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

• 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

Men aged 60-64 in Poland

Women aged 60-64 in Poland

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.

\[ Retention \ rate_t = \frac{Employed \ and \ aged \ 60 - 64 \ t; tenure > 5}{Employed \ and \ aged \ 55 - 59 \ t-5} \]

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

- 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

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
In general:

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.
What drove the changes between 2003 and 2013?

• 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

Czechia, Hungary, Poland, Slovakia

- Endowments
- Coefficients
- Interaction
- Time trend
- Total change

Czechia

Hungary

Poland

Slovakia

-30  -20  -10  0  10  20  30  40

Endowments

Coefficients

Interaction

Time trend

Total change

Male
Conclusions

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

<table>
<thead>
<tr>
<th>Age group</th>
<th>Year</th>
<th>Czech Republic</th>
<th>Hungary</th>
<th>Poland</th>
<th>Slovakia</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
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<tr>
<td>25-29</td>
<td>2003</td>
<td>42%</td>
<td>56%</td>
<td>44%</td>
<td>51%</td>
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<tr>
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<td>2013</td>
<td>48%</td>
<td>59%</td>
<td>51%</td>
<td>58%</td>
</tr>
<tr>
<td>30-34</td>
<td>2003</td>
<td>55%</td>
<td>63%</td>
<td>56%</td>
<td>58%</td>
</tr>
<tr>
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<td>2013</td>
<td>46%</td>
<td>65%</td>
<td>50%</td>
<td>52%</td>
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<tr>
<td>35-39</td>
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<td>71%</td>
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<td>77%</td>
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<tr>
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<td>2013</td>
<td>69%</td>
<td>67%</td>
<td>63%</td>
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<tr>
<td>40-44</td>
<td>2003</td>
<td>71%</td>
<td>72%</td>
<td>83%</td>
<td>63%</td>
</tr>
<tr>
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<td>2013</td>
<td>77%</td>
<td>76%</td>
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<td>53%</td>
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<tr>
<td>45-49</td>
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<td>2013</td>
<td>75%</td>
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<tr>
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<td>73%</td>
<td>73%</td>
<td>74%</td>
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<td>83%</td>
<td>74%</td>
<td>71%</td>
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<tr>
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<td>56%</td>
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<tr>
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<td>57%</td>
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<tr>
<td>60-64</td>
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<td>2013</td>
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<td>36%</td>
<td>18%</td>
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Source: Own calculations on EU LFS data, based on OECD definition of retention rate.