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Patterns and Determinants of Employment Status of the Elderly in Sri Lanka

by

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Declaration by the Author

The work described in this thesis was carried out by me under the supervision of Dr. M.H.A. Sisira Kumara, and a report on this has not been submitted in whole or in part to any university or any other institution for another Degree or Diploma.

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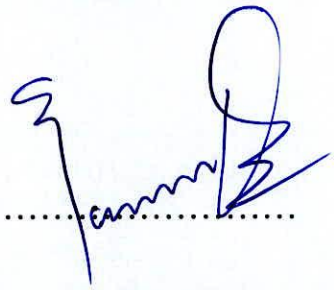
25/07/2014

W.G.T.S.Senanayaka

Date

Declaration by the Supervisor

I certify that the above statement made by the candidate is true, and this thesis is suitable for submission to the University for the purpose of evaluation.



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List of Abbreviations

ATUS – American Time-Use Survey

Cox PH model – Cox Proportional Hazard model

ECHP – European Community Household Panel

EPF – Employee Provident Fund

ERRA – Energy Regulators Regional Association

GDP – Gross Domestic Product

HIES – Household Income and Expenditure Survey

PH – Proportional Hazard

RRR – Relative Risk Ratio

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Employment Status and Re-employment Possibilities of Sri Lankan Elderly

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ABSTRACT

The study has divided mainly into two segments namely, exploring the patterns and determinants of employment status of elderly and exploring determinants of re-employment possibilities of the selected retired elderly. In relation to the first segment of the study, by using the Sri Lanka Household Income and Expenditure Surveys in 2002, 2006/2007, and 2009/2010, this study examines patterns and determinants of employment status of the Sri Lankan elderly. The study employs multinomial logit model to realize the research objectives. The study reveals that more than 50 percent of Sri Lankan elderly are currently inactive while five percent of the oldest elderly and 18 percent of the elderly with bad health conditions are still working. In addition, the results demonstrate that younger male elderly who are married and living in female-headed households are more likely to be employed than to be inactive. Further, receipts of remittances and social security payments and bad health conditions reduce the probability of being employed. Currently, ethnicity does not play a significant role in determining employment status of Sri Lankan elderly.

In relation to the second segment of the study, depending on a Univariate Analysis, and the Wiebull Regression Model and Cox PH model for 120 observations, the study has found that the retired male workers, those who have completed secondary schooling and those who are eligible for pensions are more likely to be employed within a shorter period of time compared to their counterparts. Additionally, the retired elderly

who possess good health condition, have more unmarried female children, live in urban areas, own lands are less likely to be employed within a shorter period of time compared to their counterparts. Currently, gender, education level, pension eligibility, health condition, number of unmarried female children and living sector of the retired elderly play a significant role in determining their probability of being re-employed at this point of analysis. However, factors such as age of retired workers, ethnicity, number of unmarried male children in a family of retired worker, indebtedness, sector in which the elderly worked before, monthly salary of his/her previous job, status of his/her previous job, and health condition of the spouse, do not seem to be significant for determining their probability of being re-employed at this point of analysis.

Chapter 01

Introduction

1.1 Background of the Study

1.1.1 Overview

Human population was not a debatable topic a few decades ago in the world. However, it has become a contemporary demographic theme after recognizing its implications over the humankind. This was further strengthened when the total number of world population has surpassed seven (7) billion in 2012.

Out of main themes, demographic transition has reached the top of the priority list in many academic forums of demography. The interpretation of demographic transition which was begun in 1929 by the American demographer Warren Thompson, describes population changes over time. Changes in size and composition of population have become significant facets in the field as they have carried many social and economic challenges to the humankind.

Furthermore, an irreversible biological change that occurs in all living beings can be treated as ageing. In humans, it refers to a process of physical, psychological and social transformation (Jayasinghe, 2009). Ageing population is one of major challenges derived due to this demographic transition. Simply, it is a change in the distribution of population towards older ages as a result of declining the proportion of young population and increasing the proportion of elderly population.

According to the World Health Organization (2012), active ageing is the process of optimizing opportunities for health, participation and security in order to enhance quality of lives of elderly. Continuing participation of elders in social, economic, cultural, spiritual, and civic affairs is required to have positive ageing life. Through these engagements, ageing people should realize their potential for development of the society as a whole. However, in order to provide active ageing experience, their physical, social, and mental well-being should be uplifted.

Therefore, it is required to adopt healthy lifestyles by elderly people, such as healthy eating, not smoking, avoiding alcohol and so forth. However, adopting healthy lifestyles is de-motivated by myths in the society. One of the myths of ageing is that it is too late to adopt healthy lifestyle at this age (Jayasinghe, 2009). To be successful in this transformation, right incentives and encouragements are vital. In Sri Lankan society, intergenerational solidarity and interdependence are the main sources for these incentives and encouragements.

In summary, the full potentials of ageing population can be absorbed to the national advancement, if ageing population is reactivated. If not, social and economic cost of ageing will paralyze both economy and society at last.

1.1.2 Demographic Scenario of Ageing: The World

Demographic changes of the world population of the 21st century have shown profound implications for the future of the elderly as the population of the World is ageing. When considering the proportion of population aged 60 years or over against total population, in 2012, as demonstrated in Figure 1.1 and 1.2, many countries