

European Population Conference, Mainz, Germany, 31 August - 3 September 2016

**Economics, Human Capital and Labour Markets:** Anne Solaz

**Demographic factors involving non-working years in European adulthood.**

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Extended abstract:

The economic and social changes undergone during the first half of the last century shaped the biographies of those people who are entering or about to enter retirement today. From a micro perspective, this is important because the economic resources they will have to deal with their upcoming years out of the labour force will largely depend on their working biographies. Beyond the class of occupation and associated diversity of wages, the working trajectories of individuals may set up big differences on late life economic resources. These conditions will be especially unfavourable for those individuals who have had discontinuous careers or those who have never entered the labour force, resulting in non-working years, which are related to access to retirement benefits. From a macro perspective, describing the evolution of non-working years of male and female cohorts in a given country provides relevant information about trends in the development of labour force and the loss of potential working years to contribute to the sustainability of the current pension system, not only by enlarging working lives but also by promoting labour engagement across working lives.

This paper analyses how gender and cohort patterns of working lives result in non-working years in different countries across Europe. The analysis draws on retrospective information of working histories available in the third wave of the Survey of Health Age and Retirement in Europe (SHARELIFE), carried out between autumn 2008 and summer 2009. We measure non-working years among cohorts of males and females by estimating the average loss of potential working years within the working-life span up to age 50, that is, from the age at which an individual left full-time education to the age of 50.

Sharelife considers full-time education as continuous formation at school or college, including apprenticeship and vocational training when those institutions are involved. We will consider the age of finishing full-time education as the starting point of the working biography. If an individual finished full-time education before age 14 or had not education at all, we consider this age as the entrance threshold of working life. So, people enter in observation from their first year out of full-time education and are

followed up to their 50<sup>th</sup> anniversary. As the independent variable we calculate the potential working years from that starting point to the age of 50.

Estimation of non-working years derives from the expected number of working years from leaving school to age 50, and the years actually worked by a 10-year cohort. We consider age 50 so that we can compare groups of generations born before 1930, along the 1930s, the 1940s, and the 1950s, given that the latter are still in their fifties by 2008/9, when the information was collected. Non-working years were calculated as a cohort average by subtracting the accumulated working years of any working episode between the age of finishing full-time education (or age 14 in some cases, as detailed above) and age 50 from the expected number of working years if all individuals from a given cohort would have actually been working throughout this life span. Therefore, we obtain the loss of working years up to age 50 considering the potential working years of every 10-years cohort of males and females in 13 European countries.

The first results show different patterns across countries that reveal the gender differences in labour market engagement as well as decreasing non-working years across more recent generations, mostly due to increasing female labour market participation. However, both gender imbalance and the falling trend vary substantially across countries.

Regarding gender differences among younger cohorts, the most gender balanced countries in terms of non-working years are the Czech Republic, followed by Denmark, Sweden and Poland. All of them exhibit a small distance (below 4 years on average) in the loss of working years between men and women (Figure 1).

On the other hand, the larger loss of male's working years is observed in Poland, while female's non-working years are more important in the Mediterranean countries. For instance, the Greek, Spanish and Italian 1950s birth cohorts of women have lost on average 20, 18 and 17 years respectively of working years before age 50, which means half -or even more- of their potential working years. Nevertheless, compared to earlier cohorts these numbers have improved by reducing female's non-working years about 8 years on average (Figure 2).

Moreover, female's non-working years have been reducing for successive cohorts at a different pace (Figure 2). The larger improve has been experienced by women in Belgium, reducing average non-working years by 14 years from cohorts born before 1930 to 1950s cohorts. France, Denmark and Germany show a decrease of around 10 years. Similarly, female cohorts from the Mediterranean countries together with Sweden and Netherlands have reduced around 9 years their average non-working years, although the trends vary. For instance, Belgium and Italy trends exhibit a progressive decrease; on the contrary Spain shows a slow decrease for earlier cohorts

and an important drop for more recent cohorts, while the opposite occurs in Sweden. Spain is the country where the declining trend appears later in time.

Figure 1. Non-working years (%), 1950s birth cohorts, by gender and country

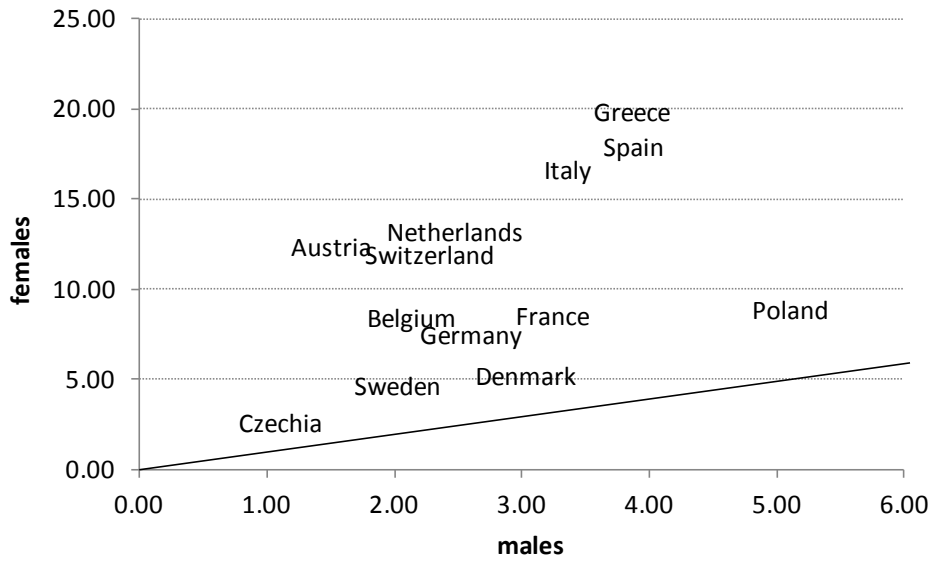
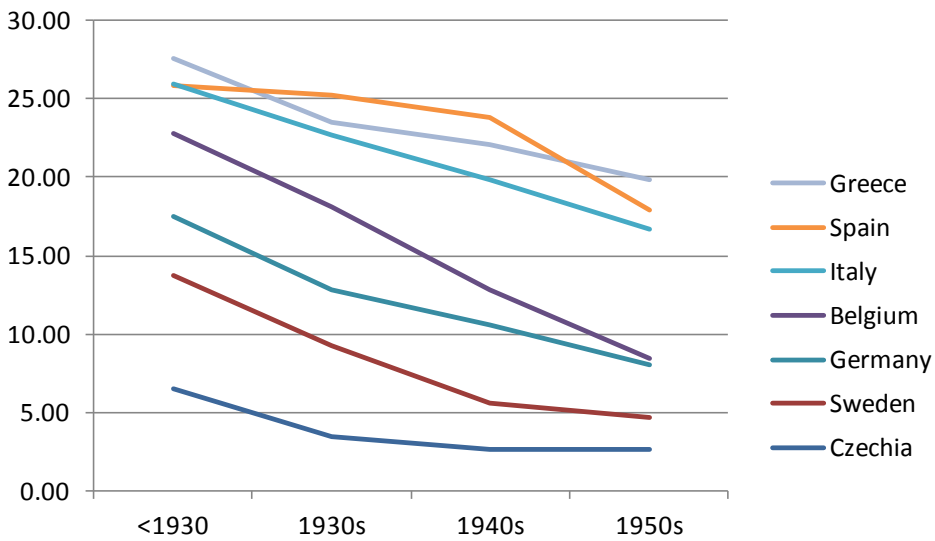


Figure 2. Non-working years (%) of female cohorts by country (selected countries).



These differences can be due to different labour behaviours: the average non-working years may result of discontinuous careers of women or of a large share of women who never entered the labour market. We will try to unravel it.