Flexibility and Exclusion Patterns in Europe

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Flexibility Patterns in Europe

Non-standard employment is meant to increase flexibility and employment. However, it is unclear whether this is actually the case. Therefore, we ask:

— What are the dominant forms of non-standard work in Europe?
— Can we identify flexibility patterns?
— What are the effects of non-standard work on employment?
— Can we observe different exclusion patterns in Europe?
Non-standard Employment: Benefits

— Can increase employment and decrease unemployment rates
— Particularly of young and elderly workers
— Temporary employment can ensure firms’ external flexibility
— Part-time work can ensure internal flexibility and accommodate employees’ needs
Non-standard Employment: Problems

— Can substitute regular employment
— May aggravate social exclusion instead of reducing unemployment
— May lead to exclusion from organizational benefits, such as participation in training and access to internal career ladders
— Increases the uncertainty in individuals’ professional and private lives
Our Focus

— We look at the extent of non-standard employment

— Focus on three age groups:
  — young people (15-29)
  — middle-aged people (30-54)
  — elderly people (55-64)

— Distinction between four types of non-standard employment
  — marginal part-time (1-<20h)
  — substantial part-time (20-<35h)
  — temporary employment
  — combined atypical work (part-time & temporary employment)
Data: The European Labor Force Survey

Period of Time: 1996 to 2008
To ensure inter-temporal comparability within countries, we use the second quarter of the quarterly files

Regions:
Central Europe: Austria, (Germany), Belgium, France and Netherlands
Eastern Europe: Hungary, Slovenia
Southern Europe: Greek, Italy, Portugal and Spain
Northern Europe: Denmark, Finland, Sweden and Norway
Anglo-Saxon Countries: United Kingdom and Ireland
Sample & Measures

Sample:
— Individuals between 15 and 64 years
— Who are not in compulsory military service
— Who are not part of any educational activities if they are under 30 years
→ Our sample not only includes the employed but also the unemployed and inactive population

Measure:
— Extent of the different types of non-standard employment is captured by proportions
Netherlands

Elderly (55-64 years)
- 2008: 29% standard employment, 9% substantial part-time, 13% temporary employment, 3% marginal part-time, 17% combined atypical work, 1% unemployed, 4% inactive
- 2005: 26% standard employment, 12% substantial part-time, 13% temporary employment, 3% marginal part-time, 14% combined atypical work, 1% unemployed, 4% inactive
- 2002: 29% standard employment, 12% substantial part-time, 13% temporary employment, 3% marginal part-time, 17% combined atypical work, 1% unemployed, 4% inactive
- 1999: 28% standard employment, 9% substantial part-time, 13% temporary employment, 3% marginal part-time, 12% combined atypical work, 1% unemployed, 4% inactive
- 1996: 23% standard employment, 5% substantial part-time, 12% temporary employment, 3% marginal part-time, 11% combined atypical work, 1% unemployed, 4% inactive

Adults (30-54 years)
- 2008: 44% standard employment, 9% substantial part-time, 15% temporary employment, 3% marginal part-time, 10% combined atypical work, 1% unemployed, 3% inactive
- 2005: 44% standard employment, 10% substantial part-time, 20% temporary employment, 3% marginal part-time, 14% combined atypical work, 1% unemployed, 3% inactive
- 2002: 45% standard employment, 10% substantial part-time, 18% temporary employment, 3% marginal part-time, 16% combined atypical work, 1% unemployed, 3% inactive
- 1999: 47% standard employment, 9% substantial part-time, 18% temporary employment, 3% marginal part-time, 14% combined atypical work, 1% unemployed, 2% inactive
- 1996: 46% standard employment, 8% substantial part-time, 15% temporary employment, 3% marginal part-time, 12% combined atypical work, 1% unemployed, 2% inactive

Youth (15-29 years)
- 2008: 44% standard employment, 15% substantial part-time, 11% temporary employment, 4% marginal part-time, 14% combined atypical work, 1% unemployed, 3% inactive
- 2005: 44% standard employment, 15% substantial part-time, 14% temporary employment, 4% marginal part-time, 12% combined atypical work, 1% unemployed, 3% inactive
- 2002: 48% standard employment, 5% substantial part-time, 14% temporary employment, 4% marginal part-time, 11% combined atypical work, 1% unemployed, 2% inactive
- 1999: 53% standard employment, 3% substantial part-time, 14% temporary employment, 4% marginal part-time, 14% combined atypical work, 1% unemployed, 2% inactive
- 1996: 48% standard employment, 11% substantial part-time, 7% temporary employment, 4% marginal part-time, 7% combined atypical work, 1% unemployed, 2% inactive

Legend:
- standard employment
- substantial part-time
- combined atypical work
- inactive
- marginal part-time
- temporary employment
- unemployed
The four countries with the highest proportion of temporary employment among young people are the same four countries with temporary employment as the most frequent non-standard employment among middle-aged people.
Summary: Flexibility Patterns across Europe

— Findings on flexibilization patterns:
  — “Temporary employment without end” in ES; PT; SI & FI
  — In Southern and Eastern Europe elderly people are seldom atypically employed
  — Association between age and temporary employment and substantial part-time
  — Association between the maximum level of atypical employment and age

— Problem: Descriptive statistics only provide us with first hints but do not capture the larger picture
Analysis of Exclusion Patterns within Europe

— To examine for exclusion patterns, it is necessary not only to look at one, but all forms of non-standard employment.
— Examine whether changes in non-standard employment are associated with changes in
  — standard employment
  — non-employment (unemployment + inactivity)
First Linear Robust Regression

Dependent Variable

Independent Variable

- ratio of marginal part-time
- ratio of substantial part-time
- ratio of temporary employment
- ratio of combined atypical work

- ratio of standard employment
## Second Linear Robust Regression

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>ratio of non-employment</td>
<td>ratio of marginal part-time</td>
</tr>
<tr>
<td></td>
<td>ratio of substantial part-time</td>
</tr>
<tr>
<td></td>
<td>ratio of temporary employment</td>
</tr>
<tr>
<td></td>
<td>ratio of combined atypical work</td>
</tr>
</tbody>
</table>
Netherlands

Adults (30-54 years)

Youth (15-29 years)

stdEmployment = \frac{stdEmployment_{youth}}{stdEmployment_{adults}}

temporary = \frac{temporary_{youth}}{temporary_{adults}}

combined = \frac{combined_{youth}}{combined_{adults}}

in %

standard employment  substantial pt  combined atypical work  inactive

marginal pt  temporary employment  unemployed
siehe Anmerkungen Folie18
DV-Koordination; 30.03.2011
Analyses (continued)

Pro
— We can show whether non-standard employment affects the employment chances of the young and elderly in comparison to the middle-aged
— We distinguish between standard or non-standard employed

Contra
If non-standard employment improves or worsens the chances of being employed or of having a standard employment contract uniformly, we see no effect at all
Results

1) We run two linear regressions on each country
2) We arrange the significant effects of atypical employment on standard employment and on non-employment in a two dimensional table

<table>
<thead>
<tr>
<th>non employment</th>
<th>standard employment</th>
<th>decrease</th>
<th>no effect</th>
<th>increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>decrease</td>
<td>substitution combined with increase in employment</td>
<td>increase in employment</td>
<td>full integration</td>
<td></td>
</tr>
<tr>
<td>no effect</td>
<td>substitution</td>
<td></td>
<td>bridge</td>
<td></td>
</tr>
<tr>
<td>increase</td>
<td>desintegration combined with substitution</td>
<td>desintegration</td>
<td>polarization</td>
<td></td>
</tr>
</tbody>
</table>
The Effects of Non-Standard Employment on the Labor Market Integration of Young People

<table>
<thead>
<tr>
<th>15-29 years in comparison with 30-54 years</th>
<th>substitution combined with desintegration</th>
<th>desintegration</th>
<th>substitution</th>
<th>bridge</th>
<th>increase in employment</th>
<th>bridge combined with an increase in employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect*</td>
<td>(-/+ )</td>
<td>(0/+ )</td>
<td>(-/0)</td>
<td>(+/0)</td>
<td>(0/-)</td>
<td>(+/-)</td>
</tr>
<tr>
<td>marginal part-time</td>
<td>ES</td>
<td>FR; GR; UK</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>substantial part-time</td>
<td></td>
<td></td>
<td>DK</td>
<td></td>
<td>FR; NO</td>
<td></td>
</tr>
<tr>
<td>temporary employment</td>
<td></td>
<td></td>
<td>NL</td>
<td>FI</td>
<td>PT</td>
<td>FR; GR</td>
</tr>
<tr>
<td>combined atypical work</td>
<td>UK</td>
<td>FR; GR</td>
<td>PT</td>
<td></td>
<td>FI</td>
<td></td>
</tr>
</tbody>
</table>

* (/?/?) first digit stands for effect on standard employment; second digit for the effect on non employment
+ = increase; 0 = no effect; - = decrease

No differences to reference group: AT; BE; HU; SI; IT; SE; IE

Source: EULFS 1996-2008; own calculations
The Effects of Non-Standard Employment on the Labor Market Integration of Eldery People

<table>
<thead>
<tr>
<th>55-64 years in comparison with 30-54 years</th>
<th>substitution combined with desintegration</th>
<th>desintegration</th>
<th>substitution</th>
<th>bridge</th>
<th>increase in employment</th>
<th>bridge combined with an increase in employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect*</td>
<td>(-/+</td>
<td>(0/+)</td>
<td>(-/0)</td>
<td>(+/0)</td>
<td>(0/-)</td>
<td>(+/-)</td>
</tr>
<tr>
<td>marginal part-time</td>
<td>NO</td>
<td>GR</td>
<td>ES; FI</td>
<td></td>
<td></td>
<td>UK</td>
</tr>
<tr>
<td>substantial part-time</td>
<td>PT; ES; FR</td>
<td>NO; SE</td>
<td>AT; IE</td>
<td></td>
<td></td>
<td>UK</td>
</tr>
<tr>
<td>temporary employment</td>
<td>NO</td>
<td>SI</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>combined atypical work</td>
<td>NO; SE</td>
<td>FI; ES</td>
<td>HU</td>
<td></td>
<td>SI</td>
<td>UK</td>
</tr>
</tbody>
</table>

*(?/?) first digit stands for effect on standard employment; second digit for the effect on non employment
+ = increase; 0 = no effect; - = decrease

No differences to reference group: BE; IT; NL; DK

Source: EULFS 1996-2008; own calculations
Summary of Results (young people)

— Non-standard employment has

  — more negative than positive effects on labor market integration of young people
  — marginal part-time and combined atypical work have the most negative effects
  — positive effects of non-standard employment only in Norway
Summary of Results (eldery people)

— Non-Standard employment has
  — far more negative (15) than positive (8) effects
  — temporary employment and combined atypical work have the most negative effects
  — marginal part-time has by count a slightly positive effect
  — only for one country pure positive effects (UK)
  — Norway dominates the worst categorie (substitution+desintegration)
General Conclusion

Do we observe patterns of flexibility? - Yes
  - Temporary employment “without an end”
  - Association between age and both the form and the occurrence of non-standard employment

Do we observe patterns of exclusion? - Yes
  - Non-standard employment has far more negative than positive effects on the labor market integration for the young and the elderly in comparison with the middle aged

Positive exceptions:
  - In Norway, we observe only positive and no negative effects for young people (however, negative effects for the elderly)
  - In the UK, we observe only positive and no negative effects for the elderly (however, negative effects for young people)
Contradictory Findings of Non-Standard Employment

— Combined atypical work
  — has a negative effects on young people in the UK (substitution & desintegration) and positive effects on the elderly (bridge & increase in employment)

— Substantial part-time
  — has positive effects on young people in FR & NO (increase in employment) and negative effects on the elderly (FR desintegration; NO substitution)

— Marginal part-time
  — has negative effects on young people in ES (substitution & desintegration) and a positive effects (bridge) on the elderly
  — has negative effects on both age groups in GR (young people substitution; elderly desintegration)
Flexibility Patterns III: Mode of Non-Standard Employment (eldery)

— First column shows the most frequent type of non-standard employment for elderly people (55-64 years)

— Second column presents the maximum rate (in %) of non-standard employment during the observed period of time

<table>
<thead>
<tr>
<th>Workforce in Age between 55-64 years</th>
<th>most frequent nonstandard Empl. (mode)</th>
<th>Max. Prop. in %</th>
<th>country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>substantial PT</td>
<td>17</td>
<td>SE</td>
</tr>
<tr>
<td>2</td>
<td>substantial PT</td>
<td>17</td>
<td>NL</td>
</tr>
<tr>
<td>3</td>
<td>substantial PT</td>
<td>13</td>
<td>DK</td>
</tr>
<tr>
<td>4</td>
<td>substantial PT</td>
<td>12</td>
<td>NO</td>
</tr>
<tr>
<td>5</td>
<td>substantial PT</td>
<td>11</td>
<td>UK</td>
</tr>
<tr>
<td>6</td>
<td>substantial PT</td>
<td>11</td>
<td>IR</td>
</tr>
<tr>
<td>7</td>
<td>substantial PT</td>
<td>9</td>
<td>BE</td>
</tr>
<tr>
<td>8</td>
<td>substantial PT</td>
<td>8</td>
<td>AT</td>
</tr>
<tr>
<td>9</td>
<td>substantial PT</td>
<td>7</td>
<td>FR</td>
</tr>
<tr>
<td>10</td>
<td>substantial PT</td>
<td>6</td>
<td>H</td>
</tr>
<tr>
<td>11</td>
<td>-</td>
<td>-</td>
<td>GR</td>
</tr>
<tr>
<td>12</td>
<td>-</td>
<td>-</td>
<td>IT</td>
</tr>
<tr>
<td>13</td>
<td>-</td>
<td>-</td>
<td>PT</td>
</tr>
<tr>
<td>14</td>
<td>-</td>
<td>-</td>
<td>ES</td>
</tr>
<tr>
<td>15</td>
<td>-</td>
<td>-</td>
<td>HU</td>
</tr>
<tr>
<td>16</td>
<td>-</td>
<td>-</td>
<td>SI</td>
</tr>
</tbody>
</table>

Note: insufficient data to determine the mode for GR, IT, PT, ES, HU, SI
Analyses with Ratios

— Problems:
  — Changes in the dependent variable may be driven by the business cycle
  — Positive or negative effects may be stronger for one age group but non-existent or weaker for another

— Solution:
  — Use a reference group
  — The changes in the age groups and the differences in the changes between the age groups are captured over ratios
Thank you!

Max Mustermann