

WZB

Social Science Research Center
Berlin



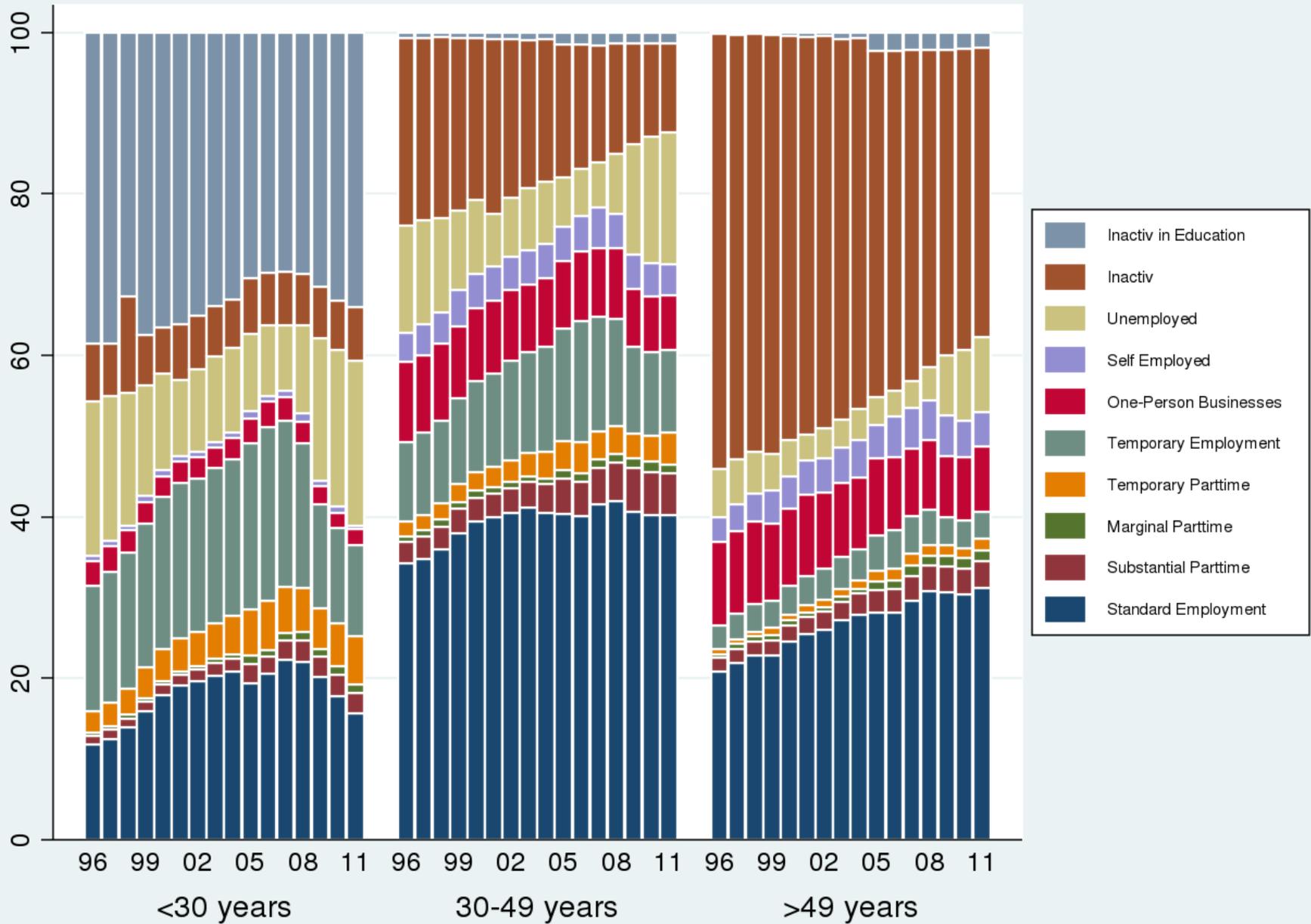
Non- Standard Employment

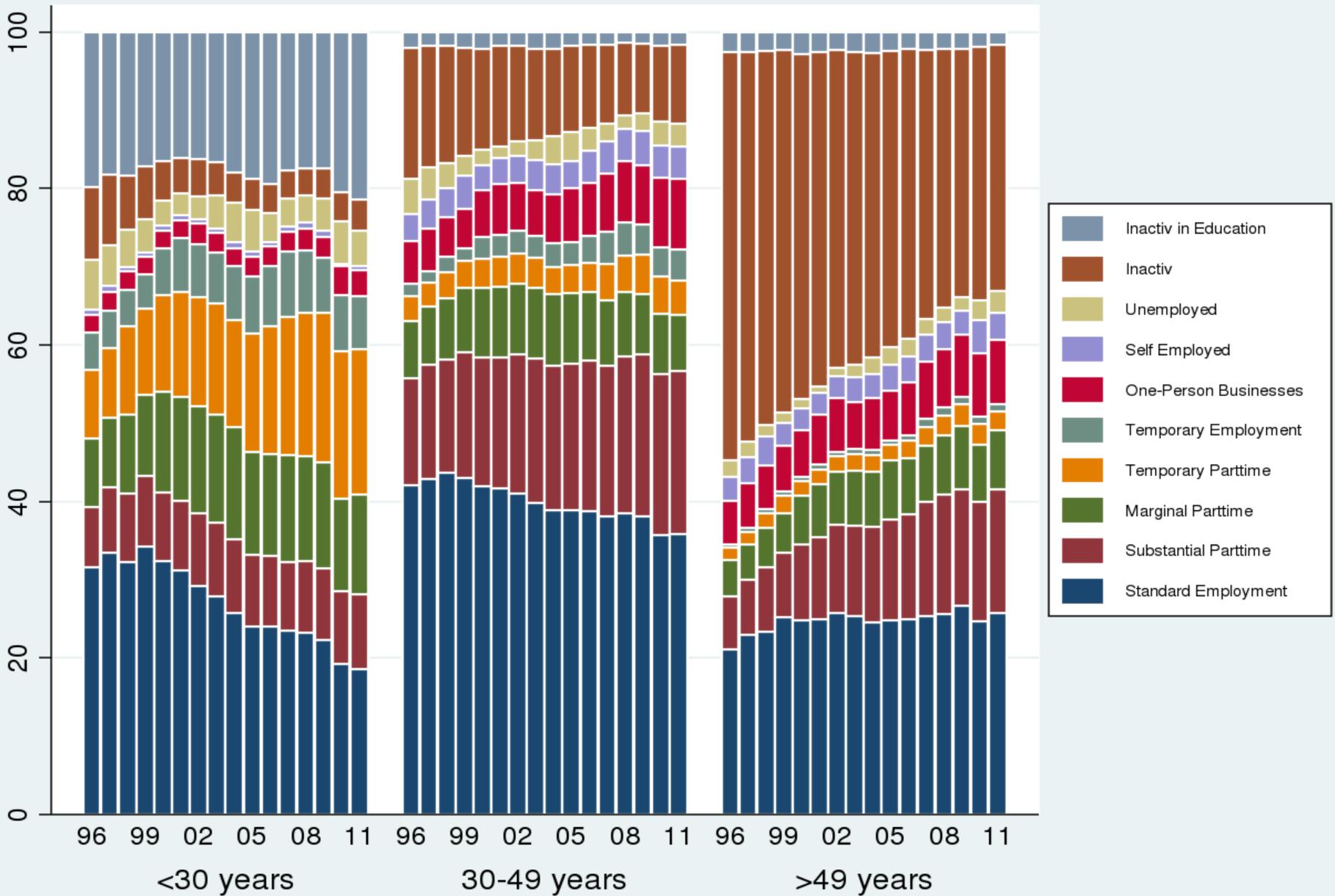
Are there
unequal
integration
effects?

Stefan Stuth & Janine Bernhardt

Integration Patterns in Europe

- Non-standard employment and non-employment vary widely across
 - time
 - countries
 - socio-economic groups (Schmeißer et al. 2012)
- Descriptive research states an overall increase in non-standard employment in European countries (Allmendinger et al. 2012)
- Little is known about the effects of non-standard employment on labor market integration in the European countries
- This presentation will address the rise and decline in different forms of non-standard employment and their effects on labor market integration





Research on Labor Market Integration

- Focus on institutional mechanisms
 - of wage determination and labor cost
 - of (external) labor market adjustment
- Labor market “rigidities” are seen as an important explanation for high and constant levels of unemployment
- Institutions are used as *the* main explanation of cross-country differences in (un)employment

The Institutional Bias

- However, institutions do not explain the general evolution of unemployment within countries over time (Blanchard/Wolfers 2000)
- Institutions within countries are relatively stable but unemployment is not (Nickell et al. 2005)
- Institutions influence **how** organizations adjust their workforce in response to changes in the economy

Flexibility Through Non-Standard Employment

- Adaptation to changes in the economic environment:
 - Numerical/Internal flexibility strategies:
 - Using firm-internal resources
 - Adaptation via changes in working time (e.g. part-time)
 - Numerical/External flexibility strategies:
 - Relying on the external labor market
 - adaptation via changes in the absolute number of employees (e.g. temporary employment contracts)
- Temporary employment can ensure firms' need for external flexibility
- Part-time work can ensure firms' need for internal flexibility and accommodate employees' needs

Questions

- How is non-standard employment associated with labor market integration in Europe?
- Are there different integration patterns for different kinds of non-standard employment?
- Are increases in the different forms of non-standard employment related to decreases in non-employment within countries?

Data: The European Labor Force Survey

Period of Time: 1996 to 2011

To ensure inter-temporal comparability within countries, we use the second quarter of the quarterly/yearly files

18 Countries from 5 Regions:

Central Europe: Austria, Germany, Switzerland, Belgium, France and the Netherlands

Eastern Europe: Hungary and Czech Republic

Southern Europe: Greece, Italy, Portugal and Spain

Northern Europe: Denmark, Finland, Sweden and Norway

Anglo-Saxon Countries: United Kingdom and Ireland

Our Focus

- Distinction between five types of non-standard employment
 - marginal part-time (1-<20h)
 - substantial part-time (20-<35h)
 - temporary part-time employment
 - temporary employment
 - one-person businesses
- Non-employment (unemployed + inactive population in working age)

Sample & Measures

Sample:

- Individuals between 15 and 64 years
- Who are not in compulsory military service

- Focus on 18 target groups that are differentiated by:
 - age (15-29; 30-49; 50-64)
 - qualification (low; medium; high)
 - sex (male; female)

Method:

- Two-step multi-level analysis with a lagged dependent variable
- Level-one units are the 18 target groups nested within time (L2) and countries (L3)

The Lagged Dependent Variable Approach

- It rids the model of autocorrelation
- It models the assumption that the level of non-employment this year is not independent from the level of non-employment in the previous year
(Keele/Kelly 2004)
- The level of non-employment is modelled as a function of past non-employment, accounting for changes in non-standard employment and institutions

Institutions

- EPL – permanent employment
- EPL – temporary employment

- Gross replacement rate
- Expenditure on active labor market policies (in % GDP)

- Minimum wage setting
- A combined measure of centralization and coordination of collective bargaining
- Union density

- Imports in % of GDP as a measure of the level of international competition

The Multi-Level Model

$$Y_{j,t} = \phi \cdot Y_{j,t-1} + \beta \cdot Institutions_{j,t} + \gamma \cdot Nonstandard_{j,t} + \delta \cdot Recession_{j,t} \\ + \theta \cdot Nonstandard_{j,t} \times Recession_{j,t} + \tau \cdot Education_{j,t} + \alpha_j + \varepsilon_{j,t}$$

	Low qualified young men				Low qualified young women			
	Coef.	Std. Err.	Coef.	Std. Err.	Coef.	Std. Err.	Coef.	Std. Err.
lagged dependent variable	0,3	0,0	0,2	0,0	0,14	0,04	0,0	0,0
EPL_regular	-4,5	2,3	-6,3	1,9	-4,33	1,94	-5,1	1,3
EPL_temporary	-0,6	0,7	-1,3	0,6	-0,74	0,60	-1,0	0,4
BRR	0,2	0,1	0,1	0,0	0,15	0,05	0,1	0,0
minimum wage setting	0,0	0,3	-0,4	0,3	0,05	0,27	-0,3	0,2
union density	0,0	0,1	-0,1	0,1	0,08	0,12	-0,2	0,1
centrality/coordination	-20,7	15,9	-26,0	13,2	-13,10	13,31	-2,3	8,3
ALMP	2,5	2,0	0,2	1,6	1,33	1,64	-2,1	1,0
imports	0,2	0,1	0,2	0,1	0,08	0,06	0,1	0,0
marginal part-time			0,0	0,2			-0,7	0,1
recessionXmarginal pt			-0,4	0,1			-0,1	0,0
self employed			-0,9	0,4			-0,8	0,4
recessionXself employed			0,0	0,4			0,2	0,5
substantial part-time			-2,4	0,5			-1,5	0,2
recessionXsubstantial pt			0,8	0,8			0,4	0,2
temporary part-time			-0,8	0,1			-0,9	0,1
recessionXtemporary pt			-0,1	0,1			-0,1	0,1
temporary employment			-0,8	0,1			-0,8	0,1
recessionXtemporary emp			0,0	0,1			0,2	0,1
education	-0,5	0,0	-0,7	0,0	-0,61	0,03	-0,8	0,0
recession	2,6	0,7	1,9	1,5	0,83	0,56	-0,7	0,8
_cons	35,7	11,0	78,4	9,5	51,61	9,36	96,5	6,1
sigma_u	9,7		10,6		12,3		7,1	
sigma_e	3,6		2,8		3,0		1,8	
rho	0,9		0,9		0,9		0,9	
R-sq: within	0,53		0,72		0,65		0,88	
N (observations)	248		248		248,0		248	
N (groups)	18		18		18,0		18	

	High qualified midaged men				Low qualified midaged men			
	Coef.	Std. Err.	Coef.	Std. Err.	Coef.	Std. Err.	Coef.	Std. Err.
lagged dependent variable	0,6	0,1	0,6	0,1	0,8	0,1	0,6	0,1
EPL_regular	-1,2	0,6	-0,5	0,7	-1,7	1,5	-4,0	1,5
EPL_temporary	0,1	0,2	0,2	0,2	-0,3	0,5	-0,5	0,5
BRR	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
minimum wage setting	0,0	0,1	0,0	0,1	-0,1	0,2	-0,2	0,2
union density	0,0	0,0	-0,1	0,0	-0,1	0,1	0,1	0,1
centrality/coordination	-7,4	3,8	-8,9	3,8	-15,3	10,4	-8,4	10,7
ALMP	0,6	0,5	1,0	0,5	1,8	1,3	1,3	1,3
imports	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1
marginal part-time			0,0	0,1			0,4	0,5
recessionXmarginal pt			-0,5	0,2			-1,9	1,0
self employed			0,0	0,0			-0,2	0,1
recessionXself employed			0,0	0,0			0,0	0,1
substantial part-time			-0,1	0,1			0,5	0,3
recessionXsubstantial pt			0,0	0,1			0,3	0,4
temporary part-time			0,2	0,2			0,3	0,4
recessionXtemporary pt			0,0	0,3			-0,2	0,9
temporary employment			-0,1	0,1			-0,6	0,1
recessionXtemporary emp			0,2	0,1			-0,1	0,2
education	0,3	0,2	0,3	0,2	0,3	0,4	0,3	0,4
recession	0,8	0,2	0,0	0,6	1,9	0,4	2,4	2,4
_cons	8,2	2,6	9,1	2,8	19,0	7,0	20,8	7,0
sigma_u	1,9		2,3		4,1		7,0	
sigma_e	0,9		0,8		2,3		2,2	
rho	0,8		0,9		0,8		0,9	
R-sq: within	0,47		0,53		0,55		0,61	
N (observations)	248		248		248		248	
N (groups)	18		18		18		18	

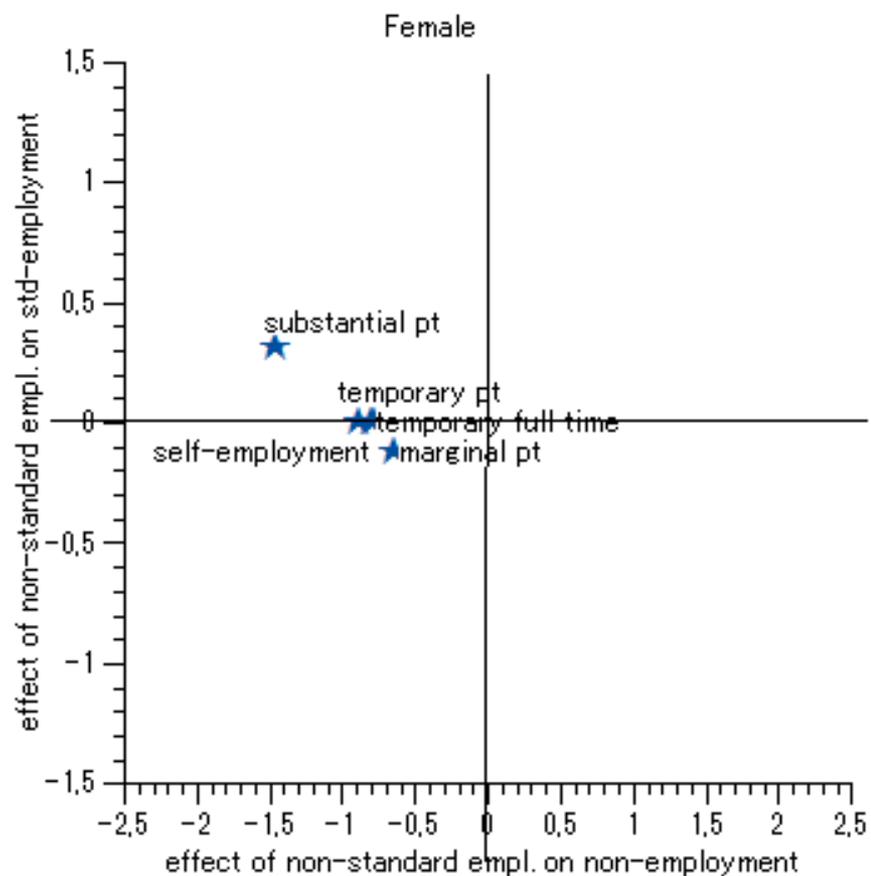
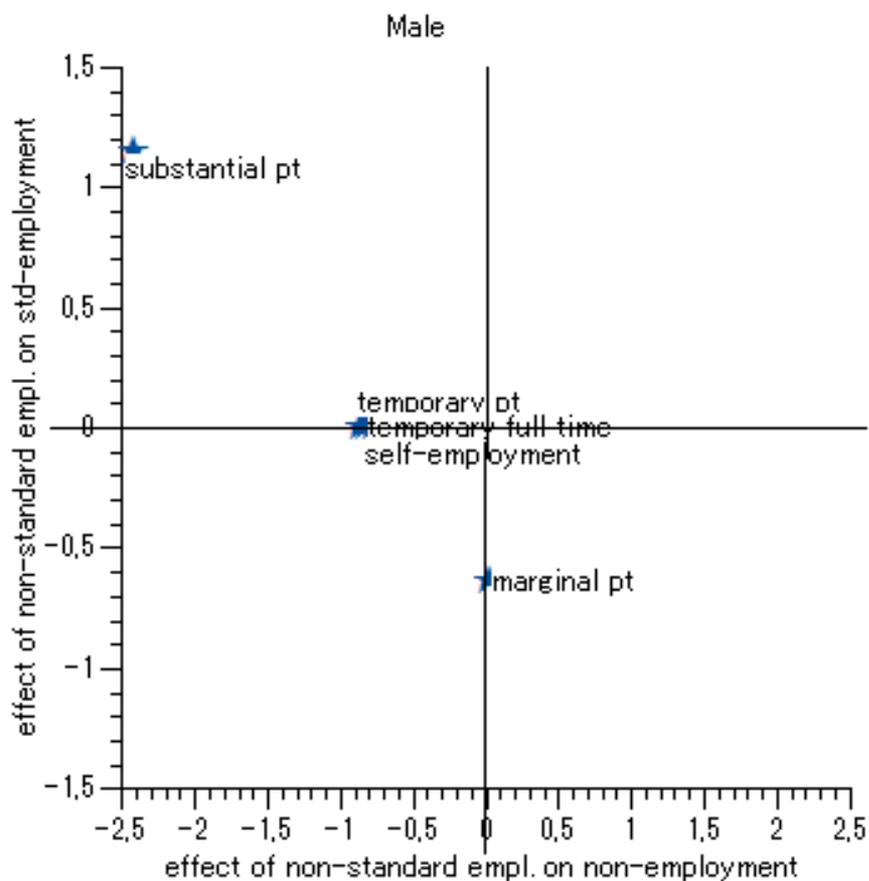
Summary

- We find different integration patterns for different socio-demographic groups and for different types of non-standard employment
- For those demographic groups in which non-standard employment affects non-employment, non-standard employment reduces non-employment
- We find no (significant) disintegrating effect of non-standard employment,
 - maybe because we examine the **immediate** effects of non-standard employment on non-employment
 - maybe because we look on non-employment instead of unemployment

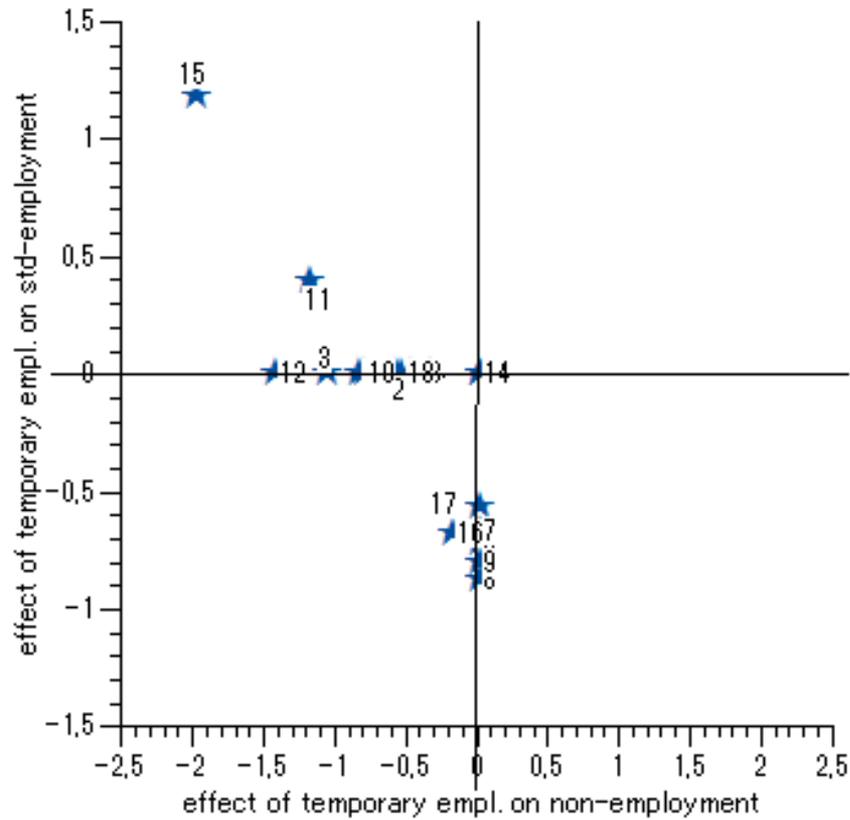
Results II

		standard employment		
		decrease	no effect	increase
non employment	decrease	substitution combined with increase in employment	increase in employment	full integration
	no effect	substitution		bridge
	increase	desintegration combined with substitution	desintegration	polarization

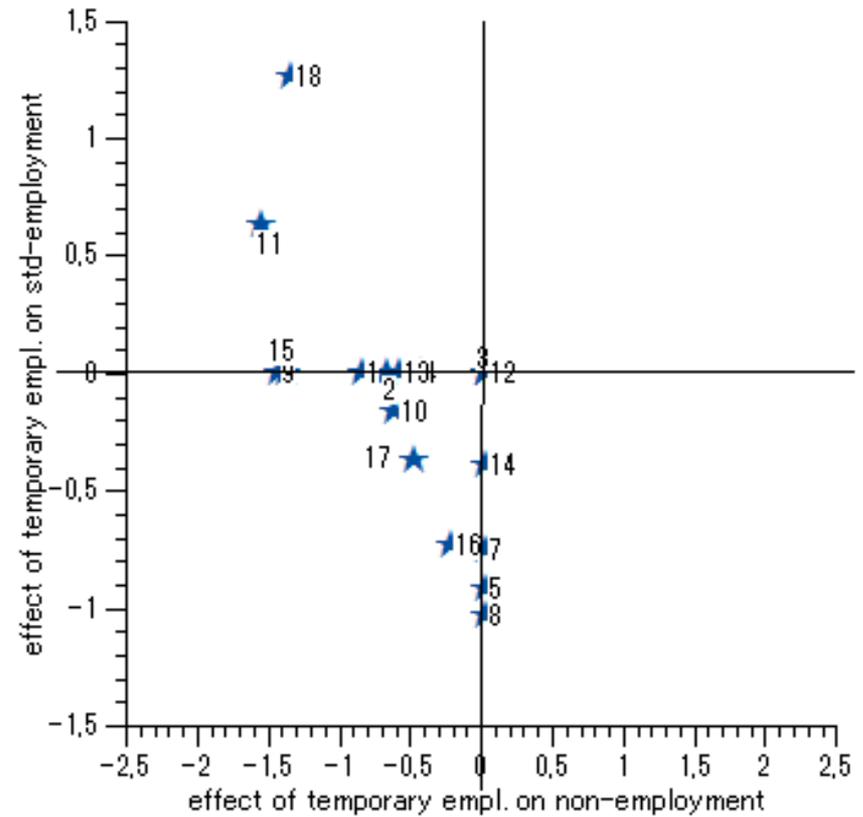
young and low qualified



positive Konjunktur



negative Konjunktur



<http://bibliothek.wzb.eu/pdf/2012/p12-001.pdf>