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**Labour market insecurity and its impact on labour market entry and early career.  
A Comparison of Germany, Britain and Spain.**

Dipl. Soz. Katrin Golsch

The Faculty of Economics,  
Business Administration and Social Sciences  
University of Cologne  
Herbert-Lewin-Str. 2  
50931 Cologne  
Germany

**Summary**

Over the last decades a growing deregulation and flexibility of labour markets in Europe can be observed, leading to an increase in various precarious employment relationships. Labour market integration appears increasingly fragmented and involves periods of temporary and part-time employment, unemployment, economic inactivity, job experimentation along with gainful employment during educational upgrading. This paper focuses on youth labour market integration in Germany, Britain and Spain in the 1990s. These countries entered on disparate and rather fast-paced flexible paths that are deeply rooted in their country-specific institutional context which in turn may impose different types, levels and consequences of insecurity. The paper addresses the following research questions: Firstly, are some labour market entrants more likely than others to enter directly the labour market and find a stable position? And secondly, to what extent are labour market entrants unsatisfied with their job security?

The paper starts out with the theoretical framework, research questions and hypotheses. This is followed by a presentation of data and statistical methods. The principal part inquires into labour market insecurity and its impact on labour market integration in Germany, Britain and Spain. The following section includes the presented findings in a broader picture of labour market integration of young job seekers in Europe. The paper concludes with discussion of major findings.

The data analysed come from the European Community Household Panel. Since the ECHP data does not allow the differentiation between East and West German employees, the analysis is complemented by a comparable sample drawn from the German Socio-economic Panel Study. The analysis is divided into three distinct aspects of labour market integration and proceeds as follows:

- *Transition into employment:* This section deals with transitions into employment and inquires into chances to enter gainful employment and risks of entry into insecure jobs in particular.
- *Perceived job security and employment relationship:* This section pinpoints individual characteristics of young job holders and hence identifies who is more likely to experience risky work relationships. The core part of this section then focuses on satisfaction with job security.
- *Longitudinal employment profile:* The first aspect of concern is whether insecure entry-level jobs are stepping-stones to secure employment. An analysis of the risk of entering into unemployment follows.

These issues are studied by means of multinomial logistic regressions, discrete-time, competing risks models and ordered probit regressions. Three key conclusions can be drawn. *First*, the material presented in this paper demonstrates that labour market flexibility is likely to come at the cost of greater instability in the early stages of young people's careers. Yet, there is some indication that precarious employment does not entrap employees. Rather, there is considerable year-to-year movement into more secure employment. *Second*, however, important types of variation can be identified in terms of labour market integration and risk of labour market exclusion. The youth who are hardest hit by labour market insecurity are the ones in the Spanish insider-outsider labour market. These points are illustrated by lower employment probabilities, precarious entry-level jobs, lower transition rates into permanent employment and a high risk of unemployment. In Germany and Britain it seems much easier to get a foot into the labour market. Yet, compared to their German counterparts the youth in the highly flexible labour market of Britain bear a higher unemployment risk, are more dissatisfied with their job security and certain workers in lower-level occupations do have longer odds to convert insecure employment relationships into permanent ones. *And third*, the results reveal that educational and occupational qualification matter. Lower skilled entrants are faced with a higher risk of holding temporary contracts and those being employed in the lower-level occupations are more likely to be hit by unemployment. Furthermore, semi- and unskilled manual workers have a slim chance to escape from insecure employment. On the other hand, however, there is also some evidence to suggest that German employees in higher-level occupations hold fixed-term positions and have an off-chance to transform these insecure job positions into permanent ones.