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13 Patterns of labour market participation and their impact on the well-being of older women

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- ▶ There are pronounced differences in women's lifetime employment patterns across the EU
 - ▶ Women who worked either full- or part-time currently have better financial situation and life satisfaction than women who had very short or interrupted labour market careers
 - ▶ Policy developments related to the reconciliation of work and family life are not only important for current situation of women on the labour market but may also affect future outcomes after retirement
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13.1 Introduction

The levels of income and well-being and the socio-economic situation of older people depend on their life choices. Patterns of employment and earnings differ significantly within and between countries, in particular from a gender perspective. Women have shorter and more interrupted careers than men. Our hypothesis is that the patterns of the working careers of the female life course depend on the institutional organization, including regulations of part-time work, which translates into its varying incidences across countries.

We focus on identifying the patterns of the full and interrupted careers of women in 13 European countries that participated in the third and subsequent waves of SHARE, in particular the retrospective SHARELIFE survey. Using the survey results, we distinguish women who have had full or interrupted labour market careers. We also analyse differences in the patterns of women's interrupted careers among countries. We then assess whether a link exists between the pattern of labour market career and the current socio-economic situation of older women, including their health, income and life satisfaction levels. Thus, we contribute to studies on various dimensions of life at later stages.

13.2 Family and child leave policies and labour market activity are strongly intertwined

There are many explanations for the different patterns of women's work careers among various countries. First, the presence of children at home will have an impact on a woman's decision to work and the number of hours worked. Thus, mothers can have little or no work experience or decide to reconcile work and family lives with more frequent career breaks or by working part-time. The heterogeneity of these decisions can be explained by individual factors that lead to more childcare-oriented behaviour (Hakim, 2003). Second, such choices also frequently reflect the limitations of institutional childcare and the necessity to provide care at home. Third, policies on parental leave, child care and school schedules affect mothers' employment patterns. Fourth, the heterogeneity of health and disabilities also translates into various working career patterns. Fifth, the process of building human capital during the life course can also lead to heterogeneity in patterns depending on educational status. Workers with a tertiary education usually enter the labour market later but are also more attached to employment in subsequent ages. Finally, a significant share of unstable work careers can also be an indicator of a dual labour market with relatively better opportunities for persons without interrupted careers.

The cross-country variation in policies may affect not only the labour market participation of women during the first years of children's lives but also their entire life course, thus affecting the lifetime length of career and wages. The decision to take maternity leave can influence well-being later in life. Maternity leave and the protected period around the birth of a child (particularly the first child) has important long-run mental health benefits for mothers, including reducing the risk of depression at an older age (Averdano *et al.*, 2015). Differences in labour market choices of individuals with respect to childcare affect individual pension levels (Kotowska, Stachura, and Strzelecki, 2008).

There is also a large diversity of gender norms and perceptions of men's and women's family roles. Women spend more time than men on housework and caring activities, particularly in southern European countries. EU countries also differ in the level of acceptance of men taking parental leave and/or doing an equal share of household activities. Whereas the labour market participation and presented perceptions are based on today's outcomes, they reflect the policies and societal norms that are frequently path-dependent, which may affect an individual's situation in later life.

13.3 Labour market careers of women follow a few typical patterns from a life course perspective

Interruptions in working careers are usually not randomly distributed in the population but are cumulated for specific individuals. To identify the existing differences, we compare the individual working careers from the retrospective SHARE database to find typical patterns of the full and interrupted careers characteristics for the countries analysed. In particular, this paper uses data from the generated Job Episodes Panel (see Brugiavini et al., 2013; Antonova et al., 2014) for methodological details. The aim of the analysis is to cluster the individual life course developments of women to define average patterns of interrupted and uninterrupted careers and to find a share of women with careers described as interrupted.

We use data on the episodes of work in each year of a career for all countries discussed in the paper based on the answers of persons aged 50 and older. Therefore, this sample describes the careers of generations that experienced their prime age in the labour market at least 20 years ago. Nevertheless, the country differences illustrate divergent labour market developments that are still likely to affect different pension and life outcomes for people by country.

To analyse the typical work career patterns based on the retrospective data, we applied a sequence analysis technique (Brzinsky-Fay, Kohler, and Luniak 2006) that allows for the definition of a measure of similarity between the different life paths of individuals. Three possible states are distinguished in each year of observation: full-time employment, part-time employment and inactivity/unemployment. The technical assumption that enables a calculation of the matrix of distances (similarities) between individuals in the sequence analysis is that part-time employment is the state exactly halfway between full-time employment and the lack of work (unemployment and inactivity).

Then, a cluster analysis with the Ward metric is used to identify no more than three most distinct groups of careers for the sample of all countries. As a result, each person in the SHARE survey was assigned to one of the three groups (Figure 13.1). The first cluster includes women with very short spells of employment at a younger age and who spend the majority of their lives outside the labour market. The second cluster includes careers dominated by part-time employment, sometimes also with short episodes of full-time employment and inactivity at the beginning of the working career. The most numerous is the third cluster, which can be described by a relatively high share of full-time employment in the working careers. However, the latter also covers women whose careers combined full-time work with relatively long periods of part-time employment.

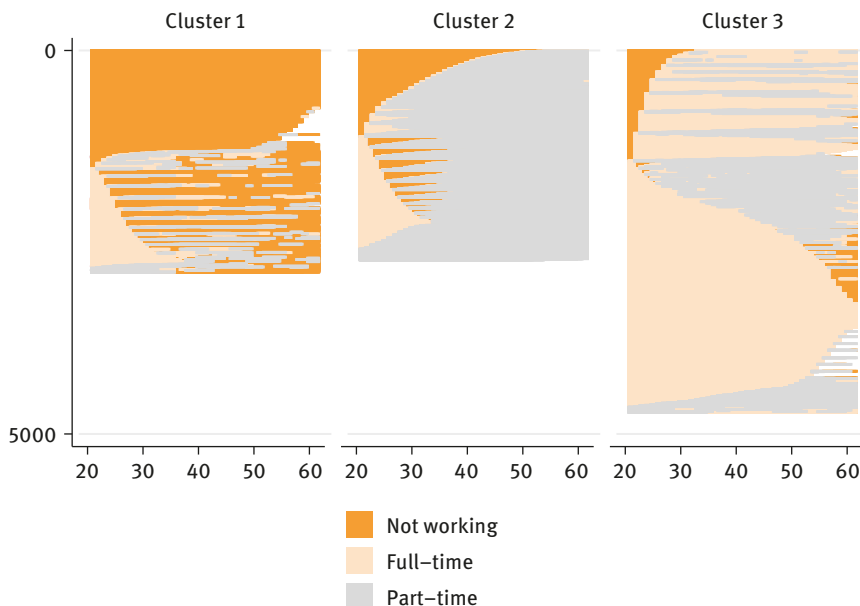


Figure 13.1: Results of the cluster analysis on the full sample of countries.

Source: SHARE Wave 3 (SHARELIFE) release 6.1.0.

Figure 13.2 shows the shares of women in the selected countries who are attached to one of the three types of careers. The highest share of uninterrupted careers can be found in the Czech Republic and Poland. More than half of the women have full-time careers in Denmark, France and Sweden. In contrast, the dominant type of career in southern European countries is outside work (Italy, Spain and Greece). In western European countries (the Netherlands, Switzerland and Germany) and Scandinavian (Denmark, Sweden) countries, careers with long periods of part-time employment are also relatively frequent.

13.4 Institutional factors at country level are important determinants of types of work careers

There are different factors that determine the type of work careers in the course of a life. Using a multinomial logit, we analyse the impact of individual and country characteristics on the identified career types. The features that can define long-

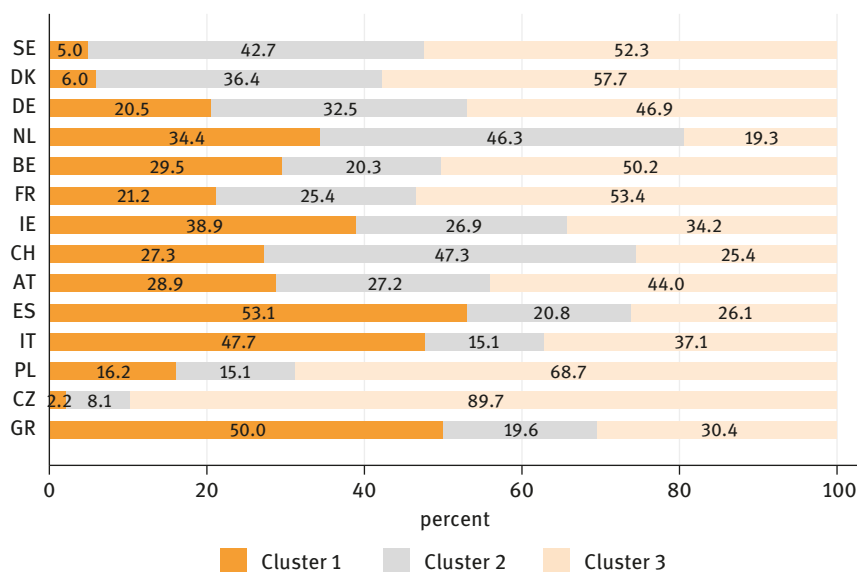


Figure 13.2: Share of women by type of work career in the analysed countries.

Source: SHARE Wave 3 (SHARELIFE) release 6.1.0.

term careers include: number of children, number of years of education, year of birth, marital status at age 50 and country.

Country specificity is very important in both explaining the deviation from the ‘uninterrupted’ career pattern (cluster 3) to non-work (cluster 1) and part-time (clusters 2). Figures 13.3 and 13.4 below show that taking into account individual features increases the role of the country variable in explaining the difference. Hence, national policies and social norms in countries are important drivers of the type of observed careers.

Individual characteristics are important in explaining the attachment to clusters that identified the ‘interrupted’ types of work careers. In both cases, the number of children, marriage and education are significant for both women who predominantly did not work or who worked part time. However, there is a significant decline in the probability of being classified as a non-work pattern for younger generations, but this is not the case for the part-time cluster. It is also important that the probability of inactivity (non-work) increases after the second child, whereas the probability of part-time work is significantly higher even after the first child (Table 13.1 summarizes the main results).

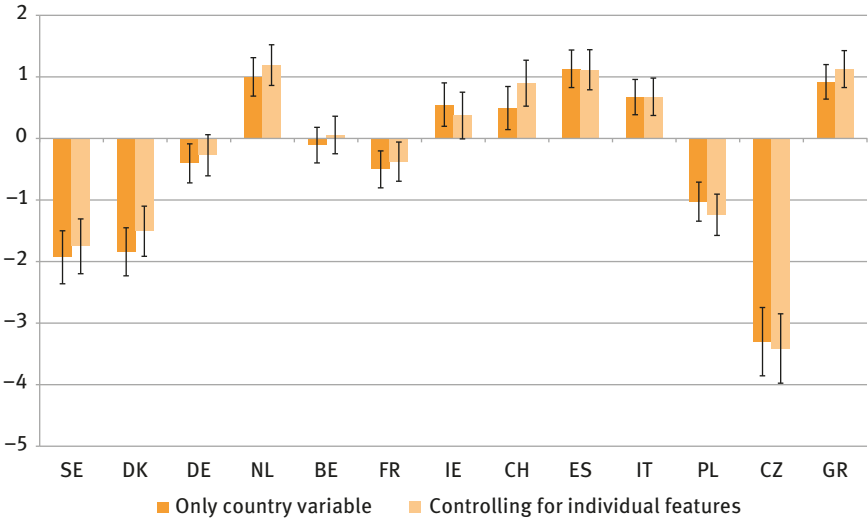


Figure 13.3: Multinomial regression coefficients: ‘not-working’ vs. ‘uninterrupted’ career.

Note: reference country: Austria

Source: SHARE Wave 3 (SHARELIFE) release 6.1.0.

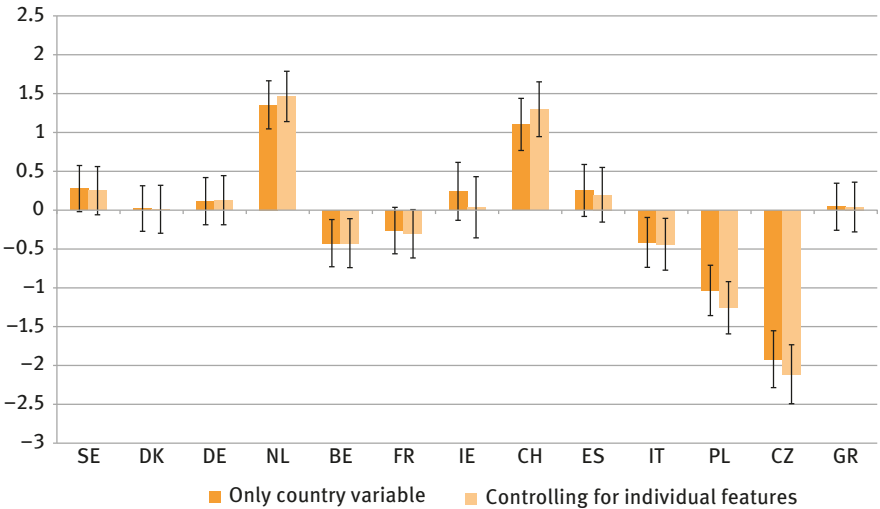


Figure 13.4: Multinomial regression coefficients: ‘part-time’ vs. ‘uninterrupted’ career.

Note: reference country: Austria

Source: SHARE Wave 3 (SHARELIFE) release 6.1.0.

Table 13.1: Results of the multinomial regression model (summary).

Variables	Cluster 1 “not-working” (ref Cluster 3 “uninterrupted career”)	Cluster 2 “part-time”
Number of children (ref 0)		
1	0.08	0.64***
2	0.48***	1.19***
3+	1.25***	1.70***
Married (ref: single)	1.03***	0.43***
Years in education	−0.37***	−0.03***
Year of birth	−0.06***	−0.01

Significance: *** = 1%; ** = 5%; * = 10%

Source: SHARE Wave 3 (SHARELIFE) release 6.1.0.

13.5 Type of labour market participation impacts socio-economic situation of older women

In this section, we analyse differences in the labour market status, health situation, financial status and life satisfaction of women with full and interrupted labour market patterns and with no labour market activity.

13.5.1 Employment

Current employment is lower among women who belong to the group with little or no labour market attachment in their lifetime which is shown in Figure 13.5. Women who were most likely to have worked part time currently have higher employment levels than those who had full careers. This somewhat surprising result is likely driven by the self-selection of women into part-time work and the types of jobs that offer the possibility of working limited hours.

13.5.2 Health assessment

The dominant perception of health status is good. The share of women who assess their health as very good is largest among those who have had full-time working careers, followed by those with dominant part-time careers. Both of these groups are also least likely to declare bad health as presented in Figure 13.6. Interestingly, women with part-time working careers have more frequent severe and non-severe limitations given their health status relative to women who have worked full time

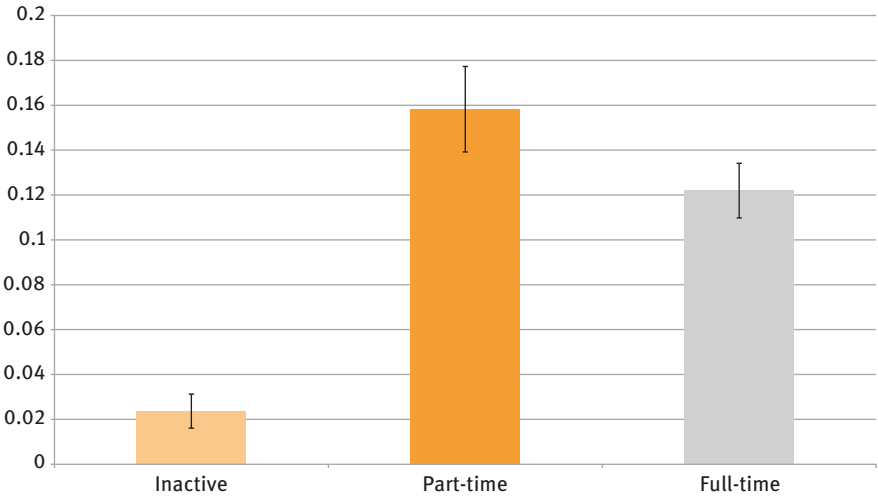


Figure 13.5: Share of employed women by cluster.
Source: SHARE Wave 3 (SHARELIFE) release 6.1.0, Wave 7 release 0.

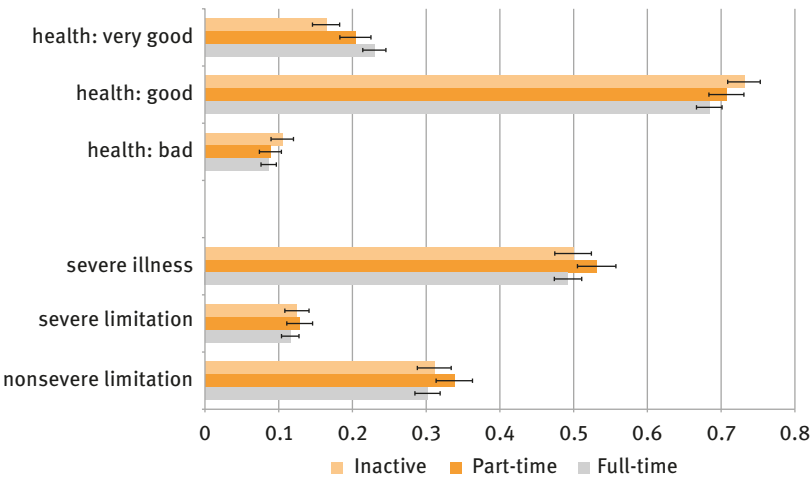


Figure 13.6: Health assessment by cluster.
Source: SHARE Wave 3 (SHARELIFE) release 6.1.0, Wave 7 release 0.

and those who have withdrawn from the labour market. Obviously, these links between current health self-assessment and work history are correlations only and do not imply any causalities. Some full careers may have led to worsening health,

but also women with a worse health status in their early careers were likely to have more career interruptions and a lower probability of full-time work.

13.5.3 Financial situation

Women who have withdrawn from the labour market face greater difficulties in making ends meet relative to women who have had full- and part-time working careers. Moreover, the share of women that easily makes ends meet exceeds 47% among women who have worked mostly part time and is slightly higher among women who have worked full time (49%), whereas it is only a third among women with interrupted careers, which is presented in Figure 13.7.

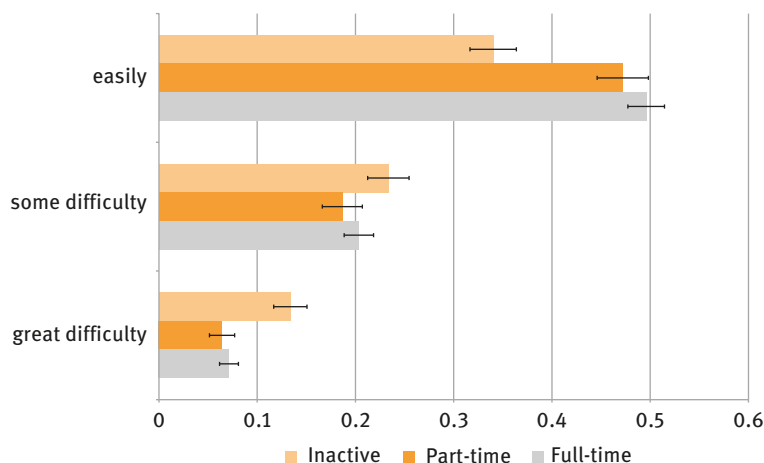


Figure 13.7: Making ends meet by cluster.

Source: SHARE Wave 3 (SHARELIFE) release 6.1.0, Wave 7 release 0.

13.5.4 Life satisfaction

Women who have had working careers (especially part-time) seem to be more satisfied with their lives than women who were mainly inactive. The latter are also less likely to feel that life often has meaning compared to women with full- and part-time working careers as presented in Figure 13.8.

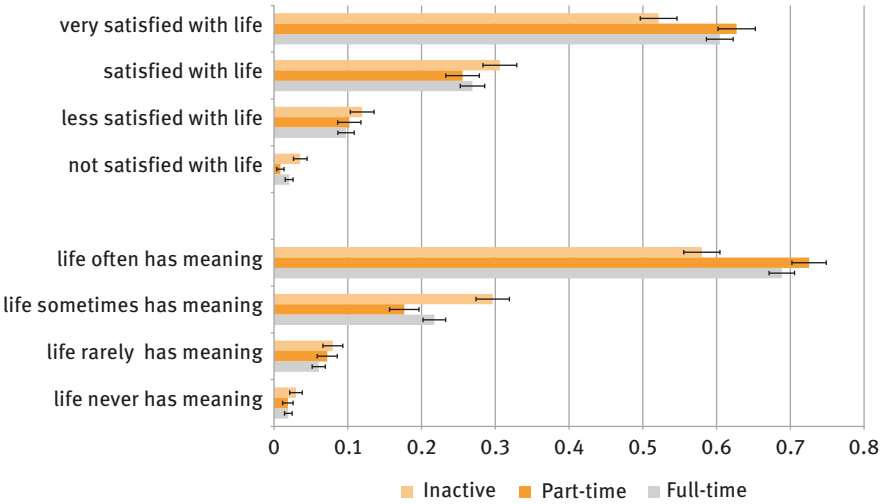


Figure 13.8: Life satisfaction by cluster.

Source: SHARE Wave 3 (SHARELIFE) release 6.1.0, Wave 7 release 0.

13.6 Differences in career patterns across countries affect situation of households after retirement

There are pronounced differences in women's employment patterns across the EU. In southern Europe and some continental countries (Austria, Belgium), women interrupted their labour market activity and withdrew from the labour market for good, whereas in Scandinavian and some continental countries (i.e., Germany, France, Switzerland), women were more likely to continue in part-time careers.

Predominant patterns of interrupted careers affect the current health assessment, life satisfaction, financial situation and labour market activity of women. In particular, women who worked either full- or part-time currently have better overall current financial situations and life satisfaction than women who withdrew from the labour market.

Our results indicate that country policies have an impact on the life course patterns of labour market activity. The choices made during the earlier stages of the life course affect well-being in the later stages. Therefore, the policy developments related to the reconciliation of work and family life today are not only important for today's outcomes but may also affect future outcomes.

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