Exit from the labor market among immigrants in Germany

Nadja Milewski

Institute for Sociology and Demography, University of Rostock, Germany

Email: nadja.milewski@uni-rostock.de

Session: International migration and migrant populations

Extended abstract

This study analyzes the transition to retirement among international immigrant men living in Germany as compared to non-migrants. The theoretical framework was derived from the life-course perspective and the human-capital model as well as hypotheses on immigrant health. The paper explores data from the Scientific Use File of the Federal German Statuary Pension Scheme (DRV-Bund - Deutsche Rentenversicherung Bund) in order to study life-course transitions of elderly migrants. Germany has been, until recently, one of the leading destination countries for immigrants in Western Europe. The immigrant population consists of three major groups: migrant workers from Mediterranean countries, ethnic Germans from Eastern Europe, as well as refugees and asylum seekers. Whereas the German-born population is declining due to persistent low fertility, the share of the population with an immigrant background has been rising continuously. Today, 20% of the about 80 million inhabitants of Germany are either themselves migrants from abroad, or were born to one or two parents born abroad (Swiazny& Milewski 2012). Growing shares of immigrants living in Germany and in particular growing numbers of immigrants who reach older ages allow studying the long-term impacts of international migration on individuals' life courses. Whereas cornerstones in the first half of the life-course such as leaving parental home, union and family formation as well as other aspects of family dynamics have received a large amount of research interest in social sciences, life-course events during the immigrants' second half of life have received less scholarly attention in Germany. Reasons for this were the small amount and the inadequacy of available data on immigrants in general and on elderly migrants in particular (Kohls 2012).

The Scientific Use File of the Federal German Statuary Pension Scheme is a large-scale administrative dataset maintained by the German Statuary Pension Insurance and provided by

the DRV Research Data Centre in Berlin. The data cover all public old-age pensions resulting from work careers in Germany. Among men, it represents about 90 percent of the population at ages 65+ years. For women who are retired today, the data is not representative since the female laborforce participation rate among those was much lower than the one of men. The sample is a one-percent random sample. It contains records for about 3.5 million individuals in total who were actively insured and still working (about 1.5 million) or already retired (about 2 million) in the years 2002 to 2009. It is divided in subfiles which can be linked to each other. The records provide information at the individual level, including data on the beginning of retirement and the type of pension (e.g., old-age pension, pension due to occupational disability). Demographic information include sex, age, and marital status at the time of entry into retirement. Migrants can be identified by their foreign nationality. Moreover, the place of residence is known for those persons who live abroad. Cross-sectional data is provided in The Sample of Active Pension Accounts for the years 2004 to 2008. Information is given, e.g., on earnings andunemployment spells.

In previous research on international migrants living in Germany, the Scientific Use File of the Federal German Statuary Pension Scheme has not often been used so far. Kohls (2012) studied fertility, Kibele, Scholz & Shkolnikov (2008) analyzed mortality differences. Mika & Tucci (2006) and Baumann & Mika (2012) were primarily interested in income differentials and social inequality between elderly immigrants and non-migrants showing large disadvantages of immigrants compared to non-migrants and within-group differences among migrants.

Our paper explores further possibilities to study life-course transitions of immigrants in later life, their patterns and determinants using this data set. In first analyses, we explored the exit from the labor market due to occupational disability, the entry into old-age provision, and return-migration to the respective country of origin. For the years 2002 to 2009, the retirement history for about 2.2 million women and men aged 52 to 65 years can be constructed in total, of whom are about five percent persons from South and South Eastern European countries, two percent Turks, and four percent other foreigners. We analyze the first transition to retirement by using piecewise constant intensity regression models. We work with competing risks, i.e., the exit from the laborforce due to disability and the exit from the labor force due to entry into regular old-age retirement. We found that foreigners have lower transition rates to regular old-age retirement than Germans. This can be traced back to the finding that foreigners have higher risks of leaving the labor market before reaching the official retirement age due to disability than Germans do. These differences can only marginally be explained by

differences in the socio-economic composition of the groupings. The results suggest that immigrants in Germany have a lower health condition than non-migrants. This health disadvantage causes migrants to leave the labor market due to occupational disability at younger ages than Germans thus supporting the hypothesis of an immigrant health-disadvantage and socio-economic inequalities persisting in old age.

Finally, we aim at estimating the share and characteristics of international migrants who lived in Germany and returned to their home country and at exploring whether there is an association between type of retirement and return. Descriptive results show that about ten percent of retirees live abroad. The largest share of them are persons from former recruitment countries in Southern and South Eastern Europe, including Turkey.

References

Baumann, J.,& Mika, T. (2012). Steigende Ungleichheit unter Aussiedlern und Spätaussiedlern im Alter. In: Baykara-Krumme, H., Motel-Klingebiel, A., &Schimany, P. (Eds.). Viele Welten des Alterns. Ältere Migranten im alternden Deutschland. Wiesbaden: Springer VS, p. 127-160.

Kibele, E., Scholz, R.D., Shkolnikov, V.M. (2008). Low migrant mortality in Germany for men aged 65and older: fact or artifact?European Journal ofEpidemiology, 23(6), p. 389-393.

Kohls, M. (2012). Demographie von Migranten in Deutschland. Frankfurt am Main: Peter Lang, Reihe Challenges in Public Health, 63 (Dissertation).

Mika, T., &Tucci, I. (2006). Alterseinkommen bei Zuwanderern – Gesetzliche Rente und Haushaltseinkommen bei Aussiedlern und Zuwanderern aus der Türkei und dem ehemaligen Jugoslawien im Vergleich zur deutschen Bevölkerung. Deutsche Rentenversicherung, 61, p. 456-483.

Swiazny, F., & Milewski, N. (2012). Internationalisierung der Migration und demographischer Wandel. Eine Einführung. In: Köppen, B.; Gans P.; Milewski N.;Swiazny, F. (eds.): Internationalisierung. Die unterschätzte Komponente des demographischen Wandels in Deutschland. Schriftenreihe der DGD, Bd. 5. Norderstedt: BoD, p. 11-41.

Tucci, I., & Yildiz, S. (2012). Das Alterseinkommen von Migrantinnen und Migranten: zur Erklärungskraft von Bildungs- und Erwerbsbiografien. In: Baykara-Krumme, H., Motel-Klingebiel, A., &Schimany, P. (eds.). Viele Welten des Alterns. Ältere Migranten im alternden Deutschland. Wiesbaden: Springer VS, p. 101-126.