

Old is beautiful – changes in the age composition of employment

Work, Age, Health and Employment-Evidence from Longitudinal Studies (WAHE2016)

19th September 2016, Wuppertal

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Regarding the German case the labour market performance of older workers is of special interest.

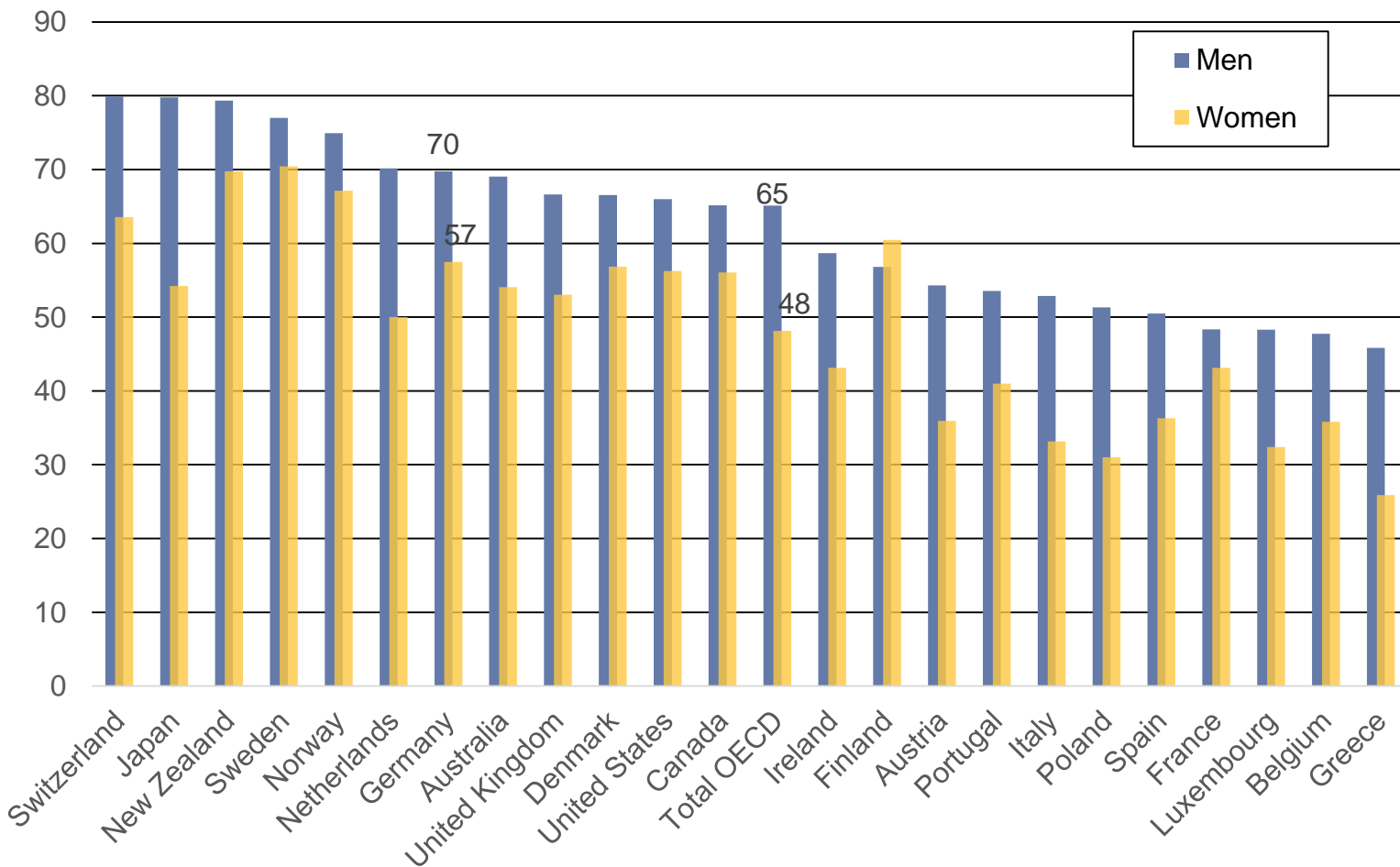
Due to demographic change the labour force is growing older.

We observe an increased employment rate of older workers in recent years.

What are the drivers of growth?

International comparison of the employment rate of older workers (55 to 64 years) 2013

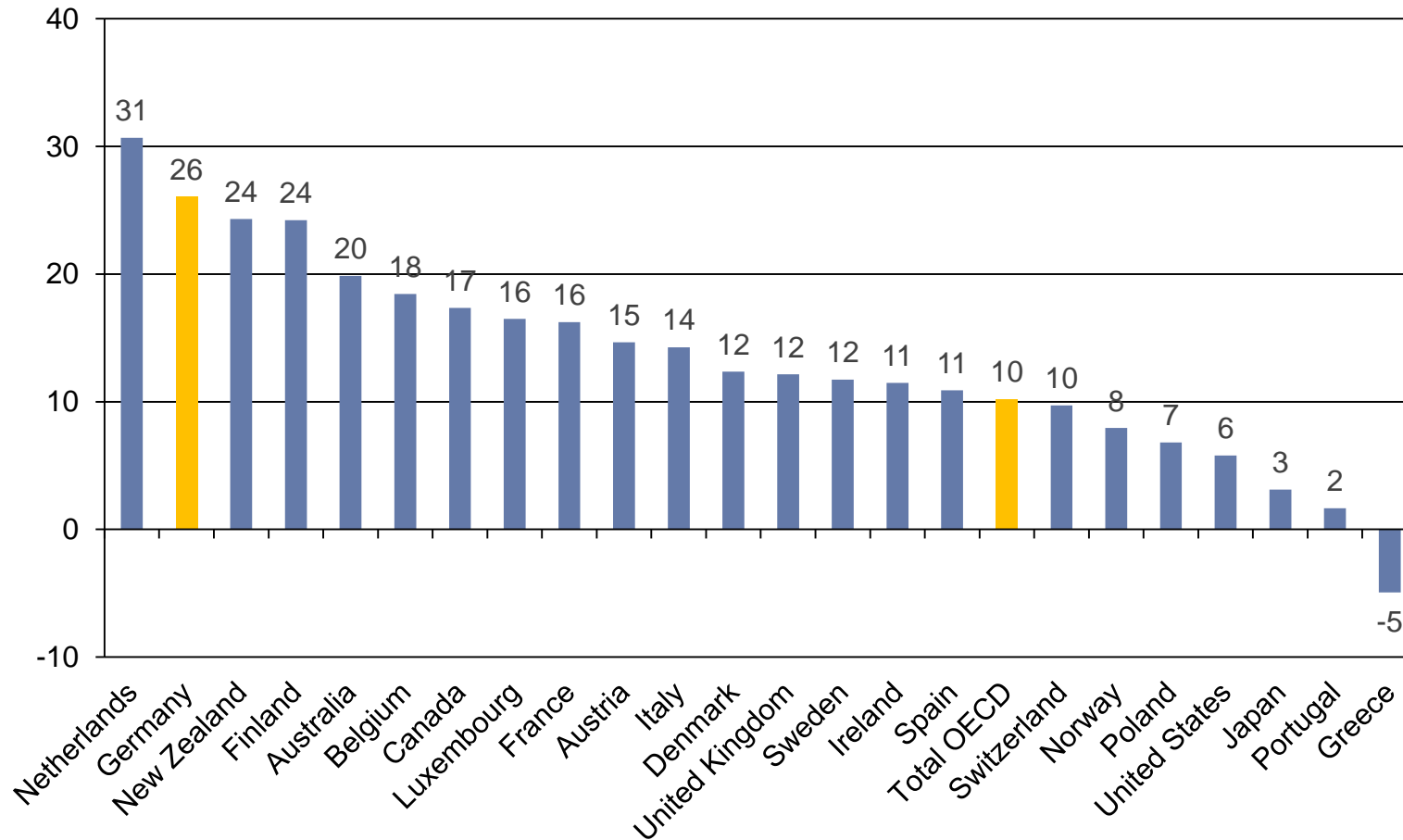
- employment-to-population ratio -



Source: OECD Employment Outlook 2014

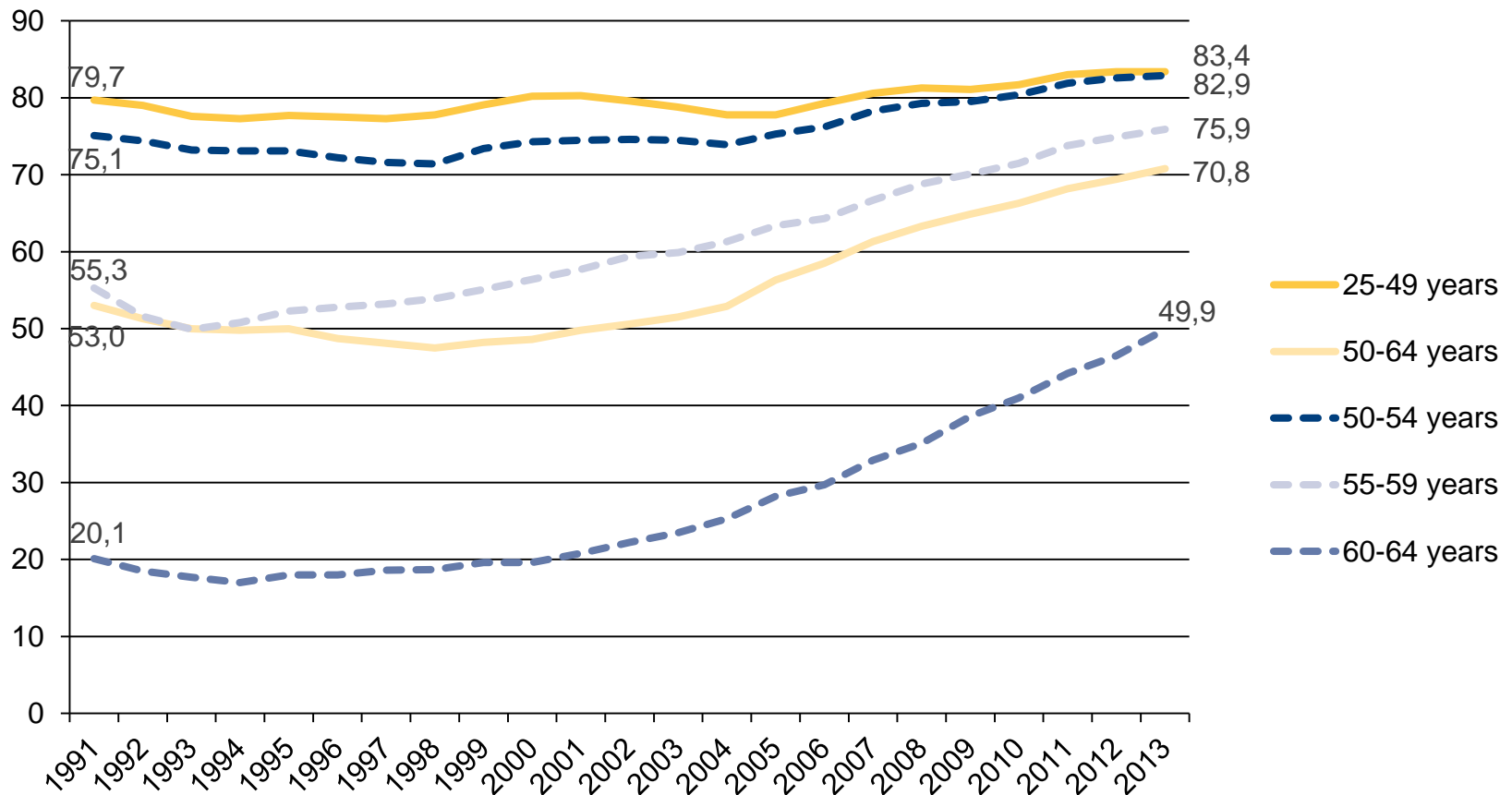
Changes in employment rates of older workers (55 to 64 years) in an international comparison 1995 & 2013

- percentage points -



Source: OECD Employment Outlook 2014

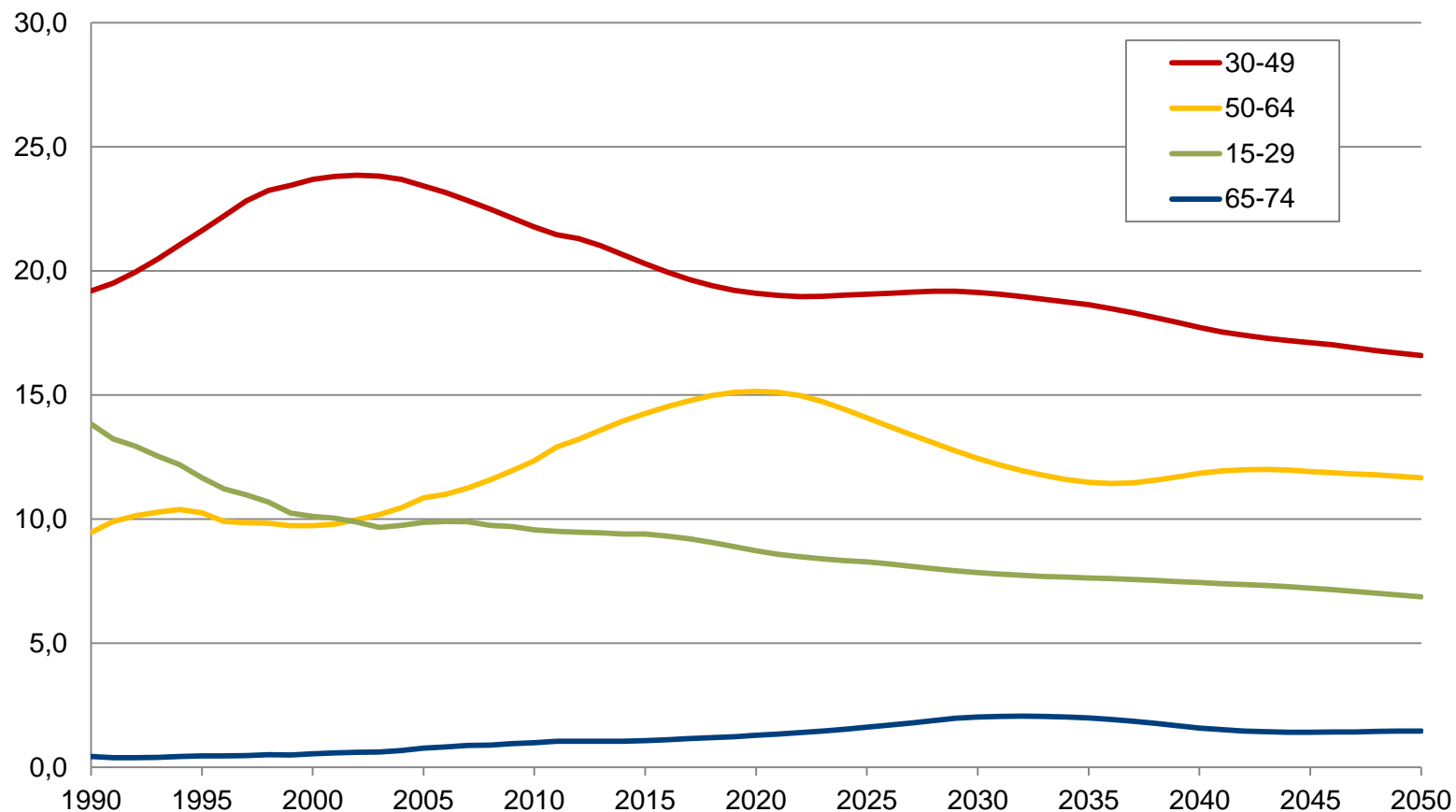
Employment rates by age group in Germany, 1991-2013



Source: Eurostat, Labour Force Survey

Composition of German labour force potential by age until 2050

Net migration of 200.000 persons per year, increase of labour force participation, retirement age = 67 years



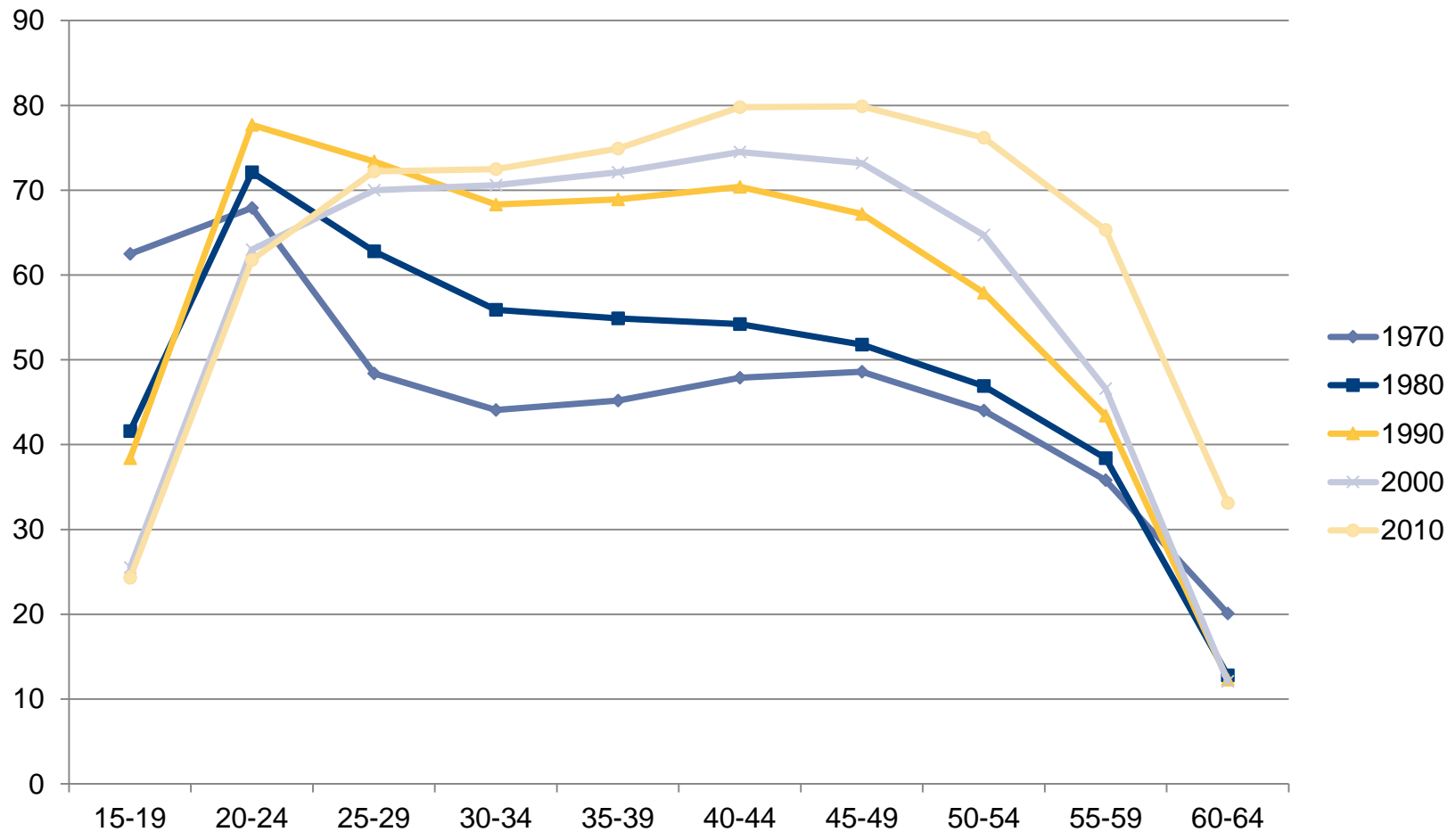
Source: Fuchs et. al. 2011

Possible drivers of change in employment rates



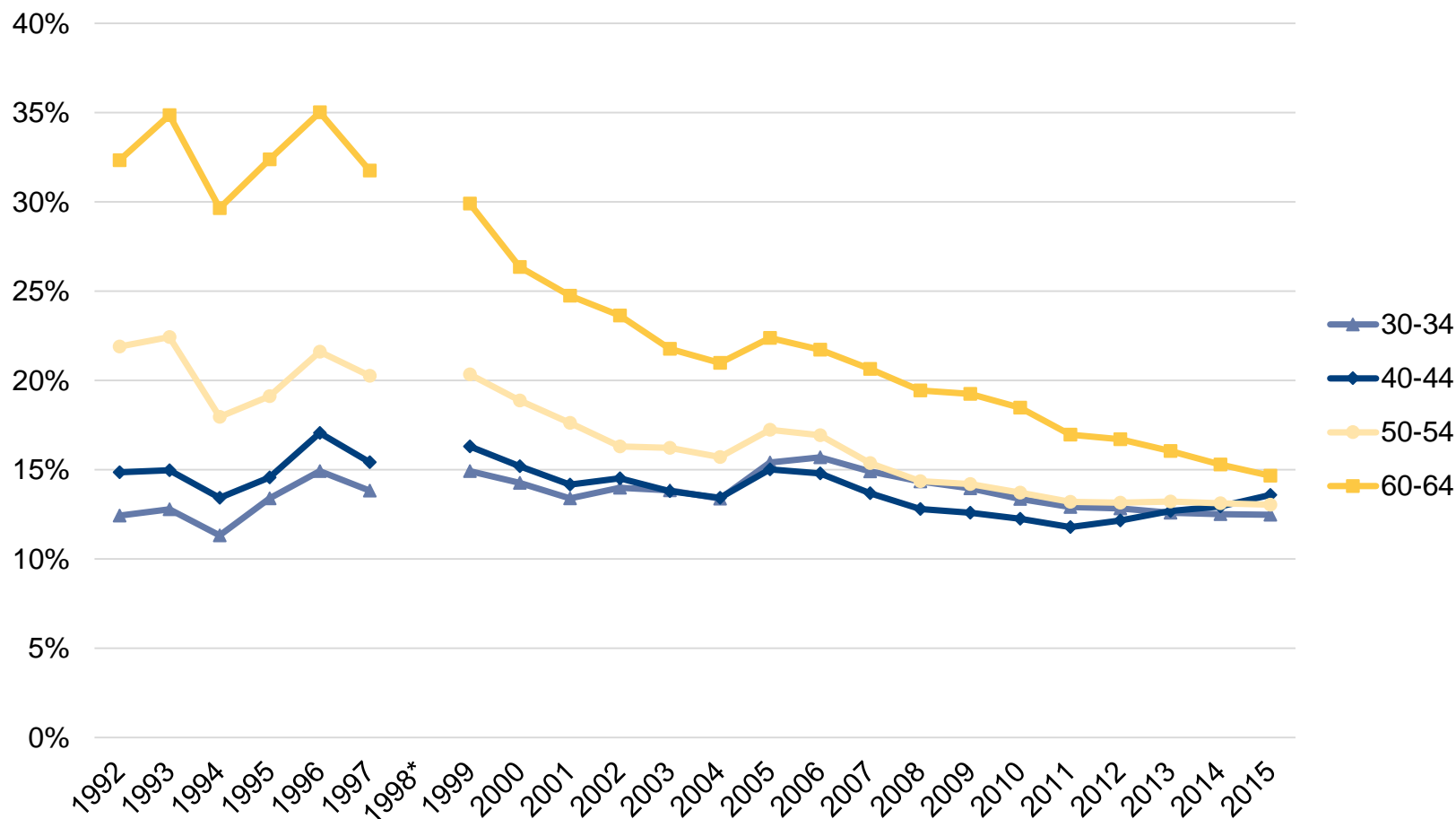
- Cohort effects
- Decreased outflow of older workers from employment (probability of exit)
- Increased inflow of elderly into employment (probability of entry)

Employment rates of women by age cohort, 1970-2010, percentages



Source: Eurostat, Labour Force Survey

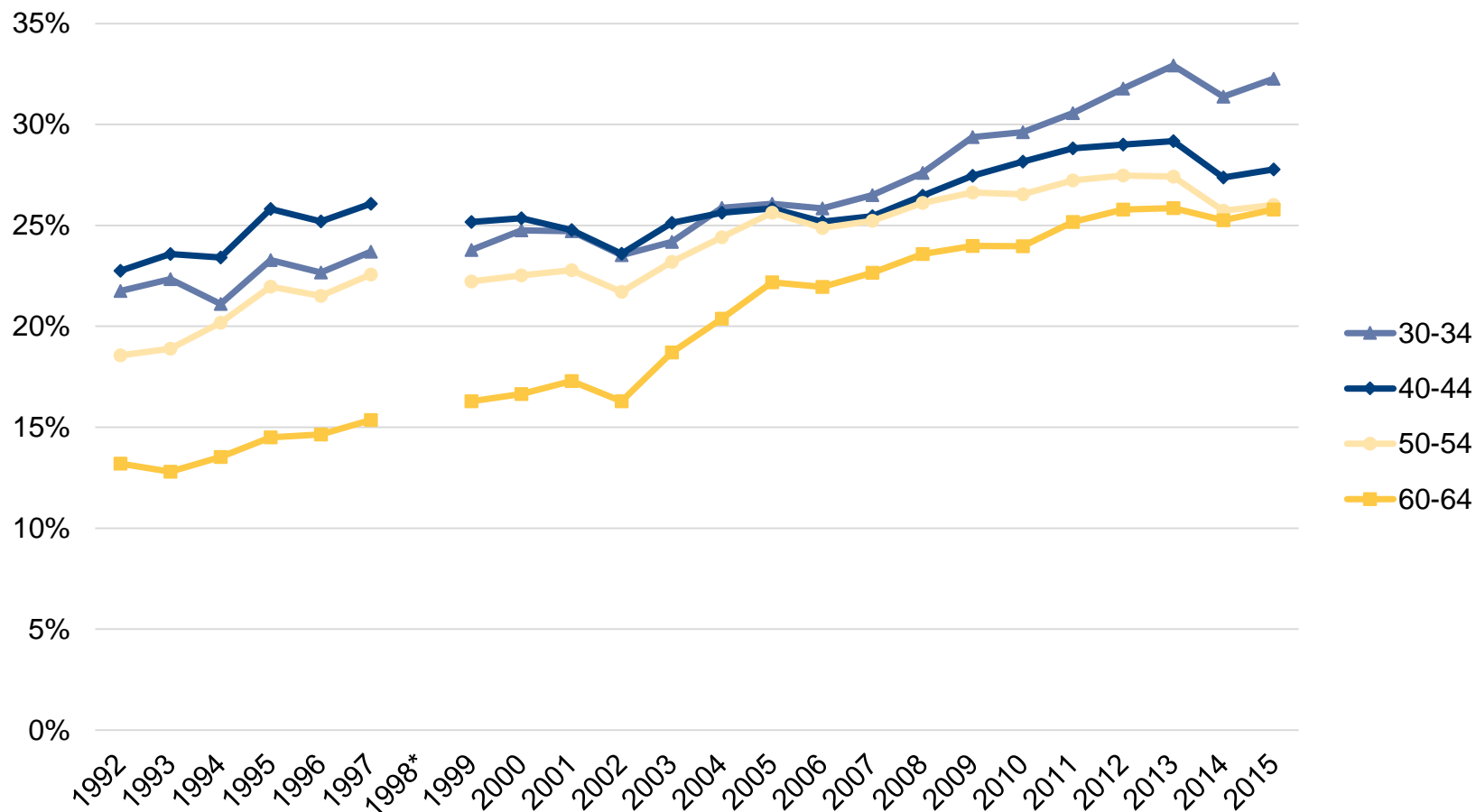
Share of low-qualified (ISCED 0-2) by age group, 1992-2015, percentages of corresponding population



* Note: no rates available for 1998

Source: Eurostat, Labour Force Survey

Share of academics (ISCED 5-8) by age group, 1992-2015, percentages of corresponding population



* Note: no rates available for 1998

Source: Eurostat, Labour Force Survey

Factors potentially influencing outflow of older workers from employment

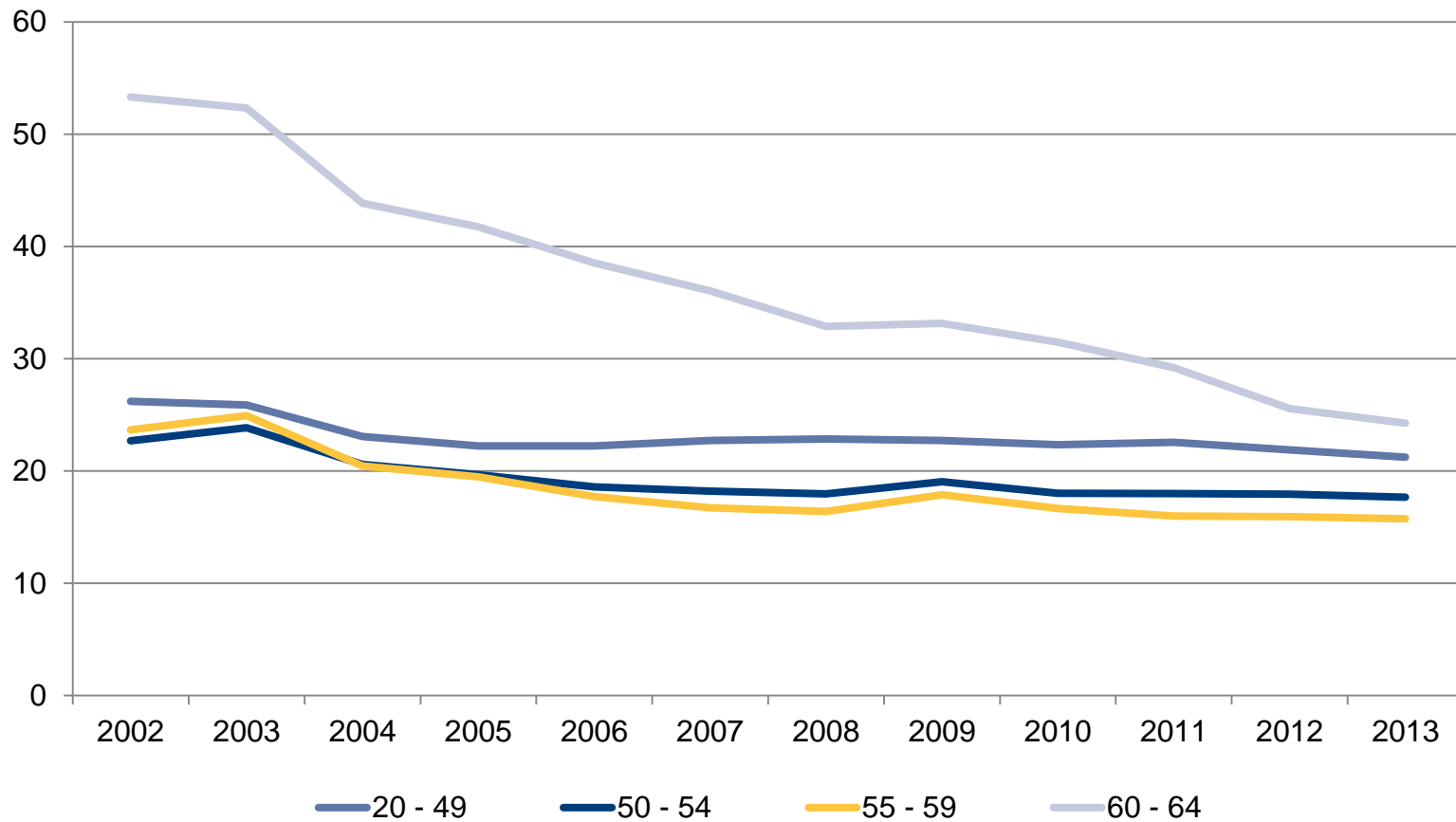


- Opportunities of early retirement
- Benefit entitlements
- Attitudes of firms and workers

Exit rates by age group, 2002 to 2013



Yearly job exits related to employment stocks



Source: Statistics of the Federal Employment Agency, based on own calculations

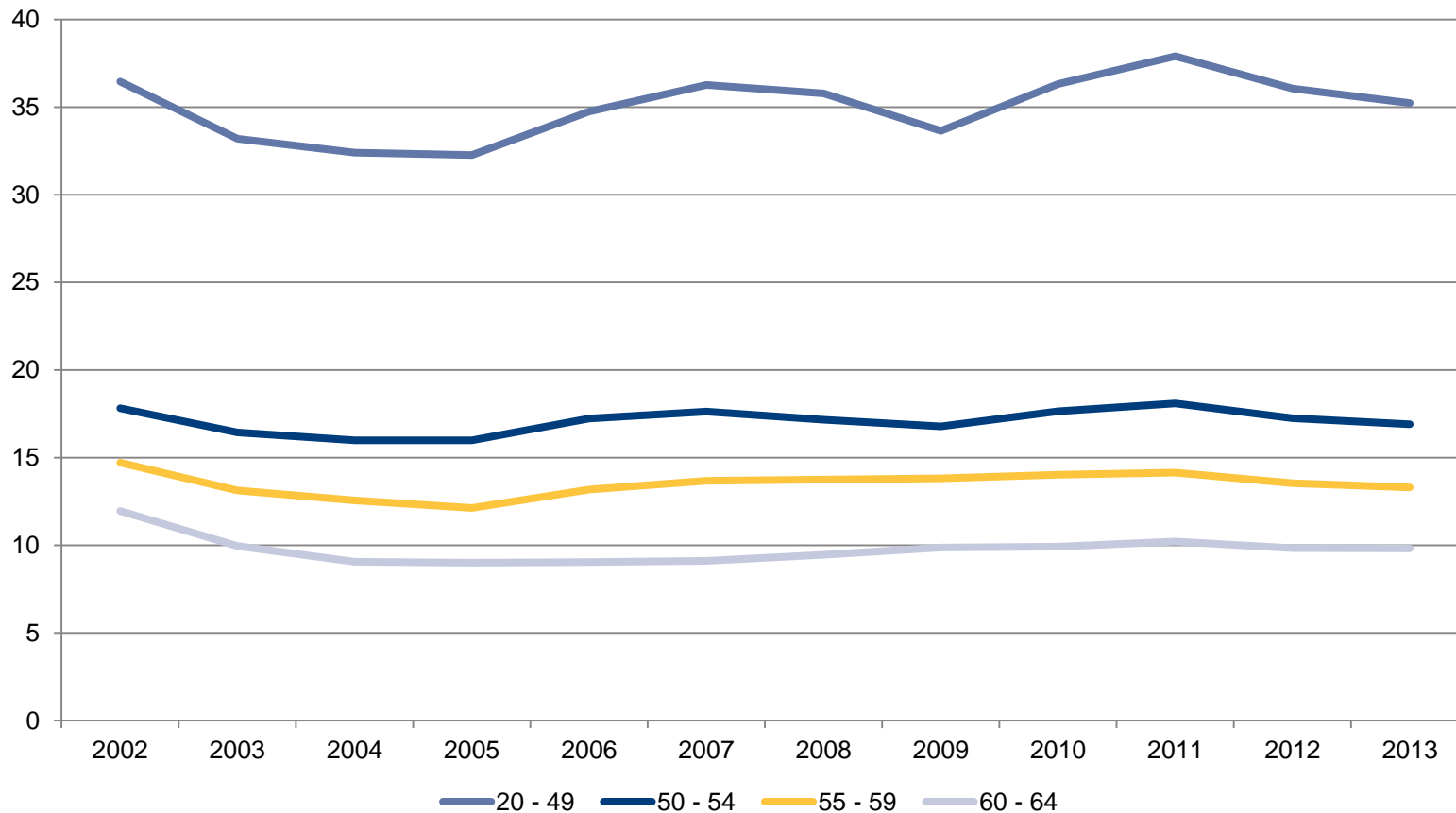
Factors potentially influencing inflow of older workers into employment



- Relative competitiveness of older workers
- Work incentives
- Labour market programmes

Entry rates by age group, 2002 to 2013

Yearly job entries related to employment stocks



Source: Statistics of the Federal Employment Agency, based on own calculations

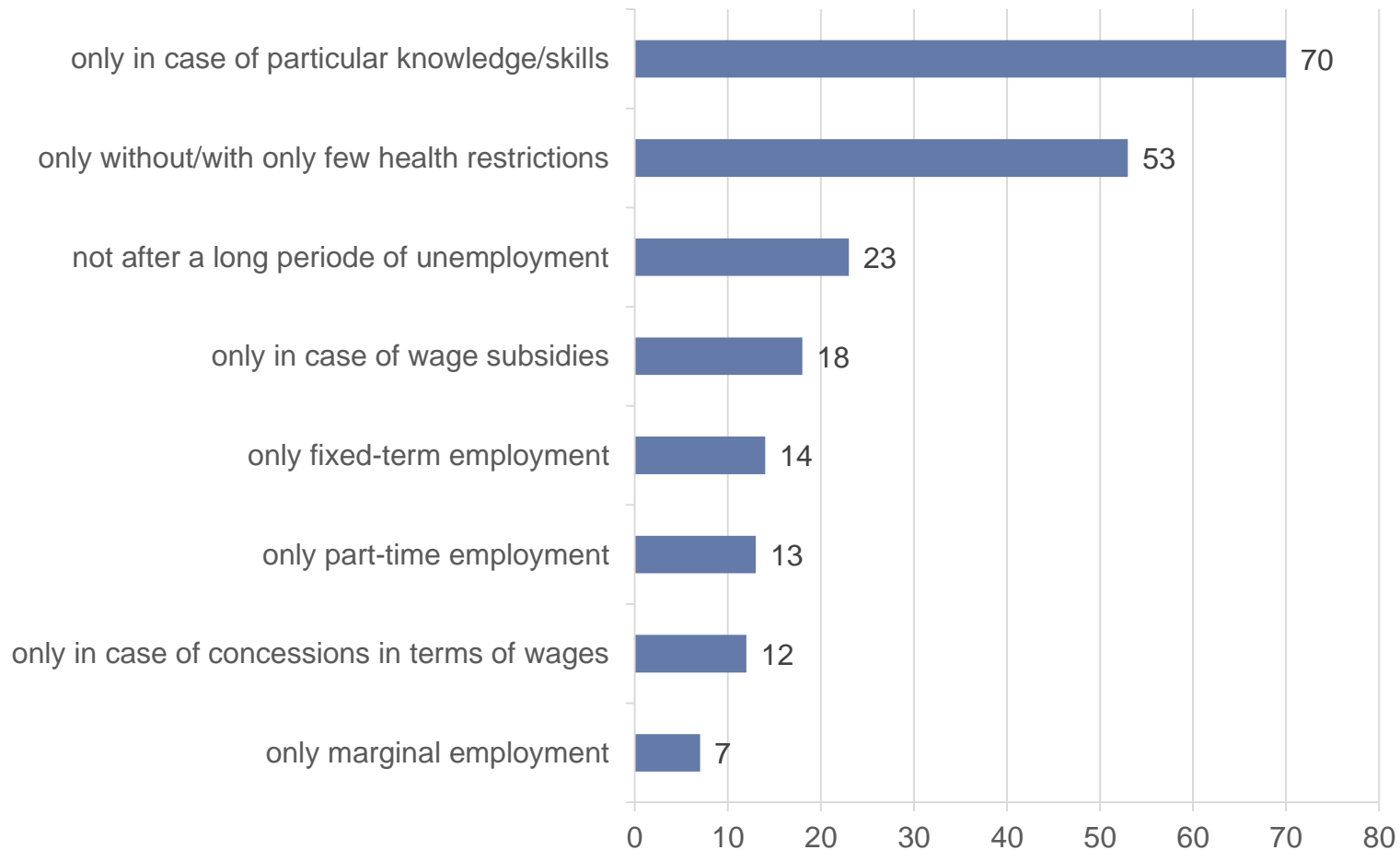
Firms and recruitment of older workers (50+)



- Around one quarter of firms got applications from older workers
- Almost one half of those firms recently recruited older workers
- A sixth of all firms report that they have certain requirements when recruiting older workers

Source: IAB-Vacancy-Survey

Firm requirements concerning the employment of older workers, percentages (2014)



Note: multiple answers possible. N=1749

Source: IAB Job Vacancy Survey, IV. quarter 2014 (Calculations by Czepek/Moczall)

- Despite of improvements older workers continue to be a group with significant labour market problems.
- It is decisive how far the recent progress will be sustainable and possibly even further improved.
- This demands an even stronger focus on a life course perspective – particularly regarding life-long learning and life-long health awareness.

Thank You!

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