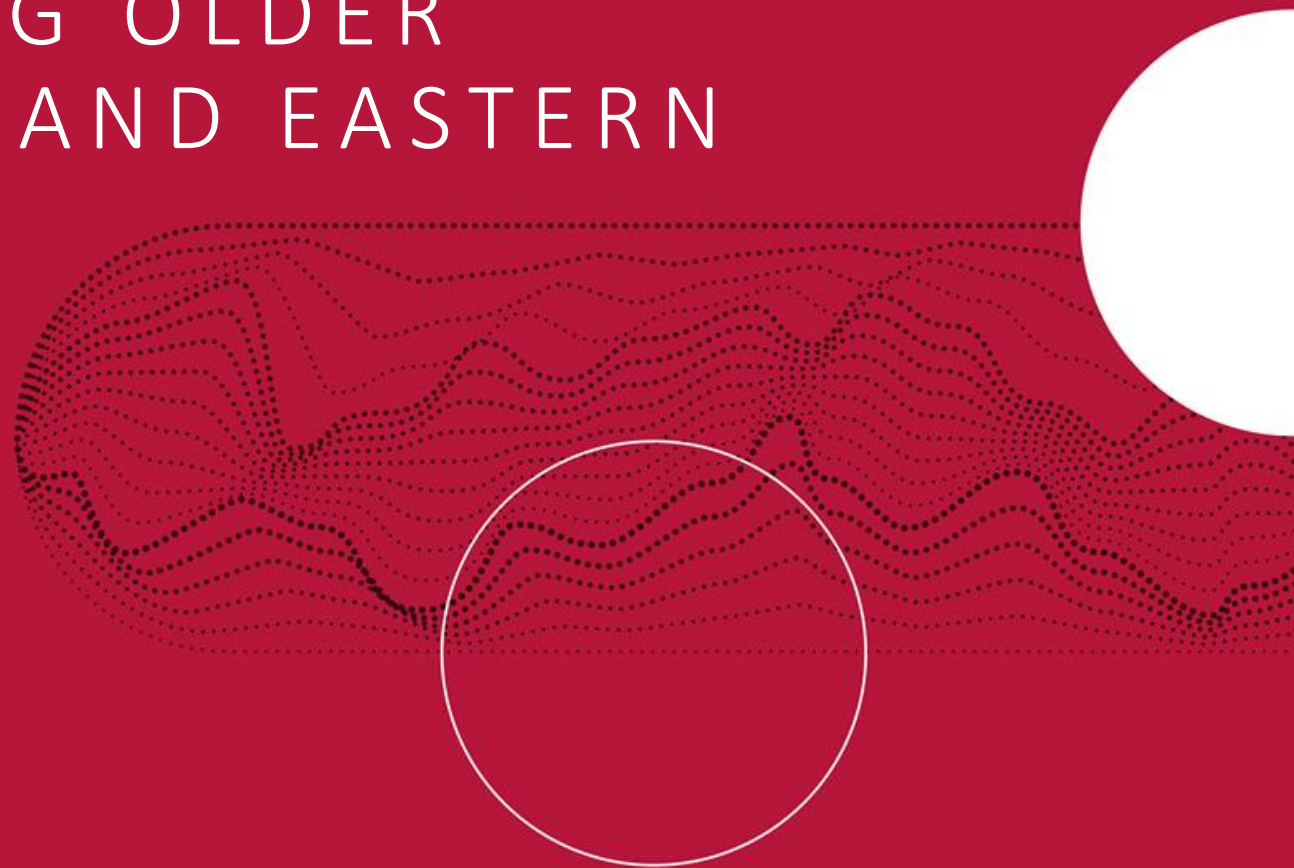


# JOB RETENTION AMONG OLDER WORKERS IN CENTRAL AND EASTERN EUROPE

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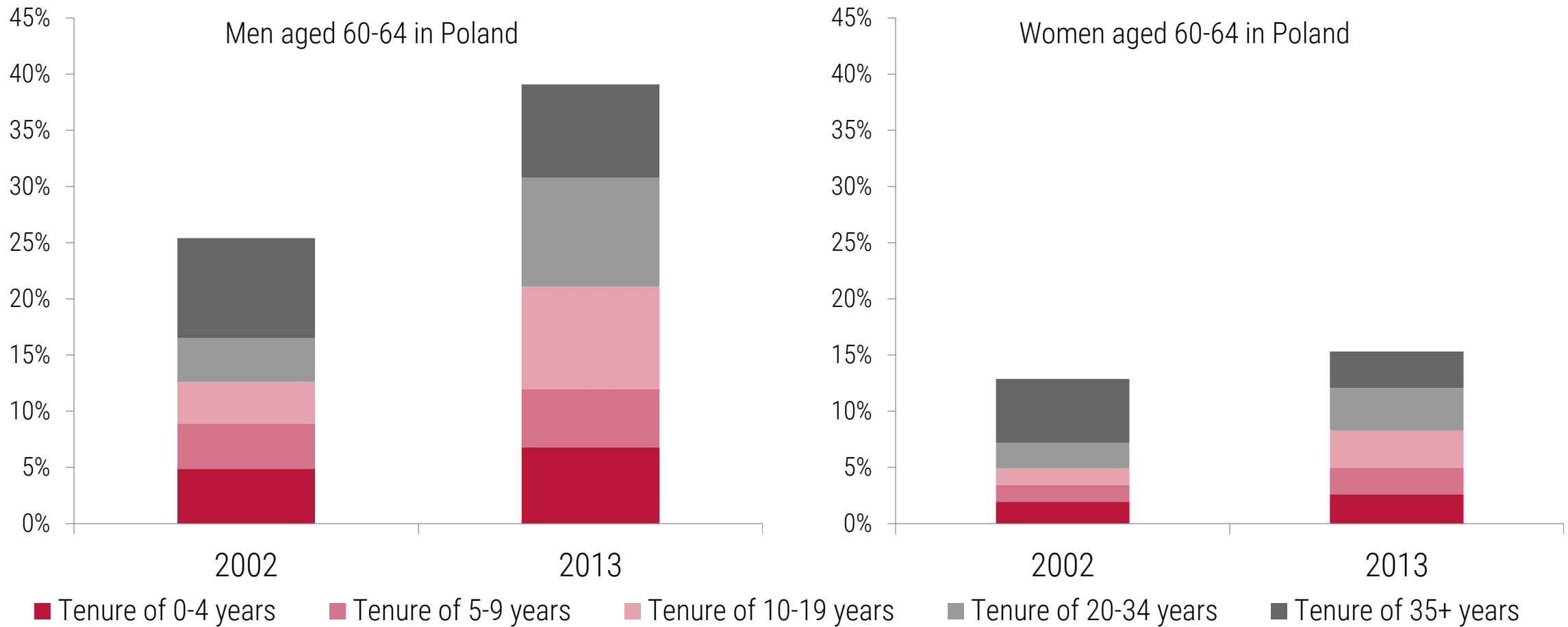
## Share of those aged 60+ in EU to rise by 10 pp. by 2050

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- Population ageing threatens the stability of pension and healthcare systems.
- A general policy response is to increase the employment among older people.
- However, older people have difficulties in finding new jobs.
  - Lower spatial mobility
  - Lower occupational mobility
  - Lower digital skills
  - Negative perception
  - Etc.

# Job retention more promising than re-employment



Source: own elaboration based on Polish LFS data.

# Tracking retention of older workers at a country level



EU LFS limitations: no tracking of individuals, 5-year age groups.

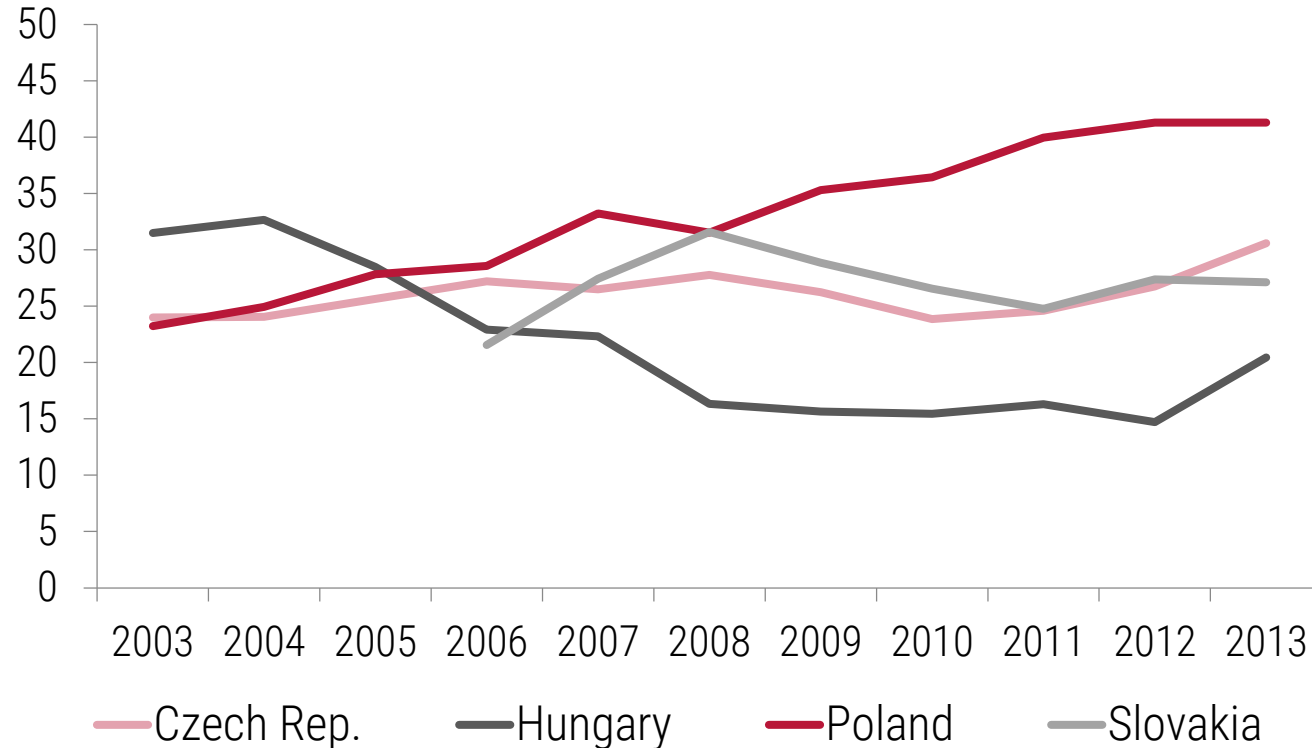
$$\textit{Retention rate}_t = \frac{\textit{Employed and aged 60 – 64}_{t; \textit{tenure} > 5}}{\textit{Employed and aged 55 – 59}_{t-5}}$$

Limitation: volatile when sample too small.

# Poland - the only V4 country with increasing retention rate



## OECD Retention rates in CEE-4

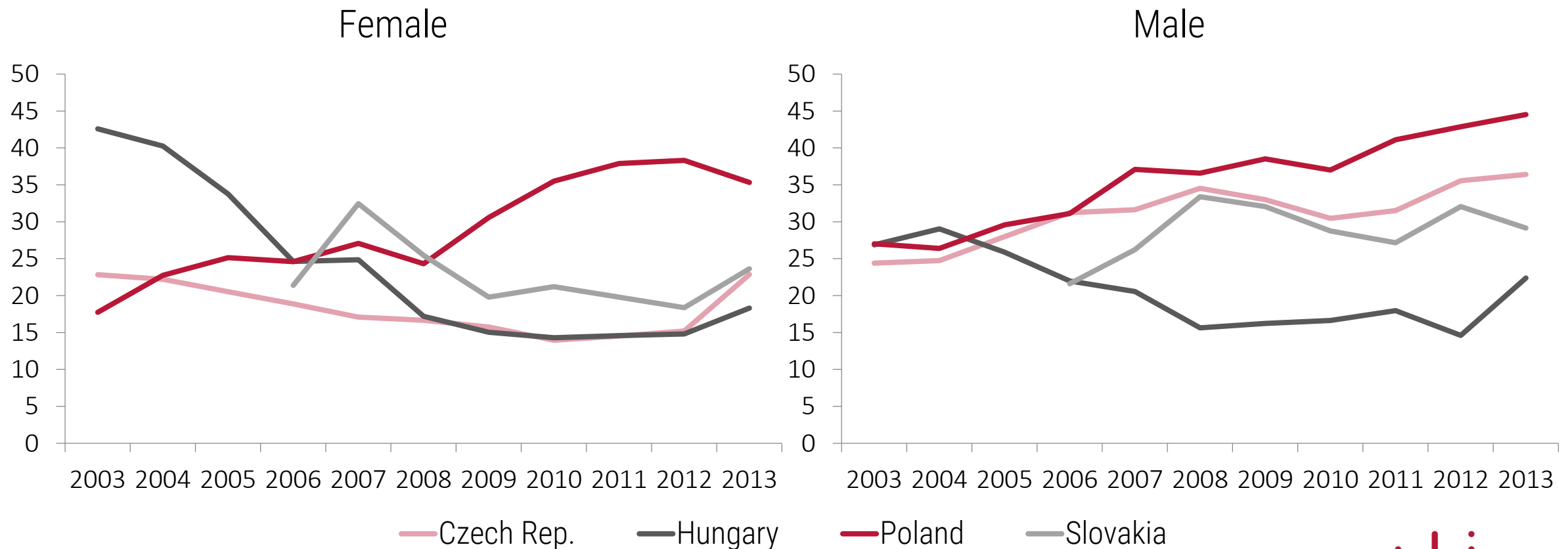


Source: Own calculations on EU LFS data. RR definition from OECD (2015).

# Lower retention rates for women aged 60-64



## OECD Retention rates in CEE-4



Source: Own calculations on EU LFS data. RR definition from OECD (2015).

# How we define retention

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- EU Labour Force Survey data 1998-2013.
- Who: 60-64 year olds who worked at most 5 years ago.
- What: retention (5 years in the same job).
- Assumptions:
  - Workers with shorter tenures are non-retained
  - Family workers and self-employed are not included in the sample

Correlation of the shares of retained with OECD retention rates: 84%

# The model

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Bivariate probit model (second equation: non-retirement)

Explaining variables:

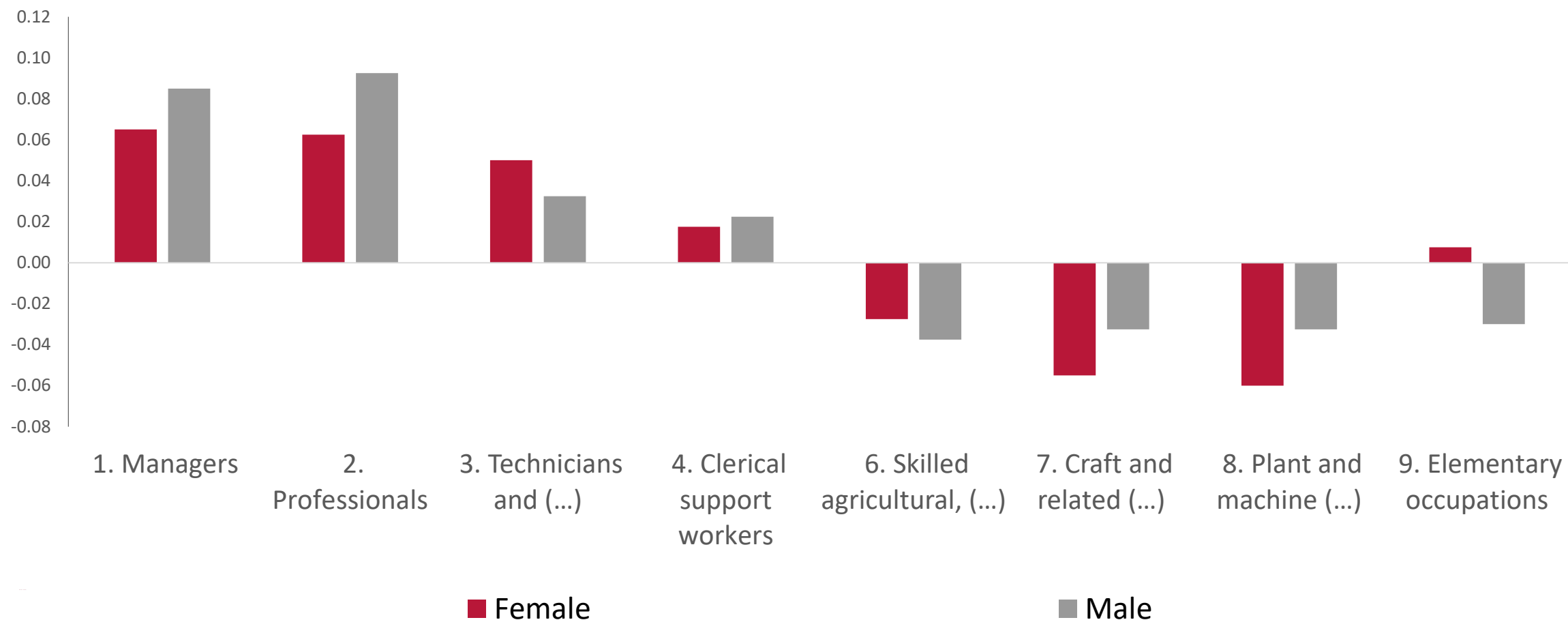
- Education (three levels)
- Household members (partners / no partners, working / non-working)
- Occupation (ISCO 1-digit, last occupation for jobless)
- Sector dummies
- Year dummies
- Selection:
  - Probabilities of having been employed 5 years earlier
  - Calculated by gender-education-region groups



# Retention least likely in manual jobs



Mean marginal effects for occupations, by gender

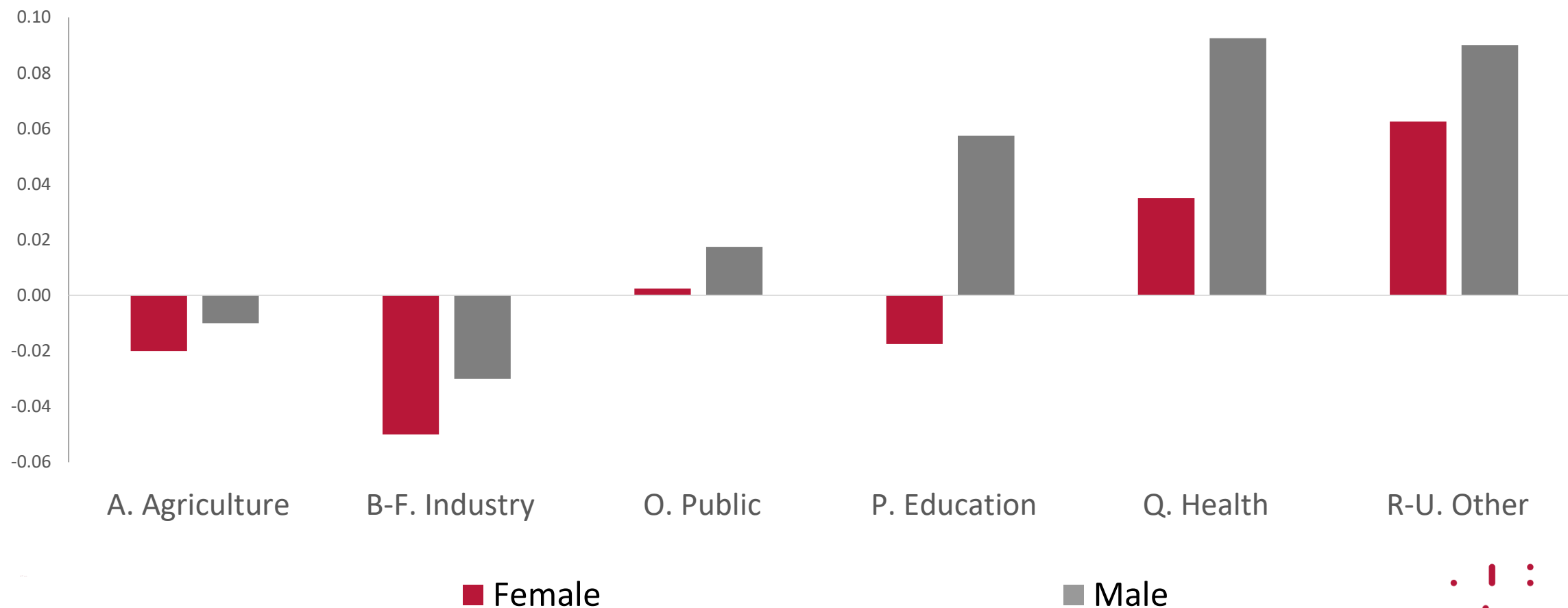


Source: results from bivariate probit regression with selection control

# Retention more likely in Education and Health sectors



Mean marginal effects for sectors, by gender



Source: results from bivariate probit regression with selection control

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# In general:

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Older workers with lowest probabilities of retention:

- Lower educated,
- Living with non-working partners,
- In Industry and manual occupations.

Older workers with highest probabilities of retention:

- Tertiary educated,
- Living with working partners,
- In education or health sectors and high-skilled occupations.

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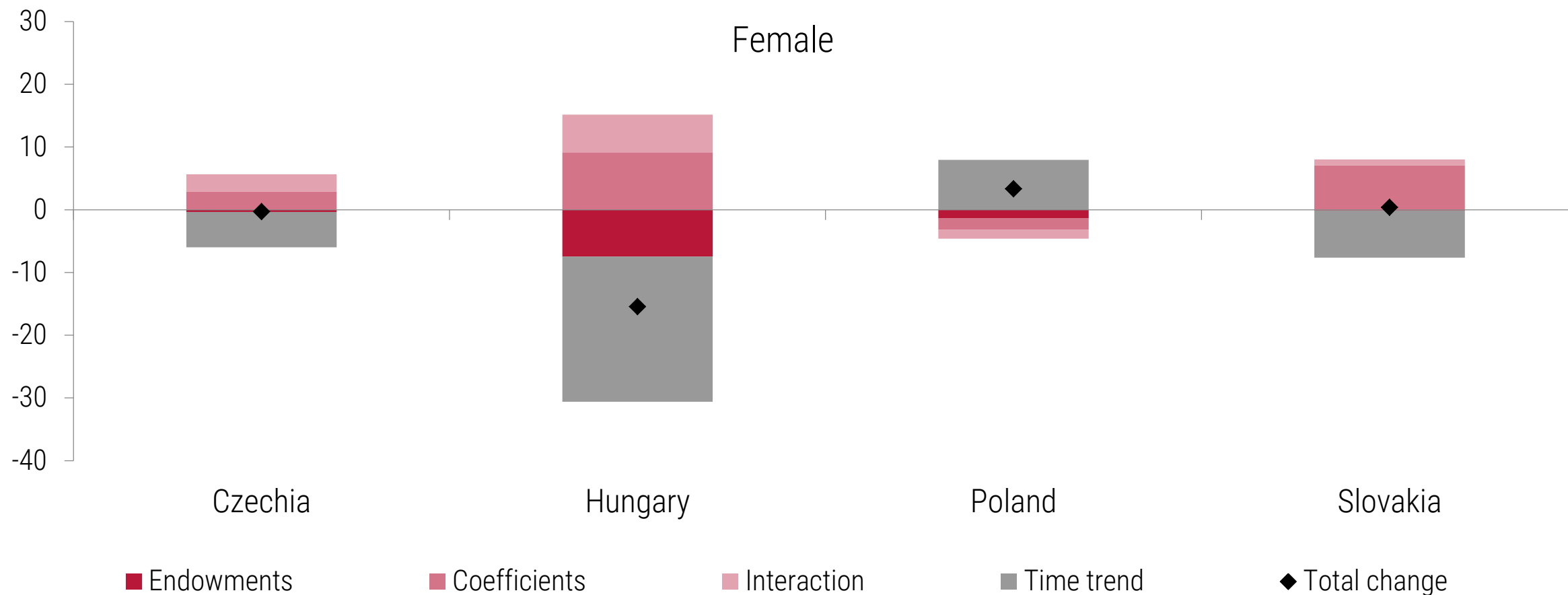
# What drove the changes between 2003 and 2013?

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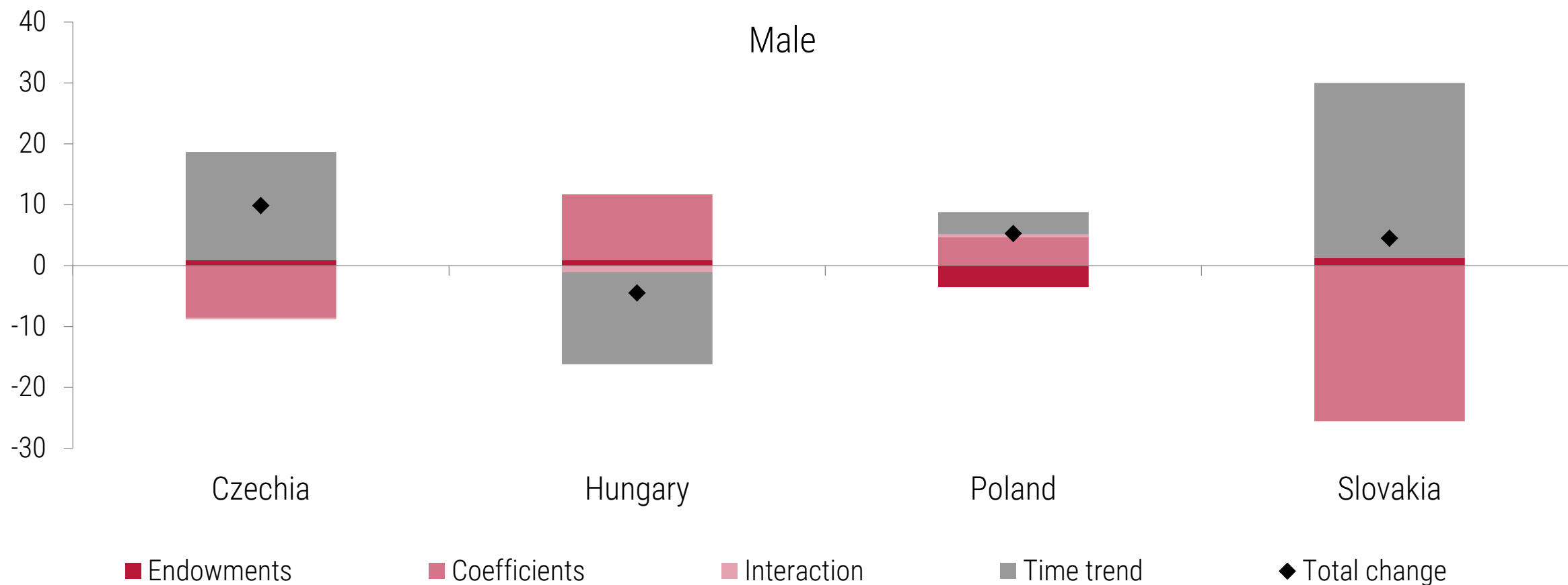


- Oaxaca decomposition of the change into:
  - Contribution of endowments (changes in distributions in individual and job characteristics)
  - Contribution of coefficients (changes of the relationships with the variables)
  - Contribution of interaction
  - Contribution of other factors

# Oaxaca decomposition of the changes 2003-2005 – 2011-2013



# Oaxaca decomposition of the changes 2003-2005 – 2011-2013



# Conclusions

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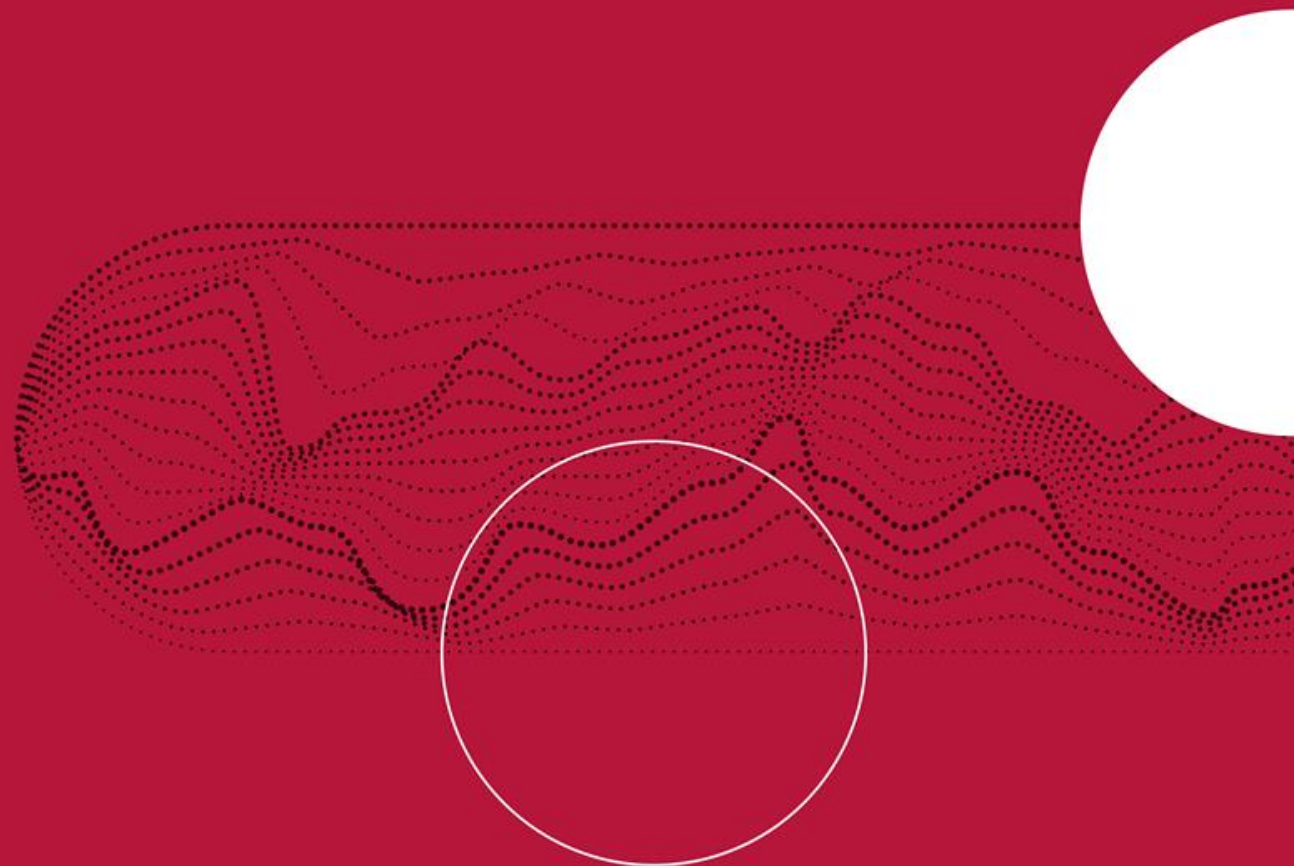
- Possible to model job retention using EU LFS data.
- Job retention probabilities largely determined by job and individual characteristics.
- Country-level changes rather driven by changes in regulation.
- The outcomes strongly dependent on gender.

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Working paper available at:  
[www.ibs.org.pl/en](http://www.ibs.org.pl/en)

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**Table A1. Retention rates in 2003 and 2013, by country, gender and age group**

Age group	Year	Czech Republic		Hungary		Poland		Slovakia	
		Female	Male	Female	Male	Female	Male	Female	Male
25-29	2003	42%	56%	44%	51%	49%	51%	54%	73%
	2013	48%	59%	51%	58%	40%	49%	43%	50%
30-34	2003	55%	63%	56%	58%	63%	55%	65%	71%
	2013	46%	65%	50%	52%	52%	54%	52%	59%
35-39	2003	71%	65%	77%	73%	66%	60%	77%	73%
	2013	69%	67%	63%	63%	63%	62%	67%	70%
40-44	2003	71%	72%	83%	63%	72%	60%	74%	68%
	2013	77%	76%	65%	53%	68%	64%	77%	70%
45-49	2003	79%	72%	72%	69%	68%	52%	72%	73%
	2013	75%	74%	76%	68%	75%	62%	70%	75%
50-54	2003	73%	73%	74%	67%	55%	46%	70%	70%
	2013	81%	83%	74%	71%	74%	65%	73%	72%
55-59	2003	41%	68%	56%	60%	29%	35%	30%	64%
	2013	60%	68%	55%	57%	64%	62%	62%	68%
60-64	2003	23%	24%	43%	27%	18%	27%	21%	22%
	2013	23%	36%	18%	22%	35%	45%	24%	29%

**Source: Own calculations on EU LFS data, based on OECD definition of retention rate.**