NEW MODES, NEW CHALLENGES? THE INFLUENCE OF EXTENDED WORKING LIVES ON THE LATE EMPLOYMENT PHASE IN GERMANY

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RESEARCH MOTIVATION

• Institutionalisation of Extended Working Lives in Germany:
  – Increase of labour market exit ages by five years until 2010 to 65
  – Closing state-subsidiesed early retirement pathways (Altersteilzeit) by the end of 2009

  ➢ Affects transition decisions before retirement

• Research question:

  What is the relationship between shifts in exit patterns and labour flexibility in the late employment phase?
EMPLOYMENT RATES AMONG GROUPS

➢ Prolonged working lives

55-59-year-old men

- Increase 2003 → 2016
- Decrease 2003 → 2016

60-64-year-old men

- Increase 2003 → 2016
- Decrease 2003 → 2016

Source: Eurostat, 2018
EMPLOYMENT RATES AMONG GROUPS

- Variance among labour market participants

**55-59-year-old women**
- Increase 2003 → 2016
- Decrease 2003 → 2016

- GER
- EU-28

**60-64-year-old women**
- Increase 2003 → 2016
- Decrease 2003 → 2016

- GER
- EU-28

Source: Eurostat, 2018
## Determinants of Labour Market Attachment

<table>
<thead>
<tr>
<th>Kinds of variation in exit patterns</th>
<th>Causes of varying exit patterns</th>
<th>Supply</th>
<th>Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pull-factors</strong></td>
<td>Incentives, unemployment, leisure time orientation, social constellations</td>
<td>(Hofäcker et al., 2016, Sesselmeier et al., 2014; Pfau-Effinger, 2008; Anxo et al., 2006)</td>
<td>Population ageing, domestic labour, growing service and low wage sector, female employment</td>
</tr>
</tbody>
</table>

### Hypotheses

- **H1**: Extending late employment has decreased working hours in exit patterns.
- **H2**: The decrease of working hours in exit patterns is stronger for women.
### ANALYSIS OF CHANGE IN EXIT PATTERNS

<table>
<thead>
<tr>
<th>German Socio-Economic Panel</th>
<th>Fixed Effects Regression Models</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Data structure</strong></td>
<td>Dependent Variable</td>
</tr>
<tr>
<td>Yearly measured observations on same unit and on new units</td>
<td>(Contracted) working hours per week</td>
</tr>
<tr>
<td><strong>Sample</strong></td>
<td>Main independent variables</td>
</tr>
<tr>
<td>55-64 year old in the years 2003-2016</td>
<td>Policy change of 2010-2016 (ref. 2003-2009), age group 60-64 (ref. 55-59)</td>
</tr>
<tr>
<td><strong>Included observations</strong></td>
<td>Control variables</td>
</tr>
<tr>
<td>24,477 observations on 6,639 (un-)employed units</td>
<td>Employment careers (stable, de-standardised) Marital status (married, divorced, single, widowed), Health (intermediate, good, bad), Education (low, intermediate, high), Sector (service, agriculture, manufacturing)</td>
</tr>
</tbody>
</table>

Source: SOEP v.33
## RESULTS

<table>
<thead>
<tr>
<th>Hypothesis 1</th>
<th>Coefficients</th>
<th>Clustered SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time effect</td>
<td>-1.198***</td>
<td>0.179</td>
</tr>
<tr>
<td>Group effect</td>
<td>-1.760***</td>
<td>0.217</td>
</tr>
<tr>
<td>Age*Policy Change</td>
<td>1.078***</td>
<td>0.252</td>
</tr>
<tr>
<td>Constant</td>
<td>29.31***</td>
<td>R²</td>
</tr>
</tbody>
</table>

Source: SOEP v.33
AGE DIFFERENCES ACROSS TIME

Predictive values of age effect

Source: SOEP v.33
## GENDER SPECIFIC RESULTS

<table>
<thead>
<tr>
<th>Variables</th>
<th>Male model</th>
<th>Female model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hypothesis 2</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time effect</td>
<td>-1.018***</td>
<td>-1.268***</td>
</tr>
<tr>
<td>Group effect</td>
<td>-1.761***</td>
<td>-1.838***</td>
</tr>
<tr>
<td>Age*Policy Change</td>
<td>0.939*</td>
<td>1.171***</td>
</tr>
<tr>
<td>Constant</td>
<td>31.59***</td>
<td>29.29***</td>
</tr>
<tr>
<td>R²</td>
<td>63.1</td>
<td>52.2</td>
</tr>
</tbody>
</table>

Source: SOEP v.33
AGE EFFECT IN GENDER COMPARISON

Male Model

Predictive values of male age effect

Female Model

Predictive values of female age effect

Source: SOEP v.33
INEQUALITY DIMENSIONS IN EMPLOYMENT BIOGRAPHY

Adjusted Predictions of time with 95% CIs

55-59

2003-2009

2010-2016

60-64

2003-2009

2010-2016

Adjusted Predictions of time with 95% CIs

male

2003-2009

2010-2016

female

2003-2009

2010-2016

Source: SOEP v.33
DISCUSSION

- Extending late employment has decreased working hours in exit patterns (H1).
- The decrease of working hours in exit patterns is stronger for women (H2).
- Controls: Compensation through more employment?
  - Active Ageing measures consistent with prolonged employment among older individuals, which is increasingly organised through flexible working arrangements (Jossoula/Hinrich, 2012).
  - Higher shares of female old age employment in late career on the basis of labour flexibility (Menke/Klammer 2017).
  - German welfare model shows elements of a liberal welfare state (Hofäcker et al. 2016).
  - Questions emerge about how social policy will adapt to this change in regard to sustainable life courses (Barr/Diamond, 2009; Bosch et al., 2009).
THANK YOU FOR YOUR ATTENTION!
New modes of welfare state intervention cause political challenges:

- Minimum pension within the statutory pension insurance in reaction against the polarisation between high- and low-qualified individuals
- Expansions of compulsory contributions for non-standard forms of employment to account for labour flexibility
- Re-organisation of private funds by offering an affordable standard product of private provisions to strengthen the individual pillars of the German retirement system