# Working time preferences at different phases of life

EUROPEAN FOUNDATION
*for the Improvement of Living and Working Conditions*

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# Foreword

While raising employment performance is a major challenge for the European Union, providing jobs for all sections of the labour force is an urgent issue. Social inclusion has been set as an important European level policy target and increased labour market participation is the key element in achieving an inclusive European society for all.

This report seeks to analyse the role age plays in determining labour market participation and preferences within the 15 EU Member States and Norway. While it is recognised that there are many external indicators which influence people's decisions and are beyond their control (overall labour market demand, availability of adequate day care facilities, lack of access to training for older workers, and so on), it is also important to attempt to analyse internal indicators which influence the decision on whether or not to participate in the labour market. The hypothesis here is that age – or rather life situation – is one of those indicators that strongly influence people's current situation and choice with regard to employment.

We hope that readers of all ages will find this report informative and useful.

Raymond Pierre-Bodin
Director

Eric Verborgh
Deputy Director

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# Chapter 1 Introduction

Raising employment performance is a major challenge in the European Union. Providing jobs for all sections of the labour force has been set as an important European level policy target. At present, only prime-aged men come close to full employment. The number of young people entering the labour market in Europe has been falling for some years. Transition from school to work has become more difficult and takes longer in many Member States. There is a perception that jobs are difficult to obtain, hence young people are more likely to stay in full-time education and training for as long as possible. Employment rates for women in many member States have traditionally been low. Employment rates for men have been declining, especially for those over 55 years of age. (*Employment in Europe*, 1999)

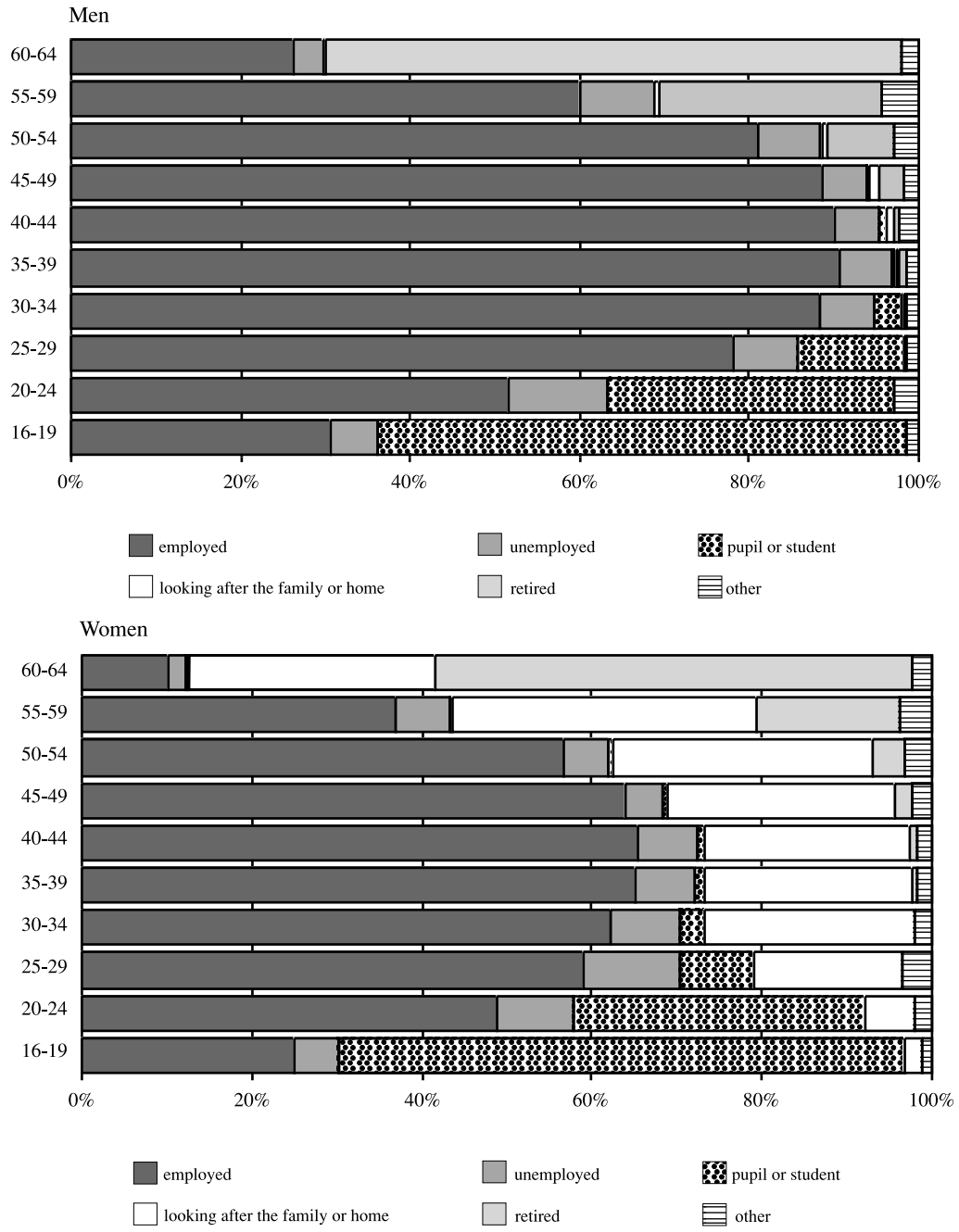
Increasing employment in Europe is not an easy policy target to achieve. It is closely related to the decision to participate in the labour market at different phases of the life cycle. In attempting to improve employment rates among younger age groups (or women) or to reverse the declining participation rates of older age groups, it is useful to have information on how people's aspirations and expectations of working life are met in the labour market. In particular, this kind of information is important when policy options are discussed at a practical level.

In order to provide effective incentives for participation in the labour market or disincentives for exit, it is necessary to understand to what extent observed behaviour corresponds with what people actually want to do. An effective set of policy measures needs to be based on correct perceptions of people's preferences.

This study attempts to shed light on how closely reality matches people's aspirations and expectations in the labour market at different phases of their life cycle, using a large-scale representative survey of 30,000 people aged 16 to 64 (Employment Options Survey). Data to be

used were collected in all 15 Member States of the EU and in Norway in 1998.[1] The survey focuses on the supply side of the labour market, and the major limitation of the survey is that the behaviour of firms cannot explicitly be taken into account, even though it is clear that final outcomes in the labour market always reflect supply and demand.[2]

*Figure 1* Current labour market situation




1 The survey was commissioned by the European Foundation for the Improvement of Living and Working Conditions, Dublin, and the Norwegian Royal Ministry of Labour and Government Administration, Oslo. Fieldwork was co-ordinated by Infratest Burke Sozialforschung, which has also prepared initial analyses of the survey (Employment Options of the Future, First Analyses of a Representative Survey in all 15 EU Member States and in Norway, 1999).

2 The survey does not include wage data and therefore many interesting questions related to the effect of wages on employment cannot be analysed using this data set.

## The life phase approach

The concerns of young people entering the labour market are very different from those of prime-aged and ageing people. Understanding people's choices to participate in the labour market requires a life phase approach. The term 'life phase' should thus be differentiated from the term 'life cycle', as the latter focuses on an individual's situation at different stages of life, whilst the former refers to different groups of individuals differentiated by age. It is important to remember that when the term 'life cycle' is used, it refers to groups of individuals at different phases of their life cycles.

In the Employment Options Survey, people's present status was ascertained by asking whether they were currently in paid work, pupils or full-time students, unemployed, caring for a family, retired, and so forth. It is standard procedure in labour force surveys to limit the questions to a given (current) point in time. It gives a comprehensive and representative picture of the labour market status of individuals at a given time. For the sake of comparison with other surveys it is important in subsequent analyses to focus on these current positions of the respondents when defining their labour market status regardless of their status immediately prior to the survey. In Figure 1 the current status of interviewees is reported at different age groups for both genders separately using information from all 15 Member States and Norway. Due to different types of sampling procedures these figures may slightly differ from official labour force statistics, but nevertheless they reveal basic differences in the labour market behaviour of different age groups in a similar manner to other data sources. It appears from Figure 1 that there is, indeed, a close connection between a person's current labour market status and position in the life cycle.

Figure 1 shows that over two-thirds of young people aged 16-19 and one third of those aged 20-24 are in full-time education. At this stage of life transition from school to work is one of people's main concerns. In the 20-24 and 25-30 age groups, when people enter the labour market after finishing their studies, unemployment to population ratios are higher than in other age groups. This is a period when young people face many challenges and insecurities both in their personal and working lives.

From 30-49 years of age almost 90% of men remain employed. Among women aged 30-44 the employment rate is much less (65%) than that of men. In this age group about a quarter of the women care for a family or a home and are housewives. The unemployment rate is lower than among younger people. This is a period when questions related to combining work and family life require careful consideration. This is also true among those who have decided to remain employed. Choices that are made now affect later work options. Working patterns are formed, careers develop, and life evolves in other respects as well.

It appears from Figure 1 that in the 45-54 age group people are still quite work-oriented. Over 80% of men and about 60% of women are employed. Many are at the peak of their careers. The risk of unemployment is small compared with other age groups. This is clearly a time in life when earlier investments in education and working life yield results. This is also the time when the question of pension arrangements first arises. Some people have already taken the first steps to retirement; the number of women caring for a family or home starts to rise.

Between 55 and 59 years of age one in four people (one in five men) are retired. After the age of 60 the employment rate drops sharply. Among men aged 60-64 the employment rate is no more than 26% and among women only 10%. Almost 68% of men and 56% of women have retired.

When considering the European level target to increase the employment rate, it is important for policymakers to be aware of specific problems that people face at different stages of their life cycle. The Employment Options Survey provides data about people's work options that are very useful in this respect. The goal of this report is to provide new insights from the life cycle perspective for the discussion about employment in Europe.

The report has three main sections. Firstly, we study how labour markets appear to function from young people's point of view. For example, we consider to what extent different institutional arrangements may assist the transition from school to work and relieve young people's insecurity in their first attempts to gain employment. Secondly, we study how well current working patterns correspond with preferred working hours at prime age, when one of people's main concerns is combining family and working life. It is important to know to what extent work options are regarded as non-optimal. General dissatisfaction with working-time arrangements can deter entry into the labour market as well as promote early exit at later phases of the life cycle. Thirdly, we examine the working-time preferences of the ageing population and aspirations to early retirement . In particular, we determine when people start to plan their retirement and explore the reasons for leaving the labour force early.

## Basic methodology

First analyses of the Employment Options Survey have revealed many interesting features of the work options in the European labour market. When working-time arrangements have been discussed, the focus has been on family decisions, reflecting the fact that about 70% of the employed people are married or have a partner (Bielensky and Hartman, 1999).

In this report the focus is on individual behaviour, without neglecting, however, the importance of the family in decision-making. In the younger age groups the search for a partner coincides with the time that occupational and work-related decisions are made. Among employed people aged 25-29 more than half have a partner; between 30 and 34 years of age half have children. In the 50-54 age group the marriage rate is at its highest; over 90% of employed men and 80% of women either are married or have a partner. In this age group over 50% still have children in the same household.

In relation to work options, family responsibilities have a different effect on men's and women's labour market behaviour over the life cycle. Therefore, in this report (where appropriate) we study the labour market performance of men and women separately, even though our main focus is not on gender issues. Another report, which also uses the Employment Options Survey in its empirical analyses (Fagan, Rubery, and McAllister, 2000) discusses these issues in more detail.

Finally, one of the main objectives of this research is to find similarities or dissimilarities in employment options and the labour market performance of people over the life cycle in the 15 Member States and Norway. There are many possible contributing factors that can explain country differences in this respect. Cultural, demographic, economic, and institutional differences all contribute to observed labour market behaviour. In order to separate country differences from other more general tendencies that are common in all labour markets, we control for personal and work related background factors in subsequent empirical analyses before making any conclusions about country differences. Therefore, in our analyses we do not take as a starting point a prior grouping of the Member States. Rather we first try to explain the observed differences in individual behaviour and then see if there is still scope for country differences. We hope that this procedure can separate more general, universal factors affecting people's behaviour from those that are specific to a certain country and possibly to its institutions and culture.

# Chapter 2

# Transitions in youth

Transition from childhood to adulthood is often described as consisting of four main steps. These four steps are leaving the parental home, leaving school, getting the first job, and starting a family. Most young people take all or most of these steps before the age of thirty, but both the speed and sequence of these events vary greatly between individuals. These four steps are also highly inter-related, and the outcome is a complex mix of individual preferences and social and cultural factors.

It is a well-documented fact that transition from school to work has changed during the past two or three decades (*OECD Employment Outlook* (1996, 1998), Eurostat (1997)). Young people are now staying in education longer and thus enter the labour market later than their parents did. In addition, the transition has become a more difficult and complicated process in almost all the Member States, which is manifested not only in high youth unemployment rates, but also in increasing numbers of young people doing part-time work and having non-permanent employment contracts. In other words, quick and easy entry into the labour market and into a permanent, full-time position is a reality for fewer young people than before.

This chapter aims at describing the youth of Europe from the perspective of transitions.[3] We examine the ages at which these events take place in the 15 Member States and Norway, and which factors affect the outcomes that we find. One important question is preferences: what young people want and how well their preferences are realised in Europe. Since the aim of the European Union is to raise the employment rate, youth – in addition to prime-aged women and

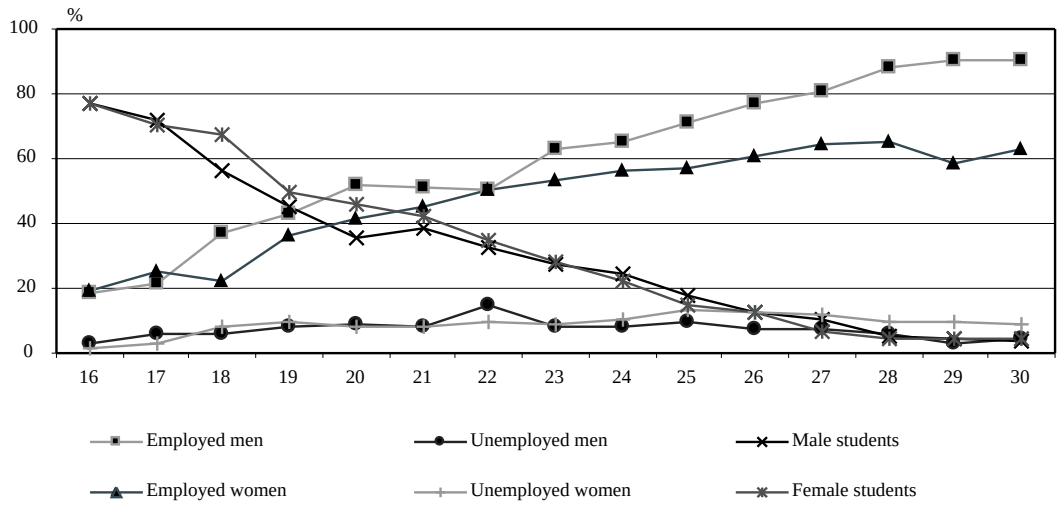
[3] The data available does not allow us to examine the ages at which young people leave the parental home. This issue has been examined, for example. in 'Youth in the European Union. From education to working life' (European Commission, 1997)

the ageing population – is one of the core target groups in all adopted labour market policy. In order to develop meaningful policy initiatives that support this aim, information is needed on whether or not the employment rate of young persons can be affected, or whether youngsters are already working according to their preferences and, if so, what scope there is for for policies that aim at increasing their employment rate while preferences remain as they are.

The Employment Options Survey that we use as a basis for empirical analysis focuses on the supply side of the labour market. The outcome in the labour market is of course a combination of supply and demand side factors. To deal with this we have added some aggregate demand variables into the econometric analysis on employment probability.

This chapter on youth is organised as follows. First, we look at the current situation of young people and compare it with their preferences. Next we analyse more carefully the transition from education to working life for three different subgroups: all young people under 30 years of age, those with only a basic education and finally those young entrants with a secondary education. The intention is to provide a general picture of what influences employment probability for young people in general and to highlight the problems of two special groups. In the final section on atypical employment we try to highlight the division into 'good' and 'bad' characteristics of part-time work and non-permanent employment contracts.

*Figure 2* Labour market status of young people




## Current situation and preferences

The current labour market situation of young people is described in Figure 2. The share of students gradually diminishes over time, and by the age of 22 half of both men and women are employed. The figures for men and women are rather similar, although disparities start to emerge both in employment and unemployment relatively soon after entry into the labour market. After

22 years of age, the employment rate rises very steeply for men, whereas for women the effect of the family and children on employment rates can already be seen in the latter half of this age spectrum. In addition, the incidence of unemployment is higher for women than it is for men almost immediately after labour market entry, and this pattern lasts until people approach retirement age.

Leaving school and first entering employment is also closely related to youth unemployment. In Figure 2 it is noteworthy that the unemployment rate is calculated here as a proportion of the unemployed in the population in a particular age group, not as a share of the unemployed in the labour force. This leads to lower figures than those usually shown in the official statistics, but we should not let this confuse us into thinking that unemployment is not a problem for young people in the European Union.

This number of unemployed young people relative to their total number, however, tells us what proportion of young people is really affected by unemployment, leaving aside the labour force participation effect.[4] It highlights the important fact that unemployment is actually a worse problem for young adults (20-24 year olds) entering the labour market than it is for teenagers (15-19 year olds). This picture is somewhat different from that shown in official statistics on unemployment. The reason for this difference lies in the different rates of labour force participation. Amongst teenagers, a majority is still studying, and those entering the labour market early are often those with a high probability of unemployment. There is thus a 'negative selection' into the labour force among teenagers, which leads to a high unemployment rate, even though the current number of unemployed teenagers is not high. By contrast, the proportion of young adults in the labour force is much larger, which leads to a lower unemployment rate, even though the current number of unemployed young adults can be considerably higher than it is for teenagers. This issue has important policy implications: when planning the policy initiatives for young people, unemployed early school-leavers should be viewed as a core target group of the education authorities, whereas young adults entering the labour market with a post-compulsory degree should be the main concern of the employment authorities.

Youth employment is characterised by part-time work and non-permanent employment contracts. For some young people, mainly for those who are still studying, these two forms of employment represent an opportunity to gain work experience and earn some money. But for those who are entering the labour market after graduating from secondary or higher education, these are often second-best solutions.

Table 1 below presents the occurrence of part-time work and non-permanent contracts among employed youth. A general overview reveals that part-time work is most common for teenagers and its importance in total employment diminishes as the population ages. A closer look at gender differences, however, shows that the share of part-time work is at its highest for men in

4 The official unemployment rate is calculated as a proportion of the unemployed in the labour force, that is, the denominator is the sum of employed and unemployed persons. For young persons the proportion of people studying varies considerably among countries as does the duration of studies, therefore the denominator in the unemployment rate varies much more than it does for other age groups.

youth and is very low in the prime-aged groups. In contrast, the share of part-time work for women is actually at its lowest in the 20-24 and 25-29 age groups. The share of part-time work for women is over 30% in all age groups above 30. Later in this chapter we return to the subject of part-time work and we will further study the reasons for working part-time, and the insecurity and instability associated with it.

The share of non-permanent employment contracts is very high for teenagers and young adults. Part of this is a natural consequence of young people combining work with studying, but it is also likely to reflect the difficulty young people face when entering the labour market. For men, the share of non-permanent contracts markedly declines for 25-29 year olds, whereas almost one in four women in this age group still has a non-permanent contract.

*Table 1* Share of atypical forms of employment in the youth labour market

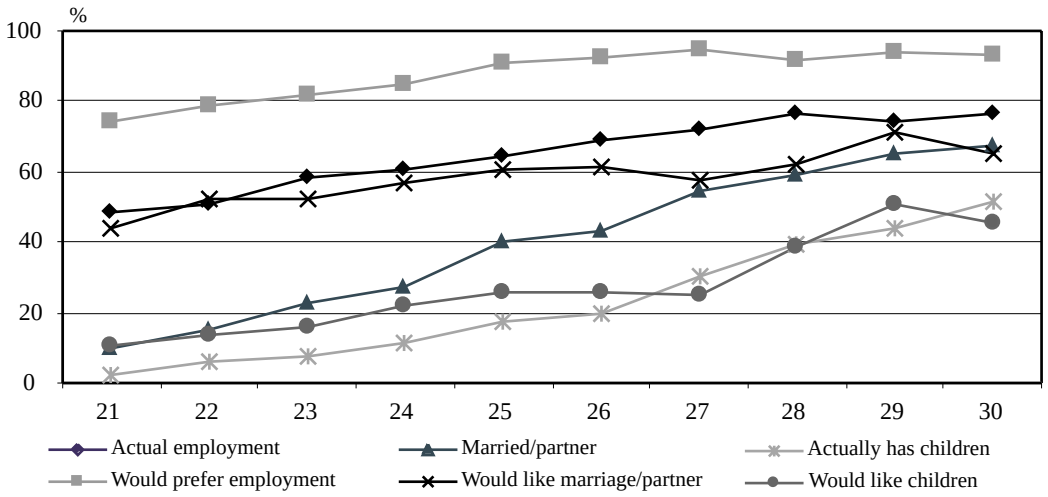
| Age group | Part-time work (%) | | Non-permanent employment (%) | |
|---|---|---|---|---|
| | Men | Women | Men | Women |
| 15-19 | 35.6 | 43.7 | 56.1 | 65.1 |
| 20-24 | 13.2 | 26.0 | 39.3 | 40.6 |
| 25-29 | 6.0 | 25.3 | 17.7 | 23.2 |

What do young people want to do now and in the future? First of all, we need to acknowledge that young persons in Europe are very much work-oriented in their preferences. Only 2% of the youth population between the ages of 16 and 29 say that they are not working nor do they want to work now or in the future. In addition, when young people were asked what they wanted to do in five years' time, over 90% of teenagers and approximately 95% of 20-29 year olds said they would be happy to be in paid work. Furthermore, the goal appears to be to obtain full-time rather than part-time work in the future.

Young people are also very optimistic about their future: they see themselves as employed, having a spouse or a partner and also combining employment and children without any difficulty in five years' time. These, somewhat over-optimistic, aspirations can be contrasted with the reality of young people by looking at the Employment Options Survey data, age-cohort by age-cohort. This means comparing, for example, the dreams 16-year-olds have of the time when they will be 21-year-olds and the reality of those who are now 21. The age-cohort is, of course, not the same, but we have no real reason to believe that the age difference of five years matters that much.

Figure 3 gives us a hint of how young people see their future and how different the current situation seems to be. When we look at the present employment situation for 21-30 year olds and compare it with how 16-25 year olds see their future the difference is marked (over 20 percentage points in most cases). This difference results from education taking longer than young people expect, but it is also a consequence of postponed transition into the labour market due to unemployment.

*Figure 3* Current and preferred situation among those aged 21-30




Expectations of marriage or living with a partner are also high amongst teenagers and even among young adults: reality and expectations differ greatly from each other in the youngest age groups (the difference is almost 40 percentage points at the beginning). By the age of 27 reality almost matches the expectations of the younger age cohort. When perceptions about children are considered, the same age (27) is a turning point: more people currently have children at this age than foreseen by younger cohorts.

This illustrative exercise paints a picture of young Europeans seeking a smooth, 'rational', and traditional transition to adult life. The reality, however, seems to be a little harsher than is anticipated. From the European labour market policy point of view the important message is that young people's general wish is to be employed in the future.

## Transition to employment

A look at the proportion of young people in different labour market categories at the European level can hide the fact that there are huge country differences in the numbers of young people in Europe who are employed, unemployed or studying. We now discuss the difficulties young people face in their transition to employment in different countries, using both the data from the Employment Options Survey and other statistics, as necessary. In the interests of accuracy, we use several measures in order not to hide any country differences that must be acknowledged in order to draw conclusions about the youth labour market in Europe.

According to the Employment Options Survey the average employment rate for 16-29 year olds is 51%. There is wide variation among the European countries: from 33% in Italy to 68% in the Netherlands and the United Kingdom. Youth employment is very sensitive to overall economic conditions, and in an economic downturn (or recovery) it can vary much more than the youth unemployment rate would suggest. A worsening situation in the labour market reduces the youth

employment rate, which does not automatically lead to a rise in the youth unemployment rate, since young people often avail of other options open to them choosing, for example, to study full-time instead of staying unemployed.

There are several ways to measure youth unemployment, and they paint a slightly different picture and emphasise different aspects of the youth labour market. In Table 2 we have collected three different measures of youth unemployment. In the first column, the usual measure of unemployment is presented, namely the unemployment rate.[5] The average youth unemployment rate is 17.8% in the 15 Member States and Norway, but there is a huge variation, from as high as almost 36% in Spain, 35% in Finland and 33% in Italy to as low as 8% in Austria and Denmark, and 7% in Luxembourg.[6]

The second column indicates the unemployment to population ratio, which was already discussed briefly in Figure 1 above.[7] Here we can clearly see the difference between the scale in the unemployment rate and the unemployment to population ratio. This tells us the current share of young people in the population who are affected by unemployment. The most important point here is that the proportion of young adults who are unemployed is much higher than the proportion of teenagers. If all age groups were included in this table we would see that young adults (20-24 year olds) have the worst unemployment situation of all age groups.

*Table 2* Measures of youth unemployment (15-24 year olds)

| **Unemployment rate** | | **Unemployment/population ratio** | | | **Ratio of youth and adult unemployment rates** | |
|---|---|---|---|---|---|---|
| | | | **15-19** | **20-24** | | |
| Spain | 35.7 | Spain | 9.4 | 20.0 | Norway | 4.1 |
| Finland | 34.6 | Italy | 7.6 | 17.3 | Finland | 3.6 |
| Italy | 32.9 | Greece | 6.0 | 15.9 | Italy | 3.4 |
| Greece | 29.7 | France | 3.1 | 13.6 | Greece | 3.1 |
| France | 26.2 | Finland | 9.3 | 11.1 | Luxembourg | 2.6 |
| Belgium | 20.4 | Belgium | 2.3 | 11.0 | **EU15 + Nor** | **2.5** |
| **EU15 + Nor** | **17.8** | **EU14 + Nor** | **6.3** | **9.7** | the UK | 2.5 |
| Sweden | 17.5 | Sweden | 4.8 | 9.4 | the Netherlands | 2.4 |
| Ireland | 15.9 | United Kingdom | 7.5 | 7.5 | Belgium | 2.4 |
| the UK | 12.4 | Ireland | 3.8 | 7.5 | France | 2.4 |
| Germany | 9.8 | Germany | 2.4 | 7.1 | Portugal | 2.3 |
| Portugal | 9.5 | Norway | 6.6 | 5.6 | Sweden | 2.3 |
| Norway | 9.5 | Portugal | 3.8 | 5.4 | Ireland | 2.2 |
| the Netherlands | 8.8 | the Netherlands | 6.9 | 4.6 | Spain | 2.2 |
| Austria | 7.5 | Denmark | 5.8 | 4.5 | Denmark | 1.6 |
| Denmark | 7.2 | Austria | 4.0 | 4.5 | Austria | 1.5 |
| Luxembourg | 6.4 | | | | Germany | 1.3 |

*Source:* Eurostat Statistics in Focus – Theme 3 – 11/1999 and Statistics Norway Statistical Yearbook 1999

5 Unemployment rate = unemployed / labour force, where labour force = employed + unemployed.
6 Note here that in contrast to other parts of this chapter, Table 2 youth refers to 15-24 year olds, because most official statistics take this as a definition of youth.
7 In ascending order by young adults' unemployment to population rate. Luxembourg is not available here.

The third column reports the youth to adult unemployment rate ratio. This measure gives us an idea of how bad a problem youth unemployment is in a country compared with other age groups. On average in 1998, the youth unemployment rate was 2.5 times higher than that for the prime-aged population aged 25-54 years. Two points can be made here. First, there are countries with very low youth unemployment rates which do not fare so well in this measure. Norway and Luxembourg, especially, and also the Netherlands, are doing well in youth unemployment rates, but not so well in equal age dispersion of unemployment. Another point worth making is that the three countries at the bottom of this list are Denmark, Austria, and Germany – all countries that are heavily dependent on apprenticeship training in their vocational education system.

So why do some countries fare so well with respect to youth employment and unemployment compared with others, and why do these large country differences exist. The educational system and general economic conditions offer two possible explanations.

In youth unemployment literature, apprenticeship training is often described as superior to other educational systems in integrating young persons into the labour market. The German dual apprenticeship system, in particular, is cited as a prime example of successful policy (*OECD Employment Outlook* (1998), O'Higgins (1997), Steedman (1993)). This conclusion is usually arrived at by using aggregated data from several European countries and it is based on generally lower youth unemployment rates in those countries that have a high proportion of apprenticeship training. The Employment Options Survey offers us a European Union wide individual level data, where we can isolate some personal characteristics and at the same time attempt to identify the country differences where they might exist. The caveat is that we do not know whether a person has achieved his/her qualifications through apprenticeship training or in a formal vocational education institution, but the data used is superior to aggregate level data.

The other issue to be addressed is the sensitivity of youth employment and unemployment to general economic conditions. Since, we clearly cannot explain the change in a country's position regarding employment or unemployment simply by reference to the educational system, other explanations need to be considered. Youth labour force participation is especially sensitive to economic conditions (*OECD Employment Outlook* (1996)). When the economy is faced with a downturn, firms react to changing conditions by reducing recruitment, which immediately affects new labour market entrants. In addition, youth unemployment rises because inexperienced young workers are the first to face dismissals, redundancies, and termination of fixed contracts. The reverse is true in the case of economic recovery.[8]

The success or failure of a country to integrate young people into the labour market is a complicated issue to analyse. This is because young people frequently move between different labour market categories and an attempt to analyse the point when the 'final' transition into employment has occurred is almost impossible. Here we approach the issue of transition with

[8] For more on youth unemployment and general economic conditions see 'Growing into work' in *OECD Employment Outlook 1996,* or O'Higgins (1997).

several different samples with different dependent variables to be explained. First, we analyse what factors affect a young person's likelihood to be employed. We consider all young people between the ages of 16 and 29 and then take a closer look at those who enter the labour market with only a basic/compulsory schooling background. We also analyse those who have completed secondary education. In a further section we concentrate on those who are already employed and describe atypical employment, and the possible insecurity and instability aspects it brings about.

## Probability of employment for all young non-student groups

The probability of employment in youth differs markedly between individuals. In this section we analyse the probability of employment at a very general level to acquire some sort of understanding about what factors do or do not affect youth employment probability. The factors most likely to affect employment probability are individual characteristics (age, sex, education, etc.), family characteristics (spouse and children), and country of residence.

The analysis is carried out by using a logit model, which allows us to control for several factors that simultaneously affect an individual's employment probability.[9] This means that we are able to separate the individual, family, and country effects from each other and, thus, draw more accurate conclusions than would be possible with simple statistics that control for only one factor at a time. This is especially vital when we want to identify the purely country differences and attempt to find possible explanations behind them. By using this model, the estimated country effects show the difference in the employment probability of an 'otherwise similar individual' in different countries.[10]

The first analysis covers all young people under 30 years, who have indicated that they are not full-time students at present (see Statistical Annex, Table A.2). The sample therefore includes all employed, unemployed and otherwise non-active persons, namely a group which should have interests in the labour market. Here we consider other states of inactivity as being parallel to unemployment.[11]

The estimations were carried out in two different ways: we have first included indicator variables for different countries and, secondly, only some indicator variables grouping the countries according to how well they are doing according to general criteria.[12] Below we take a closer look at what factors affect the country differences, but first we have a look at other factors influencing young peoples' employment. The results for individual and family factors obtained by two different methods are practically identical, so we can summarise them together. The main results from our estimations are as follows.

9 See Greene (2000), or Maddala (1983,) for a further description of this model.
10 The basic methodology is described in Statistical Annex, Table A.1.
11 The issue of youth joblessness, which also includes types of inactivity other than unemployment is discussed by Rees (1986).
12 GDP growth, employment growth, and unemployment were included as indicator variables of general economic conditions. See Statistical Annex, Table A.5. for grouping of countries.

- Women have around a 20 percentage points' lower employment probability than men.[13] This result is especially noteworthy, since we are now comparing men and women with otherwise similar observable characteristics (similar education, age, and family context). This means that the differences between men and women start to emerge in youth, immediately after entry to the labour market.
- The 20-23 year olds find it most difficult to find employment. This is in line with the aggregate unemployment to population ratios in Table 2 above. This result tends to be forgotten in the planning of employment policy for young people, because in general discussion of the labour market problems of youth the unemployment rate causes most concern. This leads to the conclusion that teenagers are the ones with most problems.
- The effect of education is very significant. For a university-level graduate employment probability is about 22 percentage points higher and 18-19 percentage points higher for a secondary-education graduate than for a person who has only basic/compulsory education. Lack of previous work experience also reduces employment prospects.
- Having children reduces the likelihood of being employed by over 30 percentage points in these young age groups. A closer look at the data reveals that this is actually true only for women; men are not affected by children in this respect.[14] Having a spouse increases the likelihood of employment, but an employed spouse decreases it in this sample of young people.

How do country differences affect the employment prospects of young people?. Which countries are doing well and which not so well? In Table 3 below, countries are ranked in descending order according to how probable it is for similar young people in different countries to be employed. The basis of this ranking, the estimated probability to be employed, is reported in the second column. This estimated probability is evaluated at the weighted mean values of explanatory variables. In the 'reference probability' case the employment probability of otherwise similar young persons does not statistically differ from one country to another and, thus, all countries within this group get the same ranking number (5). The order of the countries within this group is alphabetical.[15] The final column reports the current share of employed young people in this sample in each country.

What exactly is the difference between the ranking and the current share of the employed in each country? The first column uses average European characteristics for each country, and thus highlights more specific country differences. These differences are an end result of cultural and institutional factors which affect the employment probability of young people. In contrast, the current share of the employed is simply the calculated share of young people employed without taking account of any factors that affect employment probability. For example, countries differ with respect to how early young people marry and have children, and both these factors affect their employment probability. These observable factors are eliminated in the country ranking, whereas they are present in the current share in the final column.

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13 Since the coefficients of the logit model are not directly interpretable, we refer to marginal effects in the text. Marginal effects for dummy variables provide a reasonable approximation of the effect of one variable on the dependent variable, even though they are not optimal in discrete case. See Greene (2000, p. 817).

14 In order to check this, we have estimated the model separately for men and women. These results are available on request.

15 In initial estimations Germany was used as an original reference case, which was the first comparison point for other countries. After this several countries which did not statistically differ greatly from Germany were included in the reference group. Therefore, Germany is by definition in the reference category against which other countries are analysed.

This ranking shows that the Netherlands offer the best prospects for a young person seeking employment. Portugal, Denmark, and Austria also offer good prospects. But in Spain and Italy the employment prospects of young people are below the European average.

For the most part the two sets of figures tell approximately the same story, but there are some marked differences. Norway and Luxembourg should at first sight belong to the group that is doing very well, while Finland, should be in the very high youth unemployment category. This means that in Norway and Luxembourg there are some indigenous labour market practices or cultural factors that hinder young persons' employment, while the demographic conditions in these countries are such that young people are doing well according to 'not controlled' data. In Finland, on the other hand, it appears that institutional and cultural factors are such that they encourage young persons' employment.

*Table 3* Country ranking for the probability of employment and the current employment rate for all non-student groups

| Country | Estimated probability (%) | Current percentage share in the sample |
|---|---|---|
| **Higher than reference probability** | | |
| 1 The Netherlands | 76.6 | 89.7 |
| 2 Portugal | 75.5 | 86.7 |
| 3 Denmark | 73.9 | 86.1 |
| 4 Austria | 72.9 | 85.5 |
| **Reference probability** | | |
| 5 Belgium | 65.9 | 84.3 |
| Finland | | 71.8 |
| France | | 80.4 |
| Germany | | 80.4 |
| Ireland | | 84.8 |
| Luxembourg | | 90.8 |
| The United Kingdom | | 80.6 |
| Norway | | 89.5 |
| **Lower than reference probability** | | |
| 6 Greece | 55.7 | 70.2 |
| 7 Sweden | 55.7 | 77.7 |
| 8 Italy | 49.3 | 61.2 |
| 9 Spain | 21.9 | 65.0 |

General economic conditions explain part of the differences between countries in Europe (see Statistical Annex, Table A.2, second column for results). If the standard unemployment rate for 1994-1998 in the country is either high or average (as opposed to low in Austria, Luxembourg, the Netherlands, Portugal, and Norway) there is respectively a 20 and eight percentage points lower probability that the young person is employed. On the other hand, high GDP growth in Finland, Ireland, and Luxembourg in 1994-1998 has promoted youth employment in these countries. The effect of the employment growth rate for 1994-1998 on youth employment could not be separated from growth in GDP in the estimations.

## Probability of employment for basic education entrants

The youth unemployment problem is often considered to affect mainly those early school-leavers lacking any post-compulsory education. However, most teenagers in Europe today attend vocational or general education at the secondary level after leaving compulsory schooling and, thus, most unemployed youth no longer fit into the category of early school-leavers. Nevertheless, most studies on the employment/unemployment effects of education indicate that low levels of education increase the risk of unemployment. In addition, the risk of other forms of social exclusion are especially high for this group. This section describes the situation of those young people who have not achieved any formal degree after finishing what is called basic or compulsory schooling. Again, in our analysis we include only those people who are either employed, unemployed or otherwise inactive; we do not include students.[16]

It should be noted that there are people other than teenagers in the labour market who are without further education Over a third of this sample is between the ages of 27 and 29. Here we compare the non-student groups with basic education against those who have had secondary or higher education.[17]

- Those in the labour market with basic education are more often men (55%) than women (45%).
- They are likely to have more children than secondary and higher education entrants have (25% v. 16%).
- If employed they work predominantly in manual occupations. This difference between educational groups is especially large (62% v. 31%).
- If employed they are concentrated in the manufacturing sector (41% v. 25%) more so than in services (52% v. 67%).

If employed, approximately the same proportion (around 20%) is in part-time work and about the same proportion is in non-permanent employment as in higher educational groups. This, perhaps somewhat surprising, result emerges from two factors. First, the sample is limited to young people and those who stay in education longer have less time to look for permanent, full-time work. Second, in these types of surveys the possibility that employed young people are also studying at the same time cannot be ruled out. This sometimes makes it difficult to interpret the results.

What of the employment prospects of this group? Almost three quarters of young people with only a basic education are presently employed, which at first glance is a reasonably high figure. This is partly explained by the fact that students are excluded from this sample. Estimation results for the employment probability of persons with only a basic education can be found in the Statistical Annex, Table A.3.

16 We are not able to exclude those people, who are presently employed, but also studying at the same time. This is problematic in all survey data, since the numbers of young people combining work and studies is clearly increasing; see *OECD Employment Outlook*, 1996, p. 128-32.

17 These figures are based on simple frequencies from the Employment Options Survey, and not on a statistical model controlling for other factors.

The main results from estimations are as follows.

- The employment probability is lower for women (20 percentage points) than it is for men.
- The age effect in this sample is very much as expected: the youngest are the least likely to be employed. Teenagers have approximately 20 percentage points' lower employment probability than 28-29 year olds.
- Children have an especially negative effect on employment in this group (45 percentage points), but due to the small sample size we are unable to check whether this effect is confined to women. This is, however, highly likely according to other analyses in this study. As described above, the jobs open to young persons with only a basic education are mainly low-paid menial jobs. In these circumstances and given the cost of childcare, there is little incentive for women in this group to obtain work (Killingsworth, 1983).
- Having a spouse has a positive effect on employment, but the effect is much reduced if the spouse is employed. Men generally benefit most in such instances.

Country differences are slight and, thus, the reference category with ranking 3 is large (11 countries altogether). In Luxembourg and the Netherlands the employment prospects of basic education entrants are much better than elsewhere. Their counterparts seeking employment in Greece, Spain, and Italy face extreme difficulty. What is noteworthy here, however, is the wide country differences : the employment probability in Luxembourg is over 90%, whilst in Greece it is only 35%, when similar individuals are compared. The possibility that country differences result from educational differences is very remote, and the differences reported here arise mainly from labour demand.

## Probability of employment for secondary education graduates

Much discussion about youth employment and unemployment is concentrated, on the one hand, on general economic conditions and, on the other, on educational systems.[18] General economic conditions are generally accepted as the primary explanation for the large variation in youth employment and unemployment figures (*OECD Employment Outlook* 1996 and 1998, O'Higgins (1997)).

The educational system is cited because of the fact that countries like Germany, Austria, and Denmark, which have developed a comprehensive apprenticeship training system, have the lowest youth unemployment figures. A closer look at the official statistics also reveals that the youth-to-adult unemployment rate ratio is lowest in these particular countries (see Table 2). The differing nature of youth unemployment in apprenticeship countries is further highlighted when

18 In the 1980s one important topic was the relative wages of young people compared with other age groups; see, for example, the book edited by Junankar (1987) on this subject. In the 1990s this discussion was continued by Blanchflower and Freeman (in 'Growing into work' in *OECD Employment Outlook*, 1996) and Blanchflower (1996). The first study concludes that relative youth wages have declined in the 1990s, and they can hardly explain the changes in youth unemployment. The second study finds that low youth wages are weakly associated with comparatively low unemployment rates. Another important aspect of wages is the effect of minimum wages on youth unemployment. Useful surveys on this subject can be found in Card and Krueger (1995) and Dolado et al. (1996). New empirical research on minimum wages concludes that the effect of minimum wage on youth employment is either zero or even positive. Since the question of wages cannot be addressed with this data, we do not go deeper into the possible effects they have on young people.

we look at the differences in employment prospects one year after graduation in Europe.[19] The pattern seems very clear: the employment probability is highest for those who have completed university/tertiary education and lowest for those with only a basic education. This educational pattern is especially clear in Belgium, Finland, and Ireland. Furthermore, it is usually more visible among young women than among men.

*Table 4* Country ranking for the probability of employment and the current employment rate for basic education entrants (16-29 year olds)

| Country | Estimated probability (%) | Current percentage share of the employed |
|---|---|---|
| **Higher than reference probability** | | |
| 1 Luxembourg | 92.8 | 97.6 |
| 2 The Netherlands | 78.9 | 89.7 |
| **Reference probability** | | |
| 3 Austria | | 83.0 |
| Belgium | | 80.5 |
| Denmark | | 92.4 |
| Finland | | 73.3 |
| France | | 75.2 |
| Germany | 65.3 | 73.7 |
| Ireland | | 76.9 |
| Portugal | | 84.2 |
| Sweden | | 79.1 |
| The United Kingdom | | 82.2 |
| Norway | | 87.6 |
| **Lower than reference probability** | | |
| 4 Italy | 45.1 | 65.2 |
| 5 Spain | 40.4 | 62.8 |
| 6 Greece | 35.4 | 31.5 |

Given that, if we then look at the countries with high levels of apprenticeship training, we find that the employment probability after graduation is very similar in all educational groups in Austria, Denmark, Luxembourg, and Germany. This is also true for Italy and Spain. However, in these latter countries the employment probability for entrants is around 40%, while in apprenticeship countries it is around 80%. The following example illustrates the magnitude of country differences: for men in Finland in 1996 the difference between basic and university level entrants in employment probability one year after graduation was over 60 percentage points, while in apprenticeship countries all education groups are within 10 percentage points of each others in terms of employment probability. For women in Denmark and for men in Austria the share of employed secondary education entrants is presently higher than it is for university level entrants.

[19] We cannot identify the new school leavers from the Employment Options Survey and, thus, we use the data provided in the *OECD Employment Outlook*, 1998, p. 95. This data is for 1996.

However, the importance of apprenticeship training in integrating young people into the labour market is not a simple matter to interpret. First, account needs to be taken of statistical bias. This bias originates from the fact that young people attending apprenticeship training are listed as employed in official statistics. This means that when calculating the unemployment rate for young age groups, the number of the unemployed is divided by a much larger figure in apprenticeship countries than in non-apprenticeship countries.[20] This leads to lower unemployment figures for definitional reasons. The fact that apprenticeship trainees are regarded as employed would also explain why basic education entrants have, in some cases, the highest employment probability of all educational groups in apprenticeship countries, contrary to general expectations.

Second, there are many other institutional and other factors that also affect the transition process from education to work. Taking a fixed point in time and cross-tabulating countries and their youth employment/ unemployment success does not control for other possible explanations. In order to identify whether apprenticeship training or economic conditions, or a combination of both, that explain a country's good employment performance, we need to control several factors simultaneously. In addition, this analysis should be carried out only for those who have graduated from secondary education, since the quality of the vocational education system is not measured by success in employing basic or higher education entrants.

Our results from the logit model for the employment probability of secondary education graduates are reported in the Statistical Annex, Table A.4. We utilised two different approaches: first, we have estimated the model with country indicators in order to rank countries. We then estimated the model without identifying separate countries, this time including the variables describing how much the country uses apprenticeship in vocational training and some indicators of the state of the economy.[21] All estimations are carried out for a non-student population. individual and family factors are considered first, and the issue of the educational system is then examined.

The two models produce identical results concerning individual and family characteristics. The main results from these models are as follows.

- Women have a 16 percentage points lower employment probability than men.
- Again, the younger people are, the less likely they are to find employment. The oldest age group of the three included indicator variables (24-27 years) is not statistically significant, meaning that only those under 24 have lower employment prospects among young people.
- Lack of work experience (under one year) also lowers the probability of finding employment, on average by 17 percentage points.
- Having children has a large negative effect on employment (around 34 percentage points). An additional analysis on this subject (not included in the Statistical Annex) shows that this

[20] Unemployment rate = number of unemployed / number of people in the labour force. The labour force in the denominator is the sum of employed and unemployed persons. In apprenticeship countries the denominator is for definitional reasons larger than in non-apprenticeship countries.

[21] The grouping of countries for this method is reported in the Statistical Annex, Table A.5.

negative effect is only present for women. Spouse variables again produce two conflicting results: having a spouse increases the probability of employment, but having an employed spouse decreases it. In this sample the combined effect of these two is very close to zero.

Country ranking is presented in Table 5 below. Again, the interpretation of this ranking is that otherwise similar individuals would be best off in terms of employment in Portugal and the Netherlands, and worst off in Spain, Italy, and surprisingly perhaps, in Sweden. The last column, which does not compare similar individuals but instead shows the average situation in a country, tells approximately the same story as the country ranking in the first column. We would perhaps expect Austria and Luxembourg to be in the higher than reference probability group when looking at the uncontrolled data. This means that there are some country-specific factors that lower the employment probability of secondary education graduates in these countries. It is also noteworthy that the difference in employment probability between the two extremes, Portugal and Spain, is over 40 percentage points when we compare it for similar individuals, but it is just over 20 percentage points in the current shares. This is due to the large difference in Spain in estimated employment probability and the current share, reflecting the especially difficult youth labour market in Spain.

*Table 5* Country ranking for the probability of employment and the current employment rate for secondary education graduates (16-29 year olds)

| Country | Estimated probability from the model | Current percentage share of the employed |
|---|---|---|
| **Higher than reference probability** | | |
| 1 Portugal | 86.7 | 92.9 |
| 2 The Netherlands | 82.5 | 92.9 |
| **Reference probability** | | |
| 3 Austria | 74.5 | 90.3 |
| Belgium | | 84.4 |
| Denmark | | 82.8 |
| Germany | | 83.9 |
| Ireland | | 86.1 |
| Luxembourg | | 92.5 |
| The United Kingdom | | 89.6 |
| Norway | | 87.9 |
| **Lower than reference probability** | | |
| 4 Finland | 66.8 | 71.9 |
| 5 France | 66.4 | 79.8 |
| 6 Greece | 59.0 | 78.1 |
| 7 Sweden | 57.8 | 77.1 |
| 8 Italy | 49.9 | 65.2 |
| 9 Spain | 44.1 | 71.8 |

This ranking of the countries does not, however, make it any clearer whether or not the vocational education system matters. Countries with high shares of apprentices are not doing better or worse here than the ‘European average’ after we have controlled for individual and

family factors, but this might be due to differing economic conditions the countries are facing. Let us next turn to this issue.

In the second column in the Statistical Annex Table A.4 we represent the model that includes the indicator of the extent of apprenticeship training in vocational education in each countrey.[22] Austria, Germany, and Denmark are high apprenticeship countries. At the other end of the scale – in low apprenticeship countries – vocational education takes place in vocational schools/colleges and less than 10% of vocational degrees are achieved outside these institutions. Finland, Greece, Portugal, Spain, and Sweden are low apprenticeship countries. The remaining countries form the average group in the middle. In these the vocational education system is a mixture of both apprenticeship training and in-school vocational education.

The state of the economy is assessed on the basis of the employment growth rate (high, average, low) for 1994-1998 and the standard adult employment rate for 1994-1998 (high, average, low).[23] The Statistical Annex in Table A.5 shows in which category a particular country belongs.

The main result from this analysis is that apprenticeship training seems to give secondary education graduates a better start in working life even after controlling for individual, family, and economic conditions in a country. This conclusion can be drawn, bearing in mind that our dependent variable is not optimal in the sense that in creating it we do not know whether a person has actually achieved his/her qualification in an apprenticeship. We only know that after controlling for several important factors, the probability to be employed is 12 percentage points higher in a high apprenticeship country and nine percentage points higher in an average apprentice country than in countries where apprenticeship training is scarce. Low employment growth in the past five years lowers young secondary education entrants' employment probability by five percentage points. In addition, the high or average standard adult unemployment rate for 1994-1998 affects youth employment probability by almost 18 and seven percentage points, respectively.

From both the educational and employment policy perspective, this result is both encouraging and challenging. Encouraging in the sense that many European countries have adopted the aim of increasing the level of apprenticeship training and/or significantly increasing the amount of on-the-job training in otherwise school-based educational systems.

It is challenging in the sense that developing a quality apprenticeship system in a country without a strong tradition in this area requires much time and effort from all parties involved. Its long tradition is often described as a strength of the German dual system (Steedman (1993) and O'Higgins (1997)). The system enjoys the support of all the social partners. Young people trust it

22 The data behind the construction of this variable was collected from 'Key Data on Vocational Training in the European Union' collected by Eurostat and the European Commission (1997).

23 We also did some experiments with the GDP growth rate for 1994-1998, but it did not explain the situation in a country as well as the employment growth rate. In addition, we carried out some experiments with yearly data of the same economic indicators, but it seems that a longer perspective is needed when one is analysing employment probabilities.

to acquire a qualification that is comparable with other training routes. Employers are willing to offer training places for young people. The system also involves trade unions and employers' organisations, since apprentices' wages are negotiated centrally. In addition, the employment and educational authorities cooperate with employers and trade unions to negotiate the content of these training schemes.

## Atypical employment

Atypical employment in the form of part-time work and non-permanent employment contracts serves as a source of flexibility for firms and also creates job opportunities for young people still studying. But for those young people who have already achieved a post-compulsory degree, atypical employment is often involuntary and represents a second-best solution. Atypical employment is closely connected with low pay, poor career opportunities and unemployment, and can prove to be a trap for young workers. Since atypical forms of employment are common in the youth labour market, it is important to know whether or not they cause insecurity or instability, or whether they present the opportunity for young people to successfully combine work and studies. From the general employment policy perspective, both part-time work and non-permanent contracts might present an opportunity: increasing the employment rate in Europe is, in some cases, only possible through more flexible employment patterns. But care should be taken not to encourage increases in atypical employment at the expense of any of the parties involved.

### Part-time work

There is a distinct age pattern associated with atypical forms of employment and it differs between men and women. As was already stated above in Table 1, part-time work among men is most common in youth, whereas the share of part-timers among women is presently at its lowest in the 20-29 age group. This might be more easily understood by looking at the reasons why young people work part-time.

*Table 6* Reasons for working part-time

| Age group | Men (%) | | | Women (%) | | |
|---|---|---|---|---|---|---|
| | Studying | No chance of FT work | No interest in FT work | Studying | No chance of FT work | No interest in FT work |
| 16-19 | 84.5 | 3.9 | 13.1 | 83.5 | 6.5 | 8.7 |
| 20-24 | 63.3 | 21.8 | 14.1 | 45.3 | 27.2 | 17.6 |
| 25-29 | 45.4 | 23.9 | 16.7 | 9.5 | 29.6 | 48.3 |
| All young people | 61.9 | 14.1 | 13.6 | 32.1 | 27.5 | 31.8 |

Table 6 shows why men and women work part-time. Among teenagers of both sexes studying is by far the most common reason. In the years following, differences emerge between men and women in both working-time patterns and the reasons for them. For men, the share of students remains quite large even among the 25-29 year olds and involuntary part-time work increases in

importance. However, this coincides with a rapid decrease in the number of men working part-time. For women, involuntary part-time work and, especially, the lack of interest in full-time work are increasingly cited after labour market entry in the 22-23 age group. The latter is cited by all those who work part-time due to family reasons and, thus, there is a big difference here between men and women.

When young people working part-time and full-time are compared, a surprising result emerges: 30% of part-timers and 29% of full-timers report that they 'worry about the security of their present job'. This one percentage point difference is very small, but before reaching definitive conclusions we should have a more careful look at the reported insecurity and the reasons for working part-time. Further investigation reveals that, when those who are working part-time because of their studies are excluded, the proportion of young people feeling insecure rises by 10 percentage points. When the focus is further resticted to those working part-time involuntarily, about 55% say they are not sure of the security of their present job (see Table 7). To sum up, part-time work does not seem to cause insecurity among young persons who are combining work and study. This is because there is less at stake for them if they lose a job. But for those young persons who are working part-time for other reasons, insecurity is more pronounced and they take the threat of losing a job more seriously.

*Table 7* Insecurity and instability amongst part-time and full-time workers in non-student groups

| | **'Worry about the security of the present job' (%)** | **Instability (%)** | |
|---|---|---|---|
| | | **Experienced unemployment in the past 5 years** | **Unemployed > 1 year in the past 5 years**[3)] |
| Part-time workers | 41.6[1)] / 55.0[2)] | 50.5 | 21.2 |
| Full-time workers | 29.0 | 31.6 | 9.3 |

1) Amongst all part-timers who are not students; 2) Amongst involuntarily part-timers; 3) Share of all part-timers and full-timers. 42% of part-timers and 29.5% of full-timers have been unemployed altogether more than a year.

In addition to the insecurity of present employment the possible correlation between part-time work and the instability of the early career should be considered. Again, by excluding those part-time workers who are studying, we can compare the occurrence and duration of previous unemployment between part-timers and full-timers. Approximately half of the young part-timers have experienced unemployment during the past five years compared to less than one third of full-timers. In addition, the duration of unemployment during the past five years is longer for those employed part-time at present. Twice as many part-timers as full-timers have experienced periods of unemployment totalling a year in the past five years.

In order to identify those doing part-time work and trace the country differences we have estimated a logit model on the probability of people to work part-time (see Statistical Annex, Table A.6). The sample includes all presently employed young persons. Of these 19.5% work part-time. Amongst young women the figure is 27%, while amongst men it is only 13.5%.

The main results from our analysis are as follows.

- Women have a higher probability of working part-time. The difference between men and women is 11 percentage points.
- The probability of working part-time is highest among teenagers and young adults between 20-23 years old (17 percentage points and six percentage points higher than for 24-29 year olds respectively).
- Education does not seem to matter. This is surprising, and may partly be a result of this age-limited sample. Young people with basic education have had more time to look for a full-time job, while other educational groups are just entering the labour market and have not had the time to look search for a full-time job.
- Work experience of less than a year and previous unemployment both increase the probability of part-time work among young people, in both cases by around four percentage points.
- Family characteristics are important: Having a spouse reduces the probability of part-time work, but having an employed spouse increases it by making it financially more possible to take up part-time work. Children at home increase the probability of working part-time, and a more detailed analysis of both sexes shows that family responsibilities affect the behaviour of women in the labour market but not that of men.
- Job characteristics play an important role. A worker in a small firm in the service sector, especially if the work is manual, is much more likely to work part-time. In addition, if the employment contract is non-permanent it is also more likely to be part-time. This shows that these two forms of atypical employment go hand in hand.

After controlling for individual, family, and job characteristics we ended up with very few country differences. Of all 16 countries included in the data, only Ireland and Portugal produced a statistically significant negative effect, around seven and ten percentage points respectively (see Table 8 below). This means that we could not identify any especially 'part-time friendly' countries when we had first controlled for other factors. Only in Ireland and Portugal do young people seem to be discouraged from taking up part-time work. In Ireland this might be a result of an especially fast growing economy which creates full-time jobs places for young people. Portugal, on the other hand, traditionally reports very low part-time work figures for all age groups.

## Non-permanent employment

Non-permanent employment contracts are most common amongst teenagers and young adults. Such contracts have the same dual features as part-time work: they are both an opportunity but also a risk. When young persons who were not employed at the time were asked the reason why the previous employment contract ended, the three most common reasons were the end of a fixed-term contract/dismissal (39%), further education (17%), and having a child/children (10%). Where young people are employed in holiday work, either of the first two answers may be given. A closer look at those who say that the reason for the ending of a previous job was a fixed-term contract reveals that half of them are now studying and 40% are unemployed.[24]

[24] This 40 % also comprises 3 % of those who state that their present status is 'Other' (i.e. not employed, studying/in further education, unemployed, retired or housewife). Often in surveys these inactive young people do not see themselves as unemployed if they are not officially registered as such.

*Table 8* Country ranking for the probability of part-time work and the current share of part-time working amongst the employed (16-29 year olds)

| Country | Estimated probability from the model | Current percentage share in non-permanent employment |
|---|---|---|
| **Reference probability** | | |
| 1 Austria | 15.4 | 13.3 |
| Belgium | | 15.0 |
| Denmark | | 23.2 |
| France | | 18.1 |
| Germany | | 16.7 |
| Italy | | 19.1 |
| Luxembourg | | 10.5 |
| The Netherlands | | 26.8 |
| Portugal | | 12.2 |
| Sweden | | 24.1 |
| The United Kingdom | | 22.3 |
| Norway | | 27.3 |
| Lower than reference probability | | |
| 2 Ireland | 9.9 | 15.5 |
| 3 Portugal | 7.6 | 12.2 |

To establish the factors that explain the probability of non-permanent employment among young people we have estimated a logit model (Statistical Annex, Table A.6). In this sample of all employed persons aged 16-29 years 30% are on a non-permanent contract, while the figure for women (32%) is somewhat higher than it is for men (28%).

The main results from the statistical model are as follows.

- The probability of having a non-permanent employment contract is highest for the youngest age group, which arises from teenagers and young adults combining studying with employment. Teenagers are three times more likely to have a non-permanent contract than 27-29 year olds. In addition to being young, work experience of less than a year also increases the probability of having a non-permanent contract. This effect is also large (over 18 percentage points).
- Women have a five percentage points higher probability of having have a non-permanent contract than men.
- Both secondary and university education increase the probability of being in non-permanent employment. This surprising result corresponds to the findings in relation to part-time work. This sample is restricted to employed young people below the age of 30 and, thus, those with only a basic education have had the time to find a permanent job. It is also likely that they have remained in the labour force and do not seek further education because of the stable position they have achieved. In contrast, young people with higher education are recent labour market entrants and many have a non-permanent contract. Furthermore, graduates may take longer to adjust to a new highly-paid career in a high-skills / professional environment. This effect is not likely to be evident in estimations carried out for older age groups.

- Family characteristics play only a minor role in permanent/non-permanent employment. Having children has no effect on the estimated probability. This means that non-permanent contracts relate more to personal characteristics and, as shown below, the nature of the job.
- Working in the service sector, being in a large firm (in contrast to a small or medium-sized firm) and doing manual work all increase the probability of a non-permanent contract. That a large firm should be a factor seems surprising, since in relation to part-time probability the result was that working in a small firm had a similar effect, and this is something we would have expected to see repeated here.

After controlling for individual, family, and job-related characteristics we can now isolate the country effects on fixed-term contracts. Country variation seems to be more pronounced in non-permanent contracts than it was in the earlier estimations on part-time work. Country ranking and the corresponding estimated probabilities are reported in the first two columns of Table 9. After controlling for individual, family, and job characteristics, there are still some interesting country differences in the probability of having a non-permanent contract. The use of non-permanent contracts in Finland and Spain is higher than the European average while it is lower in Greece, the United Kingdom, and Austria. The last column, which reports the current shares in the data and which are not controlled anyhow, show a slightly different picture. For example, the share of non-permanent contracts in Spain and Ireland does not differ that much, but there seems to be a more 'friendly' attitude to non-permanent contracts for young people in Spain. The fact that Ireland is in the 'lower than reference' category is likely to be a result of rapid economic growth, which enables firms to offer permanent employment contracts to young people.

## Conclusions

The general picture of young people in the European Union and Norway is encouraging from the European employment policy point of view. If the aim is to raise the employment rate in Europe, young people seem very willing to participate in this process. They are optimistic about the future and they seem to be confident of their ability to move smoothly to adult life. This optimism applies not only to the labour market but it also reaches into family life.

But the reality seems somewhat different. Transition to adulthood takes longer than it did some decades ago. By the age of 22 half of the young people have entered the labour market. By the age of 27 the majority have realised their aspirations for family life. These two important milestones are passed somewhat later than they used to be.

There are two reasons for this: the longer duration of studies and postponed transition due to unemployment. The first reason is not a cause for concern. It increases human capital, which can only have a positive effect on the growth and wealth of the European Union. The second reason presents a problem. If employment rates in the Member States are to be raised, a start should be make by making the transition from school to work operate more smoothly. Employment policy should target those young people with a secondary education certificate or a university level degree. Teenagers and other youngsters lacking further education should be the main target group of educational authorities.

*Table 9* Country ranking for the probability of non-permanent employment and the current share in non-permanent contracts amongst the employed (16-29 year olds)

| Country | Estimated probability from the model | Current percentage share in non-permanent employment |
|---|---|---|
| **Higher than reference probability** | | |
| 1 Finland | 55.7 | 51.7 |
| 2 Spain | 41.9 | 38.8 |
| Reference probability | | |
| 3 Belgium | | 32.3 |
| Denmark | | 30.6 |
| France | | 30.0 |
| Germany | | 30.0 |
| Italy | 29.5 | 27.2 |
| The Netherlands | | 43.2 |
| Portugal | | 34.5 |
| Sweden | | 37.8 |
| Norway | | 39.6 |
| Lower than reference probability | | |
| 4 Ireland | 20.2 | 32.7 |
| 5 Luxembourg | 16.3 | 19.2 |
| 6 Austria | 16.2 | 17.8 |
| 7 The United Kingdom | 13.4 | 20.6 |
| 8 Greece | 11.0 | 11.8 |

The employment probability of young people is affected by gender, age, educational attainment, work experience and family situation. Only some of these factors are open to change in order to ease the transition into the labour market, for example, work experience and the level of education. But efforts should be made to alleviate the negative effects of the factors we cannot change. Here gender and family policy are very important. The research findings show that young women have much lower employment probabilities than men. In addition, when considering the negative effect of children on employment, which applies only to women, there is a strong case for developing gender and family policies for the youngest age groups just entering the labour market.

Raising employment prospects for young people depends on two factors at a country level. The most important single factor affecting the transition from graduation to employment is the general state of the economy. Here youth employment policy is only part of general economic policy. The other factor is the educational system. The results above show some evidence of the beneficial effects of apprenticeship training in easing the transition from secondary education to working life. However, it is not possible to duplicate the education system of one country in another since traditions play an important role here. Adopting positive elements of other systems is more likely to work. But as has been noted, the role of the vocational education system is less important than the effect of general economic conditions. The two sides of atypical employment

are evident in the youth labour market. On the one hand, young people still in education see it as a possibility. But for those people who have already graduated from further education it presents a risk. Instability and insecurity are more evident in part-time work and non-permanent employment contracts than they are in standard forms of employment.

# Chapter 3

# Working patterns and preferences in prime age

In the previous chapter we discussed labour market challenges that young people face in different Member States. The focus was on the transition from school to work and employment options. In this section we focus on those who are in their prime age (i.e. those aged 30-44), and who are already in paid work. This period in people's lives is important in many respects. Both family and working patterns are taking shape affecting individuals' work options now and in the future.

This chapter proceeds as follows. First, the general activity of prime-aged people in the labour market is described. Further, we discuss the relationship between family background and the decision whether to participate in the labour force in different Member States. We then focus on the working-time patterns of those who are employed. The choice between part-time and full-time work among women will be analysed in a detailed manner. Moreover, we study country differences in people's satisfaction with their hours of work as well as their need for working-time adjustments. These analyses can shed some light on the question of how well the labour market can adjust to individual needs in different Member States.

## Labour market status and family background

### General activity in the labour market

We first discuss the general background of prime-aged people in order to understand their choices and aspirations in the labour market better. How many of them currently work? It appears form the Employment Options Survey that 90% of the men and 64% of the women aged 30-44 are employed (Table 10).

As far as other categories in the labour market are concerned we divide non-participants into two non-overlapping categories according to their responses to questions in the survey about job-

seeking. Those non-participants who replied that they wanted to work now or within five years are called job seekers in Table 10. In addition to the unemployed, these people include those who look after a family or a home and other non-participants (such as students or retired people), who would like to work now or in the future. Further, we define those non-participants who, according to the survey, did not want or intend to work now or within five years as inactive in the labour market.

In interpreting the two categories, however, caution should be used. For example, the boundary between being 'unemployed' and not seeking employment due to 'domestic responsibilities' is not always clear for women. Many women in the latter group can be termed 'hidden unemployed', as they have domestic duties but would also like to work when it is possible.

It appears from Table 10 that about 6% of men and 7% of women are unemployed, most of them actively seeking work. Only 2% of men and 11% of women do not want or intend to work now or within five years. About a quarter of women care for a family or a home. Only about 1% are still students.

*Table 10* Labour market status by gender of those aged 30-44

| | **Men (%)** | **Women (%)** |
|---|---|---|
| **Employed** | | |
| Employee | 73.6 | 56.9 |
| Self-employed | 15.2 | 5.6 |
| Family worker | 0.9 | 1.5 |
| Total employed | 89.9 | 64.3 |
| **Job seekers** | | |
| Unemployed | 5.0 | 6.8 |
| Job seekers who look after the family or home | 0.3 | 15.1 |
| Others | 2.6 | 2.8 |
| Total job seekers | 7.9 | 24.7 |
| **Inactive in the labour market** | | |
| Unemployed | 0.8 | 0.6 |
| Those looking after the family or home | 0.2 | 9.3 |
| Others | 1.3 | 1.1 |
| Total inactive in the labour market | 2.3 | 11.0 |

## Family background and care responsibilities of the employed

In prime age one of the major challenges is to try to combine work and family life. In this age group as many as 78% of employed men and 79% of employed women are either married or cohabiting and most have children (Table 11). In one quarter of families in the female sample, and in one third in the male sample, the youngest child is under six years of age, requiring day

care services if both parents want to be able to participate in the labour force. About 9% of the men and 10% of the women have other care responsibilities at home.

*Table 11* Family background by gender of the employed aged 30-44

| | Men (%) | Women (%) |
|---|---|---|
| **Family status** | | |
| Married/cohabiting | 77.9 | 78.5 |
| Spouse employed | 65.6 | 94.4 |
| **Care responsibilities** | | |
| Youngest child aged under 3 | 17.5 | 11.3 |
| Youngest child aged under 6 | 32.3 | 24.8 |
| Youngest child aged under 15 | 59.2 | 60.1 |
| Youngest child aged 15+ | 5.8 | 11.8 |
| **Other care responsibilities** | 8.7 | 9.9 |

## Working patterns of employed men's partners

The Employment Options Survey focuses on those who are employed or who want or intend to be employed within five years. The non-participation decision of prime-aged women cannot be directly investigated with this data set. In order to understand country differences in employed women's behaviour, one cannot, however, totally ignore those who have made a choice not to participate in the labour force. In countries where women's non-participation rate is high, it is quite possible that employed women are even more work-oriented than in countries where it is customary for women to participate in the labour force. Therefore, it is important to form a picture of women's general choices in the labour market when discussing the aspirations of those who have made the choice to be (and/or have had a chance to be) employed. These people are, by definition, already quite work-oriented.

In the 30-44 age group almost all men are employed. The Employment Options Survey allows us to analyse the non-participation and working-time choices of the spouses (either married or cohabiting) of these men. Because employed men can be regarded as a representative group of most men, one should get a reliable picture of married/cohabiting women's choices by focusing on the partners of these men. In Table 12 the working patterns of the spouses of employed, prime-aged men by care responsibilities are reported.

It appears from Table 12 that about 35% of spouses are not employed.[25] Not surprisingly, women's non-employment is closely related to care responsibilities in the family. Over 53% of married/cohabiting women whose youngest child is under three years of age are not employed. As children grow older a larger share of women start working. Among those whose youngest

[25] In Table 10 it was reported that 64 % of interviewed women were employed, which leads to a similar share of non-employed women (i.e. 36 %). Some of these women are registered as unemployed (and thus attached to the labour market) but most have made the choice not to participate in the labour force.

child is 15 years of age (or over ) more than three-quarters fever than a quarter of the spouses are employed.

*Table 12* Working patterns of the spouses of employed men aged 30-44 by care responsibilities (percentage shares)

| Working-time patterns | Youngest child aged under 3 | Youngest child aged under 6 | Youngest child aged under 15 | Youngest child aged 15+ | All spouses |
|---|---|---|---|---|---|
| **Not employed** | 53.3 | 45.3 | 39.0 | 24.8 | 34.8 |
| **Short part-time** (under 20 hours) | 6.5 | 8.2 | 8.4 | 4.7 | 6.9 |
| **Substantial part-time** (20-34 hours) | 11.5 | 16.6 | 17.7 | 13.5 | 16.3 |
| **Full-time** (35+ hours) | 28.7 | 29.9 | 34.9 | 57.1 | 42.0 |
| **Total** | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

An interesting feature in the working-time patterns of married/cohabiting women with children, which Table 12 reveals, is related to choices between non-participation and working hours. It appears that even though there is variation in the share of women working part-time according to the age of the youngest child, this variation is not particularly strong. It appears that when children grow up the care responsibilities of mothers is closely related to the choice between staying at home and working full-time. About 29% of mothers with young children (aged under three) and 57% of mothers with older children (aged 15 and over) work full-time. In both of these groups 18% of the women work part-time. There are country differences but no wide divergences in working patterns.

## The influence of children and national institutional arrangements on the non-employment of mothers

There are fixed costs (e.g. children's day-care costs) that affect the labour force participation choices of mothers. These costs create a threshold to minimum working hours after which employment becomes beneficial. On the other hand, there are benefit systems that make it possible for mothers of young children to attend to their children full time. These features in the public and private care systems, as well as the overall culture related to who the family breadwinner is, influence women's choices and vary from country to country.[26] In Table 13 the share of non-employed spouses of employed men is reported by country and the age of the youngest child to get an overall view of how female employment/non-employment rates vary in different Member States and Norway according to the Employment Options Survey.

In Table 13 we have divided countries into three different groups: those countries which have high overall non-employment rates of women, those which have high non-employment rates of mothers of young children, and those which have moderate non-employment rates. In the first country grouping Luxembourg, Ireland, and (to some extent) the Netherlands can be

[26] See for a further discussion Bettio and Prechal (1998) on care systems and Fagan, Rubery and McAllister (2000) on the categorisation of countries into different 'breadwinner' types.

characterised as ‘male breadwinner’ countries where women work part-time. Italy, Spain, and Greece can be characterised as ‘male breadwinner’ countries where both spouses work full-time. In these types of countries women tend to have lower than average employment rates. This appears to be the case according to Table 1. The highest share of non-employed married women, 64%, is found in Luxembourg.

*Table 13* The share of non-employed spouses of employed men aged 30-44 by country and the age of the youngest child

| | Youngest child aged under 3 | Youngest child aged under 6 | Children in the household | All spouses |
|---|---|---|---|---|
| **High overall non-employment rate** | | | | |
| Luxembourg | 54.3 | 66.0 | 68.1 | 64.3 |
| Spain | 73.1 | 65.3 | 55.2 | 51.3 |
| Ireland | 51.2 | 41.8 | 48.4 | 44.0 |
| Italy | 58.9 | 50.5 | 46.4 | 43.2 |
| Greece | 37.7 | 30.4 | 35.1 | 35.8 |
| The Netherlands | 29.2 | 37.4 | 35.8 | 32.4 |
| **High non-employment rate of mothers of young children** | | | | |
| Germany | 89.5 | 65.3 | 45.2 | 39.6 |
| Austria | 58.1 | 50.8 | 37.9 | 36.0 |
| Sweden | 50.1 | 27.4 | 27.6 | 27.5 |
| Finland | 50.0 | 35.5 | 23.2 | 22.8 |
| **Moderate non-employment rate** | | | | |
| France | 37.0 | 30.8 | 26.7 | 27.8 |
| The United Kingdom | 28.4 | 39.1 | 30.8 | 27.4 |
| Belgium | 36.3 | 29.8 | 24.4 | 23.4 |
| Portugal | 10.5 | 14.7 | 24.3 | 23.3 |
| Norway | 31.1 | 22.8 | 20.5 | 20.9 |
| Denmark | 21.5 | 13.1 | 8.5 | 9.7 |

Tax-related incentives play an important role in women’s labour market choices. For example, in Ireland the tax system that is based on family income strongly favours single earner families, whereas in countries where taxes are based on individual income, female employment is supported (Wickham, 2000:12). In the Netherlands the tax system provides a strong incentive for women with a gainfully employed spouse to work short part-time hours (Tijdens, 2000:11).

Among countries that have relatively high non-employment rates of mothers of young children are four quite different countries: Germany, Austria, Sweden and Finland. Germany and Austria are typical male breadwinner countries whereas Sweden and Finland are ‘universal breadwinner’ countries, which have the weakest ‘male breadwinner’ presumption and in which female labour force participation rates are high. One common factor among these countries is related to maternal/parental leave provisions. All Member States have statutory maternity leave of at least

14 weeks' duration, thanks to the implementation of the European Directive. Among the most generous countries in this respect are Austria and Sweden, for which the equivalent amount of weeks on full earnings (during maternity/paternity leave) is 48 and 42 weeks, respectively. The take-up rate is also very high, for example in Germany parental leave is paid for two years and is taken up by 96% of the women entitled to it for at least part of the period. In Sweden and Finland a higher share of women are employed than in Austria and Germany, due to better than average childcare service provisions in the Nordic countries (Bettio and Prechal, 1998).

Countries that have moderate non-employment rates among married/cohabiting women are quite different, and the outcome presented in Table 13 is a mixture of different cultural and institutional features in these countries. In some instances the statutory provisions for time off can be taken as reduced working hours in connection with motherhood. This is the case for France, Portugal, and Norway in this group. Among these countries childcare service provisions are low in Portugal and the United Kingdom, but high in France, Belgium, Norway, and Denmark.

We have characterised above some basic background factors related to labour market status, family background and women's decision not to participate in the labour force. In the next section we focus on the working-time patterns of those who have made the choice (or have had a chance) to be employed. It is clear from the above that this focus can only give a restricted view of the functioning of the European labour market as a whole, but this view is important when policy conclusions are made about people's options and aspirations in the labour market.

## Working-time patterns

From the Employment Options Survey it appears that about 40% of employed women aged 30-44 work part-time; 12% of them work short part-time hours and almost 29% substantial part-time hours (Table 14). When the share of women in part-time jobs is compared over the life cycle, it appears that this age group dominates the scene; 46% of all women working part-time belong to this prime-age group.

Almost all men, about 94%, work full-time. Less than 1% of men aged 30-44 work short part-time hours and 5% substantial part-time hours. The family situation has only a small impact on men's working hours. Married men with a non-employed spouse have a slightly higher than average tendency to work part-time, whereas married men with an employed spouse have similar working patterns to single men. Children do not seem to change men's working patterns: 96-97% of men with children work full-time, no matter how young the youngest child is. On the other hand, men adjust their working hours for other care responsibilities; 12% of men who are personally looking after an ill, disabled or elderly person work part-time.

Women adjust their working hours more than men in accordance with their family situation and responsibilities. As many as 73% of married/cohabiting women, on average, work full-time but only 55% of married women with an employed spouse do so. These figures were quite the opposite for men. Evidence from previous empirical labour supply studies suggest that these

differences in behaviour can be interpreted as follows (see, for example, Killingsworth, 1983). Due to the fact that men are often regarded as main 'breadwinners' in the family, their choice of working hours depends very little on a spouse's earnings. If women's earnings are regarded 'secondary' by their nature, women tend to reduce their hours of work when the spouse's earnings or family income increase. For women, an employed spouse compared with a non-employed spouse represents higher earnings in the family, and an opportunity to reduce hours, which they appear to be doing (Table 14).

*Table 14* Working-time patterns by family background and gender of those employed aged 30-44

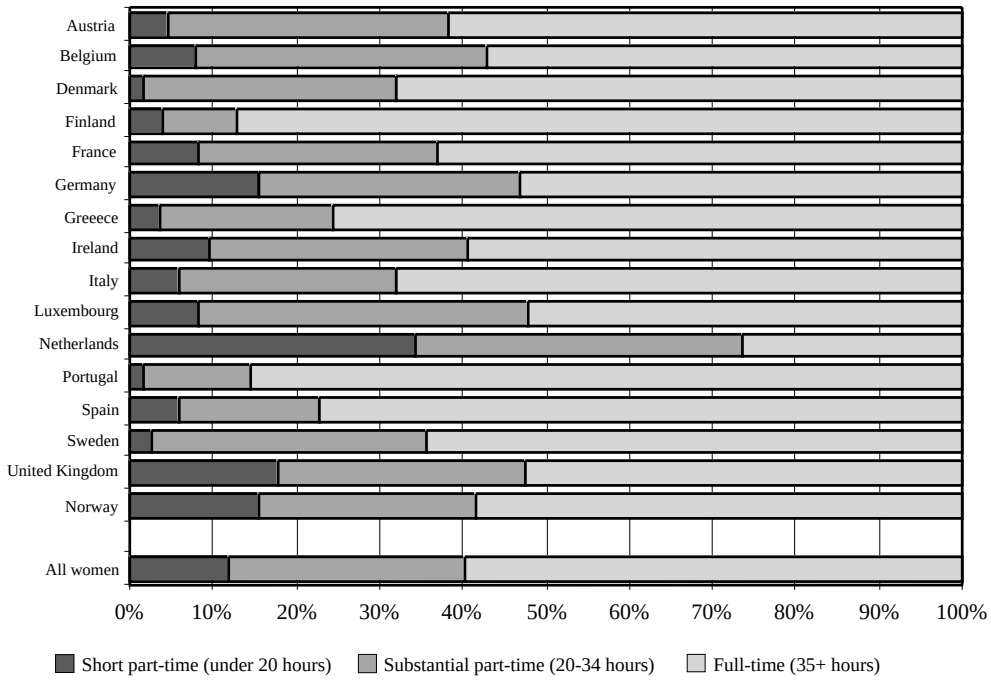
| | **Short part-time (under 20 hours)** | **Substantial part-time (20-34 hours)** | **Full-time (35+ hours)** |
|---|---|---|---|
| **Men** | | | |
| Single | 1.0 | 2.9 | 96.1 |
| Married/cohabiting | 2.6 | 10.5 | 86.9 |
| Spouse employed | 1.2 | 3.1 | 95.6 |
| Youngest child aged under 3 | 1.6 | 2.8 | 95.7 |
| Youngest child aged under 6 | 1.1 | 3.1 | 95.9 |
| Youngest child aged under 15 | 0.8 | 2.5 | 96.7 |
| Youngest child aged 15+ | 0.2 | 3.0 | 96.8 |
| Other care responsibilities | 4.3 | 7.4 | 88.3 |
| **Men (total)** | 1.4 | 4.5 | 94.1 |
| **Women** | | | |
| Single | 13.4 | 30.4 | 56.2 |
| Married/cohabiting | 6.3 | 21.3 | 72.5 |
| Spouse employed | 13.8 | 30.9 | 55.4 |
| Youngest child aged under 3 | 21.7 | 30.5 | 47.8 |
| Youngest child aged under 6 | 21.4 | 33.8 | 44.8 |
| Youngest child aged under 15 | 16.0 | 33.6 | 50.4 |
| Youngest child aged 15+ | 5.7 | 25.0 | 69.3 |
| Other care responsibilities | 9.7 | 31.9 | 58.4 |
| **Women (total)** | 11.8 | 28.5 | 59.7 |

When we focus only on employed mothers, it appears that the age of a child has an effect on the working-time choices of women. Almost 48% of women with young children (the youngest child aged under three) work full-time, whereas as many as 69% of women with older children (the youngest child over 15 years of age) work full-time.[27] As many as 42% of women with other care responsibilities work part-time, and only 58% full-time.

[27] For comparison, from Table 12 it can be calculated that about 61 % of employed mothers with young children (aged under three) and 76 % of employed mothers with older children (aged 15 and over) have a full-time job. These figures relate to women whose spouse is employed and appear to be slightly higher than for women in general presented in Table 14.

There are only minor differences in working-time patterns among prime-aged men by country: in all Member States over 90% of the employed men work full-time. However, among employed women country differences in working-time patterns are marked (Figure 4).

*Figure 4* Working-time patterns of employed women aged 30-44 by country




According to the Employment Options Survey, about 87% of the employed women work full-time in Finland, whereas in the Netherlands only 27% of the women do so. It appears that in 'male breadwinner' type countries such as Austria, Germany, Luxembourg, the Netherlands as well as the United Kingdom and Ireland, the share of women working full-time is lower than average. On the other hand, it also appears that in the Nordic countries (with the weakest 'male breadwinner' presumption), apart from Finland, part-time work is quite common. These differences partly reflect differences in childcare provisions and their impact on women's choices in the labour market. In the next section we focus on women's choice to work part-time in the labour market.

## The choice between part-time and full-time work

The previous analyses suggest that children are an important consideration when women decide whether or not to work full-time.[28] The country differences in women's working-time patterns are also marked, suggesting that childcare provisions play an important role in women's choices. Men, as was noted earlier, do not adjust their working hours with respect to their children.

[28] An earlier study, using the same database, has also shown that women with children in their household have a smaller probability of working full-time than women with no children; Bielenski and Hartmann (1999).

In this section we focus on employed women's decision to work part-time. To what extent does this decision reflect differences in individual background factors (such as number of children, education), and the types of jobs that women have? How much of the variation in individual choices is due to country differences (culture, institutions, labour market practices)? In order to answer these questions, we use a statistical model, with which it is possible to detect, which background factors influence women's choice to take a part-time job over a full-time job.[29] The reason for using a statistical model rather than simple descriptive statistics is that there are many individual and work-related characteristics influencing part-time choices simultaneously. These simultaneous effects cannot be grasped by simple statistics. The chosen model takes into account all the effects of different characteristics on part-time choices, and in this sense provides a more reliable picture of the whole phenomenon than simple statistics that can only take account of one effect at a time.

Further, using results from this model in country comparisons means that in practical terms we are comparing part-time choices of 'similar' individuals in different countries (similar with respect to the included characteristics). If country differences remain, we can easily exclude those characteristics that were included in the model as potential reasons behind these differences and, thus, have as an end result more 'pure' country effects.

The main results from our analyses can be summarised as follows.

- It appears from our estimation results that family background and children have a strong influence on prime-aged women's choices to work part-time. A woman with an employed spouse has a 10 percentage point higher probability of working part-time than single women or women with a spouse who is not employed. This reflects the positive earnings effect discussed earlier.
- Women with children in the household have a 26 percentage points higher probability of working part-time than other women have. If the youngest child is under six years of age this probability is as much as 30 percentage points higher than for other women.
- Other care responsibilities in the family increase the probability of part-time work by eight percentage points.
- Women with high education or with high socio-economic status (have managerial duties or the job requires professional training) have, quite expectedly, a lower than average probability to work part-time.
- Women are more likely to work part-time in small firms than in medium-sized and large firms, and less likely to work part-time when employed in a manufacturing industry than when employed in services or in agriculture.

In Table 15 countries are ranked (in descending order) according to the probability of part-time work that has been estimated after controlling for other factors that also influence this probability. The estimated probability of part-time work that is reported in Table 15 is evaluated

[29] The outcome of this model is the probability that a woman with certain characteristics chooses a part-time job. See Statistical Annex, Table A.8, for general methodology of this estimation procedure and Table A.9 for estimation results.

at the weighted mean values of the explanatory variables. It represents the probability of part-time work that a woman with average European characteristics would have in each country.

The estimated probabilities differ from the current percentage shares of women working part-time. This is natural since the comparison point is different; with the estimated probability we compare 'similar' women in each country, and the current shares refer to average women whose characteristics differ from country to country. The comparison of 'similar' women detects more 'pure' country effects than comparing 'average' women in each country, because the former comparison controls for the influence of other intervening factors (such as differences in the number of children women have in different countries).

The 'reference probability' group includes countries in which the probability of working part-time does not statistically differ from one another. This group is the reference group for other countries, and each country in this group receives the same ranking number (2) and estimated probability. The order of these countries within this group is alphabetical.[30]

*Table 15* Country ranking according to the probability of part-time work, women aged 30-44

| Country | Estimated probability (%) | Current percentage share of part-time work |
|---|---|---|
| **Higher than reference probability** | | |
| 1 The Netherlands | 69.5 | 73.5 |
| **Reference probability** | | |
| 2 Austria | 43.6 | 38.2 |
| Germany | | 46.9 |
| Luxembourg | | 47.9 |
| Sweden | | 35.6 |
| The United Kingdom | | 47.6 |
| Norway | | 41.5 |
| **Lower than reference probability** | | |
| 3 France | 28.4 | 36.9 |
| 4 Ireland | 26.5 | 40.5 |
| 5 Belgium | 24.7 | 42.8 |
| 6 Denmark | 20.6 | 32.0 |
| 7 Italy | 17.9 | 31.8 |
| 8 Spain | 13.4 | 22.6 |
| 9 Greece | 8.9 | 24.5 |
| 10 Finland | 8.5 | 13.0 |
| 11 Portugal | 5.4 | 14.6 |

[30] In initial estimations all other countries were compared with Germany, which was the first comparison point for other countries. It appeared that the probability of part-time work did not differ from that in Germany for some countries, and these countries form the 'reference probability' group of countries in Table 15. Therefore, Germany is by definition always included in the reference group against which other countries have been compared.

According to our estimated probabilities in Table 15, a Swedish woman has over 20 percentage points higher probability of working part-time than her similar colleague in Belgium. This result suggests that the average shares of part-time work among women in these countries (which show opposite figures) is due more to differences in the demographics and socio-economic background of women than to the institutional and cultural set-up that promotes (or discourages) working part-time. Thus, the 'pure' ranking given in Table 15 shows, in general, how part-time 'friendly' the working culture and labour market practices are in each country compared with other Member States, and Norway. Thus, despite the lower share of part-time work in Sweden than in Belgium, the estimated probabilities suggest that a more friendly part-time culture in fact exists in Sweden.

According to Table 15, when similar women are compared, a woman living in the Netherlands has the highest probability of working part-time. A similar woman in Portugal, Finland, or Greece has the lowest probability of part-time work. For comparison, a Dutch woman appears to have 13 times as high a probability of working part-time as her Portuguese colleague with similar background characteristics.

The country ranking in Table 15 suggests that the part-time choice is a result of a combination of different cultural, socio-economic and institutional factors. What can be regarded as favourable circumstances for part-time work in one country may not be true for another.

The high probability of female part-time work in the Netherlands reflects many factors that favour part-time work in that country. There is a 'male breadwinner' culture in the Netherlands in which women are used to working part-time. The tax system favours low weekly hours for married women with employed spouses. Further, there is a general wish among women to remain in (part-time) employment rather than withdrawing from the labour market after giving birth to their first child. This wish is also respected in the labour market due to the fact that in the Netherlands working hours have increasingly become negotiable between employer and employee at the request of the latter (Tijdens, 2000).

The reasons behind the lower than average part-time probability can vary widely in different countries. In some countries, such as in Greece, Ireland, Italy, and Spain one of the reasons is that women with small children often choose – or are forced to choose - not to participate at all in the labour force rather than adjusting their hours of work downwards. In some other countries, for example in the United Kingdom, mothers with small children prefer to remain employed - and this often means working part-time.

Institutional constraints also hinder part-time work. For example, in Spain part-time contracts used to be restricted to specific groups of employees, in particular to those searching for work but currently on unemployment benefit and to young people. Spanish women today seem to prefer full-time work because part-time work does not yield adequate earnings (Villagómez, 2000:13, 21). In Greece, the tax system creates a further disincentive to part-time work, as part-

time workers are effectively taxed at a substantially higher rate than high wage earners (Katsimi and Ysakloglou, 2000:16).

In both Sweden and Finland mothers with small children have a right to work part-time.[31] Despite this, Finnish mothers choose – or perhaps through cultural norms are *forced* to choose - to work full-time. It seems to be that the choice to work part-time is not only a question of institutional frameworks, but is also heavily affected by traditional roles of men and women in society. Flexible choices with regard to working hours might be available in different cultures – but the desire to take full advantage of these choices varies between countries. Thus, shorter working hours are legally available for both Dutch and Finnish women, but it is only the Dutch who that are 'culturally encouraged' to make use of this possibility (and not to make use of the possibility to work full time, one might add).

## Satisfaction with hours of work

The gap that exists between working-time needs and the present working hours of employees can be a symptom of problems in the functioning of the labour market. For policy purposes, it is useful to know whether the gap between current and preferred weekly hours is manageable within present labour market practices, or whether it is necessary to introduce more flexibility into the labour market to make labour supply and demand meet in a more optimal way.

In Table 16 preferences for working-time adjustments are reported for those in paid work aged 30-44.[32] It appears that about 35% of employed people prefer to work the same hours as they do now. Women are, on average, more satisfied with the hours they work than men. The most satisfied are women with part-time jobs; 54% of women working part-time prefer to work the same hours as they work now. Almost 59% of the employed men and 45% of the women would like to work fewer hours.

As many as 62% of those in full-time jobs would prefer to work fewer hours even if it means corresponding adjustments in earnings. A substantial number of men (about 20%) and women (about 40%) in full-time jobs would, in fact, like to have a part-time job. Compared with other age groups, the percentage share of prime-aged women preferring part-time is highest, whereas for men these shares are among the lowest. In the 30-34 and 35-39 age groups the main reason among women for wanting to work part-time was because they wanted to have more time for children. In other age groups (and among men as a whole) other reasons such as wanting to have more time for oneself were more important.

Over 31% of those in part-time jobs would prefer to work more hours. A rather substantial percentage of those in part-time jobs would prefer a full-time job. The share of dissatisfied men

31 See Nyberg (2000), p. 13, for Sweden and Salmi, Lammi-Taskula and Karttunen (2000), p.3, for Finland.

32 Preferred hours of work were measured with the following question:. Provided that you (and your) partner could make a free choice as far as working hours are concerned and taking into account the need to earn your living: How many hours per week would YOU prefer to work at present?

is twice as high as that of women but the absolute number of the men is small. Over 40% of men in part-time jobs would prefer a full-time job, particularly in the age group 30-34.[33]

*Table 16* Preferences for working-time adjustments among those in paid work aged 30-44

| | Prefer to work fewer hours (%) | Prefer to work the same hours as now (%) | Prefer to work more hours (%) | Prefer not to work (%) |
|---|---|---|---|---|
| **Total in paid work** | 53.1 | 35.2 | 10.6 | 1.1 |
| Men | 58.9 | 31.5 | 8.3 | 1.3 |
| Women | 44.8 | 40.4 | 13.9 | 0.9 |
| | | | | |
| **Those in full-time jobs** | 61.6 | 31.6 | 5.8 | 1.1 |
| Men | 60.8 | 31.4 | 6.4 | 1.3 |
| Women | 63.3 | 31.8 | 4.4 | 0.5 |
| | | | | |
| **Those in part-time jobs** | 16.3 | 51.0 | 31.3 | 1.4 |
| Men | 13.8 | 32.3 | 53.9 | 0.0 |
| Women | 16.6 | 53.7 | 28.2 | 1.5 |

We next discuss the characteristics of people, who are satisfied with their working hours. Which personal or work-related characteristics are typical of these people, and in which countries they do most likely live? To analyse satisfaction with working hours we use a statistical model similar to that which was used in relation to part-time choice. In this instance, we explain the probability that a person is satisfied with his or her hours of work. We have studied men and women separately because it is quite likely that different factors affect men's and women's attitudes towards working hours.[34]

The main results from our analyses are as follows.

- Higher education and a senior position does not result in satisfaction with working hours: the probability of being satisfied with working hours is lower for men with a university education than for men with a basic education only. Education does not, in this respect, seem to make a difference for women.
- Men and women with managerial duties are less likely to be satisfied with their hours than their otherwise similar colleagues. On the other hand, professional women seem to be more satisfied with their hours of work than other women.[35]
- Women who work part-time are more satisfied with their working hours than those working full-time.

33 This figure refers to the percentage share of those who remain in a part-time job because they could not find a full-time job.

34 The estimation results for both men and women are reported n the Statistical Annex, Table A.10.

35 We classify those people who have answered yes to the question 'In your job, do you have managerial duties, or are you supervising any other employees?' as managers or having managerial duties. If an interviewee has answered yes to a question 'Does this job require special professional training?', we call him or her professional. These two categories may overlap, and a person can at the same time be a professional and a manager. This is often the case with indicator variables such as these and does not create problems in estimations, if there are cases that do not overlap.

- The presence of children and other care responsibilities increase women's probability of working exactly the number of hours they want to. This result, may indicate that women take account of personal circumstances and responsibilities in choosing a job with the number of hours that matches their needs.
- Both men and women with a spouse seem to be somewhat less likely than others to be satisfied with their working hours. An employed spouse makes a difference for men. When the spouse is also working, men are slightly more likely to be satisfied with their own working hours.
- The highest levels of satisfaction with working hours is found among women in manufacturing industry. Women in agriculture are less likely to be satisfied with their hours of work than those in services.

In Table 17 countries are ranked (in descending order) according to the estimated probability of workers being satisfied with their working hours. As was the case in relation to the choice of part-time work, the 'reference probability' group includes countries in which the probability of being satisfied with working hours does not statistically differ from one another. This group is the reference group for other countries, and each country in this group receives the same ranking number (6 in the case of men and 4 in the case of women) and estimated probability.[36]

According to Table 17 when similar men are compared in different countries, men are most likely to be satisfied with their working hours in Luxembourg, Belgium, Italy, Finland or the Netherlands. However, Table 17 reveals that in these top ranking countries the level of satisfaction is not particularly high. In fact, in most cases it is less than 50% for a person with average European characteristics.

Those men least likely to be satisfied with their hours of work live in France and the United Kingdom. The reasons for dissatisfaction appear to be very different in these two countries. When the research was being carried out in 1998, there was an intense debate on working time reductions in France. The first Aubry law was passed in June 1998 and obliged firms with over 20 employees to negotiate working time reductions in accordance with the new legal limit of 35 hours per week (Boulin, 2000). It is quite possible that the debate around the 35-hour week influenced the answers of French employees and made them more critical of their current hours of work, which were in accordance with the old 39-hour week regulation.

In the United Kingdom, on the other hand, the situation was almost opposite to that in France. Company or sector level collective bargaining has traditionally been the main source of working time regulation in the United Kingdom but since the mid-1980s the extent of union representation has declined. By 1998 there was no union presence in 47% of workplaces with 25 or more employees. This lack of union representation applied to 64% of private sector workplaces. There was limited – and varied - regulation of working time in the United Kingdom before the EU Working Time Directive was accepted in 1998. More than a quarter of male

[36] The estimated probability that is reported in Table 17 is evaluated at the weighted mean values of the explanatory variables. It represents the probability of being satisfied with one's working hours that a man or a woman with average European characteristics, respectively, would have in each country.

employees in 1996 worked more than 48 hours per week, which was the highest proportion in the EU (Fagan, 2000). Thus it appears that regular paid and unpaid overtime, which is very common in the United Kingdom, is reflected in the answers of British men.

The above discussion shows that working time regulations (or lack of them) influence not only the hours people work, but also people's perceptions about the 'right' level of these hours in their particular labour market. The number of hours as such does not explain the country differences. In the 'higher than reference probability' group of countries men work an average of 41-45 hours per week. In the 'lower than reference probability' group of countries men work, on average, 41-46 hours per week.

*Table 17* Country ranking according to the probability of being satisfied with working hours among those aged 30-44

| **Men's country ranking** | **Estimated probability (%)** | **Women's country ranking** | **Estimated probability (%)** |
|---|---|---|---|
| **Higher than reference probability** | | **Higher than reference probability** | |
| 1 Luxembourg | 54.1 | 1 Ireland | 47.1 |
| 2 Belgium | 49.2 | 2 Portugal | 46.9 |
| 3 Italy | 42.2 | 3 Finland | 46.3 |
| 4 Finland | 41.3 | | |
| 5 The Netherlands | 38.2 | | |
| **Reference probability** | | **Reference probability** | |
| 6 Austria | | 4 Austria | |
| Denmark | | Belgium | |
| Germany | | Germany | |
| Greece | | Greece | |
| Ireland | 30.5 | Italy | 39.2 |
| Portugal | | Luxembourg | |
| Spain | | The Netherlands | |
| Sweden | | Spain | |
| Norway | | The United Kingdom | |
| | | Norway | |
| **Lower than reference probability** | | **Lower than reference probability** | |
| 7 France | 23.2 | 5 France | 27.5 |
| 8 The United Kingdom | 22.0 | 6 Denmark | 23.6 |
| | | 7 Sweden | 21.7 |

For women, the country ranking in terms of satisfaction with working hours differs from that for men. When similar women are compared, Irish, Portuguese, and Finnish women are most likely to be satisfied with their working hours. In these countries women work 34-39 hours per week on average. On the other hand, Swedish, Danish, and French women have the lowest probability of being satisfied with their hours of work. In these countries women work 35-36 hours per week on average. Thus, even in the case of women, the country differences presented in Table 18 do not seem to be directly related to current hours of work.

It is interesting to note that in Portugal and Finland the probability of part-time work among women was the lowest among the Member States. Furthermore, in Ireland the probability of part-time work (when women with average European characteristics were compared) was lower than average. Despite this, in these three countries women felt that their current working hours matched their individual needs better than, for example in the Netherlands and Sweden, where female part-time work is much more common. Mothers with young children have a statutory right to change from full-time to part-time work after the birth of a child in Finland and Sweden. In Portugal reversible part-time work has been promoted since 1996.[37] Women in Portugal and Finland have chosen to work full-time, however. They also have a higher than average probability of being satisfied with their choices.

Satisfaction with individual working hours seems to be related to general options for individual working time adjustments in the labour market, and, thus, women's ability to choose themselves the amount of work that is right for them. However, it appears that increasing part-time work among women is not the solution when the aim is to improve prime-aged women's ability to participate in the labour market in Europe. Adjusting working hours in accordance with individual and family needs is a much broader question than that of part-time work. The Netherlands, where women have the highest share of part-time work in Europe, does not reach the top ranking when satisfaction with their working hours is considered. Instead the top-ranking countries are those where women are used to working full-time. The need for working time adjustments is influenced by a mixture of cultural, socio-economic and institutional factors. Institutional arrangements that function well in one country may be problematic in another with different traditions and socio-economic circumstances.

## Need for working-time adjustments

Previously, we have discussed the overall preferences for working-time adjustments. How large these adjustments need to be in terms of hours is reported in Table 18, which shows the gap in the current and preferred weekly hours among those in paid employment.

It appears from Table 18 that the general opinion among prime-aged individuals in paid work is that they would like to work fewer hours. However, there is a difference depending on the type of job people have. In full-time jobs both men and women would like to work seven hours less each week, which would reduce men's hours to close to 38 and women's hours to close to 33 per week. On the other hand, in part-time jobs the general preference is to increase the weekly hours; men would like to work five more hours and women almost two more hours than they do at present. These contrasting preferences show that the sharp difference between part-time and full-time jobs may be diminishing and that the average person prefers to work somewhere in the middle ground between a substantial part-time and a full-time job.

[37] In addition, parents of children younger than 6 years old are entitled to six months' part-time work, see Perista (2000), pp. 8 and 13.

*Table 18* Current and preferred weekly hours of those in paid work aged 30-44

| Groups of people | Current hours (A) | Preferred hours (P) | Difference (P-A) |
|---|---|---|---|
| **Total in paid work all** | 39.6 | 34.3 | –5.2 |
| Men | 43.9 | 37.5 | –6.4 |
| Women | 33.5 | 30.0 | –3.5 |
| | | | |
| **Full-time jobs** | 43.0 | 36.1 | –6.9 |
| Men | 44.6 | 37.6 | –6.9 |
| Women | 39.7 | 32.9 | –6.8 |
| | | | |
| **Part-time jobs** | 24.3 | 26.3 | +2.0 |
| Men | 28.3 | 33.5 | +5.2 |
| Women | 23.7 | 25.3 | +1.6 |

We now study the need for adjustment in working hours in a more detailed fashion. Who are those individuals with the largest preference gaps in working hours, in what kind of jobs, sectors or firms do they work, and in which countries do they live?

In order to identify the factors which influence the observed discrepancy between preferred and current weekly hours in different groups of workers and countries, a regression model is estimated for both men and women separately in subsequent analyses.[38] The reason for using a regression model is similar to that for the choice of models used in relation to part-time choices and satisfaction with one's working hours, even though it differs from those models. By using this model, we can simultaneously assess the influence of many intervening factors, and get a reliable picture of those factors that can explain the observed differences in working hours and those that cannot.

The main points from these estimations can be summarised as follows.

- The general preference for employed men and women is to reduce working hours.
- There is one exception to this general tendency. Our results suggest that even after controlling for many characteristics, the majority of part-time workers have a strong preference to increase their working hours. This is equally true of men and women.
- Both men and women with higher education would like to reduce their weekly working hours more than those with only a basic education. As noted above, men with higher education have a lower probability of being satisfied with their hours of work.
- Men and women with middling or poor health are more inclined to work fewer hours than those who have either good or excellent health.
- Employed men and women with a spouse would like to reduce their working hours more than their counterparts without a spouse.
- Men and women who are financially well off are also inclined to reduce their working hours more than those who are less well off.

38 See the Statistical Annex, Table A.11, for further details. Note that in these estimations we have included only those observations in which there is information on both actual and preferred weekly hours on the condition that a person is willing to work in the first place (i.e. zero hours are excluded).

- Men and women working in agriculture would like to reduce their hours of work more than those working in services or manufacturing.
- Self-employed men and women would like to reduce their hours of work more than comparable dependent employees. This need to adjust working hours appears to be quite strong; self-employed men would like to reduce their weekly working hours by almost five hours more and self-employed women by four hours more compared to similar employees.

It may appear surprising that children do feature in the above summary. However, according to our estimations, having children does not influence the need to adjust working hours. As shown above, children play an important role when women decide whether or not to participate in the workforce or to work part-time. It seems that once the decision between employment, part-time or full-time, has been made, women with children do not seem to differ from others in the hours they prefer and supply. So, children seem to influence the 'large picture' but not the fine-tuning of working hours.

Further, when focusing on full-time workers only, our analyses show that neither marital status nor children have any effect on the dissatisfaction with hours women work. These results suggest that women with a spouse and children are no more dissatisfied with their hours than their single colleagues. It seems that once a woman has decided to work full-time her expectations about working hours in relation to current hours are the same, no matter what the family situation is.

In Table 19 countries are ranked (in descending order) according to the need for working-time adjustment suggested by our estimation results.[39] The 'reference case' includes countries in which the discrepancy between preferred and current hours does not statistically differ from one another. This group is the reference group for other countries, and each country in this group receives the same ranking number (5 in the case of men and 6 in the case of women) and estimated need for the adjustment of working hours.

According to Table 19, among men the most satisfied full-time employees are found in Luxembourg; they work only two hours per week more than they would like to. Their counterparts in Ireland and the United Kingdom are in the most unsatisfactory situation; they have to work eight or seven hours more per week respectively than they would like to.

The minor weekly working time adjustments needed for men in Luxembourg, may be an indication that the relatively tight working time regulations on overtime and daily working time are also quite closely followed in practice (Borsenberger, 2000). In Ireland the regulation on the maximum weekly hours of work (48 hours) only came into effect in March 2000. In the UK the regulation on the maximum weekly hours of work took effect in 1998, when the EU Working Time Directive was accepted.[40] Thus, Table 19 suggests that the larger than average working time

[39] In Table 19 the need for adjustment in terms of hours is calculated for an 'equivalent' person, who has the following characteristics: He or she has a basic education and does not have a partner. He or she is a full-time employee in services, and his/her work experience is over 10 years. His/her job does not involve managerial duties or require professional training. His/her family is financially just managing or in difficulties. but his/her health is either good or excellent. It should be noted that if we change any of the above mentioned characteristics the number of reported hours would change too. For example, having a spouse means that men would like to reduce their hours of work by additional 1.5 hours and women by two hours from those figures presented in Table 19 (see Statistical Annex, Table A.11, for further details) Therefore, in interpreting Table 19 it is more important to look at **differences** in the reported hours between different countries than the actual amount of hours in these countries.

[40] See Wickham (2000) p. 17, for Ireland and Fagan (2000), p. 5, for the United Kingdom.

adjustment needs in Ireland and Britain are closely related to the limited regulation of working hours and, possibly, an increase in paid and unpaid overtime in these countries.

Table 19 shows that in France, where the probability of being satisfied with weekly hours of work was lower than average, the need for adjusting working time in terms of hours is at the average European level. This supports our earlier contention that the Aubry law on the 35-hour week influenced French respondents so that a larger than average share felt the need for some adjustment in their working hours, even though in terms of current hours the need for adjustment was average.

Among women the least satisfactory situation in terms of working hours is in the United Kingdom and the most satisfactory in Spain, Portugal, and Finland. In the United Kingdom the limited regulation on working time and the corresponding growth in paid and unpaid overtime appears to be reflected in both men's and women's higher than average need to reduce weekly working hours in full-time jobs.

*Table 19* Country ranking according to the discrepancy between preferred and actual working hours among (30-44 age group)

| **Men's country ranking** | **Need for adjustment of hours** | **Women's country ranking** | **Need for adjustment of hours** |
|---|---|---|---|
| **Less need for working-time adjustment** | | **Less need for working-time adjustment** | |
| 1 Luxembourg | –1.8 | 1 Spain | –1.0 |
| 2 Belgium | –2.2 | 2 Portugal | –1.3 |
| 3 Italy | –2.6 | 3 Finland | –2.1 |
| 4 Finland | –3.2 | 4 Belgium | –2.5 |
| | | 5 Italy | –2.7 |
| **Reference case** | | | |
| 5 Austria | | 6 Austria | |
| Denmark | | Denmark | |
| France | | France | |
| Germany | | Germany | |
| Greece | –5.2 | Greece | –4.0 |
| The Netherlands | | Ireland | |
| Portugal | | Luxembourg | |
| Spain | | The Netherlands | |
| Sweden | | Sweden | |
| Norway | | Norway | |
| **More need for working-time adjustment** | | **More need for working-time adjustment** | |
| 6 The United Kingdom | –6.8 | 7 The United Kingdom | –5.0 |
| 7 Ireland | –8.2 | | |

Spain, Portugal and Finland are countries where women tend to work full-time. In Spain one of the main reasons for women's wish to work long hours is that part-time earnings are inadequate.

In Finland and Portugal working full-time is clearly a choice that young women have made and are satisfied with, which is also reflected in their lower than average need for adjustment in hours.

In some countries people feel that the amount of working hours is not the main issue; the self-regulation of given hours is regarded to be more problematic. This suggests that the time pressure that an employee may feel arises from his or her work cannot be solved solely by reducing hours of work.

## Conclusions

About 90% of prime-aged men, but only 64% of women, are employed in the European labour market. A major challenge for prime-aged women is to combine work and family life. Having children has a strong impact on women's labour market behaviour, but very little on that of men.

The success of the overall objective of raising the employment rate, and, in particular, the female employment rate, in the European Union depends both on family-related policies and labour market traditions. The provisions of childcare available for families in different Member States play a significant role in this respect. In typical 'male breadwinner' countries the employment rates of women are lower and the share of part-time work higher than average. Some of these countries provide relatively good childcare services. The female employment rate reflects a mixture of different policy measures and labour market practices.

Our results suggest that having children presents women with choices. First, there is the choice whether or not to participate in the labour force after childbirth. There are marked differences in women's choices in different Member States. Secondly, if a woman decides to participate in the labour force, she then has to decide whether or not to work full-time. Having children markedly increases the probability of a part-time job being chosen.

Labour market practices in relation to part-time work in different Member States vary. In fact, our results suggest that increasing part-time work as such does not provide a 'standard' solution for all European women, who try to combine family and working life. Women have different preferences with respect to the hours of work and the time they are ready to devote to their careers. It seems that in countries where women traditionally work full-time, many women do not express any strong need for working time reductions. What appears to be more important is the ability to choose the amount of work based on individual needs. In a full-time culture women often choose not to work part-time even if they are allowed to do so. It may be as stressful for a woman in a part-time culture to work full-time as for a woman in a full-time culture to work part-time. It might also be stressful for a woman in full-time culture to work full-time if certain framework conditions – such as adequate childcare – are not met.

Once a woman has decided to work either part-time or full-time, her expectations about working hours in relation to current hours seem to be the same, no matter what the family situation is. In

fact, according to our results women with children are more satisfied with their hours of work than other women. This may indicate that care responsibilities cause women to choose, primarily, jobs that allow them to work hours they are willing and able to work.

Both men and women in the European labour market generally favour the reduction of working hours. In particular, men and women in full-time jobs would like to work substantially fewer hours than they do at the moment. On the other hand, the general preference of those in part-time jobs is to increase their weekly hours. Those who are the most satisfied with their hours of work are women with part-time jobs. For men the wish to reduce working hours is related to the need to cut supplementary/overtime hours.

When full-time and part-time jobs are considered separately, satisfaction with hours and the need for working-time adjustments are not related to the overall level of working hours in different countries. There are many personal and work-related factors that explain the general satisfaction with hours of work. Country differences are also noticeable in this respect.

Our results suggest that national working time regulations have a strong impact on people's perceptions on the 'appropriate' level of hours of work. Further, there is some evidence that in countries with relatively strict regulations on weekly working hours and overtime, people tend to be more satisfied with their hours of work than in countries with very limited regulations. It appears that excessive overtime can be a problem especially for men, where regulations on weekly hours of work are very liberal. The general problem for men appears to be that the required working hours are above the regulated 'normal' working hours. Men tend to regularly work overtime. Their wish to reduce working hours is closely related to a wish to reduce excessive overtime in full-time jobs.

In properly functioning labour markets people could work the amount of hours they are willing to work. Why this is not the case in the European labour market needs more thorough examination. There appears to be room for improvement in a situation where employed people would like to reduce their hours of work while at the same time there are others who cannot find work.

# Chapter 4

# Working patterns and preferences among the ageing workforce

In the previous chapter we discussed the working-time options and preferences of prime-aged people. We now focus on the ageing workforce. We study present working-time patterns among ageing workers using the Employment Options Survey, and try, among other things, to establish when early retirement first becomes an issue.

Firstly, we report the general activity of those aged 45-64 in the labour market. Secondly, we discuss the relationship between family background and the choice whether to participate in the labour force in different Member States. Thirdly, we focus on the employed and describe their general working-time patterns. As with prime-aged people, the choice between part-time and full-time work will be analysed among women. Fourthly, we study country differences in people's satisfaction with their hours of work as well as their need for working-time adjustments. These analyses can shed some light on the question of how well the labour market can respond to people's working-time preferences in different Member States. In the final analytical section we focus on the early exit plans of the ageing workforce.

## Labour market status and family background

### General activity in the labour market

The ageing workforce is a heterogeneous group. Those aged 45-54 are still very much involved in labour market. Some are at the peak of their careers. From 55 years onwards the option of early retirement is a reality in many Member States, and people's plans start to focus on pensions. It appears from Table 20 that 66% of the men and only 43% of the women aged 45-64 are employed.

As far as other categories in the labour market are concerned, we divide non-participants into two non-overlapping categories according to their responses to questions in the survey about job-seeking. Those non-participants who replied that they wanted to work now or within five years are called job seekers in Table 20 In addition to the unemployed, these people include those who care for a family or a home and others, retired people for example, who would like to work now or in the future. Further, we define as inactive in the labour market those non-participants who, according to the survey, did not want or intend to work now or within five years.

According to Table 20 a quarter of the men and 41% of women do not want or intend to work now or within five years. These shares are much higher than among the prime-aged people, owing to the large number of people who are retired and who are not planning to return to the labour market.

Six per cent of the men and 5% of the women are unemployed. As many as 24% of the men and 19% of the women are retired. Almost one third of women care for a family or home, suggesting that care responsibilities have a strong influence on women's choices in this age group.

*Table 20* Labour market status by gender of those aged 45-64

| | **Men (share)** | **Women (share)** |
|---|---|---|
| **Employed** | | |
| Employee | 50.5 | 36.6 |
| Self-employed | 14.6 | 4.3 |
| Family worker | 1.0 | 1.8 |
| Others | 0.2 | 0.3 |
| **Total employed** | 66.3 | 43.0 |
| **Job seekers** | | |
| Unemployed | 4.2 | 3.4 |
| Job seekers who look after the family or the home | 0.3 | 8.8 |
| Retired job seekers | 3.6 | 2.2 |
| Others | 1.1 | 1.4 |
| **Total job seekers** | 9.1 | 15.7 |
| **Inactive in the labour market** | | |
| Unemployed | 1.9 | 1.2 |
| Those looking after the family or the home | 0.4 | 21.7 |
| Retired | 20.5 | 16.6 |
| Others | 1.7 | 1.8 |
| **Total inactive in the labour market** | 24.6 | 41.3 |

## Family background and care responsibilities of the employed

Family obligations change somewhat for people of mature years. Children grow up but there are more pressures to care for elderly family members. It appears from Table 21 that 89% of men and 79% of women aged 45-64 are married or cohabiting. Fifty eight per cent of the men and 77% of the women have employed spouses. Thus, most married/cohabiting employed women in this age group seem to have employed husbands.

In ageing families children have grown up, are still living in the household, and are mostly over 15 years of age. There are more children in the male sample, possibly due to the fact the wives of these men are younger than the women in the female sample. In 20% of families in the male sample and 14% of families in the female sample, the youngest child is less than 15 years of age.

About 13% of the men and 17% of the women have other care responsibilities and personally provide day care for somebody who is ill, disabled or elderly. These numbers are higher than in younger age groups, reflecting the fact that over the years there is a shift in family responsibilities towards the care of the elderly.

*Table 21* Family background by gender of those employed aged 45-64

| | **Men (%)** | **Women (%)** |
|---|---|---|
| **Family status** | | |
| Married/cohabiting | 88.6 | 79.1 |
| Spouse employed | 58.2 | 77.4 |
| | | |
| **Care responsibilities** | | |
| Youngest child aged under 15 | 20.8 | 14.3 |
| Youngest child aged 15+ | 41.3 | 38.5 |
| Other care responsibilities | 12.9 | 16.9 |

## Working patterns of employed men's partners

In the 45-64 age group about 66% of men are employed. In connection with the prime age group we discussed the non-participation decision of the spouses (either married or cohabiting) of employed men. We focus below on the choices of employed men and women. First, however, it is useful to discuss the extent of women's non-participation choices. The Employment Options Survey is designed so that it represents those who are employed as well as active job seekers but excludes those who have withdrawn from the labour market and are not looking for work. The partners of employed men are not divided in this way into active and inactive job seekers. Therefore, focusing on these spouses rather than on the women who were interviewed in the sample can give a more general picture of women's non-participation choices. Even though in this older age group employed men do not represent as well all the men as in the prime age group, it is useful to look at the non-participation decision and working-time patterns of their spouses. In Table 22 the spouses' working patterns are reported by care responsibilities.

It appears, not surprisingly, from Table 22 that in this older age group the decision to stay at home is less related to child care responsibilities than in the younger age groups. About 43% of all spouses are not employed (in the prime age group this figure was 35% per cent on average, but was much higher for women with young children), and only 35% work full-time. To what extent women can work in this age group is more closely related to national care strategies for older people than to childcare systems as was the case for younger women.

*Table 22* Working patterns of the spouses of employed men aged 45-64 by care responsibilities (percentage shares)

| **Working-time patterns** | **Youngest child aged under 15** | **Youngest child aged 15+** | **All spouses** |
|---|---|---|---|
| Not employed | 41.9 | 44.0 | 42.5 |
| Short part-time (under 20 hours) | 5.5 | 5.9 | 5.8 |
| Substantial part-time (20-34 hours) | 18.1 | 17.1 | 17.1 |
| Full-time (35+ hours) | 34.4 | 33.1 | 34.5 |
| Total | 100.0 | 100.0 | 100.0 |

## The influence of national institutional arrangements on working patterns

Table 23 shows that there are large country differences in the working patterns of the spouses of employed men aged 45-64. In Spain, Luxembourg, Italy, and Ireland more than half of the spouses are not employed. In Spain and Italy the welfare state systems rely heavily on family support, whereas in Luxembourg and Ireland households are traditionally organised around a 'male breadwinner' where the woman works part-time (Fagan, Rubery, and McAllister, 2000). Furthermore, Spain and Italy provide low institutional care for older people compared to other Member States (Bettio and Prechal, 1998). In all these countries only about a quarter of married women with employed husbands work full-time.

In the Netherlands, Germany, and the United Kingdom a higher than average proportion (about a third) of women work part-time. All these countries can be characterised as 'male breadwinner' countries where women typically work part-time. Germany and the United Kingdom are medium providers of institutional care services for older people, making it possible for women to combine work and family responsibilities by reducing working hours.[41] In Germany part-time work is supported by a partial retirement scheme that enables those of 55 and over to halve their working hours in return for a partial pension (*Employment in Europe*, 1999). The Netherlands provides high institutional care (and medium home care) services for the elderly. But it appears that the low share of full-time workers (16%) in the Netherlands is due to factors other than care for the elderly.

41 The United Kingdom is also a medium provider of home care services whereas Germany is only a low provider in this respect (Bettio and Prechal, 1998).

*Table 23* The working-time patterns of the spouses of employed men aged 45-64, by country

| | Not employed (%) | Part-time workers (%) | Full-time workers (%) |
|---|---|---|---|
| **High share of the non-employed** | | | |
| Spain | 71.5 | 6.0 | 22.6 |
| Luxembourg | 59.0 | 14.8 | 26.2 |
| Italy | 56.8 | 15.7 | 27.5 |
| Ireland | 51.1 | 14.4 | 24.5 |
| **High share of part-time workers** | | | |
| The Netherlands | 49.4 | 35.0 | 15.6 |
| Germany | 43.8 | 33.5 | 22.7 |
| The United Kingdom | 24.9 | 30.9 | 44.2 |
| **High share of full-time workers** | | | |
| Finland | 19.6 | 12.6 | 67.8 |
| Denmark | 11.6 | 28.4 | 60.0 |
| Portugal | 36.2 | 7.0 | 56.8 |
| Norway | 11.0 | 32.3 | 56.6 |
| Belgium | 24.7 | 22.4 | 52.9 |
| Sweden | 11.3 | 36.0 | 52.7 |
| **Others** | | | |
| Greece | 45.1 | 6.9 | 48.0 |
| Austria | 43.5 | 19.5 | 37.0 |
| France | 37.6 | 16.3 | 46.1 |

In Finland, Denmark, Portugal, Norway, Belgium, and Sweden married women with employed spouses have a higher than average probability of working full-time. Nordic countries are the least 'male breadwinner' oriented, and they are good providers of public services for both children and older people. In Sweden, Denmark, and Belgium partial retirement schemes have been introduced for older people, which results in a higher than average share of part-time workers in these countries. In Finland, however, where a part-time pension scheme also exists, the share of part-time work is low. In Norway, on the other hand, the share of part-time work is relatively high, even though part-time pension schemes are not available.

In Greece, Austria, and France the choice appears to be between not working at all or working full-time. Women choose one option or the other in almost equal numbers. Pensions are low in Greece where the provision of institutional and home care services for old people is below average; Austria and France are better providers in this respect.

When the non-participation of ageing women is compared with that of younger women, clear cohort effects can be found in most Member States; it is more common among older age groups not to participate in the labour force than among younger ones. For example, in Germany the 'male breadwinner' culture appears to be particularly prevalent in older age groups. According to a German survey, 40% of younger women and 60% of the older housewives say that their

husbands are opposed to them taking a job (Garhammer, 2000:37). The existing cohort effects suggest that in most Member States female labour supply can be expected to increase in the future.

The cohort effects are not similar in all countries, however. For example, in Finland, Norway, and Sweden the non-participation decision of women appears to be strongly related to having children. Women of child-bearing age are more likely than ageing women not to participate in the labour force in these countries. Furthermore, ageing women are as likely as younger women to work full-time in these countries.

## Working-time patterns

According to the Employment Options Survey, 41% of the employed women aged 45-64 work part-time; 13% work short part-time hours and 28% substantial part-time hours (Table 24). In this broad age group women occupy 81% of part-time jobs. Comparison over the life cycle reveals that one third of women in part-time jobs belong to this age category.

*Table 24* Working-time patterns by family status, care responsibilities and gender of those employed aged 45-64

| | Short part-time (under 20 hours) | Long part-time (20-34 hours) | Full time (35+ hours) |
|---|---|---|---|
| **Men** | | | |
| Single | 2.0 | 5.2 | 92.8 |
| Married/cohabiting | 3.4 | 8.0 | 88.6 |
| Spouse employed | 2.7 | 5.3 | 91.9 |
| Youngest child aged under 15 | 0.7 | 5.7 | 93.6 |
| Youngest child aged 15+ | 2.1 | 5.3 | 92.5 |
| Other care responsibilities | 1.8 | 6.0 | 92.2 |
| All men | 2.1 | 5.6 | 92.3 |
| **Women** | | | |
| Single | 14.0 | 29.3 | 56.7 |
| Married/cohabiting | 10.0 | 22.3 | 67.7 |
| Spouse employed | 14.3 | 31.9 | 53.8 |
| Youngest child aged under 15 | 18.1 | 27.3 | 54.6 |
| Youngest child aged 15+ | 12.5 | 31.1 | 56.3 |
| Other care responsibilities | 16.6 | 29.2 | 54.2 |
| All women | 13.1 | 27.8 | 59.0 |

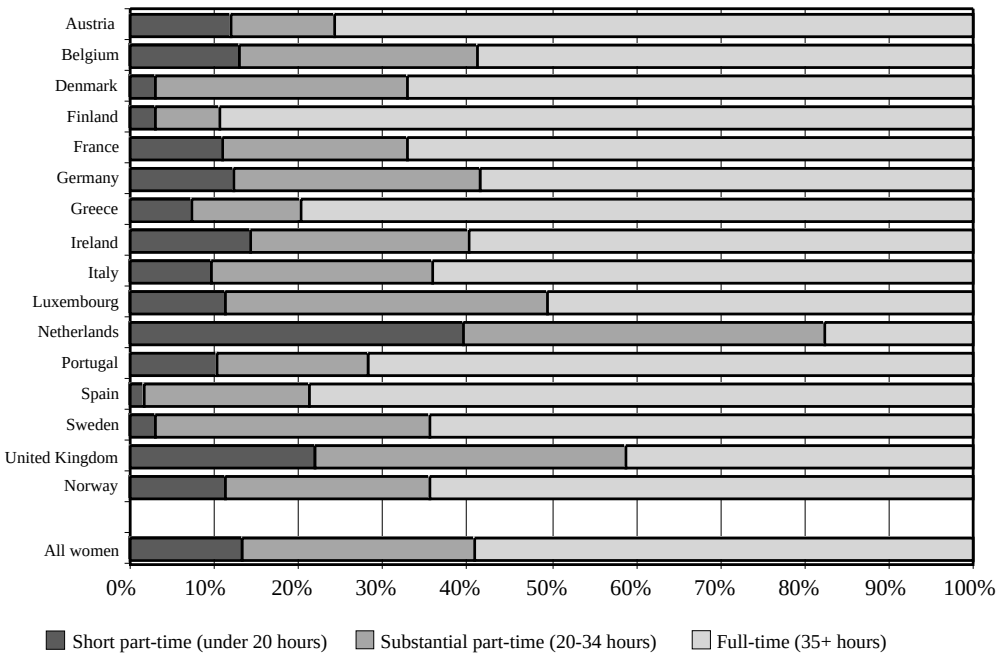
Despite ageing, most employed men (92%), work full-time. Two per cent of the men aged 45-64 work short part-time hours and 6% substantial part-time hours. As with prime-aged men, the

family situation has a negligible impact on men's working hours. Married/cohabiting men have a slightly higher tendency to work part-time, but children do not appear to be a factor in reducing men's working hours as is the case among younger men.

In this age group, the family situation influences women's working-time patterns much less than in younger age groups. Women's higher than average tendency to work part-time when the spouse is employed is similar to that found for younger age groups. However, older women's choice of working time depends less than on the prime age group of women on the presence of children in the household. As many as 46% of women in this age group with other care responsibilities work part-time.

There are minor differences in the working-time patterns of employed men aged 45-64 by country. The share of full-time workers ranges from 82% in the Netherlands to 97% in Austria. As with prime-aged women, working-time patterns vary substantially from one Member State to another (Figure 5). When full-time work is defined in terms of working more than 35 hours per week, it appears that in the Netherlands only 18% of women in this age group are working full-time. In Finland the full-time working rate, 89%, is highest.

*Figure 5* Working-time patterns of employed women aged 45-64 by country




In many Member States, among women the higher proportion of part-time jobs is positively related to employment rates. The availability of partial retirement schemes acts as an incentive for part-time work. These schemes exist in Austria, Belgium, Denmark, Finland, France, and Germany (*Employment in Europe*, 1999). There was a part-time pension system in Sweden until 1999 when it was abolished in connection with the introduction of a new pension system (Thoursie, 1999). However, it can be seen from Figure 5 that these are not the countries where

part-time work is most common among employed women. The Netherlands, the United Kingdom and Luxembourg have the highest proportion of part-time work. Thus, it seems that the 'male breadwinner' presumption in these countries provides a more probable explanation for women's part-time work than the availability of a part-time pension. However, in the Nordic countries, where women's participation in the labour market has been traditionally strong, early pension schemes can make a difference. It may be that these schemes have contributed to the fact that the share of part-time work among older women in Sweden and Denmark is higher than average.

An interesting question related to part-time pension schemes is whether or not they can deter people from leaving the labour market. When looking at the working-time patterns of the spouses of employed men, it can be seen that in Spain, Luxembourg, Italy, and Ireland, where part-time pension schemes do not exist, the non-participation rates are high among ageing women.[42] This does not, however, mean that the lack of part-time pension schemes alone can explain the high non-participation rates in these countries. The non-participation choice is more complex than this simple relationship would suggest. In fact, existing experience on part-time pension schemes suggests that they have not played a major role in people's choices in most of the countries where they have been in effect. For example, in Austria, Belgium, Finland, and Germany very few have participated in these schemes.[43]

On the other hand, in Sweden where the part-time pension scheme has been quite popular, the employment ratios among ageing women (and men) are very high. In 1998 over 83% of women aged 45-54 were employed. Furthermore, as many as 75% of women aged 55-59, and 43% of women aged 60-64 were employed (Thoursie, 1999). Part-time work in Sweden appears to be more common among ageing than prime-aged women suggesting that the Swedish part-time pension scheme has influenced women's choices. Compared with Finland, where the part-time pension has been less popular than in Sweden, the difference is marked. In 1998, the employment ratios among Finnish women aged 55-59 and 60-64 were 51% and 17% respectively.

## The choice between part-time and full-time work

In the 45-64 age group more than 41% of women and only 8% of men work part-time. Due to the small number of male part-time workers, we focus only on employed women's decision to work part-time.

As in the case of the prime age group, in the subsequent analysis we use a probability model, with which it is possible to detect those background factors that have an influence on women's decision to choose a part-time job over a full-time job.[44] The chosen model simultaneously takes into account the effects of different characteristics on part-time choices, and thereby provides a

42 In Luxembourg the Government has, however, introduced progressive early retirement to increase part-time jobs for those over 50 years of age, Borsenberger (2000), p. 13.

43 See Lechner and Pimminger (1999), p. 67, for Austria; Denys and Simoens (1999), p. 10, for Belgium; Lilja (1999) p. 79, for Finland; and Vogler-Ludwig (1999) p. 22, for Germany.

44 The outcome of this model is the probability that a woman with certain characteristics chooses a part-time job. See Statistical Annex, Table A.8, for general methodology used in estimations, and Table A.12 for estimation results.

more reliable picture of these choices than simple statistics that can only take into account the effect of one characteristic at a time.

The main results from our analyses are as follows.

- Women aged 60 or over have a 16 percentage points higher probability of working part-time than women aged 45-54.
- Among younger women health did not influence part-time choices but among ageing women the situation is different: An ageing woman with middling or poor health has an eight percentage points higher probability of working part time than an otherwise similar woman with good or excellent health.
- Furthermore, it appears that family characteristics and children have an influence on ageing women's choices to work part-time though not to the same extent as among younger women. A woman with a spouse has a seven percentage points higher probability of working part-time than an otherwise similar single woman. Women with children in the household have a nine percentage points higher probability of working part-time than other women. Other family care responsibilities increase the probability of part-time work by six percentage points.
- As is the case among younger women, it appears that women with high education or with high socio-economic status (those in managerial positions or who have professional training) are, quite expectedly, less likely to work part-time.
- Older women are more likely to work part-time in small and medium-sized firms than in large firms, and less likely to work part-time when employed in the manufacturing industry than when employed in services or in agriculture.

In Table 25 countries are ranked (in descending order) according to the probability of part-time work that has been estimated after controlling for other factors that also influence this probability. The estimated probability of part-time work that is reported in Table 25 is evaluated at the weighted mean values of the explanatory variables. It represents the probability of part-time work that a woman with average European characteristics would have in each country.

As in the case of prime-aged women, the estimated probabilities differ from the percentage shares of women working part-time. This is because that the comparison point is different; with the estimated probability we compare 'similar' women in each country, and the current shares refer to average women whose characteristics differ from country to country. The comparison of 'similar' women detects more distinct country effects than comparing 'average' women in each country, because the former comparison controls for the influence of other intervening factors (such as differences in the number of children women have in different countries).

The 'reference probability' group includes countries in which the probability of working part-time does not statistically differ. This is the reference group for other countries, and each country in this group receives the same ranking number (3) and estimated probability. The order of these countries within this group is only alphabetical.[45]

[45] In initial estimations all other countries were compared with Germany, which was the first comparison point for other countries. It appeared that the probability of part-time work did not differ from that in Germany for some countries, and these countries form the 'reference probability' group of countries in Table 15. Therefore, Germany is by definition always included in the reference group against which other countries have been compared.

According to Table 25, when similar women are compared, women in the Netherlands and the United Kingdom have the highest probability of working part-time, and women in Greece and Finland have the lowest. In fact, Table 25 suggests that a Dutch woman is ten times more likely to work part-time than her Finnish counterpart. These results suggest that when demographic and socio-economic factors have been controlled for, the most 'part-time friendly' culture and labour market practices are in the Netherlands and the most 'full-time friendly' culture and labour market practices are in Finland.

It should be noted that reasons for part-time work can differ widely in the Member States and analysing differences in the probability of part-time work does not give a full picture of the labour supply patterns of women in these countries. For example, in Spain the low part-time propensity is related to a low overall labour force participation rate of women aged 45-64. According to Table 23 as many as 72% of women with employed partners in Spain in this age group did not participate in the labour force. So, it appears that Spanish women have a choice of working part-time or not working at all. In Finland, on the other hand, the corresponding choice is between full-time and part-time employment. Almost 68% of employed men's partners had a full-time job in Finland and only 20% did not participate in the labour force at all. Low figures for part-time work in Finland means that most women aged 45-64 work full-time.

*Table 25* Country ranking according to the probability of part-time work, women aged 45-64

| Country | Estimated probability (%) | Current percentage share of part-time work |
|---|---|---|
| **Higher than reference probability** | | |
| 1 The Netherlands | 71.2 | 82.5 |
| 2 The United Kingdom | 49.3 | 58.7 |
| **Reference probability** | | |
| 3 Belgium | 36.6 | 41.3 |
| Denmark | | 32.9 |
| France | | 32.8 |
| Ireland | | 40.0 |
| Germany | | 41.6 |
| Luxembourg | | 49.5 |
| Sweden | | 35.6 |
| Norway | | 35.6 |
| **Lower than reference probability** | | |
| 4 Austria | 26.4 | 24.1 |
| 5 Italy | 19.1 | 35.9 |
| 6 Spain | 13.7 | 21.4 |
| 7 Portugal | 12.6 | 28.3 |
| 8 Greece | 11.2 | 20.1 |
| 9 Finland | 7.3 | 10.8 |

Even though there are large differences in the current average shares of part-time workers in the 'reference probability' countries our results suggest that, when similar women are compared,

these countries provide equal possibilities for part-time work for women. It is interesting to see that countries, which had part-time pension schemes in 1998, Belgium, Denmark, France, and Germany belong to the reference group, and Austria and Finland to the lower than reference group. This result suggests that part-time pension schemes have not had a major influence on the choice of employed women in this age group to work part-time .

## Satisfaction with hours of work

To what extent people would like to change the hours they work is an important question. It is commonly recognised that when people at an older age decide to retire early it is often too late to make the necessary provisions.

In Table 26 preferences for working-time adjustments are reported for those in paid work aged 45-64.[46] About 37% of these people prefer to work the same hours as they work now. Women are, on average, more satisfied with the hours they work than men. The most satisfied are women with part-time jobs; 52% of women working part-time prefer to work the same hours as they work now. About 55% of employed men and 39% of women would like to work fewer hours. These results are similar to those presented above for younger age groups. They suggest that as long as people stay employed, satisfaction with working hours does not vary markedly over the life cycle. However, as can be seen from previous analyses, a large proportion of men and women in this age group have already made the choice not to participate in the labour force. Those who remain employed are work-oriented, and similar in this sense to younger age groups.

*Table 26* Preferences for working-time adjustments of those in paid work aged 45-64

| | Prefer to work fewer hours (%) | Prefer to work same as now (%) | Prefer to work more hours (%) | Prefer not to work (%) |
|---|---|---|---|---|
| **Total in paid work** | 48.6 | 37.4 | 11.8 | 2.2 |
| Men | 55.0 | 34.9 | 7.9 | 2.2 |
| Women | 38.7 | 41.3 | 17.8 | 2.2 |
| | | | | |
| **Those in full-time jobs** | 57.1 | 34.4 | 6.4 | 2.1 |
| Men | 57.2 | 34.4 | 6.0 | 2.3 |
| Women | 56.8 | 34.2 | 7.3 | 1.8 |
| | | | | |
| **Those in part-time jobs** | 13.8 | 49.9 | 33.9 | 2.4 |
| Men | 20.4 | 42.3 | 36.3 | 0.9 |
| Women | 12.3 | 51.6 | 33.3 | 2.7 |

More than 57% in full-time jobs would like to work fewer hours even if it means corresponding adjustments in earnings. In the 55-59 age group almost 30% of men and women in full-time jobs would like to have a part-time job. Among women a larger than average share, 43%, indicate that

[46] Preferred hours of work were measured with the following question. Provided that you (and your) partner could make a free choice as far as working hours are concerned and taking into account the need to earn your living: How many hours per week would YOU prefer to work at present?

they want to work part-time because they need more time to care for elderly or sick persons, or persons with a disability in the family. If these needs are not met, there is a danger of women leaving the labour market. In this age group as many as 36% of women do not participate in the labour force because they care for a family or a home.

A third of employees in part-time jobs would prefer to work more hours. Even in the 60-64 age group, almost 40% of men in part-time jobs remained in these jobs, because they could not find a full-time job. This share is as high as that among men aged 30-34, indicating, again, that in older age groups those who have decided to remain employed do not appear to have very dissimilar aspirations in relation to working hours to those of younger age groups. However, a majority of those aged 60-64 has left the labour market. According to our survey 68% of the men and 56% of the women in this age group have retired.

As far as women are concerned, it appears that women especially those in the oldest age group, 60-64, are more satisfied with their part-time jobs than others are; only 7% would like to find a full-time job. About one in five women aged 45-59 in part-time jobs would like to work full-time.

Below we discuss the features that characterise people who are satisfied with their working hours. Which personal or job-related characteristics are typical of these people, and in which countries do they most likely live?

To analyse satisfaction with working hours we use a statistical model similar to that which was used for part-time choice. This time we explain the probability that a person is satisfied with his or her hours of work. We have studied men and women separately because it is quite likely that different factors affect men's and women's working hours.[47] The main results from our analyses are as follows.

- As was the case for younger men, the probability of being satisfied with working hours is lower for men with higher education than for men with only a basic education. Education does not in this respect seem to make a difference for women.
- Older men with young children (under six years of age) are less satisfied with their hours of work than other men. Men and women who do not have other care responsibilities in the family are more satisfied with their hours of work than those who do have these duties. For younger women, other care responsibilities increase the probability of being satisfied with their working hours. The difference in these results emphasises the problems that older age groups face when trying to organise care for their family members.
- Older men who work part-time are more satisfied with their working hours than those working full-time. Part-time work did not matter for older women in this respect. These results are the reverse of those reported for younger people which show that, in terms of satisfaction with working hours, part-time work did not matter for younger men and that for young women it did.

47 In the Statistical Annex, Table A.13, the estimation results for both men and women are reported.

- For women, being self-employed is a factor in satisfaction with one's working hours. Self-employed women are less likely than others to be satisfied with their hours of work.
- Men in managerial or supervisory positions are less likely to be satisfied with their hours than their otherwise similar colleagues. On the other hand, professional men seem to be more satisfied with their hours of work than other men. The type of job does not have any influence on older women's satisfaction with their hours of work.

In Table 27 countries are ranked (in descending order) according to the estimated probability of satisfaction with working hours. As was the case in the choice of part-time work, the 'reference probability' group includes countries among which the probability of satisfaction with working hours does not statistically differ. This group is the reference group for other countries, and each country in this group receives the same ranking number (4 in the case of men and 6 in the case of women) and estimated probability.[48]

*Table 27* Country ranking according to the probability of being satisfied with working hours, those aged 45-64

| **Men's country ranking** | **Estimated probability (%)** | **Women's country ranking** | **Estimated probability (%)** |
|---|---|---|---|
| **Higher than reference probability** | | **Higher than reference probability** | |
| 1 Belgium | 50.4 | 1 Luxembourg | 59.4 |
| 2 Portugal | 49.5 | 2 The Netherlands | 53.1 |
| 3 Italy | 44.2 | 3 Portugal | 50.7 |
| | | 4 Belgium | 46.2 |
| | | 5 The United Kingdom | 44.3 |
| **Reference probability** | | **Reference probability** | |
| 4 Austria | | 6 Austria | |
| Denmark | | Denmark | |
| Finland | | Finland | |
| Germany | 35.2 | Germany | 37.3 |
| Greece | | Greece | |
| Ireland | | Ireland | |
| Luxembourg | | Italy | |
| Spain | | Spain | |
| The United Kingdom | | Sweden | |
| Norway | | Norway | |
| **Lower than reference probability** | | **Lower than reference probability** | |
| 5 The Netherlands | 26.5 | 7 France | 27.3 |
| 6 Sweden | 24.8 | | |
| 7 France | 21.4 | | |

[48] The estimated probability that is reported in Table 27 is evaluated at the weighted mean values of the explanatory variables. It represents the probability of being satisfied with one's working hours that a man or a woman with average European characteristics, respectively, would have in each country.

According to Table 27 when similar men are compared in different countries, those with the highest probabilities of being satisfied with their working hours are to be found in Belgium, Portugal or Italy, and those who have the lowest probabilities live in the Netherlands, Sweden or France. Among younger men, Belgium was also one of the high-ranking countries and France one of the low-ranking countries. Table 27 suggests that a Belgian man is more than twice as likely to be satisfied with his hours of work as a similar French or Swedish man.

As was the case among younger men, it seems that the number of hours of work cannot explain country differences for men. In the 'higher than reference probability' group of countries, older men work 42-44 hours per week on average. In the 'lower than reference probability' group of countries older men work an average of 42-43 hours per week. Thus, the reasons for country rankings arise from other institutional and socio-economic circumstances as well as hours of work.

In Belgium the statutory maximum working week is lower than in most Member States ( Léonard and Delbar, 2000:18). High unemployment rates in the South may have affected Italian results; a high risk of unemployment may cause those who are employed to be less dissatisfied with their hours of work (Biagi et al., 2000:3). In Portugal working hours in the public and private sectors vary greatly; public sector employees work about 35 hours a week while others work 40-44 hours (Perista, 2000:3-4). So, one set of employees is very satisfied whereas the other requires reduced working hours.

The background to the French result lies in the debate on 35-hour week which was in progress at the time of the interview (see back). Related to this, in June 1998 the first Aubry law was passed. It gave incentives to negotiate working time reductions at a company level and was a first step towards a universal 35-hour week (Boulin, 2000). It seems that awareness of the implementation of this law caused French workers, young and old as well as men and women, to adjust their preferred hours of work downwards, and thus made them 'less satisfied' with their current hours of work.

In the Netherlands many men would prefer to work fewer hours but see the drop in earnings, together with the fact that part-time hours are not possible in their current positions, as insurmountable obstacles to reduce their hours of work (Tijdens, 2000:15).

For women the country ranking in terms of satisfaction with working hours differs from that of men. When similar women are compared, women from Luxembourg, the Netherlands, Portugal, Belgium or the United Kingdom are most likely to be satisfied with their working hours. In these countries women work an average of 24-34 hours per week. In contrast, French women have the lowest probability of being satisfied with their hours of work. In France women work 34 hours per week, on average. Thus in the case of women the country differences presented in Table 27 do not seem to be directly related to the actual hours of work in these countries.

Among the high ranking countries, Portugal and Belgium stand out as the only ones in which the majority of ageing women work full-time. The high probability of satisfaction with hours of

work in these countries suggests that the choice of working full-time has been voluntary. In fact, in both countries part-time work among ageing workers has been promoted but the response has not been very positive. In the Netherlands working hours have increasingly become negotiable between employer and employee at the request of the latter. This may well explain why Dutch women have a higher than average probability of being satisfied with their hours of work. The difference between Dutch men and women can be explained by the 'male breadwinner' culture in the Netherlands, in which men are expected to work full-time and women part-time. In Luxembourg the majority of women aged 45-64 have chosen not to participate in the labour force. Those who have chosen to work are by definition very work-oriented and, thus, also likely to be satisfied with their choices.

While it is not easy to conclude why people are more satisfied with their working hours in some Member States than in others, it is important to recognise these differences. Satisfaction with hours of work can be an important contributing factor when seeking to keep people in the labour market. It is likely that those employees whose working hours best suit their life circumstances will remain in employment longer than others.

## The need for working-time adjustments

Having discussed the overall preferences for working-time adjustments, we next consider how hours should be adjusted. Table 28 shows the gap between the current and preferred weekly hours among those in paid employment aged 45-64.

Table 28 reveals a similar overall picture about the need for adjustment in working hours as shown for the prime age group. The general preference is to reduce hours. Both men and women in full-time jobs would like to work seven hours less. In part-time jobs, however, men would like to work four hours more and women three hours more than they actually do.

*Table 28* Current and preferred weekly hours of those in paid work aged 45-64

| Groups of people | Current hours (A) | Preferred hours (P) | Difference (P-A) |
|---|---|---|---|
| **Total in paid work** | 40.0 | 34.7 | –5.2 |
| Men | 44.1 | 37.4 | –6.7 |
| Women | 33.6 | 30.6 | –3.0 |
| | | | |
| **Those in full-time jobs** | 43.8 | 36.5 | –7.3 |
| Men | 45.1 | 37.7 | –7.4 |
| Women | 40.5 | 33.5 | –7.0 |
| | | | |
| **Those in part-time jobs** | 24.3 | 27.3 | +3.1 |
| Men | 28.7 | 32.4 | +3.7 |
| Women | 23.2 | 26.1 | +2.9 |

The general attitudes to working-time adjustments automatically raise questions about the individuals concerned, those who have largest preference gaps in working hours, the jobs, sectors

or firms they work in, which in which countries they live and so forth. We next study these questions in a more detailed manner.

In order to be able to identify which factors influence the observed discrepancy between the preferred and current weekly hours in different groups of workers and countries, we estimate a regression model explaining observed differences in the preferred and current weekly hours, as we did for the younger age groups.[49] The reason for using a regression model is similar to that for the choice of models used in relation to part-time preferences and satisfaction with working hours. By using this model we can simultaneously assess the influence of many intervening factors, and get a reliable picture of those factors that explain the observed differences in working hours and those that do not.

The main results from these estimations can be summarised as follows.

- The general tendency among employed men and women is to reduce working hours.
- However, even after controlling for many characteristics, part-time workers show a strong preference to increase their working hours as observed earlier .
- Both men and women with a university education would like to reduce their weekly working hours more so than those with only a basic education.
- Employed men and women with a spouse would like to reduce their working hours more so than their similar colleagues without a spouse.
- Both men and women who are financially well off are also more inclined to reduce their working hours than those who are less well off.
- Men working in agriculture would like to reduce their hours of work more so than those working in services or manufacturing.
- Self-employed men and women would both like to have a greater reduction in their hours of work than otherwise similar employees.
- Men whose job requires professional training appear to need less adjustment to their working hours than others.

The above results imply that health, somewhat surprisingly, does not have any influence on the discrepancy between current and preferred hours (as it did among those of prime age). It is possible that middling or poor health causes older workers to consider early retirement rather than finer adjustments in working hours. We return to this issue point later in this chapter when we look at people's plans to retire.

[49] See the Statistical Annex, Table A.14, for the estimation results. Note that in these estimations we have included only those observations in which there is information on both actual and preferred weekly hours on the condition that a person is willing to work in the first place (i.e. zero hours are excluded).

The above descriptions give an overall picture of the 'satisfaction' balance in terms of working hours in different Member States. It appears that after removing the effect of background characteristics rather few country effects remain (Table 29).[50]

*Table 29* Country ranking according to the discrepancy between preferred and current working hours (45-64 age group)

| **Men's country ranking** | **Need for adjustment of hours** | **Women's country ranking** | **Need for adjustment of hours** |
|---|---|---|---|
| **Less need for working-time adjustment** | | **Less need for working-time adjustment** | |
| 1 Italy | -2.5 | 1 Spain | -1.4 |
| 2 Belgium | -2.8 | 2 Luxembourg | -1.9 |
| 3 France | -4.1 | 3 Portugal | -2.2 |
| | | 4 Italy | -2.6 |
| | | 5 Finland | -3.6 |
| **Reference case** | | **Reference case** | |
| 4 Austria | | 6 Austria | |
| Denmark | | Belgium | |
| Finland | | Denmark | |
| Germany | | France | |
| Greece | | Germany | |
| Ireland | -5.7 | Greece | -5.0 |
| Luxembourg | | Ireland | |
| The Netherlands | | The Netherlands | |
| Portugal | | Sweden | |
| Spain | | The United Kingdom | |
| Sweden | | Norway | |
| The United Kingdom | | | |
| Norway | | | |

The estimation results indicate that when similar men in each country are compared, the smallest discrepancy in hours can be found among men working in Italy, Belgium or France. We established earlier that the overall satisfaction with working hours was lowest among French men. Thus, it appears that even though the need for adjustment in terms of hours is below average in France, there is a larger than average proportion of men in that country who would like to change their hours of work. This again probably reflects awareness of the Aubry law that effectively introduced a 35-hour week in France.

50 In Table 29 the need for adjustment in terms of hours is calculated for an 'equivalent' person, who has the following characteristics: He or she is 45-54 years of age, has a basic education, and does not have a partner. He or she is a full-time employee in services, and his/her work experience is over 10 years. His/her job does not require professional training. His/her family is financially just managing or in difficulties. It should be noted that if we change any of the above mentioned characteristics the number of reported hours would change too. For example, having a spouse means that men would like to reduce their hours of work by an additional hour from those figures presented in Table 29. For women the corresponding reduction would be1.6 hours (see Statistical Annex, Table A.14, for further details) Therefore, in interpreting Table 29 it is more important to look at **differences** in the reported hours between countries than the actual amount of hours in these countries.

According to Table 29 the discrepancy between preferred and current hours in Spain, Luxembourg, Portugal, Italy or Finland is smallest among women. Thus, these results again suggest that very different overall working-time patterns may be in accordance with the needs of individuals in different countries.

## Early exit plans

As we have seen, it is apparent that people's perceptions about the suitability of their working hours differ with respect to personal, family, and job characteristics, though not markedly over the life cycle. As long as people remain employed their aspirations do not, somewhat surprisingly, differ too much from one another.

In most Member States the statutory pension age is 65. In some countries the general pension age is lower, and in a number of countries women are entitled to a pension earlier than men. In France the general pension age of 60 is the lowest among the Member States. In Belgium and Germany the general pension age has been gradually raised from earlier lower levels to 65. In Portugal the pension age for women was raised to 65 in 1993 from earlier lower levels of 62/63. In Austria, Italy, and the United Kingdom the existing pension system allows women to retire at the age of 60, even though for men the statutory retirement age is 65. By 2019 the age for women in Austria will be raised to 65. In Sweden the new pension reform allows both women and men to retire between 61 and 65 years of age, but the guaranteed pension level is only granted at the age of 65. In Norway the statutory pension age of 67 years (for both men and women) is the highest among the countries under analysis. In Denmark the statutory pension age was 67 up to 1999 but has since been lowered to 65.[51]

In the 1970s and 1980s European labour markets faced marked structural changes and in most countries this led to the introduction of early exit pension schemes. This resulted in a situation where now very few employees remain in the labour force until the statutory pension age. According to the Employment Options Survey, only a quarter of men and one tenth of women are employed after the age of 60. In later years increasing numbers of women decide to look after the family or home; this is the case for over 30% of women aged 55-64.

When ageing people consider their future employment prospects, one of their concerns is the care of elderly family members. It appears that among employed women aged 50-59 who consider that they will not be employed in five years over 40% believe that they will be caring for a family member. About 20% of similar men think in this way (Table 30).

Table 30 suggests that, in particular among women, there is a link between early exit plans and family care responsibilities. Despite some arguments to the contrary, families provide most care for elderly people in the European Union (Salvage, 1995). The general policy target to increase

[51] See *Employment Observatory, Trends* No. 33, Winter 1999 for a discussion on pension systems in the EU Member States.

the female employment rate on one the hand, and to keep ageing workers active in the labour market on the other hand, requires that the care of elderly people is organised accordingly in Member States. Future demographic changes in the European Union will further emphasise the need to address these issues.

*Table 30* Percentage share of those who think that they will not be employed in five years (50-59 age group)

| Age group | Men | Women |
|---|---|---|
| 50-54 | 23.4 | 47.0 |
| 55-59 | 18.5 | 42.4 |

A major challenge in the European labour market is to reverse the trend of early exit, and find ways to improve employment rates in the older age groups. In many Member States early pension schemes have been under revision in order to deter early exit. Both push and pull factors need to be considered in this context. It is not particularly efficient to design policy measures that make it less attractive to retire early, if strong push factors remain in the labour market that force people to exit.

In order to design measures to curb early exit behaviour, it is important to establish at what stage of the life cycle people start to consider early exit, and what prompts them to do so. Are there differences between different groups of individuals or in different countries? What groups are most likely to opt for early retirement?

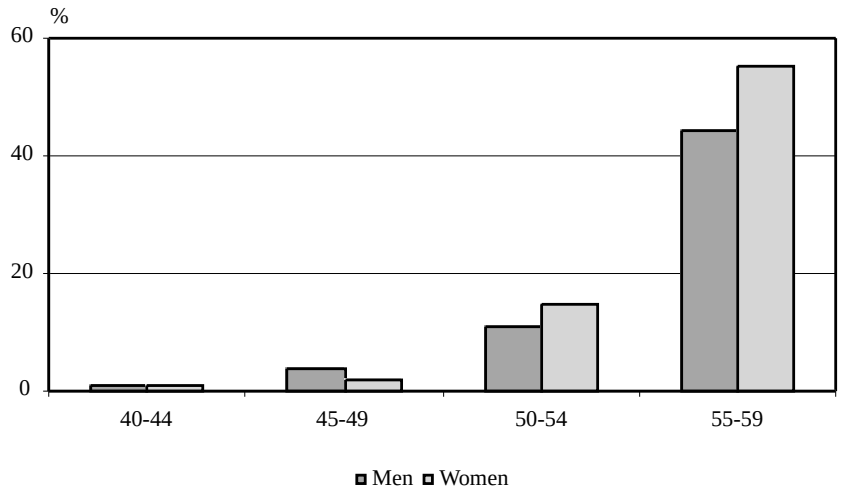
Figure 6 shows the percentage share of those in paid work aged 40-59 who are planning to retire in five years. It appears that the first thoughts of retirement occur at the age of 40. Between 50 to 54 years of age, 11% of men and 15% of the women in paid work consider retiring in five years. In the 55-59 age group, these shares rise to 44% and 55% respectively.

When the pension plans of those in paid work are related to the current shares of people that have retired at similar ages, we can see that there is a marked difference in the case of men. It appears from Table 31 that employed men plan to retire at a slower rate than men who have retired earlier. Women's plans seem to correspond more to the present early exit behaviour. Do these figures indicate that men and women have different planning horizons, or do they reflect a changing trend in the early exit behaviour of men? These are questions that remain to be answered. Let us see if a closer analysis of retirement plans can bring us any closer to the answers.

*Table 31* Those in paid work planning to retire compared to retired people, percentage shares

| Age group in which the individual plans to retire or has retired | Men (%) | | Women (%) | |
|---|---|---|---|---|
| | Planning to retire | Retired | Planning to retire | Retired |
| 45-49 | 1 | 3 | 1 | 2 |
| 50-54 | 4 | 8 | 2 | 4 |
| 55-59 | 11 | 26 | 15 | 17 |
| 60-64 | 44 | 68 | 55 | 56 |

*Figure 6* Percentage share of those in paid work, aged 40-59, planning to retire in five years




The Employment Options Survey includes extensive information on those who are either employed or wish to be employed in the not too distant future. It was not originally designed to analyse labour force participation decisions as such. However, the survey allows us to study the early exit plans of those who are in paid work and planning to retire within five years. This is what we are going to do next, using a standard probability model to study early exit plans of people within five years' time.[52]

Let us first discuss those factors that, according to our estimations, do not appear to have any influence on pension plans. Our results suggest that work experience, part-time work, preference for a part-time work among those in full-time jobs, or industry are not factors when people consider a pension. For example, our results indicate that otherwise similar employees in manufacturing and services have similar plans to retire early.

At first glance, it is somewhat surprising that dissatisfaction with hours of work does not have a direct influence on early pension plans. But this is better understood in the context of the earlier observation that people seem to have similar aspirations of their working time throughout their careers. Dissatisfaction with working time is not directly related to age and therefore neither does it appear as a factor in pension plans.

When the final estimation results for men and women are compared, it appears that many more factors influence women's pension plans than in the case of men. This may indicate two things. First, there are at present very few background factors that really influence men's plans to exit early. Secondly, the five years' planning horizon used in the model fits women better than men. Owing to this, the model may not establish the effect of all background factors on men's pension plans in a similar fashion as it does for women. If this is the case, women seem to plan their early exit behaviour at a much earlier stage than men. The fact that employed men plan to retire at a slower rate than men who have already retired earlier supports this last interpretation.

52 In the Statistical Annex, Table A.15, the estimation results for men and women are reported separately.

Other major findings from our estimations can be summarised as follows.

- About 10% of the men and 11% of the women in the 45-59 age group plan to retire in five years. Age significantly increases this share; in the 55-59 age group this share is 15 percentage points higher among men and 16 percentage points higher among women.
- Among women, university education delays early exit plans. Women with university education have a one percentage point smaller probability of planning retirement in five years than otherwise similar women.
- Poor health increases the probability of planning retirement by two percentage points among women and one percentage point among men. Thus, poor health does have an effect on pension plans, but while people are still fit to work, its effect on these plans is not particularly strong.
- Family background also matters for women. If a woman has a spouse or the family is well off, both increase the desire (and possibilities) to retire early. However, if a woman's spouse is employed, the probability of planning retirement is lower than if the spouse is retired. Women with an employed spouse, however, still have a higher probability of planning retirement than single women.
- Both self-employed men and women have a lower probability of planning retirement than wage earners and salaried employees. This appears to be the case despite the fact that the self-employed are much less satisfied with their hours of work and want to reduce weekly working hours substantially more than employees.
- Women in managerial positions are less likely to plan their retirement, whereas professional women are more likely to consider retirement than other women.
- Pensions are more of an issue for men working in large firms than for their counterparts in smaller firms. A firm's size is not a factor for women in this regard.

In Table 32 countries are ranked (in descending order) according to the estimated probability of retiring in five years. As with similar calculations above, the 'reference probability' group includes countries in which the probability of retiring in five years does not statistically differ from one another. This group is the reference group for other countries, and each country in this group receives the same ranking number (3 in the case of men and 8 in the case of women) and estimated probability.[53]

French and Austrian men aged 40-59 seem to have the highest probability of planning retirement within five years time. The three highest ranking countries for women are Austria, Belgium, and Italy. The overall lower statutory pension age in France partly explains the high ranking of this country. Lower statutory pension age makes exit from the labour market a certainty, whereas in many early exit pension schemes there is some uncertainty whether or not a person fulfils the pension requirements. In Austria women aged over 55 and men over 60, who have worked and paid pension insurance contributions for a total of 35 years, have the option of taking early retirement. Furthermore, the statutory pension age for Austrian women is 60 (but is gradually increasing). Italian women also have this lower than average retirement age. Between 1990-1997 the normal retirement age for both men and women was between 60 and 65, affecting Belgian

[53] The estimated probability that is reported in Table 32 is evaluated at the weighted mean values of the explanatory variables. It represents the probability of planning to retire within five years that a man or a woman with average European characteristics, respectively, would have in each country.

results. Thus, pension plans appear to be closely related to the institutional arrangements for statutory pensions in each country. People seem to avail of the opportunity of exit from the labour market with a guaranteed pension before the age of 65 where this is possible.

Table 32 suggests that Spanish men in the 40-59 age group are the least likely to plan retirement. Successive Spanish governments have made some efforts to encourage the employment of workers aged over 45. Early exit incentives have mainly been related to reducing unemployment. The statutory pension age in Spain is 65 ( Garcia-Serrano, Malo and Tohara, 1999). One potential explanation of the Spanish result may be found in the efforts to keep the ageing work force employed, even though, it should be noted, that 'active ageing' has not been a major topic of debate in Spain. It is possible that this policy line has maintained the work-orientation among ageing employees. (It would be interesting to compare the Spanish system with similar systems in other countries to see if the evidence would support this hypothesis.)

*Table 32* Country ranking according to the probability of planning to retire within five years (40-59 age group)

| **Men's country ranking** | **Estimated probability (%)** | **Women's country ranking** | **Estimated probability (%)** |
|---|---|---|---|
| **Higher than reference probability** | | **Higher than reference probability** | |
| 1 France | 11.7 | 1 Austria | 15.6 |
| 2 Austria | 8.0 | 2 Belgium | 9.1 |
| | | 3 Italy | 7.4 |
| | | 4 Portugal | 5.8 |
| | | 5 Ireland | 5.7 |
| | | 6 France | 4.5 |
| | | 7 The United Kingdom | 4.4 |
| **Reference probability** | | **Reference probability** | |
| 3 Belgium | | 8 Finland | |
| Denmark | | Germany | |
| Finland | | Greece | 2.6 |
| Germany | | Luxembourg | |
| Greece | | The Netherlands | |
| Ireland | 3.9 | Spain | |
| Italy | | | |
| Luxembourg | | | |
| The Netherlands | | | |
| Portugal | | | |
| Sweden | | | |
| The United Kingdom | | | |
| Norway | | | |
| **Lower than reference probability** | | **Lower than reference probability** | |
| 4 Spain | 1.4 | 9 Norway | 1.0 |
| | | 10 Denmark | 0.8 |
| | | 11 Sweden | 0.6 |

It appears that in Scandinavian countries, Denmark, Sweden, and Norway, women are more likely to remain employed than in other countries. The statutory pension age at the time of the survey was 67 in Denmark and Norway and 65 in Sweden. It is interesting that women, not men, in the 40-59 age group in these countries have a lower than average propensity to plan retirement. This suggests that the high statutory pension age as such does not deter people (in this case men) from planning early retirement where there are early exit options in the labour market. The reason that Scandinavian women have lower than average early exit plans than their European colleagues most likely arises from the 'employment friendly' conditions that allow them to remain in the labour market at an older age. Scandinavian countries are good providers of public services for older people, thereby enabling ageing women to remain employed, even where an elderly family member is in need of care (Bettio and Prechal, 1998).

The availability of a part-time pension does not seem to have a direct impact on people's early exit plans. It appears that in Austria, Belgium, and France, a higher than average share of women plan to exit from the labour market even though a part-time pension is an option in these countries. On the other hand, part-time pension schemes also existed in Denmark and Sweden (until 1999), where women have a lower than average probability of exiting from the labour market. It appears that the combination of a part-time pension system with adequate public services and other institutional arrangements could assist in keeping ageing women in employment. In some Member States ageing employees have not been too keen on part-time pensions, even though they have been available. More detailed information on these pension schemes is needed in order to understand why part-time pensions have not played a more important role in integrating older workers into the labour market in the Member States.

## Conclusions

About 66% of the men aged 45-64 and only 43% of similar women are employed. A quarter of the older men and one fifth of the women are retired.

When one compares the working patterns and preferences of older employed people with those of younger age groups, there is surprisingly little variation in current and preferred behaviour over the life cycle. The general preference among those with full-time jobs in all age groups is to reduce the weekly working hours. People working part-time, including older employees, would like to increase their hours of work.

To what extent women in older age groups work appears to be more closely related to national care strategies for elderly people than to childcare systems as was the case for younger women. Family background and children have an influence on ageing women's choices to work part-time but not to the same extent as among younger women. As many as 46% of ageing women who have other care responsibilities work part-time.

Our results suggest that strong cohort effects exist in the female labour force participation rates and part-time work. Therefore, it can be expected that older women in the future will be more involved in the labour market than today's women are.

The rate of early exit is at alarmingly high levels in older age groups. Among men, the tendency to retire seems to be of a more general nature. Individual, family and job-related characteristics are of less importance in decision-making than among women, for whom there appears to be a clear link between early exit plans and care responsibilities in the family. The general policy objective of increasing the women's employment rate on one the hand, and of keeping ageing workers active in the labour market, on the other, requires that care for the elderly is organised in the European Union in such a way that allows carers to participate in the labour force.

Availability of a part-time pension does not seem to have a direct impact on people's early exit plans. According to our survey, in Austria, Belgium, and France a higher than average share of women planned to exit from the labour force even though in these countries a part-time pension is an option in these countries. On the other hand, in Denmark and Sweden, where part-time pensions are available, women have a lower than average probability of exiting from the labour market. These countries are good providers of public services for older people thereby enabling ageing women to remain employed, even where an elderly family member or relative is in need of care. It appears that a package combining a part-time pension system with adequate public services and other institutional arrangements could assist in keeping ageing women in employment.

The evidence related to the propensity of early exit in this study is indirect and derives from the pension plans of people who are still employed. However, our analyses suggest that existing pension schemes influence people's retirement plans long before the pension matures. In countries where the regulations allow early exit, people expect to be on pension early, even where health is not a factor.

The idea of gradual retirement that has been introduced in many Member States has not yet proved its usefulness in deterring early exit from the labour market. In most countries where part-time pension schemes have been introduced, people have not been too keen on them. Complete withdrawal from the labour market has been much more popular than gradual retirement. This result is alarming and may indicate that the European labour markets have failed to respond to the individual needs for working time adjustments and other specific needs of ageing workers. These needs should be further explored and acted upon if the intention is to increase employment rates among ageing workers.

# Chapter 5 Conclusions

In this report we have studied the working patterns and preferences of people in Europe over the life cycle. The study is based on extensive interview data that was collected from the 15 Member States and Norway in 1998.

One of the major challenges relating to the young people in the European labour market is to ease the transition from school to work. According to our analyses the most important single factor affecting the transition to employment is the general state of the economy. The most efficient youth employment policy appears to bea general economic policy that promotes economic growth.

Another important factor affecting transition is education. At the individual level, higher education improves the chances of getting employment. The educational system seems to matter, too. Our results suggest that apprenticeship training has beneficial employment effects but its role in promoting youth employment is much less important than that of general economic policy.

From the very beginning of people's careers strong gender differences emerge. Young women have much lower employment probabilities even when they are compared with similar male colleagues. In addition to this general gender effect, children seem to further reduce young women's employment rates. These results suggest that gender and family policies should be implemented at the early stages of the life cycle.

When the working patterns and preferences between prime-aged and older age groups are compared, there appears to be surprisingly little variation in the current and preferred behaviour of employed people over the life cycle. The general preference among those with full-time jobs in all age groups is to reduce weekly working hours. Part-time, including older employees, would

like to increase their hours of work. The employment rates of both men and women drop steadily with age.

Satisfaction with hours of work can be an important contributing factor in keeping people in the labour market. It is likely that those employees whose working hours best suit their life circumstances well are the ones that remain employed in the labour market longer than others. Our results suggest that in order to raise employment performance in Europe the focus should be on those phases of people's lives when decisions about whether or not to participate in the labour force are made.

Prime-aged men are the only group that come close to full employment. The majority of them work full-time, and children seem to have little effect on men's working patterns. Having children, on the other hand, means that women have to decide whether or not to participate in the labour force. (There are already substantial differences in women's behaviour at this stage of decision-making in different Member States.) Secondly, if a woman decides to participate in the labour force, she then has to decide whether or not to work full-time. Having children markedly increases the probability that a part-time job is chosen.

Once a woman has chosen either a part-time or full-time job, her expectations about working hours in relation to current hours seem to be the same, whatever the family situation. In fact, according to our results prime-aged women with children are more satisfied with their hours of work than other women. This may indicate that care responsibilities make women choose jobs that allow them to work the hours that they are willing and able to work.

Our results suggest that national working hour regulations have a strong impact on people's perceptions on the 'appropriate' level of hours of work. Further, there is some evidence that in countries with relatively strict regulations on weekly working hours and overtime, people tend to be more satisfied with their hours of work than in countries with very limited regulations. It appears that, especially for men, excessive overtime can be a problem if regulations on weekly hours of work are very liberal. The general problem among men appears to be that the required working hours are above the regulated 'normal' working hours. Men tend to regularly work overtime. Their wish to reduce working hours is closely related to a wish to reduce excessive overtime in full-time jobs.

To what extent women in older age groups work appears to be more closely related to national care strategies towards elderly people than to childcare systems. Family background and children have an influence on ageing women's choices to work part-time but not to the same extent as among younger women.

The rate of early exit is at alarmingly high levels in older age groups. The tendency among men to retire seems to be of a more general nature. Individual, family and job related characteristics are of less importance in decision-making than among women, for whom there appears to be a clear link between early exit plans and family care responsibilities. The general policy objective of increasing women's employment rate on the one hand, and of keeping ageing workers active in the labour market, on the other, demands that care for the elderly is organised in the European Union in such a way that allows carers to participate in the labour force.

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# Statistical Annex

*Table A.1* General methodology for model estimation in Tables A.2-A.7

Estimations are carried out using the logit model (see Greene (2000) or Maddala (1983)).

As explanatory variables in each estimation we have chosen indicators that describe different types of qualitative features in individual, family, and job related background. An explanatory variable obtains the value of one if a person in question has the referred quality (e.g. has a secondary education) and the value of zero otherwise. For each type of quality (e.g. educational level) we define a reference group that defines a baseline case. In comparing country differences 'similar' individuals refer to this baseline case.

The following set of variables was selected at a starting point to be explanatory variables in the initial model specification:

- Age group; 16-19, 20-23, 24-27 (reference group is 28-29)
- Female (reference is male)
- Low work experience; less than 1 year (reference group is more than a year)
- Area; person is living in a rural area (reference case is urban and suburban)
- Marital status/partner; spouse, employed spouse (reference group is no spouse/partner)
- Educational level; secondary, university (reference group is basic education)
- Marital status/partner; spouse, employed spouse (reference group is no spouse/partner)
- Children; children in the same household (reference group is no children in the same household)
- Young child; person has children under 6 years old (reference case is person has no children/older children)
- Sector; services (reference group is manufacturing and agriculture)
- Firm size; medium, large (reference group is small)
- Type of work; manual (reference is non-manual)
- Type of employment contract (where applicable); non-permanent contract (reference is permanent contract)
- Country indicators (reference group is Germany).

Apprenticeship training and variables for general economic conditions are described in this Statistical Annex in Table A.5. Information for country groupings was collected from 'Key data on Vocational Education and Training in the European Union' collected by the European Commission and Eurostat, and from *OECD Employment Outlook 1999*.

The final models have been chosen by including those explanatory variables that were significantly different from zero at least at a 10% significance level. Therefore in interpreting the results one should keep in mind that, if one of the above listed variables is missing from the final model, it means that this variable does not have any statistically significant effect on the phenomenon under study. Therefore, it is useful information, if an originally included variable is excluded from the final model. The reason for excluding insignificant variables from the final models is that this procedure makes final estimates more efficient. If an explanatory variable included in the table was not used in the estimations, 'n/a' (not available) is reported.

*Table A.2* Estimation results from a logit model for employment for all non-student groups, 15-29 year olds

| Explanatory variables | Coefficients with country dummies included | Coefficients with dummies for general economic conditions | Mean from the non-weighted data |
|---|---|---|---|
| Constant | 0.6131*** | 0.8761*** | |
| **Individual characteristics:** | | | |
| Female | –0.8875*** | –0.8821*** | 0.611 |
| Age 16-19 | – | – | 0.126 |
| Age 20-23 | –0.1508* | –0.1492* | 0.233 |
| Age 24-27 | – | – | 0.400 |
| Secondary education | 0.7752*** | 0.7591*** | 0.439 |
| University education | 0.9478*** | 0.9229*** | 0.223 |
| Little work experience | –0.6117*** | –0.5955*** | 0.135 |
| Living in rural area | 0.1126* | 0.1301* | 0.415 |
| **Family characteristics:** | | | |
| Spouse | 1.1060*** | 1.1713*** | 0.388 |
| Spouse employed | –0.4971*** | –0.4923*** | 0.330 |
| Children | –0.6944*** | –0.7140*** | 0.248 |
| Young child: under 6 years | –0.7452*** | –0.7163*** | 0.226 |
| **Country:** | | | |
| Austria | 0.3300** | [n/a | 0.049 |
| Belgium | – | n/a | 0.037 |
| Denmark | 0.3817* | n/a | 0.048 |
| Finland | – | n/a | 0.037 |
| France | – | n/a | 0.103 |
| Greece | –0.4270*** | n/a | 0.055 |
| Germany | reference | n/a | 0.095 |
| Ireland | – | n/a | 0.047 |
| Italy | –0.6853*** | n/a | 0.085 |
| Luxembourg | – | n/a | 0.021 |
| The Netherlands | 0.5277*** | n/a | 0.053 |
| Portugal | 0.4683*** | n/a | 0.039 |
| Spain | –0.8988*** | n/a | 0.095 |
| Sweden | –0.4276*** | n/a | 0.049 |
| United Kingdom | – | n/a | 0.138 |
| Norway | – | n/a] | 0.048 |
| **General economic conditions:** | | | |
| High standard adult unemployment rate 1994-98 | [n/a | –0.8363*** | 0.320 |
| Average standard adult unemployment rate 1994-1998 | n/a | –0.3394*** | 0.470 |
| High GDP growth in 1994-1998 | n/a | 0.2391** | 0.105 |
| Average GDP growth in 1994-1998 | n/a] | – | 0.612 |
| Number of observations | [4,839 | [4,839 | |
| %-share of right predictions | 70.1 | 69.4 | |
| $\chi^2$-test for model specification | 907.6 | 850.9 | |
| Degrees of freedom | 18] | 13] | |

Statistically different from zero: *** at one per cent level, ** at five per cent level, * at 10 per cent level.

- Sample: all young people aged 15-29-years; both sexes; excluding student
- Dependent variable: employed=1 (57.7%) and non-employed=0 (42.3%). This means that the comparison group consists of all non-active persons. Students are not included in the comparison group.

*Table A.3* Estimation results from a logit model for basic education entrants

| Explanatory variables | Coefficient | Mean from the non-weighted data |
|---|---|---|
| Constant | 1.7480*** | |
| **Individual characteristics:** | | |
| Female | –0.7797*** | 0.573 |
| Age 16-19 | –0.7613*** | 0.214 |
| Age 20-23 | –0.6283*** | 0.185 |
| Age 24-27 | –0.3593** | 0.371 |
| Little work experience | – | 0.111 |
| Living in rural area | –0.3336** | 0.370 |
| **Family characteristics:** | | |
| Spouse | 1.1163*** | 0.434 |
| Spouse employed | –0.6302** | 0.355 |
| Children | –1.8189*** | 0.362 |
| Young child: under 6 years | – | 0.324 |
| **Country:** | | |
| Austria | – | 0.086 |
| Belgium | – | 0.015 |
| Denmark | – | 0.066 |
| Finland | – | 0.020 |
| France | – | 0.048 |
| Greece | –1.2299*** | 0.032 |
| Germany reference | 0.096 | |
| Ireland | – | 0.035 |
| Italy | –0.8252*** | 0.116 |
| Luxembourg | 1.9223* | 0.007 |
| The Netherlands | 0.6897** | 0.051 |
| Portugal | – | 0.064 |
| Spain | –1.0175*** | 0.122 |
| Sweden | – | 0.029 |
| United Kingdom | – | 0.189 |
| Norway | – | 0.023 |
| Number of observations | [1,115 | |
| %-share of right predictions | 241.8 | |
| $\chi^2$-test for model specification | 72.6 | |
| Degrees of freedom | 13] | |

Statistically different from zero: *** at one per cent level, ** at five per cent level, * at 10 per cent level.

- Sample: all young people aged 15-29 years who have completed only a basic education; both sexes; excluding students
- Dependent variable: employed=1 (53.3%) and non-employed=0 (46.7%). This means that the comparison group consists of all non-active persons. Students are not included in the comparison group.

*Table A.4* Probability of employment for secondary education entrants

| Explanatory variables | Coefficients with country dummies included | Coefficients with dummies for vocational education and general economic conditions | Mean from the non-weighted data |
|---|---|---|---|
| Constant | 1.98*** | 1.7423*** | |
| **Individual characteristics:** | | | |
| Female | –0.7079*** | –0.6943*** | 0.610 |
| Age 16-19 | –0.6681*** | –0.5208*** | 0.127 |
| Age 20-23 | | –0.4092*** | |
| –0.3524*** | 0.275 | | |
| Age 24-27 | – | – | 0.383 |
| Little work experience | –0.7363*** | –0.7413*** | 0.148 |
| Living in rural area | – | – | 0.428 |
| **Family characteristics:** | | | |
| Spouse | 0.6054*** | 0.7187*** | 0.422 |
| Spouse employed | –0.6667*** | –0.6416*** | 0.364 |
| Children | – | – | 0.259 |
| Young child: under 6 years | –1.5127*** | –1.4800*** | 0.242 |
| **Country:** | | | |
| Austria | – | [n/a | 0.039 |
| Belgium | – | n/a | 0.032 |
| Denmark | – | n/a | 0.059 |
| Finland | –0.3738* | n/a | 0.061 |
| France | –0.3958** | n/a | 0.105 |
| Germany | reference | n/a | 0.124 |
| Greece | –0.7082*** | n/a | 0.051 |
| Ireland | – | n/a | 0.040 |
| Italy | –1.0789*** | n/a | 0.101 |
| Luxembourg | – | n/a | 0.022 |
| The Netherlands | 0.4747* | n/a | 0.049 |
| Portugal | 0.7990** | n/a | 0.025 |
| Spain | –1.3098*** | n/a | 0.072 |
| Sweden | –0.7610*** | n/a | 0.076 |
| United Kingdom | – | n/a | 0.084 |
| Norway | – | n/a] | 0.060 |
| **Vocational education system** | | | |
| High appr. countries | [n/a | 0.5110*** | 0.221 |
| Average appr. countries | n/a | 0.3955*** | 0.494 |
| **General economic conditions:** | | | |
| Average employment growth in past 5 years | n/a | – | 0.412 |
| Low employment growth in past 5 years | n/a | –0.2105* | 0.477 |
| High standard adult unemployment rate (5 years) | n/a | –0.7620*** | 0.339 |
| Average standard adult unemployment rate (5 years) | n/a] | –0.3004** | 0.466 |
| Number of observations | [2,125 | [2,125 | |
| %-share of right predictions | 72.3 | 69.3 | |
| $\chi^2$-test for model specification | 381.6 | 344.6 | |
| Degrees of freedom | 15] | 12] | |

Statistically different from zero: *** at one per cent level, ** at five per cent level, * at 10 per cent level.

- Sample: all young people aged 15-29 years who have completed secondary education; both sexes; excluding students
- Dependent variable: employed=1 (62.0%) and non-employed=0 (38.0%). Since students are not included in the sample, it means that the comparison group consists of all non-active persons.

*Table A.5* Apprenticeship, GDP growth, employment growth and unemployment variables utilised in employment equation estimations in Tables A.2 and A.4

| | Apprenticeship | | | Average GDP growth rate in 1994-98 | | | Average employment growth in 1994-98 | | | Average standard unempl. rate in 1994-98 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **High** | **Ave** | **Low** | **High** | **Ave** | **Low** | **High** | **Ave** | **Low** | **High** | **Ave** | **Low** |
| Austria | X | | | | X | | | | X | | | X |
| Belgium | | X | | | X | | | | X | | X | |
| Denmark | X | | | | X | | | X | | | X | |
| Finland | | | X | X | | | | X | | X | | |
| France | | X | | | X | | | | X | X | | |
| Greece | | | X | | | X | | X | | | X | |
| Germany | X | | | | | X | | | X | | X | |
| Ireland | | X | | X | | | X | | | | X | |
| Italy | | X | | | | X | | | X | X | | |
| Luxembourg | | X | | X | | | X | | | | | X |
| The Netherlands | | X | | | X | | X | | | | | X |
| Portugal | | | X | | X | | | X | | | | X |
| Spain | | | X | | X | | | X | | X | | |
| Sweden | | | X | | X | | | | X | | X | |
| United Kingdom | | X | | | | | X | X | | | X | |
| Norway | | X | | | | | X | X | | | | X |

Apprenticeship variables: see Table A.4 below. Information for country groupings is collected mainly from 'Key Data on Vocational Training in the European Union' (Eurostat and European Communities., 1997), but also from other sources (for example *OECD Employment Outlook, 1998*). In high apprenticeship countries majority of vocational degrees are achieved via apprenticeship education. Instead, in low apprenticeship countries vocational education is organised in vocational schools/colleges, and over 90% of students choosing vocational path, attend these.

- Employment growth in past 5 years: see Table A.4 below. Source for data is *OECD Employment Outlook 1999*. Average employment growth was calculated for 1994-1998 for each country, and the countries were then grouped into three categories. In high employment growth countries the average growth rate was above 2.1%, in average employment growth countries it was between 0.8 and 1.9%, and in low employment growth countries it was between –0.16 and 0.56.

Standard unemployment rate average for 1994-98: see Table A.4 below. Source for data is *OECD Employment Outlook 1999*. Average unemployment rate is for whole population of 15-64 year olds. High unemployment countries have average unemployment rate over 11.4%. In average unemployment countries the corresponding figure is between 6.3 and 9.4%. In low unemployment countries it ranges from 2.8 to 4.9%.

*Table A.6* Estimation results from a logit model for part-time work (15-29 age group)

| Explanatory variables | Coefficient | Mean from the non-weighted data |
|---|---|---|
| Constant | –3.4415*** | |
| **Individual characteristics:** | | |
| Female | 0.8757*** | 0.513 |
| Age 16-19 | 1.2889*** | 0.121 |
| Age 20-23 | 0.4361*** | 0.232 |
| Age 24-27 | – | 0.402 |
| Secondary education | – | 0.472 |
| University education | – | 0.269 |
| Little work experience | 0.2635* | 0.115 |
| Previous unemployment | 0.3200*** | 0.330 |
| Living in rural area | – | 0.453 |
| **Family characteristics:** | | |
| Spouse | –0.6264** | 0.392 |
| Spouse employed | 0.5045** | 0.320 |
| Children | 1.1063*** | 0.168 |
| Young child: under 6 years | – | 0.150 |
| **Job characteristics:** | | |
| Service sector | 0.9478*** | 0.661 |
| Firm size: medium | –0.3494** | 0.172 |
| Firm size: large | –0.3327* | 0.124 |
| Manual work | 0.4572*** | 0.395 |
| Non-permanent contract | 0.4788*** | 0.286 |
| **Country:** | | |
| Austria | – | 0.056 |
| Belgium | – | 0.044 |
| Denmark | – | 0.059 |
| Finland | – | 0.035 |
| France | – | 0.103 |
| Greece | – | 0.051 |
| Germany reference | 0.101 | |
| Ireland | –0.5095** | 0.056 |
| Italy | – | 0.064 |
| Luxembourg | – | 0.025 |
| The Netherlands | – | 0.067 |
| Portugal | –0.7909*** | 0.045 |
| Spain | – | 0.062 |
| Sweden | – | 0.047 |
| United Kingdom | – | 0.133 |
| Norway | – | 0.053 |
| Number of observations | [2,792 | |
| %-share of right predictions | 80.9 | |
| $\chi^2$-test for model specification | 388.0 | |
| Degrees of freedom | 15] | |

Statistically different from zero: *** at one per cent level, ** at five per cent level, * at 10 per cent level.

- Sample: all presently employed people (Q1=1); both sexes; 15-29-year-olds
- Dependent variable: part-time=1 (19.4%) and full-time=0 (80.6%)

*Table A.7* Estimation results from a logit model for non-permanent employment (15-29 age group)

| Explanatory variables | Coefficient | Mean from the non-weighted data |
|---|---|---|
| Constant | –2.5027*** | |
| **Individual characteristics:** | | |
| Female | 0.2965*** | 0.513 |
| Age 16-19 | 1.7510*** | 0.121 |
| Age 20-23 | 0.9619*** | 0.232 |
| Age 24-27 | 0.3159** | 0.402 |
| Secondary education | 0.4036*** | 0.472 |
| University education | 0.9426*** | 0.269 |
| Little work experience | 0.9889*** | 0.115 |
| Living in rural area | 0.2596*** | 0.453 |
| **Family characteristics:** | | |
| Spouse | –0.6583*** | 0.392 |
| Spouse employed | – | 0.320 |
| Children | – | 0.168 |
| Young child: under 6 years | – | 0.150 |
| **Job characteristics:** | | |
| Service sector | 0.4074*** | 0.661 |
| Firm size: medium | – | 0.172 |
| Firm size: large | 0.2997** | 0.124 |
| Manual work | 0.3702*** | 0.395 |
| **Country:** | | |
| Austria | –0.7702*** | 0.056 |
| Belgium | – | 0.044 |
| Denmark | – | 0.059 |
| Finland | 1.1004*** | 0.035 |
| France | – | 0.103 |
| Greece | –1.2195*** | 0.051 |
| Germany reference | 0.101 | |
| Ireland | –0.5014** | 0.056 |
| Italy | – | 0.064 |
| Luxembourg | –0.7655** | 0.025 |
| The Netherlands | – | 0.067 |
| Portugal | – | 0.045 |
| Spain | 0.5429*** | 0.062 |
| Sweden | – | 0.047 |
| United Kingdom | –0.9975*** | 0.133 |
| Norway | – | 0.053 |
| Number of observations | [2,792 | |
| %-share of right predictions | 75.6 | |
| $\chi^2$-test for model specification | 558.2 | |
| Degrees of freedom | 19] | |

Statistically different from zero: *** at one per cent level, ** at five per cent level, * at 10 per cent level.

- Sample: all presently employed people (Q1=1); both sexes; 15-29-year-olds
- Dependent variable: non-permanent employment contract = 1 (28.6%) and full-time=0 (71.4%)

*Table A.8* General methodology for model estimation in Tables A.9-A.15

As explanatory variables in each estimation we have chosen indicators that describe different types of qualitative features in individual, family, and job related background. An explanatory variable obtains the value of one if a person in question has the referred quality (e.g. has a secondary education) and the value of zero otherwise. For each type of quality (e.g. educational level) we define a reference group that defines a baseline case. In comparing country differences 'similar' individuals refer to this baseline case.

The following set of variables were selected at a starting point to be explanatory variables in the initial model specification when we estimated either the logit or the regression models:

- Educational level; secondary, university (reference group is basic education)
- Low work experience; less than 10 years (reference group is 10 years or over)
- Personal health; fair or poor (reference group is excellent or good)
- Marital status/partner; spouse, employed spouse (reference group is no spouse/partner)
- Children; children in the same household (reference group is no children in the same household)
- Young child; youngest child under six years (reference group is no or older children)
- Other care responsibilities (reference group no other care responsibilities)
- Household's finances; well off (reference group is just managing or in difficulties)
- Part-time job (when applicable; reference group full-time job)
- Sector; agriculture, manufacturing (reference group is services)
- Self-employed (reference group is wage earners and salaried employees)
- Job involves managerial duties (reference group is no managerial or supervisory duties)
- Job requires professional training (reference group is no professional training)
- Firm size; medium, large (reference group is small)
- Country indicators (reference group is Germany).

In the group of people in their prime age, we use the following age group indicators:
- 35-39 and 40-44 (reference group is 30-34)

For people aged 40-59, we use age group indicators:
- 45-49, 50-54 and 55-59 (reference group is 40-44)

For people aged 45-64, we use age group indicators:
- 50-54, 55-59 and 60-64 (reference group is 45-49)

Models are estimated separately for men and women.

The final models have been chosen by including those explanatory variables that were significantly different from zero at least at a 10 per cent significance level. Therefore in interpreting the results one should keep in mind that, if one of the above listed variables is missing from the final model, it means that this variable does not have any statistically significant effect on the phenomenon under study. Therefore, it is useful information, if an originally included variable is excluded from the final model. The reason for excluding insignificant variables from the final models is that this procedure makes final estimates more efficient.

For further discussion of the logit and regression models, see Greene (2000) or Maddala (1983).

*Table A.9* Estimation results from a logit model for part-time work, women aged 30-44

| Explanatory variables | Coefficient | Mean from the non-weighted data |
|---|---|---|
| Constant | –1.2832*** | – |
| **Individual characteristics:** | | |
| University education | –0.2506** | 0.3133 |
| Low work experience | 0.2273* | 0.1387 |
| **Family characteristics:** | | |
| Employed spouse | 0.4756*** | 0.6881 |
| Children | 1.4443*** | 0.6972 |
| Young child | 0.2324** | 0.2745 |
| Other care responsibilities | 0.4522*** | 0.0985 |
| **Job characteristics:** | | |
| Sector: manufacturing industry | –0.4340*** | 0.1376 |
| Job involves managerial duties | –0.5452*** | 0.2843 |
| Job requires professional training | –0.2055** | 0.6074 |
| Firm size: medium | –0.5076*** | 0.1338 |
| Firm size: large | –0.3067** | 0.0964 |
| **Country:** | | |
| Austria | – | – |
| Belgium | –0.8582*** | 0.0527 |
| Denmark | –1.0931*** | 0.0587 |
| Finland | –2.1159*** | 0.0583 |
| France | –0.6659*** | 0.1016 |
| Germany reference | – | |
| Greece | –2.0646*** | 0.0513 |
| Ireland | –0.7623** | 0.0510 |
| Italy | –1.2627*** | 0.0950 |
| Luxembourg | – | – |
| The Netherlands | 1.0827*** | 0.0569 |
| Portugal | –2.6116*** | 0.0538 |
| Spain | –1.6073*** | 0.0517 |
| Sweden | – | – |
| United Kingdom | – | – |
| Norway | – | – |
| Number of observations | [2,863 | |
| %-share of right predictions | 75.1 | |
| $\chi^2$-test for model specification | 653.8 | |
| Degrees of freedom | 21] | |

Statistically different from zero: *** at one per cent level, ** at five per cent level, * at 10 per cent level.

- Sample: Presently employed people (Q1=1); women aged 30-44
- Dependent variable: Part-time work = 1 (full-time work = 0)

*Table A.10* Estimation results from a logit model for satisfaction with working hours (30-44 age group)

| Explanatory variables | Men | | Women | |
|---|---|---|---|---|
| | Coefficient | Mean from the non-weighted data | Coefficient | Mean from the non-weighted data |
| Constant | –0.2659** | – | –1.0152*** | – |
| **Individual characteristics:** | – | | | |
| Secondary education | –0.2032** | 0.4023 | – | – |
| University education | –0.3893*** | 0.3007 | – | – |
| **Family characteristics:** | | | | |
| Spouse | –0.3473*** | 0.7258 | –0.2913*** | 0.7279 |
| Employed spouse | 0.4108*** | 0.4932 | – | – |
| Children | – | – | 0.2672*** | 0.6972 |
| Other care responsibilities | – | – | 0.2351* | 0.0985 |
| Family well off | – | – | 0.2422*** | 0.4708 |
| **Job characteristics:** | | – | | |
| Part-time work | – | – | 0.9983*** | 0.3130 |
| Sector: agriculture | – | – | –0.6802** | 0.0279 |
| Sector: manufacturing industry | – | – | 0.2107* | 0.1376 |
| Self employed | –0.9090*** | 0.1049 | – | – |
| Job involves managerial duties | –0.1625* | 0.4041 | –0.1935** | 0.2843 |
| Job requires professional training | | 0.2567*** | 0.6074 | |
| Firm size: medium | –0.2008* | 0.1851 | – | – |
| **Country:** | | | | |
| Austria | – | – | – | – |
| Belgium | 0.7916*** | 0.0548 | – | – |
| Denmark | – | –0.7381*** | 0.0587 | |
| Finland | 0.4749** | 0.0449 | 0.2921* | 0.0583 |
| France | –0.3727** | 0.0964 | –0.5328*** | 0.1016 |
| Germany | reference | – | reference | – |
| Greece | – | – | – | – |
| Ireland | – | – | 0.3238* | 0.0510 |
| Italy | 0.5113*** | 0.1075 | – | – |
| Luxembourg | 0.9892*** | 0.0225 | – | – |
| The Netherlands | 0.3418** | 0.0644 | – | – |
| Portugal | – | – | 0.3130* | 0.0538 |
| Spain | – | – | – | – |
| Sweden | – | – | –0.8417*** | 0.0349 |
| United Kingdom | –0.4408*** | 0.0909 | – | – |
| Norway | – | – | – | – |
| Number of observations | 2,717 | | 2,863 | |
| %-share of right predictions | 68.2 | | 66.0 | |
| $\chi^2$-test for model specification | 128.5 | | 225.1 | |
| Degrees of freedom | 15 | | 15 | |

Statistically different from zero: *** at one per cent level, ** at five per cent level, * at 10 per cent level.

- Sample: Presently employed people (Q1=1); women aged 30-44
- Dependent variable: Current working hours equal preferred hours = 1 (0 otherwise)

*Table A.11* Estimation results from a regression model for preferred minus actual hours of work (30-44 age group)

| Explanatory variables | Men | | Women | |
|---|---|---|---|---|
| | **Coefficient** | **Mean from the non-weighted data** | **Coefficient** | **Mean from the non-weighted data** |
| Constant | –5.146*** | – | –3.972*** | – |
| **Individual characteristics:** | | | | |
| Secondary education | – | – | –0.706* | 0.4306 |
| University education | –1.322*** | 0.2998 | –1.146** | 0.3228 |
| Little work experience | 1.470** | 0.0844 | – | – |
| Health fair or poor | –1.280** | 0.1434 | –1.148** | 0.1622 |
| **Family characteristics:** | | | | |
| Spouse | –1.544*** | 0.7275 | –1.975*** | 0.7245 |
| Family well off | –1.755*** | 0.5370 | –0.978*** | 0.4876 |
| **Job characteristics:** | | | | |
| Part-time work | 11.545*** | 0.0376 | 8.902*** | 0.3217 |
| Sector: agriculture | –1.848** | 0.0463 | –2.585** | 0.0259 |
| Sector: manufacturing industry | 0.755* | 0.3267 | – | – |
| Self employed | –4.619*** | 0.0998 | –3.688*** | 0.0668 |
| Job involves managerial duties | – | – | –1.174*** | 0.2947 |
| Job requires professional training | 1.116** | 0.6368 | – | – |
| **Country:** | | | | |
| Austria | – | – | – | – |
| Belgium | 2.917*** | 0.0531 | 1.522** | 0.0522 |
| Denmark | – | – | – | – |
| Finland | 1.961** | 0.0463 | 1.916*** | 0.0589 |
| France | – | – | – | – |
| Germany | reference | – | reference | – |
| Greece | – | – | – | – |
| Ireland | –3.077*** | 0.0499 | – | – |
| Italy | 2.582*** | 0.1097 | 1.276** | 0.0942 |
| Luxembourg | 3.331*** | 0.0230 | – | – |
| The Netherlands | – | – | – | – |
| Portugal | – | – | 2.706*** | 0.0544 |
| Spain | – | – | 2.964*** | 0.0443 |
| Sweden | – | – | – | – |
| United Kingdom | –1.651** | 0.0891 | –1.013* | 0.0995 |
| Norway | – | – | – | |
| Number of observations | [2,524 | | [2,663 | |
| Adjusted R Square | 0.11] | | 0.21] | |

Statistically different from zero: *** at one per cent level, ** at five per cent level, * at 10 per cent level.

- Sample: Presently employed people (Q1=1) aged 30-44 by gender
- Dependent variable: Preferred working hours per week minus actual hours per week

*Table A.12* Estimation results from a logit model for part-time work, women aged 45-64

| Explanatory variables | Coefficient | Mean from the non-weighted data |
|---|---|---|
| Constant | -0.7533*** | |
| **Individual characteristics:** | | |
| Age 55-59 | 0.2736** | 0.1928 |
| Age 60-64 | 0.7950*** | 0.0778 |
| University education | -0.5009*** | 0.2558 |
| Little work experience | 0.8641*** | 0.0356 |
| Health fair or poor | 0.4031*** | 0.2319 |
| **Family characteristics:** | | |
| Spouse | 0.3445*** | 0.7000 |
| Children | 0.4564*** | 0.4186 |
| Other care responsibilities | 0.2878** | 0.1643 |
| **Job characteristics:** | | |
| Sector: agriculture | -1.0054*** | 0.0371 |
| Sector: manufacturing industry | -0.5460*** | 0.1343 |
| Self-employed | 0.5088** | 0.0738 |
| Job involves managerial duties | -0.5480*** | 0.2828 |
| Job requires professional training | -0.3252*** | 0.5732 |
| Firm size: large | -0.4850** | 0.0753 |
| **Country:** | | |
| Austria | -0.4771* | 0.0448 |
| Belgium | - | - |
| Denmark | - | - |
| Finland | -1.9887*** | 0.0834 |
| France | - | - |
| Germany | reference | - |
| Greece | -1.5183*** | 0.0300 |
| Ireland | - | - |
| Italy | -0.8952*** | 0.0554 |
| Luxembourg | - | - |
| The Netherlands | 1.4538*** | 0.0417 |
| Portugal | -1.3839*** | 0.0504 |
| Spain | -1.2941*** | 0.0417 |
| Sweden | - | - |
| United Kingdom | 0.5224*** | 0.1048 |
| Norway | - | - |
| Number of observations | [1,996 | |
| %-share of right predictions | 72.2 | |
| -test for model specification | 326.9 | |
| Degrees of freedom | 22] | |

Statistically different from zero: *** at one per cent level, ** at five per cent level, * at 10 per cent level.
Sample: Presently employed people (Q1=1); women aged 45-64
Dependent variable: Part-time work = 1 (full-time work = 0)

*Table A.13* Estimation results from a logit model for satisfaction with working hours (45-64 age group)

| Explanatory variables | Men | | Women | |
|---|---|---|---|---|
| | **Coefficient** | **Mean from the non-weighted data** | **Coefficient** | **Mean from the non-weighted data** |
| Constant | –0.5369*** | – | –0.4811*** | – |
| **Individual characteristics:** | | | | |
| Age over 60 | – | – | 0.5480*** | 0.0778 |
| Secondary education | –0.3385*** | 0.3154 | – | – |
| University education | –0.3356* | 0.2746 | – | – |
| **Family characteristics:** | | | | |
| Young child | –0.6398** | 0.0431 | – | – |
| Other care responsibilities | –0.4764*** | 0.1102 | –0.2214* | 0.1643 |
| **Job characteristics:** | | | | |
| Part-time work | 0.5517*** | 0.0626 | – | – |
| Self employed | – | – | –0.4412** | 0.0738 |
| Job involves managerial duties | –0.2123* | 0.3977 | – | – |
| Job requires professional training | 0.4229*** | 0.5962 | – | – |
| **Country:** | | | | |
| Austria | – | – | – | – |
| Belgium | 0.6264*** | 0.0492 | 0.3631* | 0.0468 |
| Denmark | – | – | – | – |
| Finland | – | – | – | – |
| France | –0.6901*** | 0.0867 | –0.4633*** | 0.1185 |
| Germany | reference | – | reference | – |
| Greece | – | – | – | – |
| Ireland | – | – | – | – |
| Italy | 0.3793** | 0.0716 | – | – |
| Luxembourg | – | – | 0.8983*** | 0.0193 |
| The Netherlands | –0.4102* | 0.0565 | 0.6402*** | 0.0417 |
| Portugal | 0.5916** | 0.0420 | 0.5456*** | 0.0504 |
| Spain | – | – | – | – |
| Sweden | –0.4978** | 0.0716 | – | – |
| United Kingdom | – | – | 0.2880* | 0.1048 |
| Norway | – | – | – | – |
| Number of observations | [1,788 | | [1,966 | |
| %-share of right predictions | 64.7 | | 62.1 | |
| $\chi^2$-test for model specification | 79.7 | | 54.8 | |
| Degrees of freedom | 13] | | 9] | |

Statistically different from zero: *** at one per cent level, ** at five per cent level, * at 10 per cent level.

- Sample: Presently employed people (Q1=1) aged 45-64 by gender
- Dependent variable: Actual working hours equal preferred hours = 1 (0 otherwise)

*Table A.14* Estimation results from a regression model for preferred minus actual hours of work, those aged 45-64

| Explanatory variables | Men | | Women | |
|---|---|---|---|---|
| | Coefficient | Mean from the non-weighted data | Coefficient | Mean from the non-weighted data |
| Constant | –5.665*** | – | –5.005*** | – |
| **Individual characteristics:** | | | | |
| Age 55-59 | –1.332* | 0.1790 | – | – |
| Age 60-64 | 1.749** | 0.1039 | – | – |
| Secondary education | –1.940*** | 0.3223 | – | – |
| University education | –2.375*** | 0.2804 | –0.978** | 0.2680 |
| Low work experience | 2.043* | 0.0590 | – | – |
| **Family characteristics:** | | | | |
| Spouse | –1.117* | 0.7921 | –1.622*** | 0.6926 |
| Family well off | –1.442*** | 0.5818 | –1.305*** | 0.5389 |
| **Job characteristics:** | | | | |
| Part-time work | 11.134*** | 0.0677 | 9.988*** | 0.3389 |
| Agriculture | –4.155*** | 0.0621 | – | – |
| Self employed | –1.994** | 0.1113 | –5.434*** | 0.0640 |
| Job requires professional training | 2.191*** | 0.6218 | – | – |
| **Country:** | | | | |
| Austria | – | – | – | – |
| Belgium | 2.911** | 0.0492 | – | – |
| Denmark | – | – | – | – |
| Finland | – | – | 1.448* | 0.0846 |
| France | 1.609* | 0.0818 | – | – |
| Germany | reference | – | reference | – |
| Greece | – | – | – | – |
| Ireland | – | – | – | – |
| Italy | 3.172*** | 0.0720 | 2.363** | 0.0537 |
| Luxembourg | – | – | 3.129** | 0.0217 |
| The Netherlands | – | – | – | – |
| Portugal | – | – | 2.763*** | 0.0497 |
| Spain | – | – | 3.639*** | 0.0320 |
| Sweden | – | – | – | – |
| United Kingdom | – | – | – | – |
| Norway | – | – | – | – |
| Number of observations | 1,625 | | 1,749 | |
| Adjusted R Square | 0.12 | | 0.24 | |

Statistically different from zero: *** at one per cent level, ** at five per cent level, * at 10 per cent level.

- Sample: Presently employed people (Q1=1) aged 45-64
- Dependent variable: Preferred working hours per week minus actual hours per week

*Table A.15* Estimation results from a logit model of early retirement plans (40-59 age group)

| Explanatory variables | Men | | Women | |
|---|---|---|---|---|
| | Coefficient | Mean from the non-weighted data | Coefficient | Mean from the non-weighted data |
| Constant | –4.4762*** | – | –6.1110*** | – |
| **Individual characteristics:** | | | | |
| Age 45-59 | – | – | 0.9841** | 0.2901 |
| Age 50-54 | 2.3669*** | 0.2341 | 3.0544*** | 0.2523 |
| Age 55-59 | 4.1842*** | 0.1344 | 5.2722*** | 0.1433 |
| University education | – | – | –0.4274** | 0.2799 |
| Health fair or poor | – | – | 0.7356*** | 0.2163 |
| **Family characteristics:** | | | | |
| Spouse | – | – | 1.0442*** | 0.7167 |
| Employed spouse | – | – | –0.7344*** | 0.6055 |
| Family well off | – | – | 0.5168*** | 0.5042 |
| **Job characteristics:** | | | | |
| Self employed | –0.6609** | 0.1084 | –0.6515* | 0.0681 |
| Job involves managerial duties | – | – | –0.3865** | 0.2973 |
| Job requires professional training | – | – | 0.3388* | 0.5991 |
| Firm size: large | 0.5172** | 0.1720 | – | – |
| **Country:** | | | | |
| Austria | 0.7740*** | 0.0571 | 1.9488*** | 0.0530 |
| Belgium | – | – | 1.3361*** | 0.0522 |
| Denmark | – | – | –1.1783*** | 0.0711 |
| Finland | – | – | – | – |
| France | 1.2004*** | 0.0922 | 0.5864** | 0.1135 |
| Germany | Reference | – | Reference | – |
| Greece | – | – | – | – |
| Ireland | – | – | 0.8363* | 0.0424 |
| Italy | – | – | 1.1039*** | 0.0681 |
| Luxembourg | – | – | – | – |
| The Netherlands | – | – | – | – |
| Portugal | – | – | 0.8530** | 0.0511 |
| Spain | –1.0413** | 0.0604 | – | – |
| Sweden | – | – | –1.5354*** | 0.0639 |
| United Kingdom | – | – | 0.5628** | 0.0983 |
| Norway | – | – | –0.9449** | 0.0575 |
| Number of observations | [2,418 | | [2,644 | |
| %-share of right predictions | 91.4 | | 91.5 | |
| $\chi^2$-test for model specification | 500.4 | | 736.2 | |
| Degrees of freedom | 7] | | 21] | |

Statistically different from zero: *** at one per cent level, ** at five per cent level, * at 10 per cent level.

- Sample: Presently employed people (Q1=1) aged 40-59 by gender
- Dependent variable: Planning to retire in five years = 1 (0 otherwise)

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# Working time preferences at different phases of life

Providing jobs for all sections of the labour force is a challenge in the European Union today. Increased labour market participation is seen as the key element in achieving an inclusive European society for all. This report investigates the working patterns and preferences of people over the entire life cycle, analysing the role played by age in determining whether or not to participate in the labour market. Its findings are based on data collected from a wide-ranging survey on employment options carried out in the 15 Member States and Norway in 1998. The report examines factors such as satisfaction with working hours, labour market status, the choice between part-time and full-time work, combining family and working life, and incentives for early exit. It demonstrates that age – or rather life situation – is one of those indicators that strongly influence people's current situation and choice with regard to employment.

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