

Comparing the employment domain of the AAI index in Germany and Hungary, and identifying possible explanatory factors within retirement rules and policy

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Introduction

Though the idea that longer working fosters maintaining mental and physical capabilities, is notable, the most pressing reasons for promoting an active ageing policy stem from economic sources. Ageing is an especially pronounced phenomenon in Germany and will be more and more important in Hungary too.

We begin our paper with the new concept of the first demographic dividend, which shows the barrier of the economic growth when the population grows older while the exit age from the work force remains constant. Then we analyse trends in employment of various age groups, and harmonize our conclusions from these employment statistics with our analysis of the European Working Condition Survey from 2005 and 2010. At the end of our poster we show our new results comparing the work attitudes of German and Hungarian older employees, and highlight the changes in attitudes between 2005 and 2010 when the two last European Working Conditions Surveys were prepared.

The economic consequences of ageing from a statistical perspective

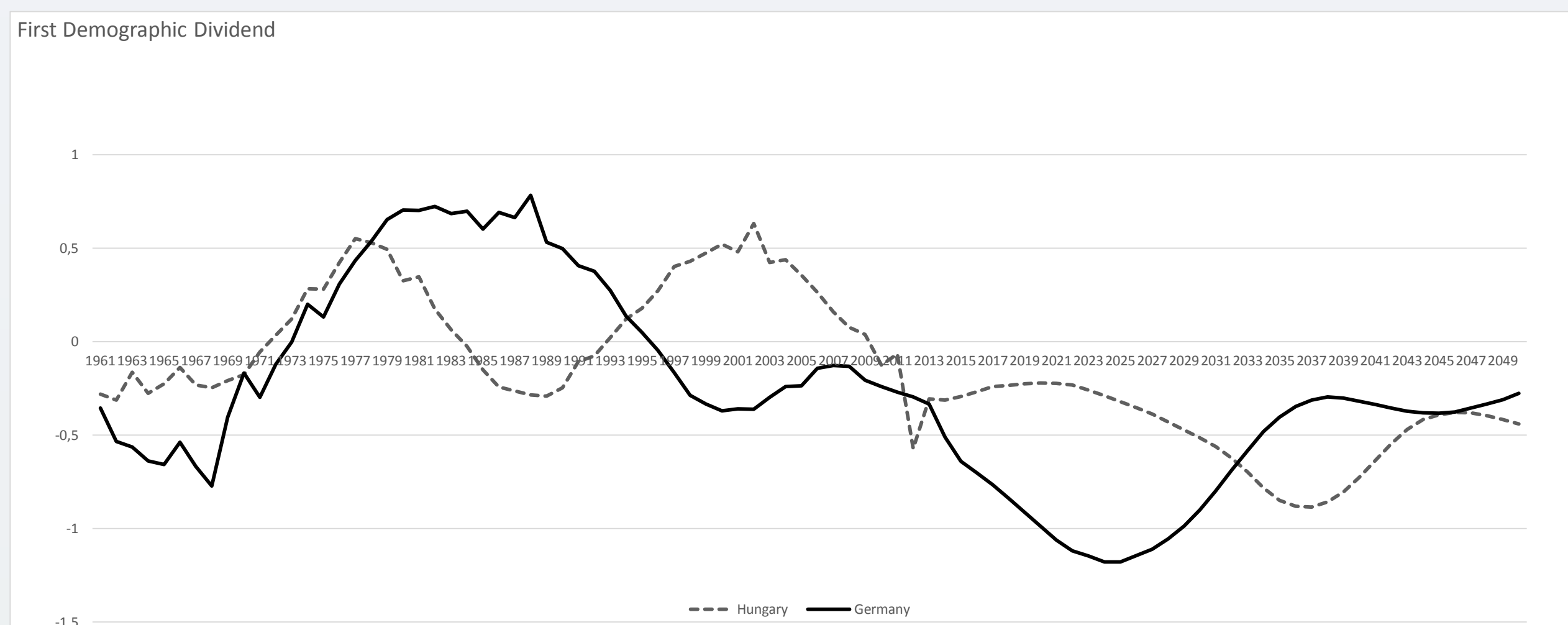


Figure 1. First dividend in Hungary and in Germany. Source of the basic data and forecast data: NTA (2003) and NTA (2005). In the present calculation we worked together with Izabella Kuncz.

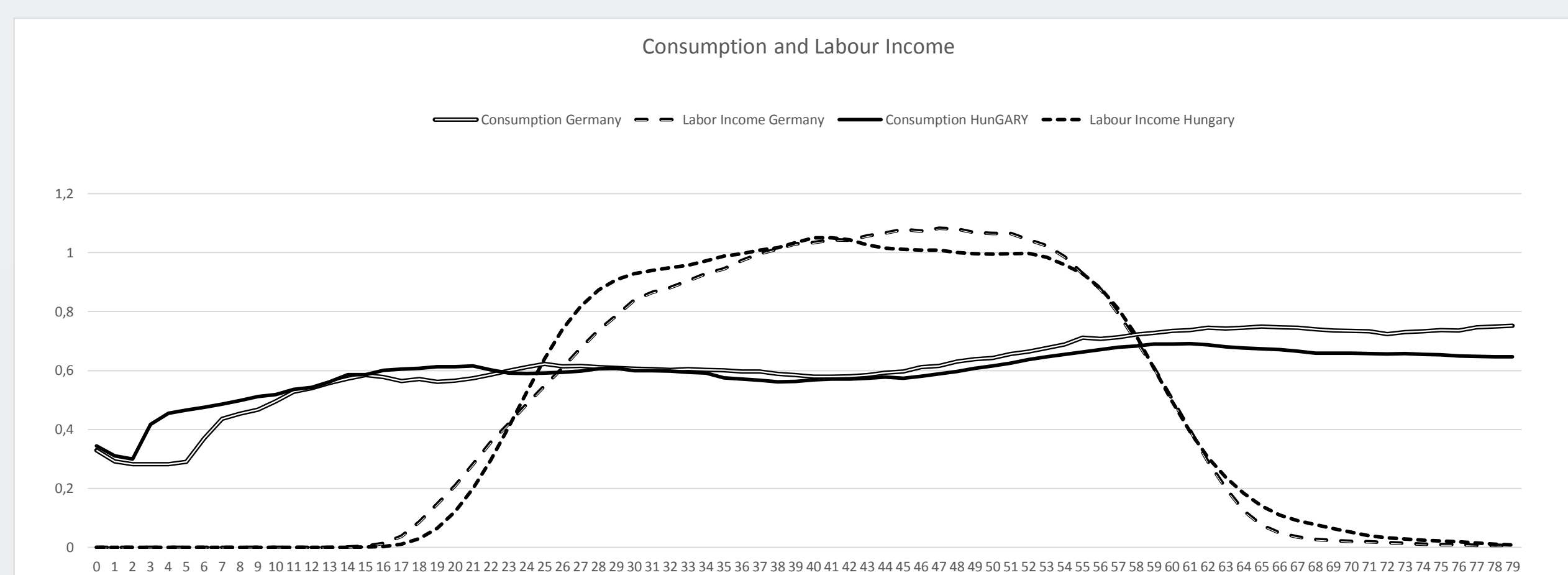


Figure 2. Life-cycle consumption and income profiles. Source of the basic data and forecast data: NTA (2003) and NTA (2005). In the present calculation we worked together with Izabella Kuncz.

The German profiles are calculated using data from 2003, and Hungarian profiles are calculated using data from 2005. In both cases, the profiles are normalized by the average labour income at ages 30 to 49. Figure 2 reveals similar consumption and labour income profiles in case of Germany and Hungary. Note however, that due to the normalization, the similarity of profiles does not lead to similar consumption and labour income values. Instead, it means that the structures of consumption and labour income by age are similar. In Hungary, people aged between 25 and 59 earn more than they consume, implying that they are economically not dependent. The similar values in Germany are ages 28 and 58. Consumption profiles continue to rise after the age of 58 in Germany, while it falls back slightly in Hungary. An effective active ageing policy would imply that the intersection of the income and consumption profiles occur at later ages. Note, however, that a potential drawback of Figures 1 and 2 is that the income and consumption profiles are constructed using data and projections from 2003 in Germany. However, as Figure 3 illustrates, the labour market situation of old improved substantially in Germany starting from 2001. Therefore, the intersection of the consumption and income profiles in Germany may be at later ages based on more current data. In Hungary the improvement of labour market situation of the old was not as significant as in Germany.

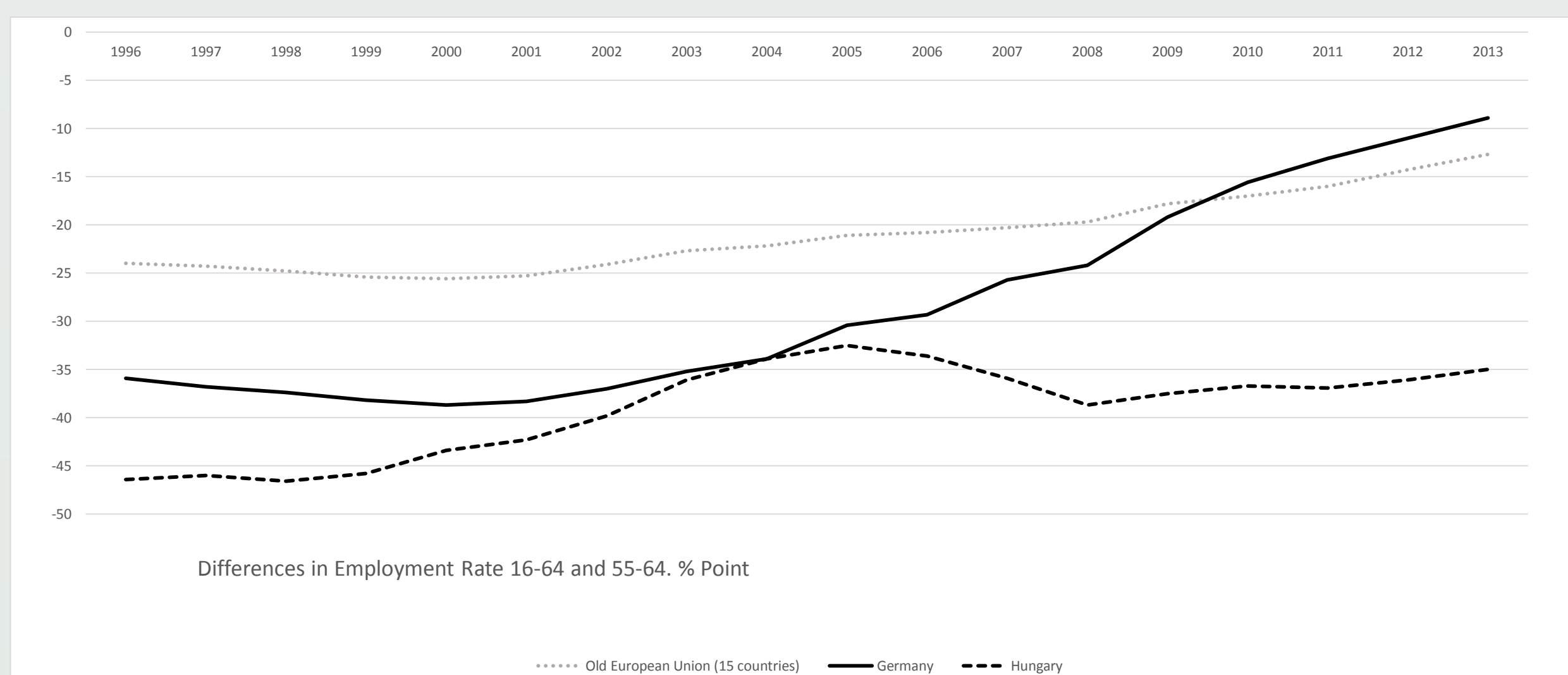


Figure 3. Percentage points differences between the employment rates of 55-64 old employees and the 16-64 year old employees.

Own computations based on Labor Force Survey statistics published by EUROSTAT.

	Average exit age						Retirement age (state pension)		
	2001 M	2001 F	2001 T	2010 M	2010 F	2010 T	2001 M	2001 F	2010 T
Germany	60.9	60.4	60.6	62.2	62.7	62.5	65 **	65**	65
Hungary	8.4	57	57.6	60.1*	58.7*	59.7	62**	62**	62

Table 1. Average exit rates from the labour market and statutory retirement ages in Germany and in Hungary. M: males, F: females, T: total

*in 2009, **With some exceptions. Source: EUROSTAT

Microdata Analysis: Waves 2005 and 2010 of the European Working Conditions Survey(EWCS)

Older people over the age of 55 can be divided into two groups. One group includes a vulnerable layer of society being unable to work actively due to health reasons. The social security system should provide protection for them. The other group includes the potential employees who are able to work actively. Thus, a very important policy question is how to give them incentives to work longer. Helping to answer to this question we aimed to analyse employees' evaluations of their working conditions and job satisfaction using the 2005 and 2010 waves of the EWCS for Germany and Hungary. We hypothesize that job satisfaction and the voluntary nature of the work (as opposed to obligatory work) are positively related:

- self-employed are likely to be more satisfied than employees (in case they are not coercively self-employed)
- older workers who work voluntarily are more satisfied than those who work just because the retirement age increased
- older workers who work less hours are more satisfied than those who work longer hours (to be addressed)
- older workers who have undergone any type of training are more satisfied than those who have not recently improved their skill (to be addressed)

		GERMANY		HUNGARY	
Are you satisfied with your job?		Coef.	P>t	Coef.	P>t
Age groups	below 30	-0.017	0.666	-0.012	0.829
	30-39	Reference category			
	40-49	-0.036	0.287	0.039	0.393
	50-59	-0.071	0.045	-0.064	0.162
	60-64	-0.040	0.534	0.142	0.194
Highest level of education	65-69	0.125	0.414	0.322	0.07
	primary	0.037	0.745	-0.061	0.391
	secondary	Reference category			
	postsecondary	-0.028	0.723	-0.092	0.212
	tertiary education	0.042	0.218	0.096	0.063
Working hours per week		0.003	0.08	0.003	0.137
Do you think your health or safety is at risk because of your work?		-0.424	0	-0.228	0
Do your working hours fit in with your family and social commitments?		0.328	0	0.324	0
Minutes per day spent by travelling		-0.001	0.066	-0.001	0.1
Have to work on weekends		-0.008	0.305	-0.017	0.07
Self-employed		0.223	0	0.183	0.003
Female		-0.036	0.241	0.000	0.995

Controls for year, industry and occupation are included in all specifications.

Table 2. Regression results. The sample consists of 2,919 German employees and 1,885 Hungarian employees (only employees, employers or self-employed are included in the sample, and the age requirement to be included in the sample is below 70 years).

The results indicate that

- self-employed tend to be more satisfied with their jobs in both countries,
- health and safety risks have a negative impact on job satisfaction,
- working hours, which fit with family and social requirements have a positive influence on job satisfaction,
- in Germany, employees aged 50-59 tend to be significantly less satisfied with their job than younger employees,
- in Hungary, employees aged 65-69 tend to be significantly more satisfied with their job than younger employees.

The results highlight the voluntary and obligatory nature of the work at older age groups: those who work in Hungary at the ages of 65-69 mostly do it on a voluntary basis, and are satisfied with their work. On the other hand, German workers are required to stay longer on the labour market due to stricter retirement policy, and tend to be less satisfied with their jobs at later ages.