Do Covid-19 containment measures reshape late working life in Europe in the mid-term? Insights from the Second SHARE Corona Survey

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Background: Past labor market shocks, such as the financial crisis, have demonstrated a lasting adverse impact on employment well beyond the crisis itself. Still, the consequences of the Covid-19 pandemic in the mid- and long-term are yet to be thoroughly examined. Unlike previous shocks, the Covid-19 pandemic stands out not only because of its origins but also due to its unique patterns in its effect on the labor market. In particular, the Covid-19 pandemic distinguishes itself from other crises through the measures taken to contain the spread of the virus (e.g. stay-at-home orders, closures of daycare, cafés, and restaurants).

Especially the aging society is at further risk, which is already challenged by a growing shortage of workers and the rising costs of pensions. Older workers were a particularly vulnerable population during the pandemic, not only because of higher mortality and health risks in case of an infection but also because it has already been shown during and after the financial crisis that re-employment becomes increasingly challenging for older workers once they become unemployed. According to the *push-pull theory*, unemployment caused by containment measures (e.g. closure of cafés and restaurants) might pull older workers towards earlier retirement – for example, because they have difficulties finding new work. Moreover, the *theory of cumulative disadvantage* supports the assumption that a longer duration of unemployment is more likely to turn into a long-term or permanent unemployment status at the end of the crisis especially for older workers.

Moreover, the pandemic is expected to deepen gender inequalities, which emphasizes the significance of adopting an *intersectional approach*. Whereas the financial crisis more heavily impacted male-dominated sectors, the COVID-19 containment measures implemented during the pandemic were disproportionately affecting women's employment due to the labor market's gender-based dualism and the gender-related biases in economic aid policies: Women are generally employed in industries that were hit hardest by containment measures (e.g. retail activities, accommodation, or services to the person). These occupations were also more susceptible to layoffs because they were generally ineligible for short-term work benefits or earnings replacements. Moreover, the closure of childcare facilities to contain the spread of the virus challenged women to reconcile employment and (grand-) childcare.

This is the first study that examines how the duration of various containment measures (March 2020 to August 2021) differs in their impact on the employment status among older workers aged 50 years

and over. We tackle previous shortcomings by examining the mid-term consequences of those containment measures for the employment of older workers and how its impact differs by gender.

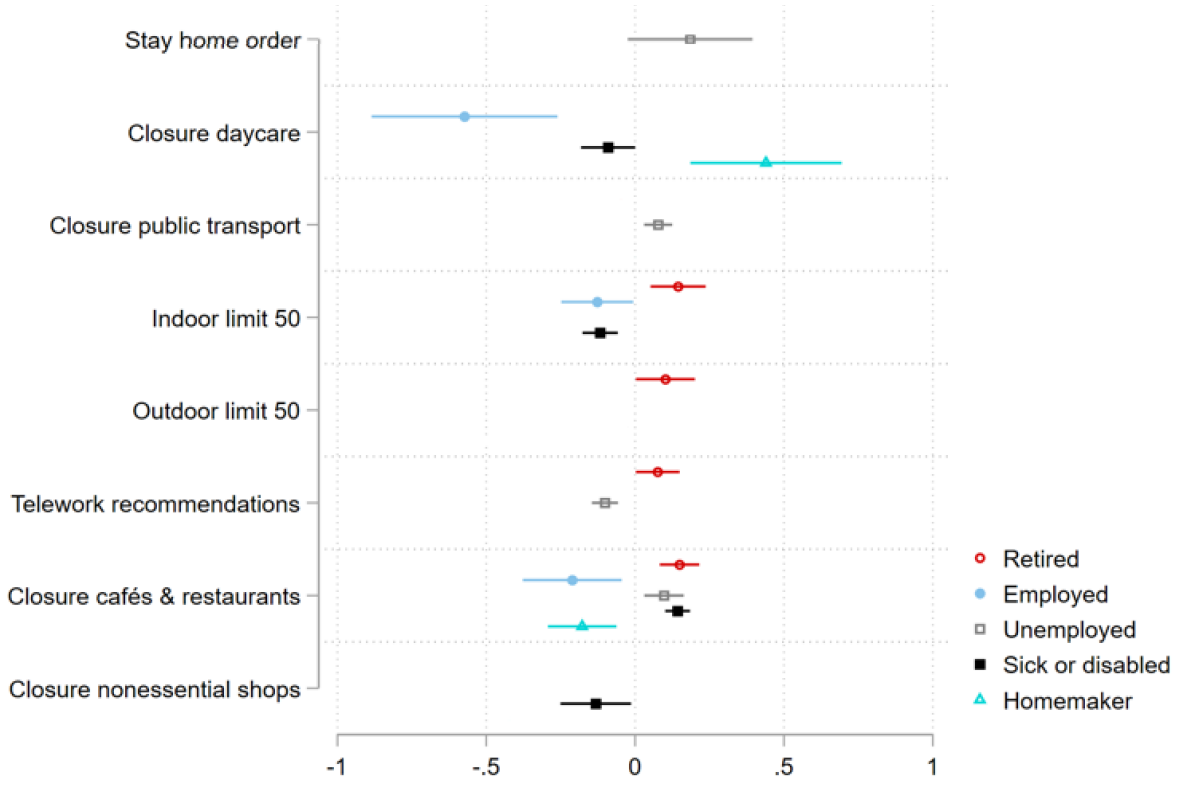
Methods: I combined (1) individual-level data from the second wave of the SHARE COVID-19 Survey including interview date data and (2) country-level data on the duration of different country response measures to COVID-19 (e.g. start and end dates of lockdowns by country) from the European Centre for Disease Prevention and Control. Data collection of the second wave of the SHARE COVID-19 Survey took place in the summer of 2021 between June and August in 28 countries. Information on response measures to COVID-19 at the national level of 30 different European countries is based on official governmental public sources and documents the duration of various response measures between March 2020 and August 2022. Using these two data sources, I created a unique dataset by combining individual-level data from SHARE with data on response measures to COVID-19 on the country level. By linking the respondent's precise interview date with the start and end date of various response measures to COVID-19 – depending on the respondent's country of residence, I was able to calculate the individual exposure (number of weeks from March 2020 to August 2021) to different response measures to the Pandemic (e.g. lockdown, closure of daycare) for each observation in the dataset.
In order to understand how the pandemic affects the employment status including retirement decisions, I excluded respondents who were already retired before the pandemic started. This is done using information on the reported employment status from Wave 8 of SHARE. Moreover, I excluded those observations from countries where country-level data on response measures to COVID-19 were not available.
The outcome consists of the employment status of respondents at the time of the interview (between June and August 2021) which is measured using 5 categories: (1) Retired, (2) Employed, (3) Unemployed, (4) Sick or disabled and (5) Homemaker. The explanatory variables are measured by 8 different response measures: (1) Stay home order (full lockdown), (2) Closure of daycare, (3) Closure of public transport, (4) Indoor limit of 50 people, (5) Outdoor limit of 50 people, (6) Teleworking recommendations, (7) Closure cafés & restaurants and (8) Closure of nonessential shops. Lastly, I control for year of birth, education, self-rated health, corona infection, internet use, essential jobs, remote work feasibility index, and social interaction index.

Results: Overall, past response measures to contain the spread of the virus still affect older worker's employment status in the summer of 2021. My findings show that containment measures are affecting older workers' employment differently and that their impact varies by gender. Specifically, the closure of childcare facilities has the most adverse impact on employment, particularly among women. It led to a decrease in the probability of employment by an average of 0.54 percentage points per week, with women being more likey in domestic work (0.67 percentage points per week). Whereas the duration of stay-at-home orders impacts men more strongly: Each week of stay-at-home orders reduces the

probability of employment among older workers by 0.18 percentage points, with men being particularly more inclined towards retirement (0.76 percentage points per week).

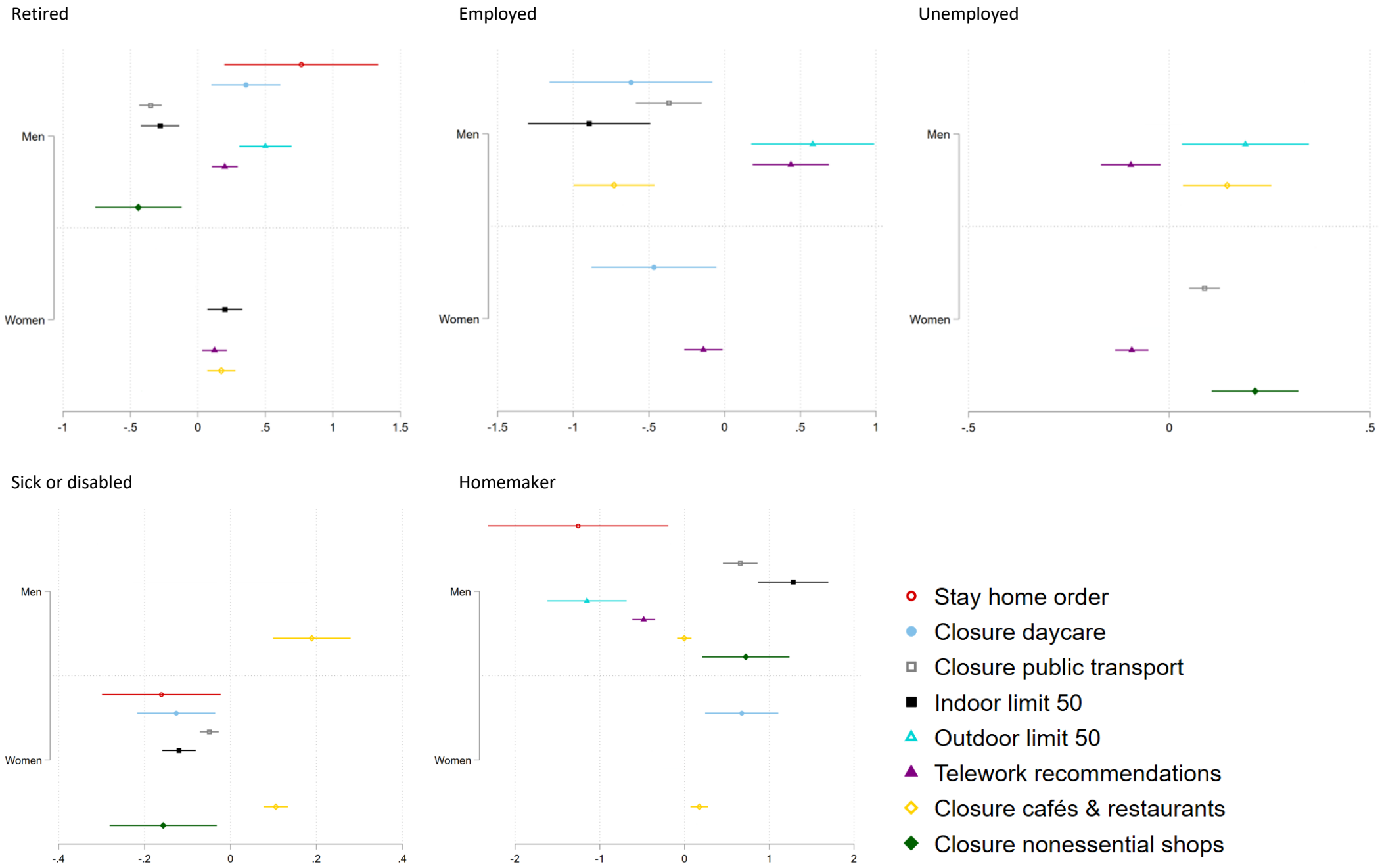
Discussion: This study explored the mid-term impacts of different containment measures over an 18-month period using a unique dataset that combined individual and country-level data. In doing so, I took advantage of the large heterogeneity in the duration of different containment measures by country and examined the respondents' exposure to different policy responses based on their interview date. I found evidence that past policy response measures to the pandemic still impact older workers' employment in the summer of 2021, which mirrors the *theory of cumulative disadvantage*. Especially women still bear the consequences of past daycare closures during the pandemic and are more likely in domestic work as a consequence. Men on the other hand are more likely in retirement in countries that had longer lockdown durations – which highlights the *push-pull theory*. Policymakers still need to address the mid-term consequences, such as workforce losses, resulting from earlier containment measures, as these measures continue to impact employment in 2021. Various policy measures implemented during the pandemic affected the aging population differently, with women, in particular, still experiencing the repercussions of daycare closures.

Figure 1. Average marginal effects (AME) based on multinomial regression analysis in percent (n=5,704)



Note: Only significant results are reported ($p < 0.05$); Controls: year of birth, education, self-rated health, corona infection, internet use, essential jobs, remote work feasibility index and social interaction index

Figure 2. Conditional-effects of response measures to Covid-19 by gender (n = 5,704)



Note: Only significant results are reported ($p < 0.05$); Controls: year of birth, education, self-rated health, corona infection, internet use, essential jobs, remote work feasibility index and social interaction index