

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

Werner Eichhorst (IZA)

Regina Konle-Seidl (IAB)

Alison Koslowski (University of Edinburgh)

Paul Marx (IZA)

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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)

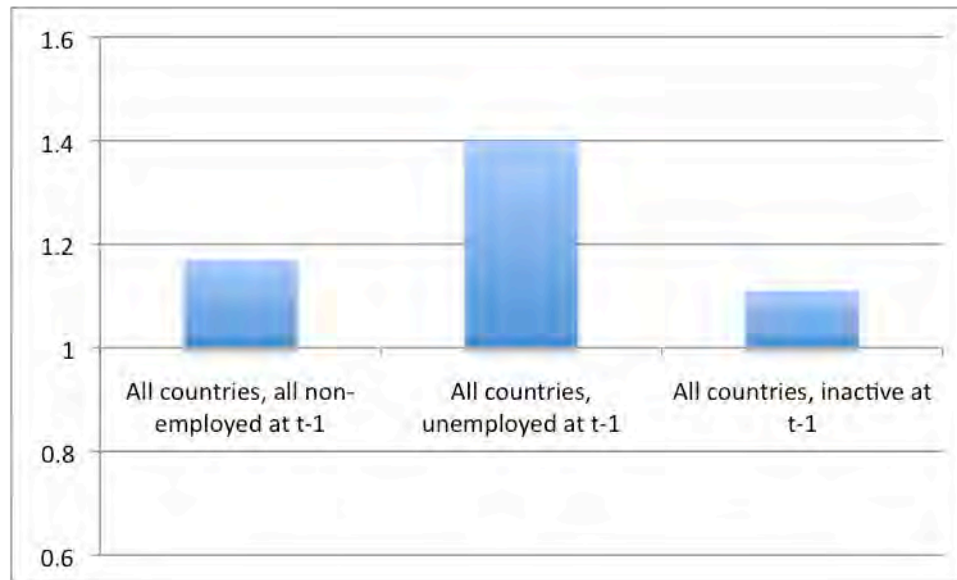
Observing transitions

- 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

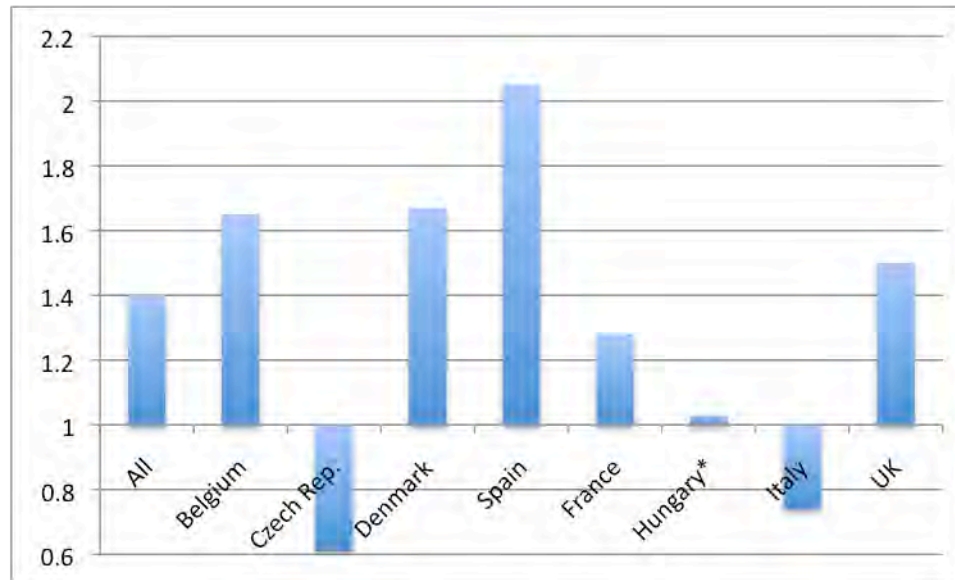
Modeling transitions

- 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

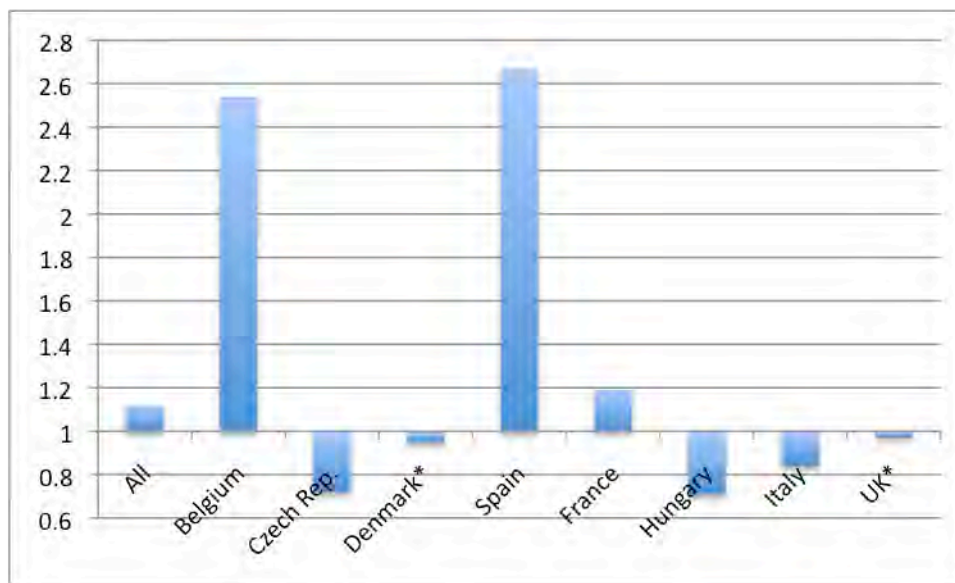
Logistic regression odds ratios for the transition to employment from non-employment the previous survey year (t-1), in 2007 as compared with 1997.



Logistic regression odds ratios for the transition to employment from unemployment the previous survey year (t-1), in 2007 as compared with 1997.



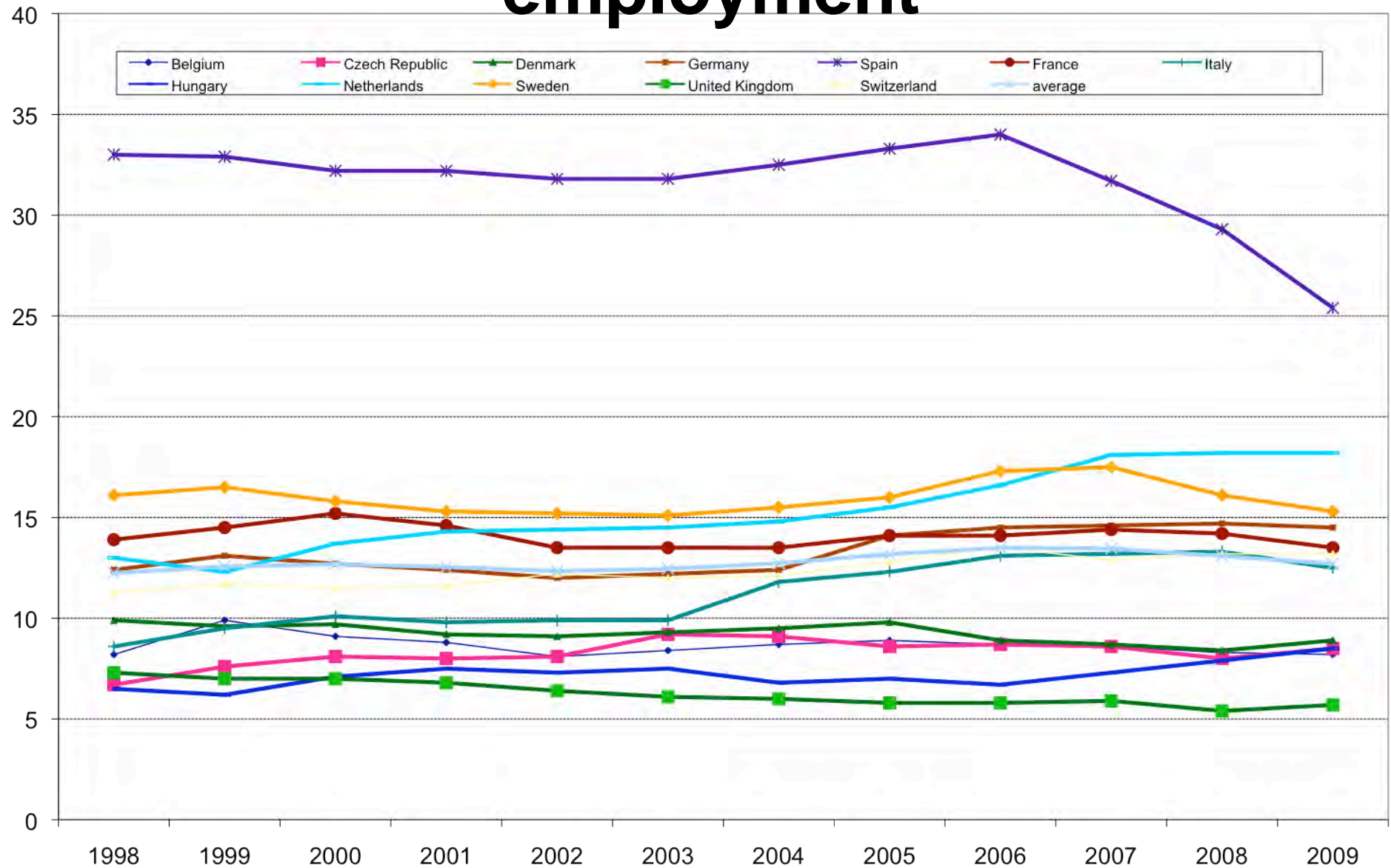
Logistic regression odds ratios for the transition to employment from inactivity the previous survey year (t-1), in 2007 as compared with 1997



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

Overall share of fixed-term employment

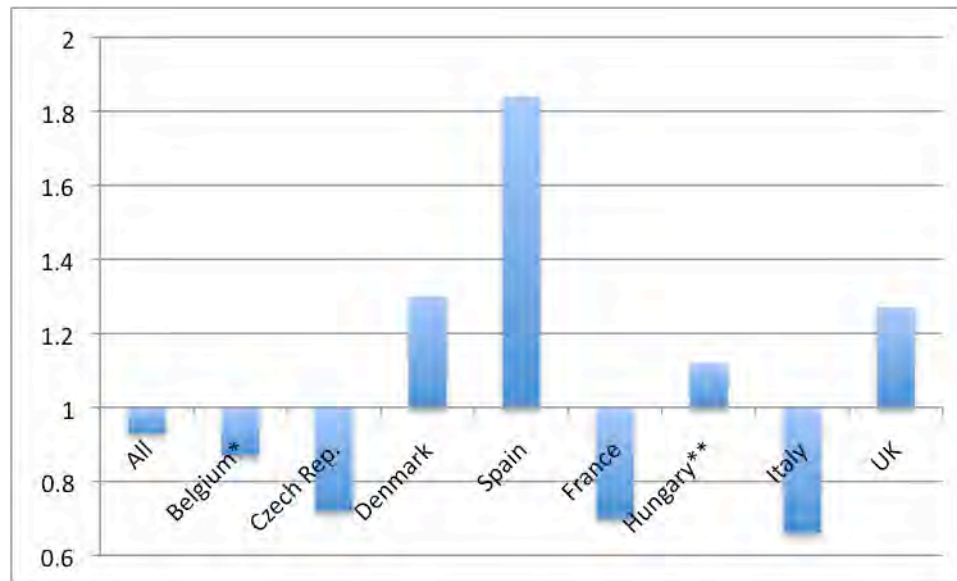


Source: Eurostat

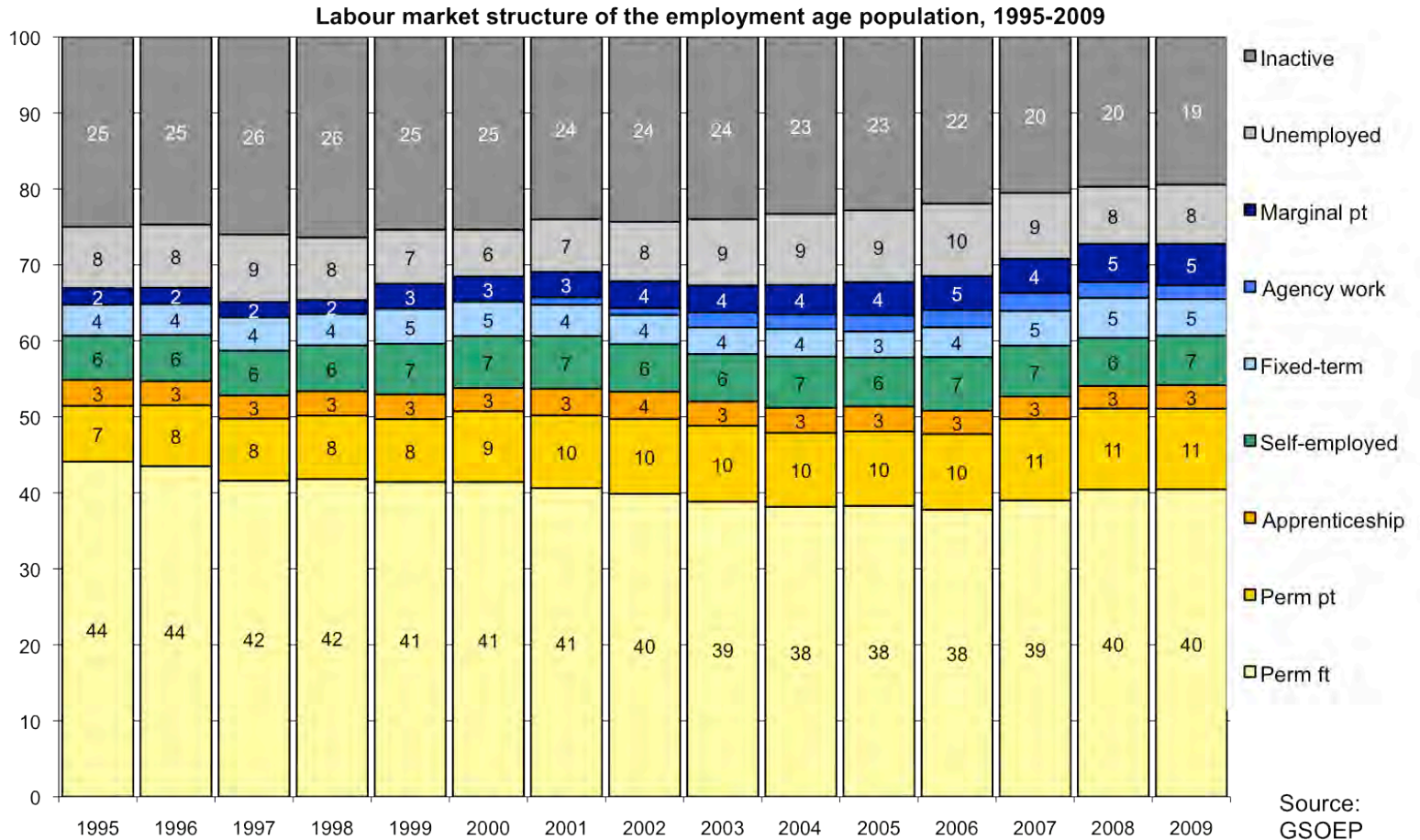
Modeling changing nature of contract type

- 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)

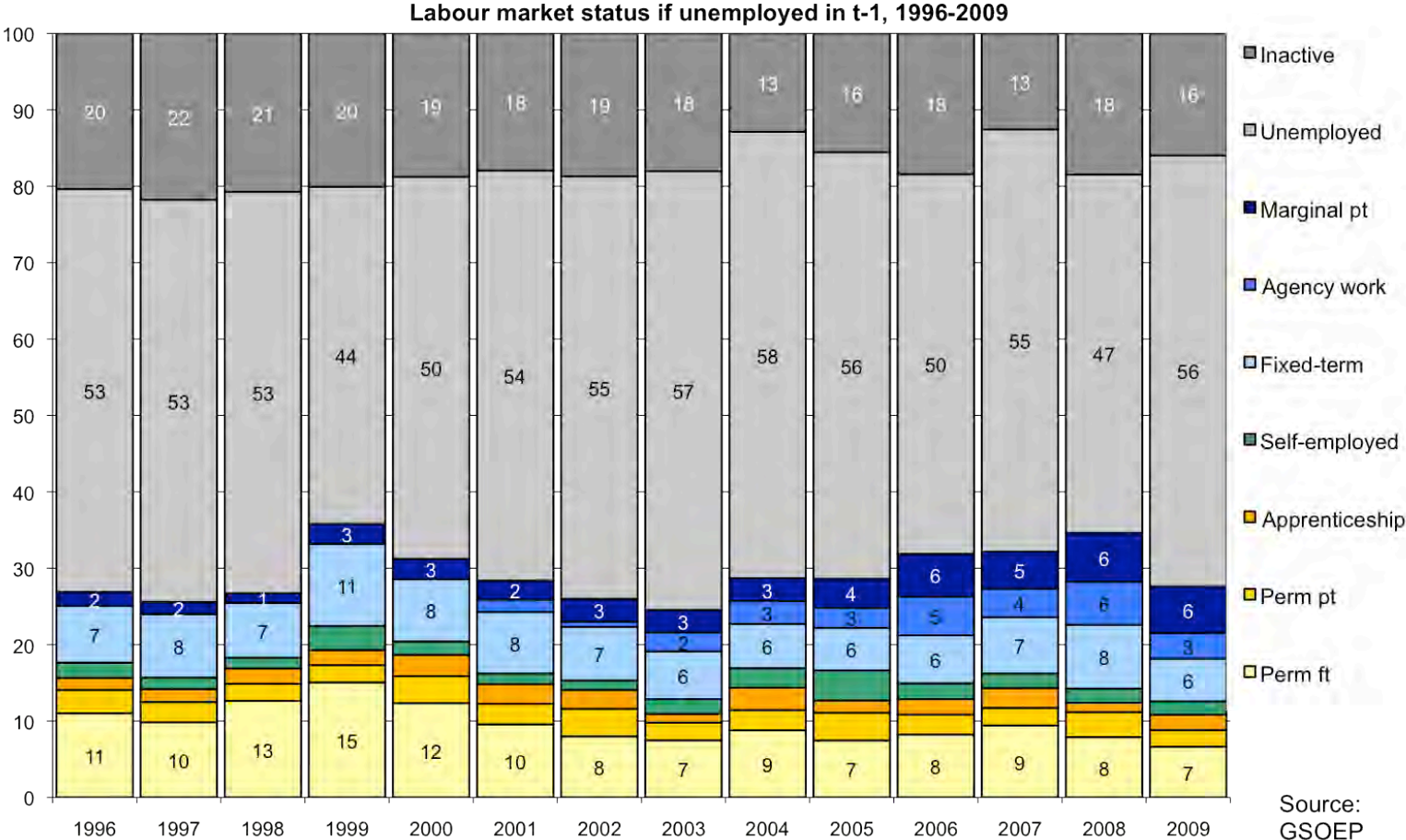
Logistic regression odds ratios for the transition to a permanent rather than a temporary contract, in 2007 as compared with 1997.



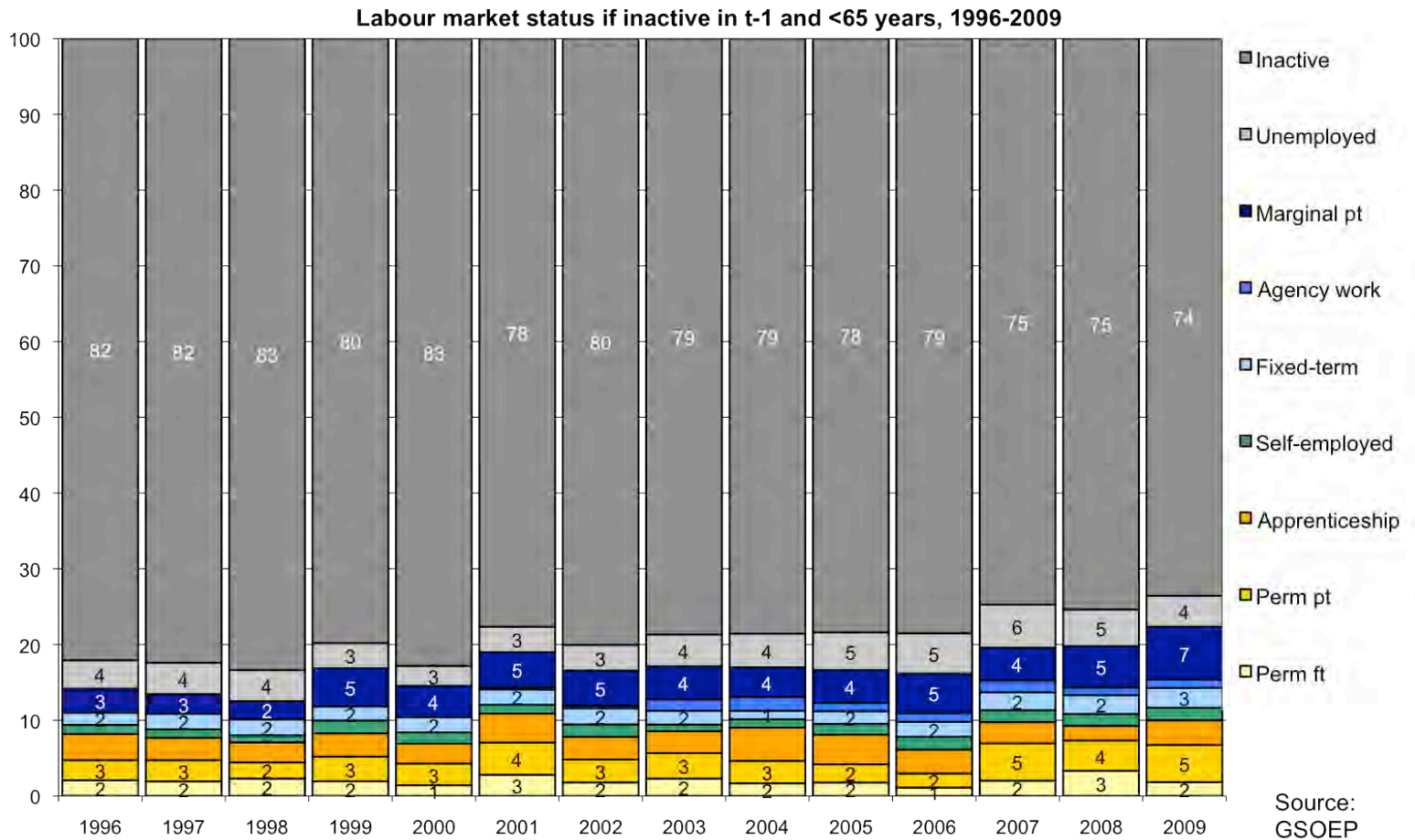
German labour market structure, 1995-2009



Germany: The status of the unemployed one year later



Germany: What were the inactive doing one year later?



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