

Low-wage jobs - stepping stone or dead end?

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Abstract

We examine whether low-paid jobs have an effect on the occupational advancement probability of unemployed persons to obtain better-paid jobs in the future. We make use of data from the German Socio-Economic Panel (SOEP) and apply a dynamic random-effects multinomial logit model. Our results suggest that low-wage jobs can act as stepping-stones to better-paid work, especially for less-skilled persons and for individuals with longer unemployment experiences.