Quantity over quality?
A European comparison of the changing nature of transitions between non-employment and employment

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A trade off between quantity and quality of jobs?

• We assume a mutually reinforcing development between:
  – The growth of the service economy
    • *With a larger share of atypical types of work*
  – Increasing labour market flexibility
    • *Wider variety of contract types*
    • More pronounced wage dispersion
  – Activation policies
    • *More people entering the labour market*
    • Increase of a low wage sector
Key aims of the paper

• To provide empirical evidence for the claims:
  – Formerly unemployed or inactive persons tend to enter the labour market more frequently than at earlier points in time
  – This is mostly achieved using jobs associated with atypical employment contracts.

• To do so for:
  – Belgium, Czech Republic, Denmark, France, Hungary, Italy, Spain, UK at two time points: 1996 & 2006
  – (German data exist but were not accessible)
Observing transitions

• Problem:
  – Relative paucity of comparative longitudinal European Union data, main sources of data are often incomplete (e.g. EU-SILC)

• Our solution:
  – To exploit a lagged variable on the cross-sectional harmonised EU-Labour Force Survey, which captures retrospective information on an individual’s situation with regard to activity one year before the survey
Modeling transitions

• Logistic regression
  – Dependent variable: Making a transition
  – Independent variables:
    – The year: 1997 or 2007
    – Country of residence
    – Sex
    – Age
    – Education level
    – Macro-economic conditions (real GDP growth rate)
  – Odds ratio compares whether the probability of a certain event is the same for two groups
Logistic regression odds ratios for the transition to employment from non-employment the previous survey year (t-1), in 2007 as compared with 1997.
Logistic regression odds ratios for the transition to employment from unemployment the previous survey year (t-1), in 2007 as compared with 1997.
Logistic regression odds ratios for the transition to employment from inactivity the previous survey year (t-1), in 2007 as compared with 1997
The changing nature of labour market transitions

- Is the increase in labour market inclusion accompanied by an increase in more precarious employment?
- More insecure employment is measured by contract type, specifically as non-permanent contracts or self-employment
- Data on wages not available in EU-LFS
Modeling changing nature of contract type

• We expect that the composition of the labour force will differ between the two groups (previously employed and previously unemployed).

• Logistic regression
  – Dependent variable: Transition into permanent or temporary contract
  – Independent variables:
    – The year: 1997 or 2007; Country of residence; Sex; Age; Education level; sector of employment; Macro-economic conditions (real GDP growth rate)
Logistic regression odds ratios for the transition to a permanent rather than a temporary contract, in 2007 as compared with 1997.
German labour market structure, 1995-2009
Germany: The status of the unemployed one year later

Labour market status if unemployed in t-1, 1996-2009

Source: GSOEP
Germany: What were the inactive doing one year later?

Labour market status if inactive in t-1 and <65 years, 1996-2009

Source: GSOEP
Key findings

• Post-industrial labour markets in 2006 were generally more inclusive than in 1996
• The unemployed and the inactive are distinct groups with regard to transitions into employment
• Mixed cross-national picture regarding trends towards more or less precarious employment, as measured by contract type, for the recently non-employed