

Name, E-Mail: Massimiliano Mascherini; mam@eurofound.europa.eu
Donald Storrie
Irene Mandl

Institution: European Foundation For the Improvement of Living and Working Conditions

Titel: Exploring the determinants of becoming an Economic Short-Time Worker in Europe

Abstract

The economic crisis which hit most of the European countries from the third quarter of 2008 has had major effects on labour markets. Starting from a level of 7.1% in 2008, the EU27 unemployment rate increased up to 10% in the first quarter of 2010. Similarly, in 2009 the EU27 GDP decreased by 4.2% compared to 2008 which constituted an unprecedented figure in the history of the European Union.

Although almost all Member States have suffered a decrease of their GDP and an increase in unemployment, the extent of these losses strongly varies among countries. In particular, countries with approximately the same loss of output have experienced a different increase of the unemployment rate. This is the case, for example, for Germany and Denmark which suffered the same decrease of GDP in 2009, -4.9%, whereas the increase of unemployment was much higher in Denmark than in Germany.

The uneven impact of the crisis in terms of increase of unemployment rate among the EU27 countries may be explained by the different welfare states and policies. In this framework the reduction of the actual worked hours has played an important role in many countries. In particular in the period 2007-2009 in Germany, a reduction of 2.7% in the number of average working hours has been recorded. Other countries showing a considerable adjustment in the number of average working hours include Belgium, Italy, France, Austria, the UK and Sweden.

It is important to emphasise that there are many ways in which working time can be reduced. These include company-initiated reductions in overtime, the use of working time accounts and holiday entitlements, and numerous other types of bilateral arrangements between employers and employees.

In this framework, the OECD defines Economic Short-Time Workers as those workers who worked less than usual due to lack of work for technical and economic reasons. Using the Eurostat Labour Force Survey, this paper aims at exploring the characteristics and at examining the probability of becoming an Economic Short-Time Workers in 24 Member States through the development of logit models.

The Labour Force Survey captures this population providing data harmonised by country which permits a robust cross-country comparison. In particular, the population of Economic Short Time workers is identified in the ELFS with the variables HOURREAS and NOWKREAS. In particular with the variable HOURREAS the population of those who worked less for slack of work for technical or economical reasons in the week of reference is captured (HOURREAS=4 “Working less for lack of work f technical or economic reasons”). Then with the variable NOWKREAS the population of those workers who haven’t worked at all for slack of work for technical or economical reasons in the week of reference but still having a formal attachment to his/her job is captured. (NOWRKREAS=1 –“Not worked for lack of work for technical or economic reasons”).

Following this definition, in 2009 almost two millions of European employees stated that they worked less due to lack of work for technical or economical reason. Although 55% of these employees were in Germany and Italy, all Member States have seen the number of ESTW

increase over the period 2008–2009. The largest relative increase was in Slovakia, followed by Germany and the Czech Republic, while in Sweden and Denmark the increase was marginal. The gender divide is marked: 1.5% of all male employees are ESTW, as against only 0.6% of all female employees are ESTW. This male prevalence is widespread, being greatest in Germany, Belgium and Luxembourg and least common in Denmark, the Netherlands and Sweden. In general, workers in manufacturing and with relatively low levels of education, in blue-collar occupations, are more likely to be ESTW.

In order to examine the probability of becoming an ESTW and to investigate whether the differences observed with descriptive statistics persist when controlling for other important socio-demographic and job-related characteristics, a logit model is applied. As almost 60% of the ESTW are in Germany and Italy, the model for the whole of Europe is not presented; rather, it is performed individually for 24 Member States (Cyprus, Malta and Luxembourg being excluded due to a lack of data) and the data are then compared.

Table 1 - List of variables included in the model. Name and categories	<i>Type</i>
AGE: Age of the Respondent (17-65)	Categorical
SEX: gender of the respondent (0=M, 1=F)	Categorical
NATIONAL: Nationality of the respondent: 0 National; 1 Non EU; 2; EU27	Categorical
EDUCATION: Educational level of the respondent: 0 ISCED1; 1 ISCED2; 2: ISCED 3-4 ; 3: ISCED5-6	Categorical
ISCO1D: Isco code 1 digit (0=Armed Force and 6=skilled agricultural excluded)	Categorical
NACE_REC: Nace code rev 2 1Digit	Categorical
2NDJOB: Existence of a 2nd Job (0=No; 1=Yes)	Categorical
PART_TIME: Part/Full Time (0=Full Time; 1=Part Time)	Categorical
SUPERVISORY: Supervisor role (0=No; 1=Yes)	Categorical
TEMPORARY: Temporary/Permanent position (0=Permanent; 1=Temporary)	Categorical
SIZE: size of the firm: 0= Micro (<10 empl.) 1=small (10-19 empl.) 2=Medium-Large (>20); 3= unknown.	Categorical
TRAINING: Participation to Training (0=No; 1=Yes)	Categorical

The results show a heterogeneous picture of the profile of ESTW among the 24 Member States analysed and three broad groups of ESTW can be identified in Europe in terms of socioeconomic and job characteristics. The profiles depicted for these groups are clearly differentiated by the type of contract, the length of working day, the size of the company, the economic sectors and the occupation. The „traditional“ group is characterised by having permanent contracts in medium-sized to large companies, having low levels of education, and receiving more training. It comprised of Austria, Belgium, the Czech Republic, Germany, Italy, Slovakia and Slovenia. The „unconventional“ group is characterised by having temporary contracts, by working part time in small companies in services sectors, and by receiving less training; such employees are found mainly in Denmark, Estonia, Ireland, Netherlands, Poland and the UK. The „hybrid“ group combines a mix of the major traits found for the previous two groups; it comprised of Bulgaria, Finland, France, Greece, Hungary, Latvia, Lithuania, Portugal, Romania, Spain and Sweden.