

National Report Belgium: a two-pager

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Introduction

Belgium - a state composed of 3 language communities and 3 regions - has multi-level legislative and executive powers as well widely-varying socio-demographic situations across the country and its subdivisions. For example, employment and retirement behavior of the elderly has a regional gradient. In addition, numerous individual and other contextual level determinants are at play. Overall, labour force participation of Belgian population starts dropping as of age 50. In comparison to men, women employment is still lower, but the gap today is nothing of the magnitude seen decades ago. This is mainly due to a noticeable recent increase in labour force participation – especially by women, but also by men. Despite this, both female and male employment rates are still considered as particularly low in an international perspective. Policies have already been taken to increase labour market participation of the Belgian elderly. For example, the law on the Intergenerational Solidarity Pact, adopted in 2005, marks a turning point in policy formulation away from a deactivation strategy to an activation strategy of older workers. It proposed a first (timid) set of ageing policies and launched reforms implicitly or explicitly embedding such an objective.

National Research on the determinants of employment participation

In Belgium, research on determinants of employment participation of older workers is fragmented and mainly focused on determinants of (early) retirement or part-time employment. The economic literature offers a quite extensive series of econometric studies evaluating the role of social protection policies (i.e. old-age pension, unemployment, disability, etc.) on retirement decisions. Both survey and administrative, cross-sectional and longitudinal micro-data are used. Still, longitudinal and administrative data based studies tend to be based on data from earlier years– with data references back to 1983. Also, most studies focus on the analysis of the private sector and more specifically of wage earners – mainly due to data limitations. Overall, studies seem to suggest that social security arrangements are largely responsible for particularly early and high retirement rates of the elderly. There are indications, that (early) exit could also be due to labour demand issues – but the literature on this question is still very limited. Many other factors contribute. A large volume of work is done on evaluating working conditions, as a dimension of work sustainability. Overall, studies are not strictly focused on the domains as defined for the present comparative work. For example, household characteristics or health status are often included as determinants of retirement in econometric studies of reform or financial incentives. Specification of health status is particularly heterogeneous across studies and might be partially related to highly controversial results regarding the measurement and the role of health. Numerous methodological improvements could be done, such as better addressing endogeneity and the multi-dimensional nature of health. Cross-examination or replication of results is not (yet) performed, leaving some of the debates open. Also, no sensitivity analyses when using different variable specification or different data sources are performed. Very few studies still exist on work motivation and ability issues, as well as human resource practices. Financial incentives so far are also mainly studied in relation to social security schemes. No qualitative or experimental design studies are identified.

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<p>Labour market</p> <p>A few econometric studies, with data reference from 1983 to about 2009. Findings show that substitution effect between young and old generation is either not existent or could have an effect through wages rather than employment. Some regional aspects explored. Lack of research on numerous other labour market aspects, also demographic and socio-economic settings.</p>	<p>Work – HRM and interventions</p> <p>Few studies identified. Some findings: lower activities in personnel management of older workers are due to strong & numerous government regulations; HR practices aimed at older workers can have negative effects; early exit from the labour market is also due to push by employers and is socially accepted because of existing social security arrangements.</p>
<p>Legislation & its implementation</p> <p>By far, the best addressed domain. Studies focus on the role of social security. Some findings: social insurance system induces workers to retire early, with varied effects for men and women. Lack of research on Wallonia, on role of non-cash benefits as well as on interactions between the tax and benefit systems. Also, effective benefit take-up by those entitled as well as imperfect targeting are under-researched.</p>	<p>Work – Work factors</p> <p>Conceptually diverse studies identified with core analysis on work sustainability. A large volume of work is done on the basis of the European Working Conditions Survey, a special edition for Belgium (2010). Some findings: importance of work sustainability and “quality of jobs”; high-quality intergenerational contact at work reduce intentions to quit; contradictory effects regarding autonomy in performing tasks and job satisfaction across studies.</p>
<p>Financial Factors</p> <p>Few studies only, with the main focus on the financial incentives due to social security – overlap with legislation domain. Both household wealth and financial incentives due to social security receipts lead to higher probability of retirement.</p>	<p>Motivation</p> <p>Few studies exist, mainly from psychology field and with focus on negative stereotypes of age-related motivation to work. Some findings: early retirement is a Belgian retirement norm; people perceptions of themselves as “older workers” matter; work motivation has an indirect (through wages) effect on labour market participation.</p>
<p>Social Position</p> <p>Few studies, mainly on gender, education and age. Gender: not always significant for retirement, but for participation in part-time employment schemes. Education: the higher the education level, the lower probability of retirement and reduction of working hours. Age: “pure” and interaction effects, age thresholds addressed. Further research on age, gender, education needed; also on numerous other socio-demographic characteristics and gradients.</p>	<p>Work ability</p> <p>Few studies exist, mainly on productivity. Some findings: older workers are slower in performing tasks; workers above 49 years are significantly less productive than the younger ones, with larger gap found for ICT firms; older workers are paid above their marginal productivity, which could have consequences on firms’ profits if higher employment rates of the elderly are eventually achieved; productivity variables should be interpreted with caution.</p>
<p>Domestic domain</p> <p>Many econometrics studies address one or a few household determinants, though wider perspective is lacking. Some studies address work and family conflict, one study is found on the issue of locality and one - takes wider “private” domain into account. Some findings: retirement, especially of women, is strongly influenced by partner; diverse effects due to work & family conflict found; locality has influence on social participation.</p>	<p>Health & health-related behaviour</p> <p>Most of econometric studies include health as retirement determinant. Inconclusive findings emerge: the link to health is either highly significant or weak or insignificant; health seems to matter in correlations but not econometric studies; better specifications of (acute) health conditions needed; self-reported health status is likely to be endogenous; objective health indicators should be taken into account; interactions with work factors are important.</p>

Summary indications of research needs in Belgium

- Dynamic perspective is lacking: current elderly people have different behaviour of the generations to come; simulations on changing demographics and social norms are needed.
- Wider interactions across policies are still missing, as those between taxes and social policies. Micro-simulation studies using tax-benefit models would be of use. Also policy implementation issues, such as take-up or leakage (e.g. with emerging evidence on disability insurance), are not yet addressed with respect to employment.
- No major cross-discipline (i.e. psychology, (health) economics) research identified.
- Labour demand issues and employer/sector attributes are still highly under-researched.
- Household and population heterogeneity is still under-researched: most studies are done on rather stylized private sector wage-earners.
- Regional dimension and the role of in-kind policies is under-researched.
- Sensitivity analysis regarding choice of data sources and model specifications needed.

Research policy options

- For achieving a better understanding of early exit behaviour and paths among older workers research administrative data further has to be improved, its access widened, and new types of data provided (increased use of matched employer-employee datasets). This may require the reconsideration of today's strict data protection regulations.
- The initiation of an interdisciplinary research at the nexus of disciplines and domains is necessary to further advance and deepen the research in the field.