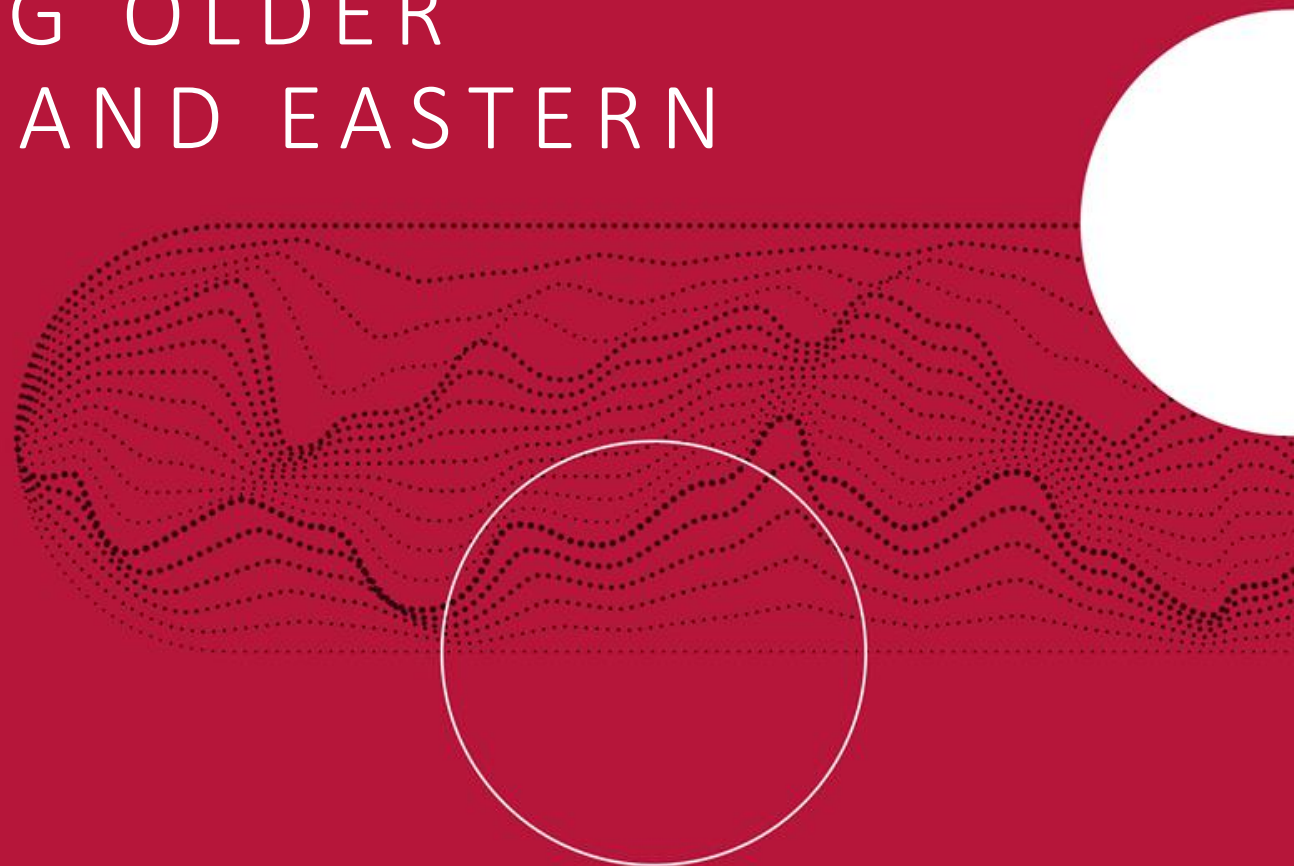


JOB RETENTION AMONG OLDER WORKERS IN CENTRAL AND EASTERN EUROPE

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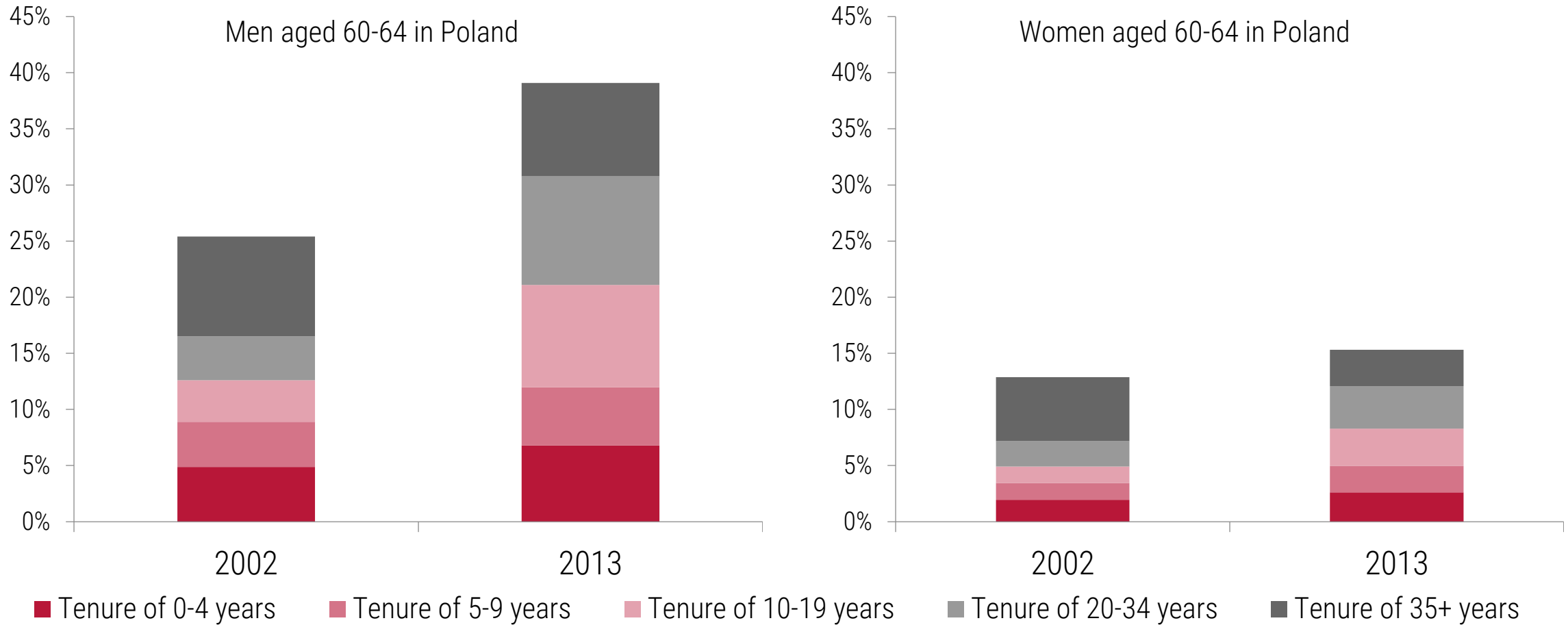


Share of those aged 60+ in EU to rise by 10 pp. by 2050



- 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



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.

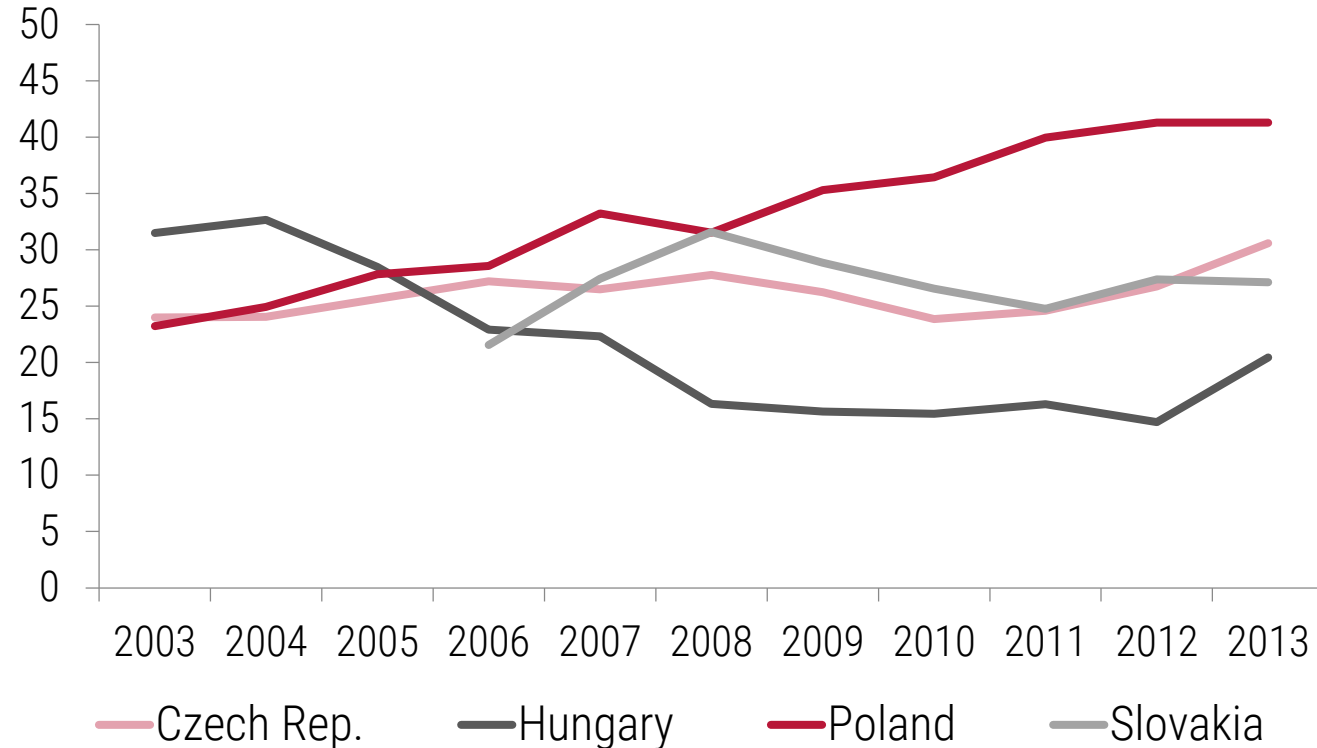
$$\textit{Retention rate}_t = \frac{\textit{Employed and aged 60 – 64}_{t; \textit{tenure} > 5}}{\textit{Employed and aged 55 – 59}_{t-5}}$$

Limitation: volatile when sample too small.

Poland - the only V4 country with increasing retention rate



OECD Retention rates in CEE-4

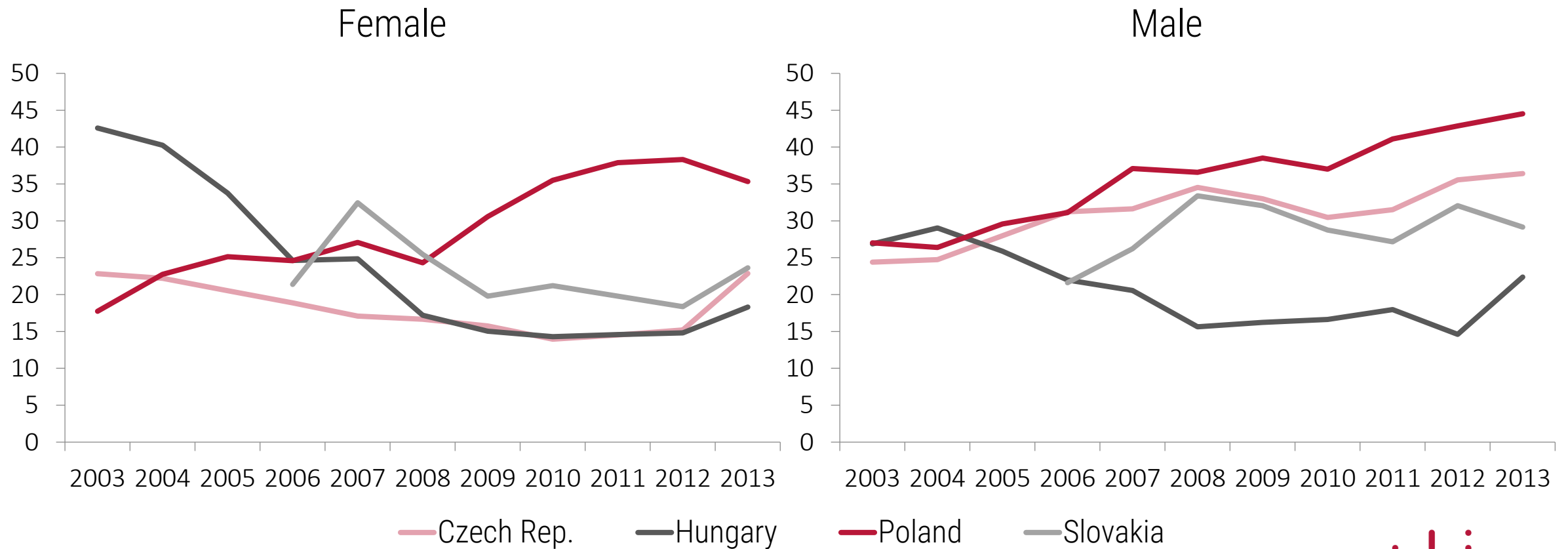


Source: Own calculations on EU LFS data. RR definition from OECD (2015).

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



- 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



Bivariate probit model (second equation: non-retirement)

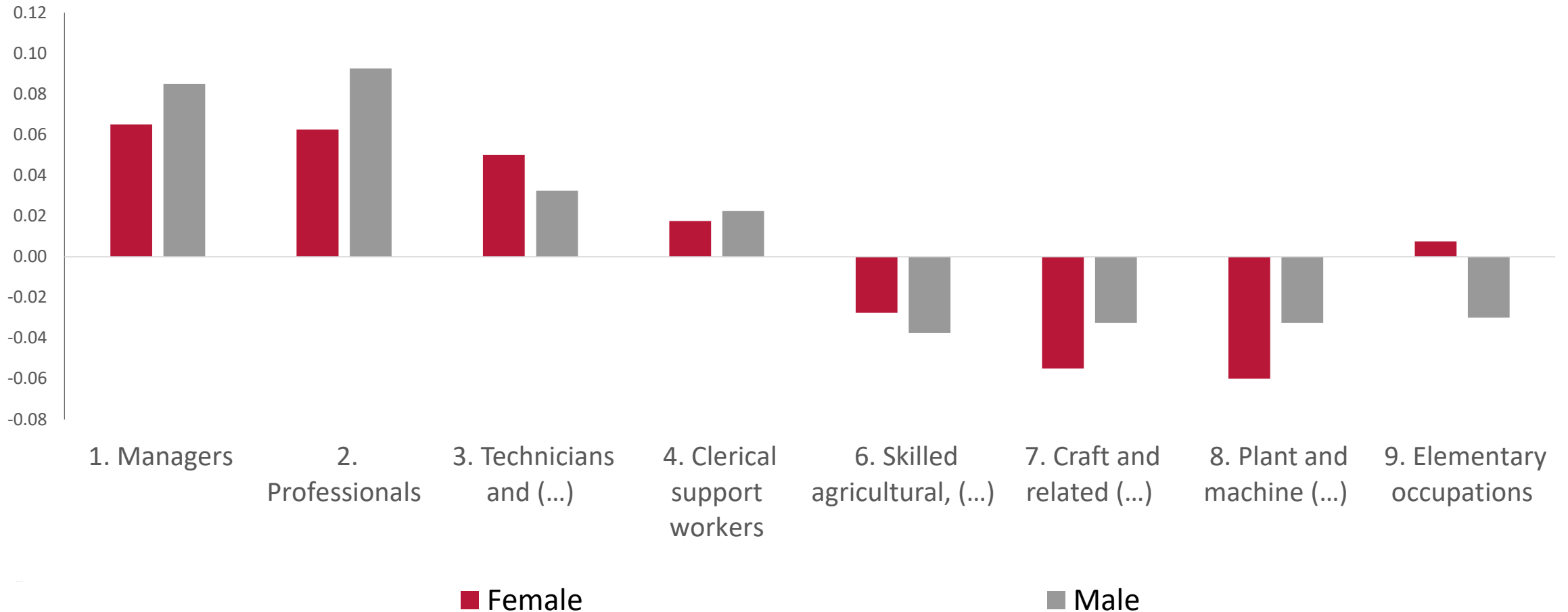
Explaining variables:

- 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

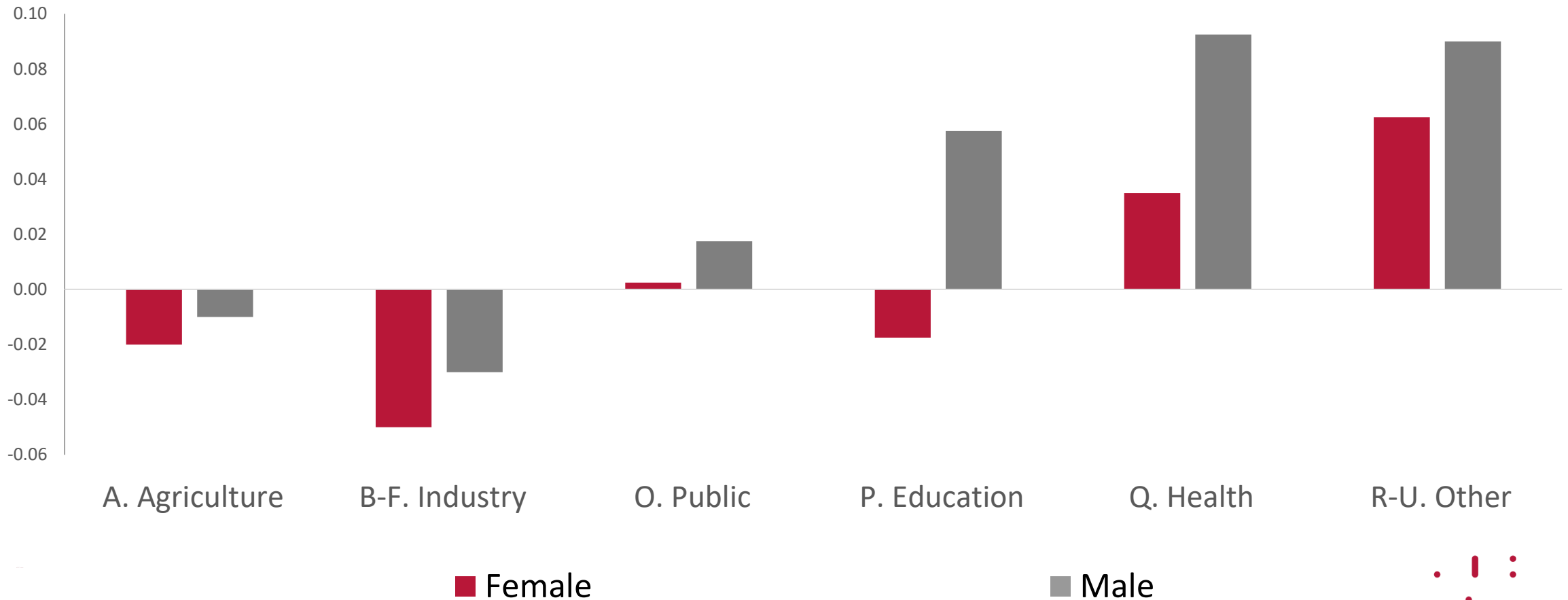


Source: results from bivariate probit regression with selection control

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:

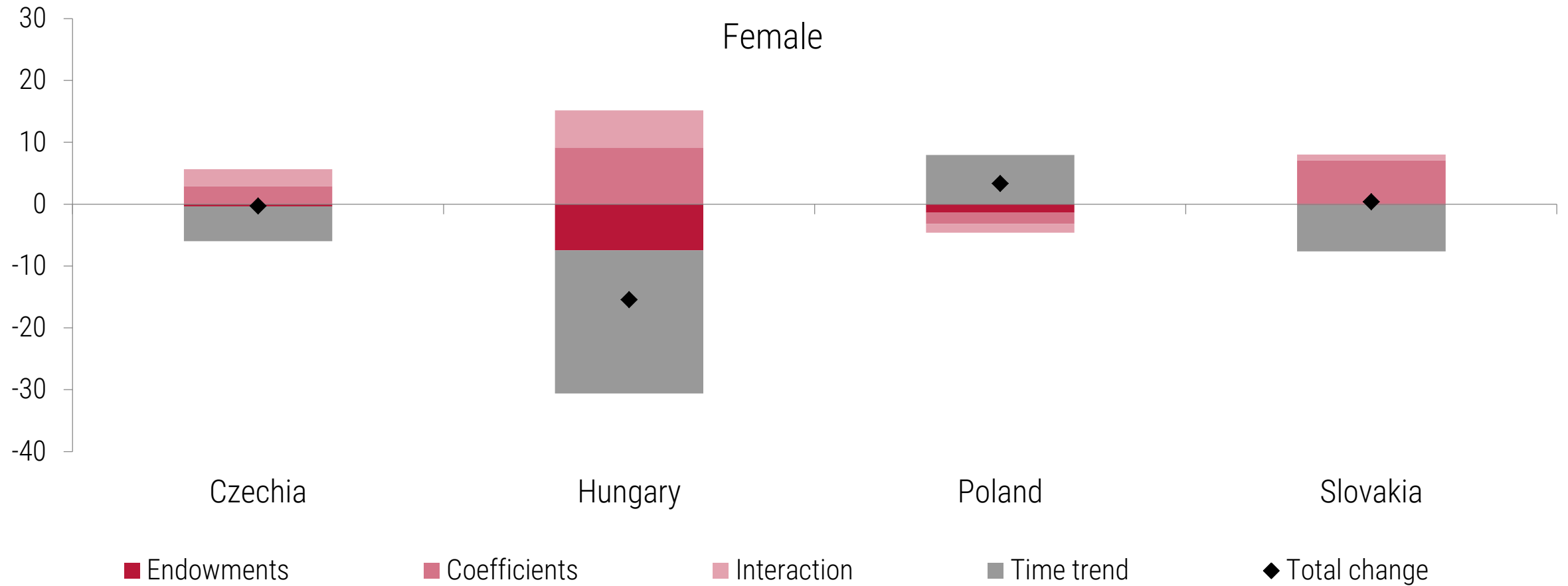
- Tertiary educated,
- Living with working partners,
- In education or health sectors and high-skilled occupations.

What drove the changes between 2003 and 2013?

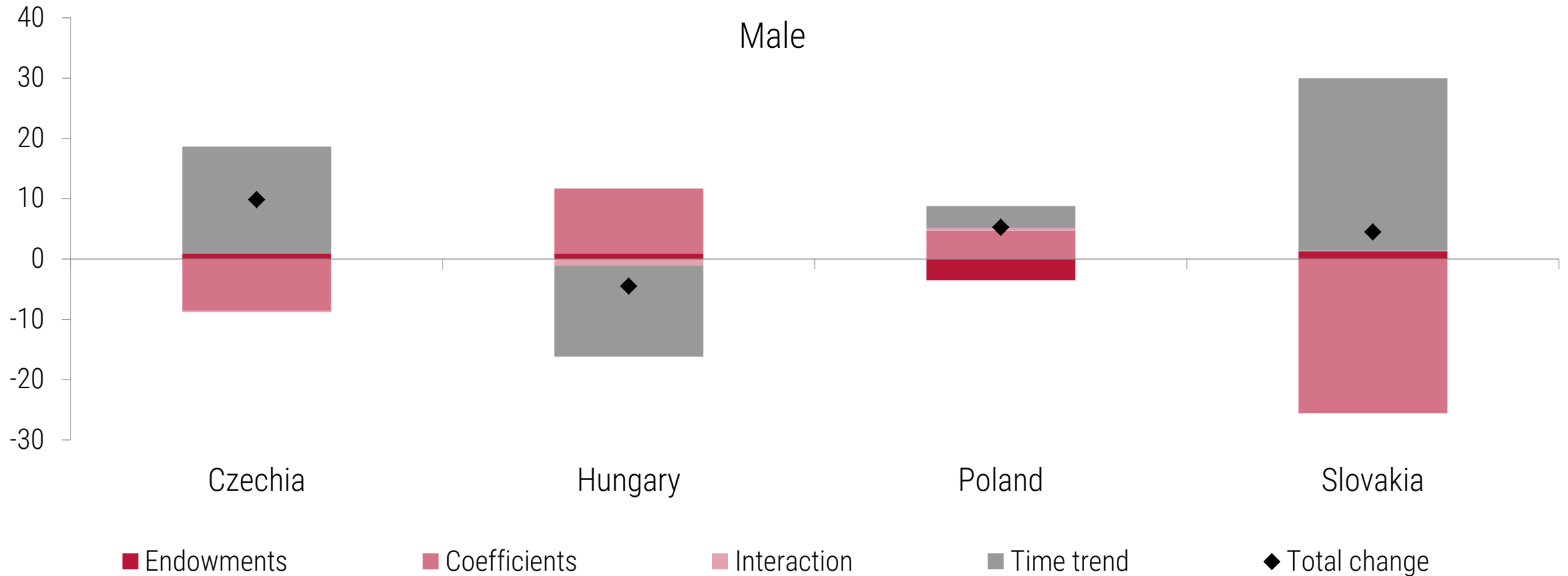


- Oaxaca decomposition of the change into:
 - Contribution of endowments (changes in distributions in individual and job characteristics)
 - Contribution of coefficients (changes of the relationships with the variables)
 - Contribution of interaction
 - Contribution of other factors

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



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



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.

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Working paper available at:
www.ibs.org.pl/en

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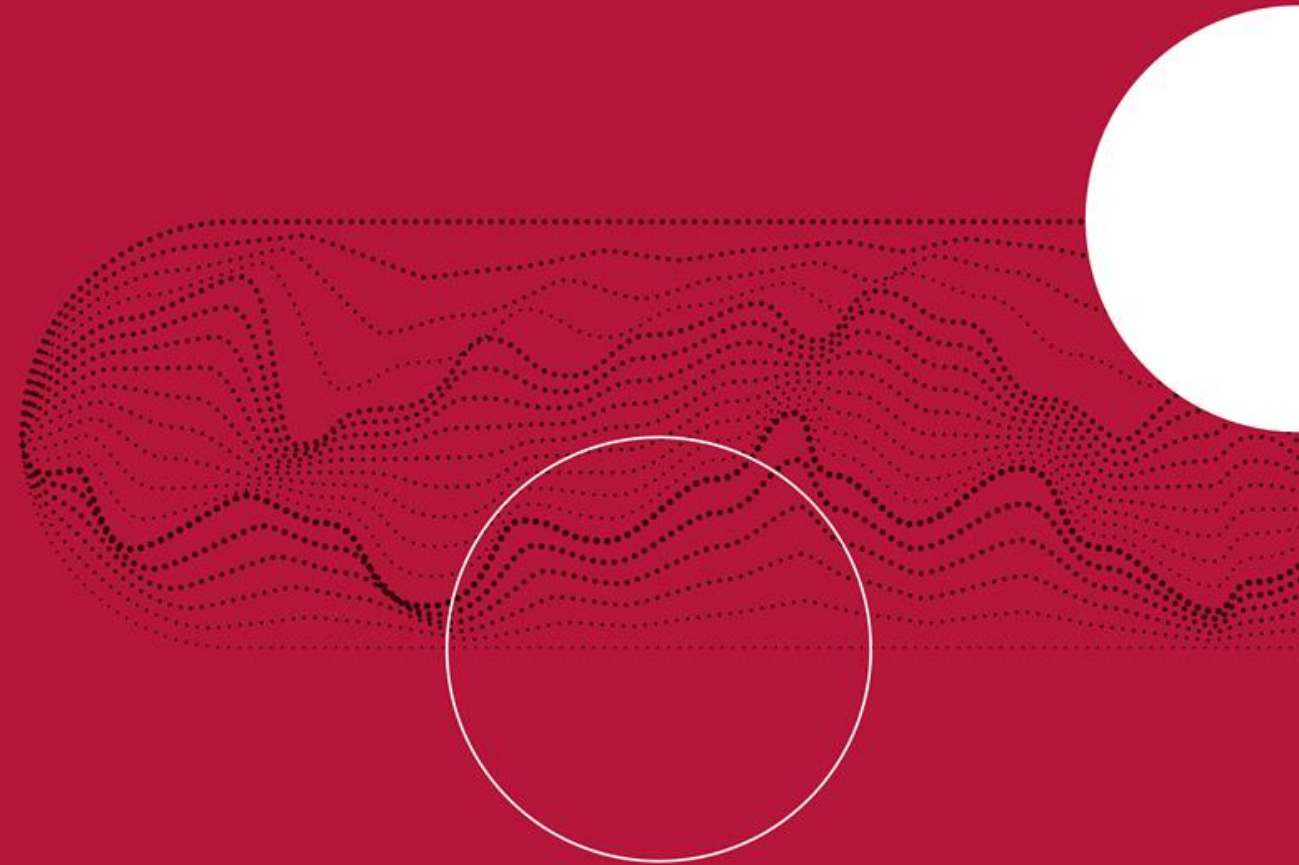


Table A1. Retention rates in 2003 and 2013, by country, gender and age group

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.