

LABOUR FORCE PARTICIPATION OF OLDER EMPLOYEES

Destatis, 13 January 2009

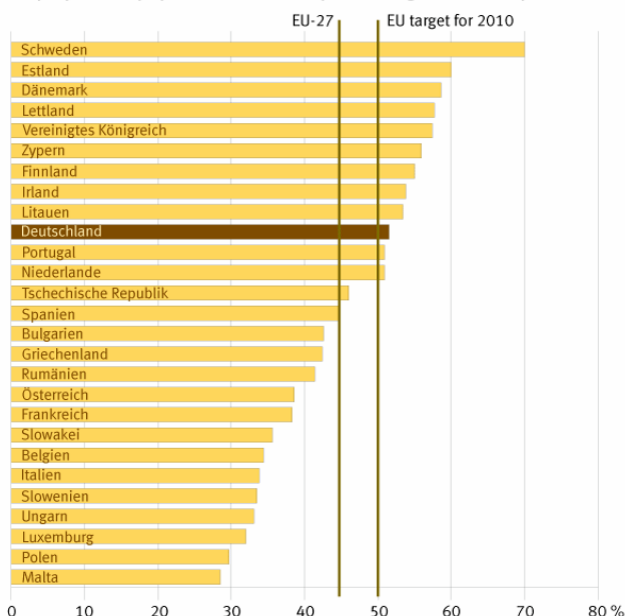
Against the background of demographic change and of the discussion about older people's opportunities on the labour market, the labour force participation of the 55 to 64 year olds is in the focus of public interest. In this context, it has been a political goal for some years to increase employment. Within the scope of the Lisbon process, it was agreed on the EU level that by 2010 the employment/population ratio – referring to the population aged 55 to 64 years – should rise to over 50%.

Every second person aged between 55 and 64 years is in employment

In Germany, the employment target for older people was first reached in 2007, when the employment/population ratio for 55 to 64 year olds was 51.5%. The statistical basis for assessing whether the target has been achieved is the European labour force survey, which is conducted every year with a standard programme of questions in all member states. In Germany, the labour force survey is integrated in the microcensus.

In a European comparison, Germany thus was among the upper third of member states in 2007 and, at the same time, it was markedly above the EU average of 44.7%. The increase in the ratio by 3.1 percentage points compared with the previous year is considered as high. With the exception of Cyprus, only the Northern European countries ranged better, while the Netherlands and Portugal reached the target, too.

Employment / population ratios for persons aged 55 to 64 years



Source: EU labour force survey, Eurostat.
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Employment of older people rising sharply

In Germany in the last ten years, the employment/population ratio for those aged 55 to 64 years rose more sharply than in any other age group: In 1997, just 37.7% of that age group were in employment, while today the percentage is as high as 51.5%.

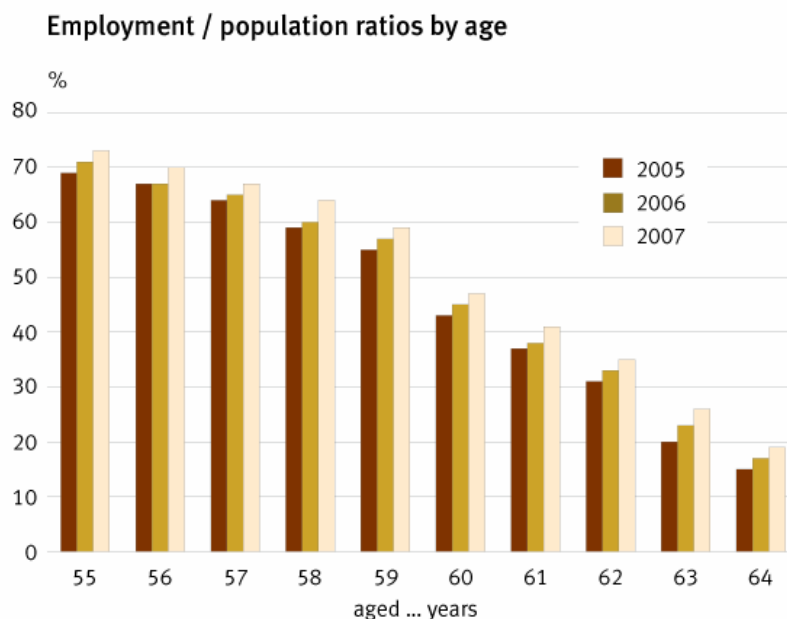
One of the reasons is the changing composition of the age group of the 55 to 64 year olds, which results from two opposite demographic trends: The number of the 60 to 64 year olds has been declining for about five years. At the same time, the share of the 55 to 59 year olds has been increasing due to the baby boom generation of the 1950s showing a higher labour force participation. That changing age structure within the group of the 55 to 64 year olds contributes to an increase in the employment/population ratio.

Also, the educational level of the population between 55 and 64 years has increased continuously. That factor, too, has a positive influence on labour force participation and often leads to longer participation in working life.

But even irrespective of demographic factors, employment of older people has increased. This is obvious when examining the development of the employment/population ratios between 2005 and 2007 in the various years of age of the 55 to 64 year olds: In every age cohort, the employment/population ratio was up. Changing framework conditions for the employment of older people such as fewer opportunities of early retirement have an effect here.

For those aged 55 years, the employment/population ratio was 73.2% in 2007. For the group of 60 year olds, it was markedly lower (47.1%). With every further year of age, the employment/population ratio decreases further – down to 19.5% for the 64 year olds. That trend is observed for both men and women, with the employment/population ratios of women being markedly lower than those of men, as is the case for the overall population. At the same time, the employment/population ratios in the new Länder were slightly below those in the former territory of the Federal Republic, especially for men. From the age group of the 60 year olds, the employment/population ratios in the new Länder decrease more sharply than in the former territory of the Federal Republic: While in the former territory of the Federal Republic slightly more than every fifth 64 year old person is in employment, only every eighth 64 year old in the new Länder performs a gainful activity.

Another factor contributing to higher labour force participation is the number of self-employed aged 55 to 64 years. Since 2005, the number of self-employed rose by 7.1% among the 55 to 59 year olds and by 3.8% among the 60 to 64 year olds. Hence the increase in the number of self-employed in the age groups examined is markedly smaller than the increase in the number of persons in dependent employment (+16.5% among the 55 to 59 year olds; +8% among the 60 to 64 year olds).



Source: Microcensus with definitions of the EU labour force survey.

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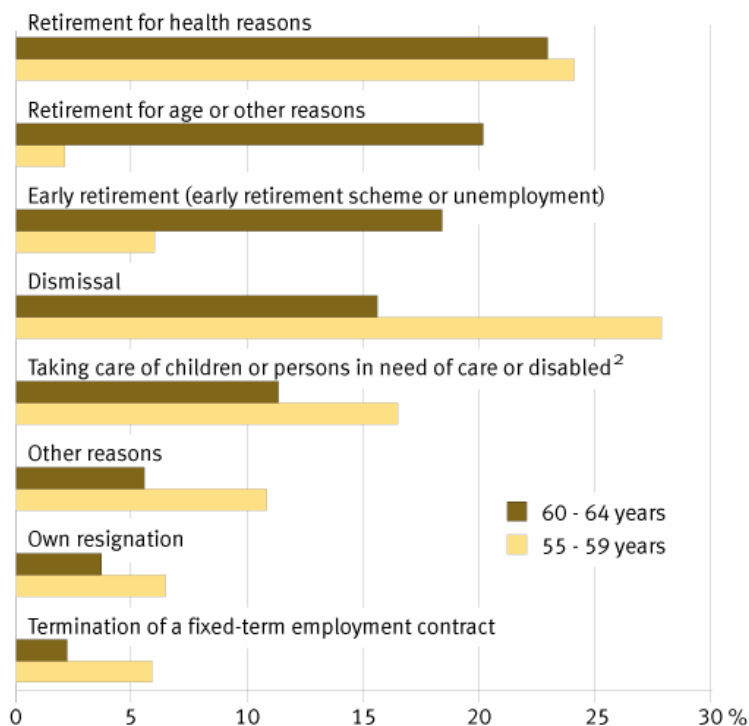
Reasons for terminating last employment

The main reasons given by older persons who are not in employment (any longer) for terminating their last employment are “dismissal” and “retirement” (early, due to old age, or for health reasons). It should be taken into account here that the last employment was not necessarily terminated direct before retirement but possibly quite some time before.

When comparing the age group of the 55 to 59 year olds with that of the 60 to 64 year olds, differences in the shares of the reasons indicated are observed. While in 2007 about one third of the 55 to 59 year olds indicated “retirement for health or other reasons” as the main reason, the relevant share of the 60 to 64 year olds was a good 60%. Just under one third of the 55 to 59 year olds and 15% of the 60 to 64 year olds in that group indicated “dismissal” or “termination of a fixed-term employment contract” as the most important reason.

What is striking when comparing the new Länder with the former territory of the Federal Republic is that the reasons “dismissal” and “termination of a fixed-term employment contract” were indicated much more often in the new Länder. At the same time, the reasons “taking care of children or persons in need of care or disabled” and “other personal or family obligations” were indicated much more seldom than in the former territory of the Federal Republic.

Inactive persons' main reasons for terminating last employment, 2007¹



¹ Share in all inactive persons of the relevant age group.

² Incl. other personal or family obligations.

Source: Microcensus with definitions of the EU labour force survey.

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Outlook

Apart from the goal of higher labour force participation of older people, the agreements of Lisbon also include target values for the labour force participation of the entire population aged between 15 and 64 years. The share of persons in employment within that age group was 69.4% in 2007. Hence the annual result for 2007 was just slightly under the EU target for 2010 (70%). An annual result for 2008 is not available yet. Based on provisional results available, it is expected, however, that the employment/population ratio for the entire population between 15 and 64 years will be markedly above 70% in 2008.

Considering the fact that the employment/population ratio targets have been achieved, the Federal Government has already set new national targets going considerably beyond the values agreed upon at EU level: For the population aged between 15 and 64 years, an employment/population ratio of 73% is to be reached by 2010 and of 75% by 2020. The national targets for the 55 to 64 year olds have been set at 55% in 2010 and at 57% in 2020.

Further labour market data for Germany are available in the Genesis-Online database of the Federal Statistical Office. Labour market data are contained in the online database of the Statistical Office of the European Communities (Eurostat).