

Successful and unsuccessful strategies of Russian pre-retirement and retirement-aged workers in the labour market

Oksana Sinyavskaya, Anna Cherviakova, Elizaveta Gorvat

Abstract. The public discussion of the Concept of Active Ageing Policy project in Russia, as well as recent increase of the retirement age since 2019, have attracted heightened interest to the promotion of employment in the pre-retirement and retirement ages. Previous studies raised concerns about obstacles with employment which appear long before the statutory retirement age (Validata, 2018), and a segment of older low-qualified workers with low salaries and inappropriate social guaranties (Maltseva, Lyashok, 2012; Sonina, Kolosnitsyna, 2015).

In this research, we address the following research questions: (1) what factors do contribute to maintaining employment in the pre-retirement and retirement ages, and (2) does this employment successful in terms of job positions and/or earnings. The research is based on 8 annual waves of the Russian Longitudinal Monitoring Survey (RLMS-HSE)¹ (2010-2017). The sample consists of 47 946 observations (37.2% men and 62.8% women) at the age of 40 years and older that covers the workers of the pre-retirement, early and statutory retirement ages. The Cox model with time-dependent covariates is constructed.

The preliminary results show that maintaining employment after the retirement age at the same job place, as before the retirement, is likely to be a successful strategy for Russian workers. Official employment and full-time job are also features of successful strategies in Russian labour market. In contrast, unsuccessful strategies often include various types of labour mobility in the pre-retirement and retirement ages. This vulnerable group of the workers need more attention in social policy promoting longer employment.

Extended abstract

Recent changes in Russian pension legislation have raised concerns about the employment in pre-retirement ages. Beginning with the 1st January, 2019, the statutory retirement age is gradually increasing by 1 year annually up to 60 years for women and 65 years for men by 2023 (350-FZ). The early retirement age has also been raised for some categories of pensioners. A number of

¹ <https://www.hse.ru/en/rlms/>

policymakers, experts as well as scholars make doubt that far from all the workers of the pre-retirement ages keep their jobs or find new ones.

Population polls show that, in Russia, obstacles with employment arise long before the statutory retirement age – approximately at the age of 45 years (Validata, 2018). Besides, in case of a job change after the retirement age, older employers usually work at low-qualified positions (Sonina, Kolosnitsyna, 2015).

At the same time, despite rather low retirement age before its increase in 2019, the employment rate of Russian population in the pre-retirement and early retirement ages remains quite high, in comparison with other countries. In 2018, the employment rate of 55-64-aged individuals is equalled 49.2 % that was lower the EU average (58.7%) but close to Belgium and Poland (50.4% and 49.0% correspondingly) (OECD, 2018).

Longer employment after the retirement age is also relevant in the context of active ageing which implies multifaceted participation of older generation in society including their participation in the labour force (WHO, 2002). Many countries take measures to promote longer employment in older age.² Russia is not an exception: in 2016, the Strategy of Action towards Older Citizens on the period up to 2025 has been adopted; the Concept of Active Ageing Policy is in progress. Thus, the promotion of employment in the pre-retirement and retirement ages is a focus of attention in Russia now.

In this research, we address the following research questions: (1) what factors do contribute to maintaining employment in the pre-retirement and retirement ages, and (2) does this employment successful in terms of job positions and/or earnings. We define a successful employment strategy as a situation when a worker of the pre-retirement age keeps their job after retirement or has had a promotion or salary increase. An unsuccessful strategy means a demotion, salary decrease, working conditions impairment or a full induced exit from the labour market.

The previous studies show that the main constraints of employment in older age are worker's health (OECD, 1998; Sinyavskaya, 2005; Gora et al., 2010) and family duties (care for spouse, older relatives, disabled, grandchildren) (Borland, 2003; Zamarro, 2011; Buber-Ennsner, 2014). The worker's educational level, their professional experience, high salary promote longer employment after retirement age (Borland and Warren, 2006; Giles et al., 2011; Gerber & Radl, 2014). Low size of pension or other social benefits, the lack of savings as well as the lack of material support from relatives push older worker to the labour market (Borland, 2003; Gurvich and Sonina, 2012).

² <https://www.oecd.org/employment/ageingandemploymentpolicies.htm>

Training in older age also seems to be an incentive to work longer (Kamel and Woods, 2004). In contrast, long-term employment relationship without job change positively correlates with early retirement (Radl, 2013). Pension status is likely to be a significant factor for exit from the labour market (Denisova, 2017).

Russian studies show that the employment in the pre-retirement and retirement ages differs in various sectors of economy and occupational groups. On the one hand, there are the pre-retirement and retirement-aged workers who are supervisors, chiefs or high-qualified specialists, while there are those who are employed in low-qualified positions (Maltseva, Lyashok, 2012). It seems that constraints and incentives of employment in the pre-retirement and retirement ages may be quite different for various groups of workers. The duration of employment after retirement age significantly depends on the characteristics of job places in the pre-retirement ages (Gora et al., 2010). Besides, the influence of occupations may neglect other socio-economic differences, including gender gap (Radl, 2013).

This research is based on 8 annual waves of the Russian Longitudinal Monitoring Survey (RLMS-HSE)³ conducted from 2010 to 2017. The selection criterion for the sample was a respondent's participation in at least three waves of the longitudinal survey, including the wave of 2010. The sample consists of 47 946 observations (37.2% men and 62.8% women) at the age of 40 years and older that covers the workers of the pre-retirement, early and statutory retirement ages.

In order to reveal the employment strategies of Russian workers in the pre-retirement and retirement ages, the Cox model with time-dependent covariates is used. The dependent variable is a binary variable of employment status, where «1» means employed, «2» – unemployed. Cox models are constructed by aggregated sectors of economy: manufacturing, social sector, army and civil services, construction, transportation and communication, commerce and consumer services, housing and communal services.

We focus on the following events in the employment strategies: training, labour mobility, pension assignment. The variable of the training is a binary one based on the question about training in vocational courses, qualification upgrading courses or another courses (foreign language courses, on-the-job training) during the last 12 month. We distinguish several types of labour mobility: 1) career transitions – promotion/demotion; 2) changing a job/profession; 3) changing the sector of economy; 4) getting a new job. Also we take into account the dynamics of worker's earnings (discounted values by inflation). Finally, the pension assignment is a binary variable.

³ <https://www.hse.ru/en/rlms/>

Besides the above mentioned variables, we control for socio-demographic characteristics (age, gender, type of settlement, the worker's educational level and health self-assessment), family factors (marital status) as well as job characteristics (formal / informal employment, working-day length, the type of enterprise ownership, enterprise size, job satisfaction).

According to our preliminary results, before pension assignment, the risk of exit from the labour market is lower for the workers of transportation and communication sectors, and higher for those in the construction. Changing of economic sector contributes to quicker exit from the labour market, as well as other types of labour mobility do. Training seems to be an insignificant factor for the employment after the retirement age in the majority of sectors of economy. Informal employment has a negative influence on further employment after the retirement age in social and construction sectors as well as part-time job does in social sector. Except for the higher education in social sector, impact of human capital characteristics is not significant, and depends on economic sector.

Thus, maintaining employment after the retirement age at the same job place, as before the retirement, is likely to be a successful strategy for Russian workers. Official employment and full-time job are also features of successful strategies in Russian labour market. In contrast, unsuccessful strategies often include various types of labour mobility in the pre-retirement and retirement ages.

The research's findings may have some policy implications. First of all, we reveal that the factors of employment in the pre-retirement and retirement ages depend on the sector of economy. The impact of training on the employment is quite ambiguous, but measures in this area may enhance the efficiency of training for workers of the pre-retirement and retirement ages. Finally, we distinguish a vulnerable group of the pre-retirement and retirement-aged workers who mainly experience unsuccessful strategies in the labour market and need more attention in social policy promoting longer employment.