# Labour market insecurity and its impact on labour market entry and early career. A Comparison of Germany, Britain and Spain[1] [2]

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## 1 Introduction

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 (Esping-Andersen and Regini, 2000; Heery and Salmon, 2000; Ladipo and Wilkinson, 2002). 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 (OECD, 1996a, 1996b, 1998). 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 (Deakin and Reed, 2000; Fuchs and Schettkat, 2000; Toharia and Malo, 2000; Regini, 2000). Starting from these theoretical considerations, this paper has a three-step endeavour. Firstly, it offers a description of the transition into employment and outlines whether and to what extent labour market entrants are confronted with job insecurity. Secondly, it aims to relate individual degrees of satisfaction with job security with actual employment relationships. Thirdly, it describes longitudinal employment profiles in early labour market careers and thus inquires into patterns of instability.

The next section outlines the main lines of the theoretical framework and research hypotheses. This is followed by a presentation of data and statistical methods. Using data from the first three waves of the European Community Household Panel (ECHP, 1994-1996), the principal part of this paper 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. A discussion of major findings and concluding remarks complete the chapter.

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[2] The author is grateful to Hans-Jürgen Andreß for his comments on this paper. The analyses presented have been undertaken during a three months study visit at the Centre D'Estudis Demogràfics, Barcelona, funded by a EU Marie Curie Fellowship. The author would like to thank the Centre D'Estudis Demogràfics for providing the ECHP data. This analysis is supplemented by an examination of the GSOEP. The data were made available by the German Socio-Economic Panel Study (SOEP) at the German Institute for Economic Research (DIW), Berlin. The DIW does not bear any responsibility for the analyses or interpretations presented here.

## 2 Theoretical background and research hypotheses

Profound transformations in the global economy and the intensification of competition on an international scale are commonly assumed to lead to a transformation of the world of work with particular consequences for employment stability and job security (Heery and Salmon, 2000; Ladipo and Wilkinson, 2002). The fast and intense spread of technological innovations, intensifying global competition and volatility in product and capital markets, profound sectoral shifts along with intense labour shifts due to growing female labour force participation and educational expansion have deeply impacted on national labour markets. Firms are forced to keep pace with these developments and to adapt quickly and efficiently to rapidly changing market opportunities and demands. Over the 1980s and 90s governments introduced various deregulation and flexible measures, trying to make the heretofore rigid employment systems more flexible and thus more competitive and adaptable to the multifaceted changes in social, political and economic life. More precisely, governments opened the way for employers to pass on economic risks to employees by means of various flexible employment relationships (Regini, 2000). Indeed, in most European countries there has been a drift towards more part-time, temporary, and agency work (Schömann *et al.*, 1998) and a new labour force stratum of so-called 'flexi-workers' (Standing 1997: 24) emerged. The widely discussed insecurity thesis proposes that '*employment in the developed economies has become more insecure or unstable in the sense that both continued employment and the level of remuneration have become less predictable and contingent on factors which lie beyond the employee's control*' (Heery and Salmon, 2000: 2). Stable, standard employment relationships are expected to be increasingly substituted by insecure employment relationships and spreading among all kinds of employees. That is, '*the incidence of both job instability and feelings of insecurity is changing and previously secure groups are now finding themselves in a precarious position'* (Heery and Salmon, 2000: 4).

The analysis of this paper deals with labour market insecurity and its impact on labour market entry and early career in Germany, Britain and Spain. Entry into the labour market gains particular importance in modern societies that are organised around the employment system (Kohli, 1985). This is so as leaving the educational system and entering a stable job ensures a certain degree of economic security. By contrast, growing insecurity during labour market entry and early career may not only question the current economic standing of individuals, it may also impede their future labour market stability and thus their career maturity accumulation and long-run socio-economic standing. In turn, fragmentation and uncertainty in early careers possibly mould individual life-shaping employment, partnership and parenthood decisions (Blossfeld *et al.*, forthcoming).

To approach individual career entry and subsequent labour market profile various transition processes and transition outcomes have to be considered. Firstly, one may study the swapping of labour market entrants between educational enrolment, gainful employment, unemployment and economic inactivity. Secondly, among those gainfully employed, one may trace transitions between secure and insecure job positions. In these terms, successful labour market entries and early careers may be captured by two main career indicators: chances to gain stable full-time employment and risks of unemployment. Seen from another viewpoint, individual's perception and expectation about his or her future labour market career may be grasped as a further indicator of career stability. Correspondingly, this paper turns the attention to the following two 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?

From a European perspective, Britain and Spain stand out as two countries that have experienced increased levels of flexible change in the labour market over the 1980s (Deakin and Reed, 2000; Toharia and Malo, 2000). However, previous and more detailed studies have shown that the flexible path that has been entered upon and its impact on labour market careers differ greatly (Golsch, 2004). Furthermore, nation-specific, historically grown arrangements in educational systems and welfare state provisions vary (Blossfeld *et al.*, forthcoming). Due to employers using flexibility as the guiding principle in Britain, firms are able to adjust more swiftly and less costly to competitive demands (Regini, 2000). Workers are relatively exposed to market forces since flexibility is welfare state support and third party intervention are largely lacking. As a result of this British laissez-faire style employment relationships are rather short-term and trust relations are of little account (Soskice, 1991; Marsden, 1995). At the same time, however, opportunities to (re-)enter the labour market are greater than in more regulated employment systems. In contrast, strong employment protection of Spaniards already employed has persisted. Rather, the fast and intense shift from one of the most rigid employment protection system to a highly flexible labour market was peculiar in that it deepened the so-called insider-outsider divide in Spain: flexible measures had been directed at individuals outside the labour market trying to (re-)enter, while job security of those already employed under permanent full-time contracts persisted (Toharia and Malo, 2000). While the British flexible path may thus be circumscribed as a guiding principle, in Spain flexibility is basically introduced at the margin (Regini, 2000; Toharia and Malo, 2000). Though all three countries face a comparable global environment, Germany represents yet another unique example. The German economy has been described as flexibly co-ordinated (Soskice, 1991, 1999). Here policies adhere to comparatively high degrees of protection and welfare. Flexibility has been utilised as a controlled experiment only (Regini, 2000) and a significant importance is attached to long-term co-operative employment relationships based on trust (Soskice, 1999; Soskice and Schettkat, 1993).

According to the country-specific hypothesis it is surmised that insecurity is highly confined to entrants in the Spanish insider-outsider labour market and hence job precariousness and perceived job insecurity should be highest. In turn, insecurity is expected to be more equally spread in Britain. However, due to the hire-and-fire system and a less well-defined education-to-work transition young adults in Britain presumably experience higher degrees of job insecurity and perceive their job as more insecure than their German counterparts. Lastly, one may expect rather modest risks in terms of job insecurity in Germany, where flexibility has been introduced as a controlled experiment only and the educational system is strongly coupled with the labour market. As compared to their West German counterparts, however, prior research has already revealed that East Germans experience a higher degree of insecurity (Diewald *et al.*, 1995; Huinink *et al.*, 1995). It remains an open research question though whether East Germans also perceive their job as less secure.

The paper also draws attention to the role of individual resources and asks whether chances of secure gainful employment and risks of unemployment are stratified by educational attainment and occupational class. As formulated in more detail in Golsch (2004), it is maintained that insecurity is filtered by individual resources, channelling risks of labour market insecurity and exclusion to low-qualified individuals and those in semi- and unskilled occupational class.

## 3 Data and methods

The data analysed come from two samples selected using annual panel waves of the European Community Household Panel (ECHP) and the German Socio-economic Panel Study (GSOEP) (European Commission Eurostat 1996; Hanefeld, 1987; SOEP Group, 2001). More precisely, the analysis to follow uses pooled ECHP data for the observation period 1994-96 and is furthermore limited to original sample members who were born after 1967 (thus aged at most 29 in 1996), are not disabled and reported complete information on all the variables of interest[3]. 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 GSOEP[4]. The study employs an unbalanced longitudinal sample and Table 1 gives some details on the survey population.

***Table 1*** Synopsis of survey population

| | ECHP | | | GSOEP |
|---|---|---|---|---|
| | Germany | Britain | Spain | Germany |
| Number of individuals | 1678 | 1768 | 4859 | 3695 |
| Person-wave observations | 4316 | 3800 | 11746 | 9630 |
| in percent by gender | | | | |
| % men | 52.6 | 48.0 | 51.4 | 49.2 |
| in percent by sample | | | | |
| % East Germans | | | | 37.7 |
| in percent by activity status | | | | |
| % employed | 63.0 | 66.2 | 36.2 | 55.2 |
| % unemployed | 4.8 | 9.1 | 18.1 | 5.6 |
| % inactive | 6.2 | 10.0 | 8.0 | 12.3 |
| % in education | 26.0 | 14.8 | 37.7 | 26.9 |

*Source:* ECHP (1994-1996), men and women aged 16-29. GSOEP (1994-96), men and women aged 16-29.

The principal focus of the analysis is on the type of job at labour market entry and early career, not the timing of labour market entry[5]. Several rationales are behind this. Prior research has already convincingly demonstrated that labour market integration can no longer be understood as a single-step transition out of school and into work (Blossfeld *et al.*, forthcoming). Rather, young job seekers are increasingly swapping between employment, unemployment and further education and it is therefore intricate to fix the moment when they manage to settle in the labour market. A second reason for this can be attributed to cross-national differences in institutional arrangements and job search strategies (Allmendinger, 1989; Allmendinger and Hinz, 1997; Shavit and Müller, 1998;

[3] In 1997, Germany and the UK put an end to their ECHP survey. Since then the GSOEP and the BHPS are used to derive comparable data for the ECHP. This integration of national panel data lowered the degree of comparability. More precisely, due to differences in contents and methodology of the GSOEP and the BHPS, some pivotal information is not available or has been measured with varying precision for Germany and Britain. An illustration of this is that individual perception of job security has been measured with other response-scales in the GSOEP and the BHPS and these two national panel surveys also differ considerably from the ECHP with respect to measurement of employment and unemployment. Since it is therefore not possible to reconcile the three data sources, this study prefers to use the original ECHP sample rather than converted GSOEP and BHPS data. Moreover, since information on the type of contract has only been collected from 1995 onwards, some analyses are confined to the time period 1995-1996.

[4] This analysis uses the samples for West and East Germans. Foreigners have been excluded.

[5] With labour market entry the analysis refers to school-to-work transitions as well as transitions from non-employment. The labour market entry – as studied within the confines of this paper – is thus not necessarily the first entry into the primary labour market. Notice also that the analyses capture important aspects of the early labour market career in that various specifications control for labour force experience and previous spells of unemployment.

Regini, 1997). Likewise, for the purpose of this study the timing of labour market entry is not a useful indicator since it does not yield information on the type of job position and the degree of insecurity attached to it. This relates to another important issue to be kept in view. A salient transition route from school to work is often through an intermediate status as an apprentice. The analysis to follow, however, does not inquire into these intermediate statuses and also this decision can be sustained on substantive grounds. Firstly, vocational training is considered as part of the education period and not as first employment. Secondly, depending on the country-specific context under study, these intermediate roles have a conspicuously different meaning and hence also potentially disparate impacts on labour market integration of young job seekers (Blossfeld *et al.*, forthcoming).

The analysis of this paper is divided into three distinct aspects of labour market integration and proceeds as follows:

*Transition into employment*[6]*:* Section 4.1 deals with transitions into employment and inquires into chances to enter gainful employment and risks of entry into insecure jobs in particular. To this end, it is distinguished between respondents who enter a job position directly after having left the educational system and those who enter the labour market after having been out of the labour force (either unemployed or economically inactive). The models that will be presented in this section are multinomial logistic regressions (Aldrich and Nelson, 1984).

*Perceived job security and employment relationship:* Through a series of simple bivariate comparisons, Section 4.2 pinpoints individual characteristics of young job holders and hence identifies who is more likely to experience risky work relationships at the beginning of the labour market career. The core part of this section then focuses on satisfaction with job security and estimates ordered probit regressions to unravel actual and perceived job insecurity (Greene, 2003).

*Longitudinal employment profiles:* Section 4.3 examines longitudinal employment profiles. 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. This issue is studied by means of a discrete-time, competing risks model for exit from employment into either unemployment or economic inactivity.

## 4 Labour market integration in Germany, Britain and Spain

### 4.1 A description of the transition into employment

The school-to-work transition is obviously important to individuals' subsequent life opportunities. Prior research analysing young people's transitions into employment has already focused on the effects of labour market segmentation, human capital and cross-national variations in institutional arrangements (Shavit and Müller, 1998). In fact, we also begin to accumulate some knowledge of the impact of labour market insecurity on various types of uncertainty in early employment transitions (Golsch, 2001, 2003; Francesconi and Golsch, forthcoming; Kurz *et al.*, forthcoming; Kurz and Steinhage, 2001). This section does not replicate these studies. Rather, it moves beyond these country-specific and

[6] For the following analyses the modified ILO guidelines on measuring employment and unemployment are used. Being employed is defined as having a job and positive working hours. In turn, the unemployed includes all persons who are not gainfully employed but have actively searched for a new job within the previous four weeks. All jobs of 15 to less than 30 hours per week are defined as part-time and marginal work involves less than 15 hours a week. Notice, however, that small case numbers and the questionnaire route in the ECHP do not permit an analysis of secondary part-time jobs.

descriptive results to multivariate data analysis with pooled data. The research interest here is the cross-national variation in labour market entry patterns of young job seekers. More precisely, two issues are dealt with: the probability to find a job and the risk to enter into an insecure employment relationship.

The first analysis of this section uses a conditional sample of men and women who are enrolled in education in 1994 or 1995 and leave the educational system into employment, unemployment or economic inactivity the subsequent year[7]. The following discourse rests on the results from multinomial logistic regression models and concentrates on the odds to enter gainful employment rather than unemployment. This analysis of the school-to-work transition is pursued for men and women separately and controls for:

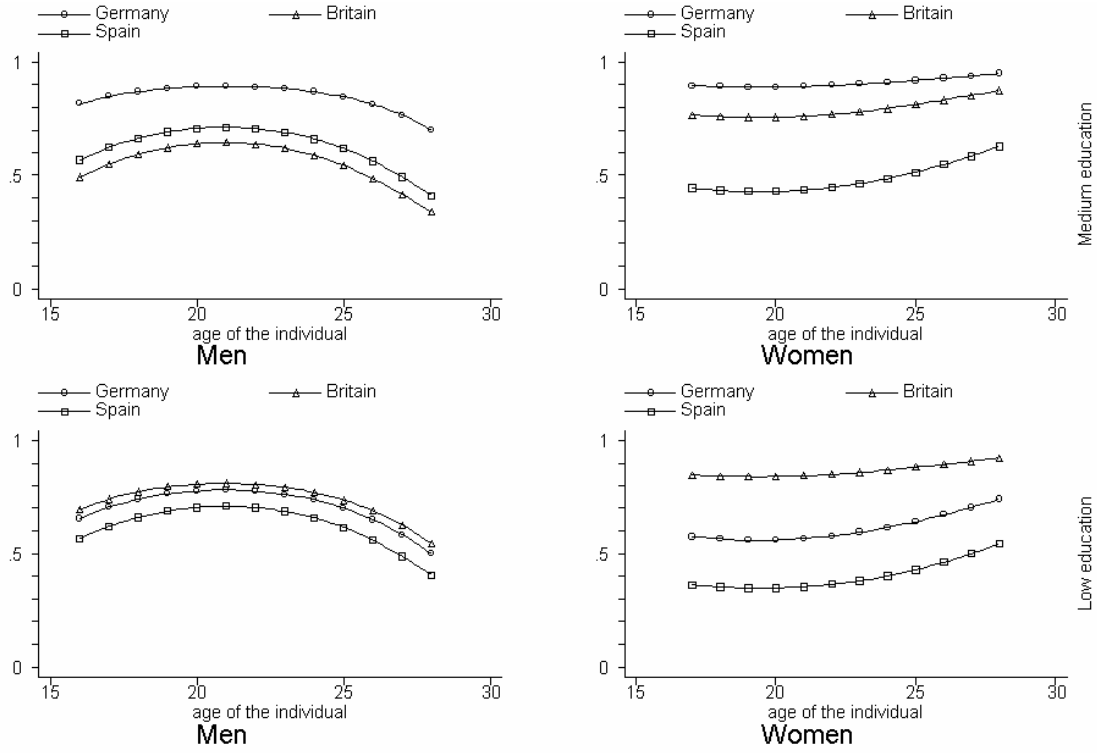
(i) *Age*, to grasp duration effects,
(ii) *country*, to test for cross-country variations,
(iii) *highest educational qualification* (three-level collapsed ISCED classification, base=medium), to scrutinise to what extent educational attainment eases labour market integration as suggested in human capital theory and signalling theory (e.g., Rosenbaum *et al.*, 1990),
(iv) *interaction between country and education*, to investigate whether the impact of educational attainment varies with the country-specific educational system, and
(v) whether a person has been in a *paid apprenticeship* the previous year, to capture the role of intermediate statuses.

Figure 1 on the following page demonstrates the employment probabilities for men and women with medium and low educational qualification, respectively, by country and age. Table 2 in the appendix reports the coefficients of the full model. Looking at Figure 1, the results pinpoint significant differences between countries, men and women, and individuals with medium and low educational attainment. First, as to the upper panel of Figure 1, particularly educated German men have high chances to enter directly the labour market while employment probabilities are considerably lower in both Britain and Spain. This cross-national variation seems insignificant, however, for men with low educational qualification. The picture changes somewhat once we study women. As can be seen from Figure 1, employment probabilities of qualified women seem lowest in Spain and highest in Germany. Yet, chances to hold a job one year after leaving education are also comparably high for women in Britain. In Germany, the odds to be gainfully employed rather than unemployed, however, are considerably lower for women with low educational qualification. Interestingly, this does not hold true for low-qualified women in Britain. These results are in line with other studies (OECD, 1998; Blossfeld and Shavit, 1993; Shavit and Müller, 1998; Klijzing, forthcoming). In Germany the education-to-work transition is smooth and the larger part of German education leavers enter gainful employment in a very short time. Educational qualification and paid apprenticeship are obviously salient to young adults' labour market entry in Germany (see also Brauns *et al*., 1999; Kurz and Steinhage, 2001). It is worthy to note though that employment probabilities are lower in the Eastern part of Germany, a within-country variation that could not be studied with the data at hand. Quite the opposite, the school-to-work transition is inherently unstable in the Spanish insider-outsider labour market and the greater part of young job seekers is hit by unemployment, no matter their educational attainment (see also Klijzing, forthcoming; Simó *et al.*, forthcoming). Particularly women are likely to become

[7] One concern that arises in this analysis is that this sample is likely to be positively selected since some people with poor labour market prospects may be more prone to extend their participation in the educational system rather than becoming unemployed (see e.g., Offe, 1977).

outsiders in the Spanish labour market. Britain represents yet another unique case. Interestingly, the educational qualification does not seem to be a significant mechanism through which labour market entries are determined. Yet, this finding may also be attributable to the imprecise measurement of educational qualification in the ECHP. Over and above, chances to enter gainful employment are higher for women than for men in Britain – a result that points to gender-segregated first entry patterns into the labour market (OECD, 1998).

***Figure 1*** Education-to-work transitions in Germany, Britain and Spain by gender, education and age (Conditional Effects Plots)




*Note:* Results from multinomial logistic regressions (see Table 2). Predicted probabilities of being employed rather than unemployed one year after leaving education.
*Source:* ECHP (1994-1996), men and women aged 16-29.

A smooth education-to-work transition, however, does not necessarily imply high degrees of job security and hence life course security. The second crucial question then is which type of entry-level job young labour market entrants hold. In what follows, the enquiry concentrates on a conditional sample of persons who are not employed in 1994 or 1995 but hold a job the following year[8]. The analysis estimates separate multinomial logistic regression models for men and women in which the type of employment contract becomes the dependent variable (fixed-term contracts and casual work, permanent contract=comparison group). The study considers the following explanatory variables:

(i) *Age*, to gauge life cycle effects,
(ii) *country*, to control for cross-country variations,
(iii) *educational qualification*, since education is a potential determinant of employment probabilities,

[8] Again, this sample is likely to suffer a bit from positive selection because some people may be more hesitant to enter the labour market if they perceive that their chances to enter a secure insider position are small.

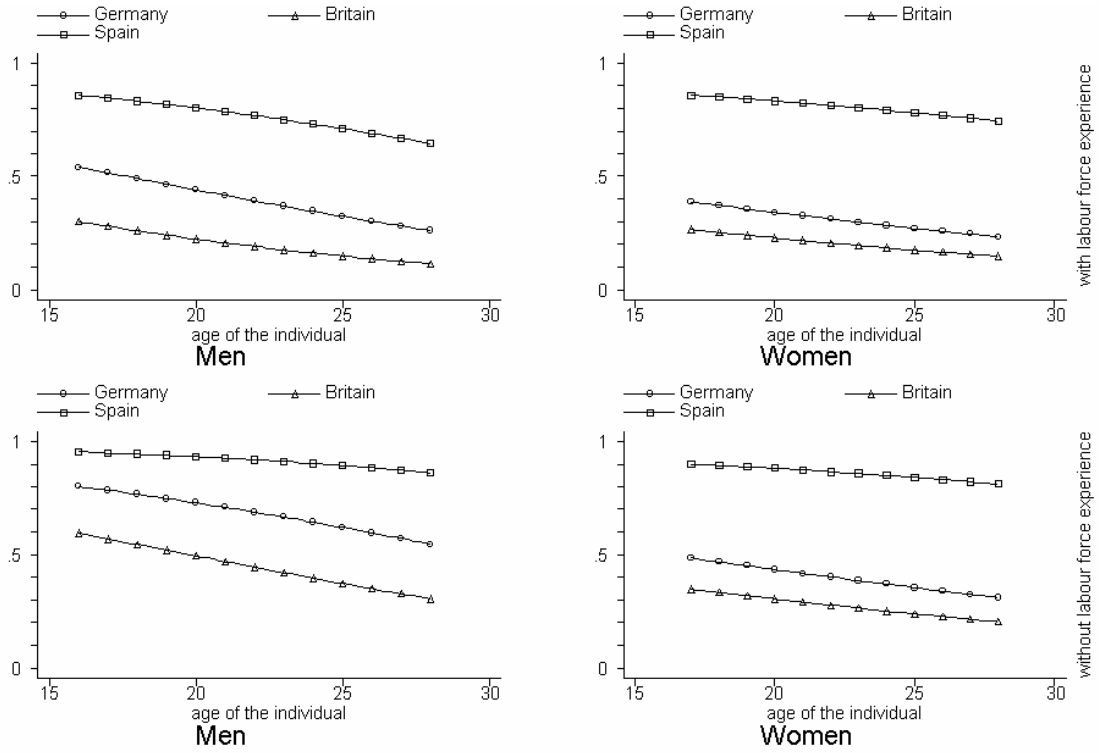
(iv) *interaction between country and education*, to evaluate whether the impact of educational attainment varies between the three countries,

(v) *previous activity status* (two dummies for unemployment-to-work and inactivity-to-work, base=school-to-work), to capture whether the type of contract obtained at labour market entry varies with the previous status,

(vi) a dummy variable for whether this is the *first entry into the labour market*, since labour market entrants lack career maturity which is meant to play a crucial role in job allocation processes.

The results from multinomial logistic regression are reported in Table 3, annexed to this paper. From this it becomes evident that, independent from the transition made, the proportion of labour market entrants contracted on a fixed-term basis is highest in Spain and lowest in Britain. The following discussion concentrates on education-to-work transitions and Figure 2 presents the conditional effects plots for men and women, with and without labour force experience, respectively.

***Figure 2*** Risk of having a fixed-term contract at labour market (re-)entry in Germany, Britain and Spain by gender, labour force experience and age (Conditional Effects Plots)




*Note:* Results from multinomial logistic regressions (See Table 3). Predicted probabilities of having a fixed-term contract rather than a permanent contract one year after leaving education for persons with medium educational qualification.

*Source:* ECHP (1994-1996), men and women aged 16-29.

Figure 2 reveals further cross-national variations. As one would expect from the theoretical framework of this study, the risk to be employed on a fixed-term basis is particularly high in Spain. As compared to the highly flexible labour market in Britain, the odds to be contracted on a time-limited basis are also comparatively higher in Germany and it is worthy to note that there appears to be no statistically significant difference between young West and East Germans (Kurz *et al.*, forthcoming). Lastly, Figure 2 also illustrates an interesting similarity. For men, the risk to enter the labour market as a fixed-term employee

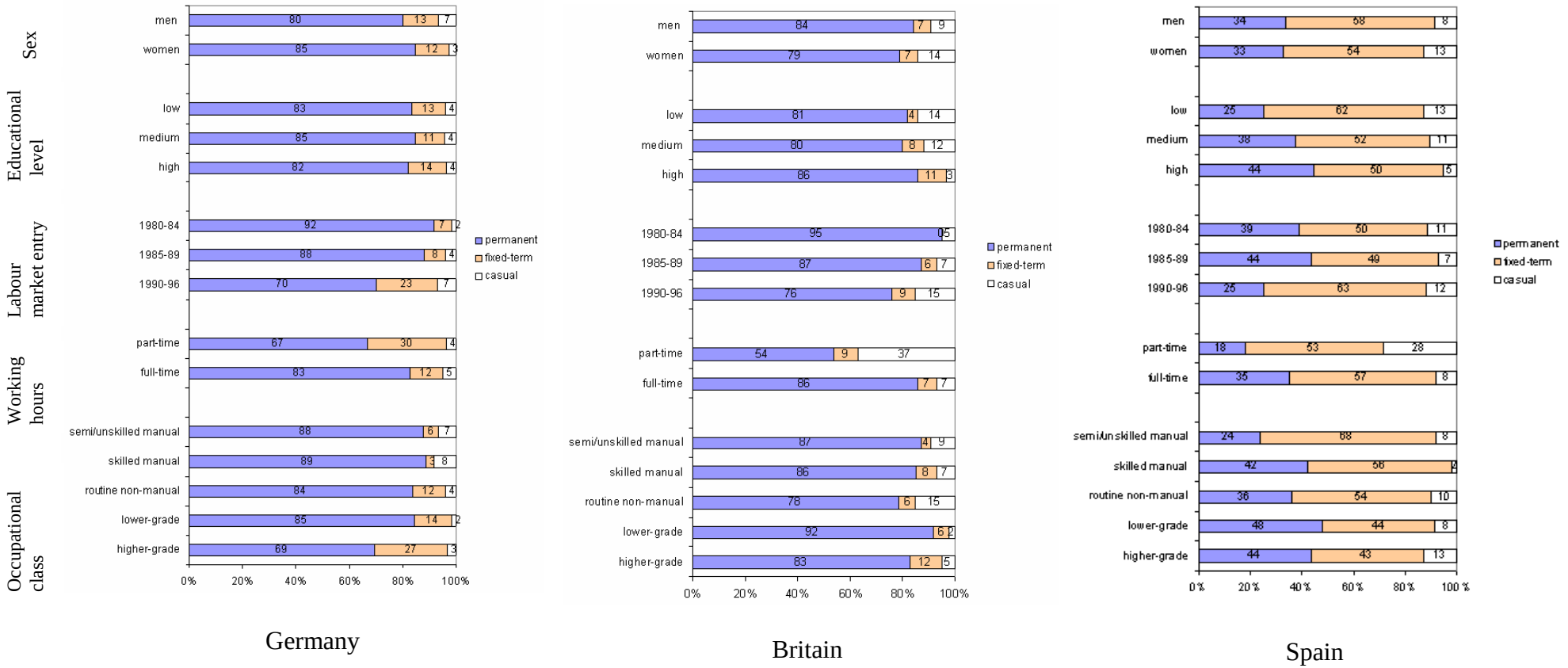
is generally higher for labour market entrants without labour force experience. This is particularly so for German men. This result is further substantiated by the finding that direct school-to-work transitions end more often in fixed-term employment as compared to unemployment-to-job and inactivity-to-job shifts (see Table 3).

To conclude, despite small case numbers and a short observation period, this section already evidenced some important cross-country differences which reside in the country-specific flexibility routes and institutional arrangements in education. At the same time, however, the central findings also raise important questions. In Spain, labour market entrants are faced with pronounced uncertainty in work life, no matter their labour force experience or educational attainment. It remains an open research question, though, whether, and if so, for whom this insecurity is of a temporary nature only. By comparison, the degree of uncertainty faced by their German counterparts is considerably lower. However, young adults more often hold fixed-term jobs than their counterparts in Britain, particularly if this is their first job. Yet, what we do not yet know is whether these uncertain entry-level jobs are due to a recruitment strategy rather than a hire-and-fire strategy. If so, chances are presumably high that, after an initial training and screening period, these positions will be converted into more secure employment relationships. And lastly, as to Britain, even though previous studies emphasise the increased prevalence of unemployment, part-time work and inactivity among new labour market entrants during the 1990s (Taylor, 2000), the comparative analysis of this section revealed comparatively high employment probabilities and showed that education-to-work transitions less often result in fixed-term employment than in the other two countries under study. Expectedly, this is an outcome of the open employment system in Britain. In these terms, however, the above analysis points to two other important research areas. First, problems faced by young people while entering the labour market may be linked to the less well-defined on-the-job training and hence leading to intense mobility and prolonged job-seeking to find an apt and lasting vacancy. Second, even though job seekers may (re-)enter the labour market swiftly within the hire-and-fire system, the risk of job loss may be high, introducing uncertainty in individual life courses. The remainder of this paper refers to these various issues.

### 4.2 Perceived job security and employment relationship

A second dimension of uncertainty is perceived job insecurity, here measured by satisfaction with job security. Are those in obviously insecure positions also less satisfied with job security? Before focusing on the results obtained from the multivariate analyses, this section first offers a useful description of who are the temporary employees. An important question within the comparative framework of this study is this: Are there differences in the composition of temporary employees in the selected countries? This information provides us with the background against which to interpret cross-country variations in job satisfaction and longitudinal employment profiles. Figure 3 on the next page shows the proportion of men and women having a permanent, fixed-term or casual contract in 1996 by gender, educational level, labour market entry cohort, working hours and occupational class.

***Figure 4*** Type of contract by other individual characteristics in Germany, Britain and Spain (percent)




*Note:* High educational level: recognised third level education (ISECD 5-7); medium: second stage of secondary level education (ISCED 3), low: less than second stage of secondary education (ISCED 0-2). Weighted by cross-sectional weights of interviewed persons.

*Source:* ECHP (1996), men and women aged 16-29, employees only.

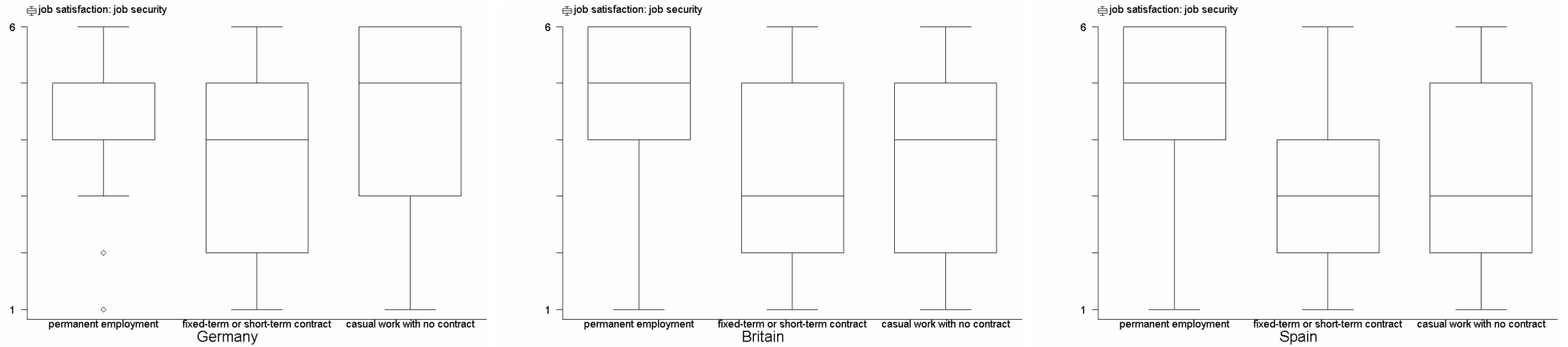
These stacked bar charts reveal two salient pieces of information. *First*, there is a fair amount of heterogeneity across workers in Germany, Britain and Spain. In this respect, it is worth highlighting that, when studying a larger age group, the charts reveal even more clear patterns with respect to educational attainment, occupational standing and labour market entry cohorts (Golsch, 2003). This indicates more pronounced differences across workers if older and hence more experienced and better qualified individuals are included in the analysis. As to the sample used for this study, few have already completed third level education and the larger part is at the very beginning of their occupational career. Yet, as young adults advance in their jobs, some seem more likely than others to gain stable employment, an issue which it is turned to in Section 4.3. *Second*, as shown in Figure 3, country differences prevail. A first striking variation is this: In Spain, only 34 and 33 percent of men and women, respectively, have a permanent contract. Women are more often casual workers while men hold more often fixed-term posts. Quite the opposite, in Germany and Britain more than 80 percent of young adults are permanent workers. Yet, the proportion of fixed-term employees is higher in Germany than in Britain. While we do not observe pronounced differences with respect to educational qualification in Germany, the results for Spain reveal a clear pattern: the proportion of permanent workers is highest within the group of high qualified. As compared to those with lower educational level (25 percent), 38 percent of men and women with middle and 44 percent of those with high educational qualification are permanent employees. By contrast, particularly employees with high educational attainment hold fixed-term contracts in Britain. Figure 3 suggests a similar pattern for occupational class. In Spain, labour market insecurity appears particularly channelled towards low qualified and semi- and unskilled workers, a finding that is further substantiated by previous studies (Simó *et al.*, forthcoming). While 68 percent of all semi- and unskilled employees have a fixed-term contract, this is only the case for 43 percent of all higher-grade and 44 percent of all lower-grade professional workers. Hence, education and occupation seem to function as a significant buffer for increased labour market flexibility in Spain. In Britain, differences with respect to occupational standing are much less clear-cut, indicating that occupation is a less distinct shield against insecurity. Yet, semi- and unskilled employees as well as non-manual employees are more often casual workers and fixed-term contracts seem more prevalent in higher-grade professional occupations (see also Francesconi and Golsch, forthcoming). In Germany then, the proportion of fixed-term employees is remarkably high among higher-grade professionals. Other studies have already shown that low-qualified employees but also university graduates more often occupy fixed-term positions (Bielenski *et al.*, 1994; Kurz *et al.*, forthcoming). The latter result has been attributed to the fact that many university graduates hold a job in the public sector, where fixed-term contracts are more widely-used than in private firms. This is in stark contrast to Spain and a revealing result inasmuch as in Spain insecurity is directed towards the inherently unstable positions in the lower segments of the labour market, whereas in Germany a good deal of fixed-term employees is in rather protected and well-paid positions that offer good career prospects. Figure 3 furthermore shows that, as one would expect, fixed-term and casual posts are first and foremost part-time positions. Hence, a lack in contractual security seems to go hand in hand with lower incomes in either part-time positions or low occupational classes. Lastly, in the youngest labour market entry cohort (1990-96), there is a high proportion of fixed-term contracts. Figure 3 exhibits further cross-country variations, however. While in Spain only 25 percent of the most recent labour market entry cohort have a permanent position, this relates to 70 and 76 percent in Germany and Britain, respectively. Looking at the cohort 1980-84, over 90 percent have entered a permanent post in Germany and Britain. By contrast, in Spain 50 percent in the cohort 1980-84 are fixed-term employees and 11 percent perform some casual work without contract. In this respect, other investigations reveal a clear age and cohort effect for temporary employment in Spain: young and the more recent labour market entry cohorts in particular

hold precarious jobs (Golsch, 2003). In summary, in respect of the various important between-country variations, we may reckon that labour market insecurity has a potentially different meaning and ramification for young workers and their professional career in Germany, Britain and Spain. Based on these findings, the analysis now tries to unravel perception, type of employment relationship and country. Unfortunately, the ECHP data that has been used thus far does not allow the separation of East and West German employees. Hence, the following analysis makes a two-step endeavour: First, using the harmonised ECHP data it provides an examination of satisfaction with job security in Germany, Britain and Spain. Second, the analysis explores data from the GSOEP and provides some illustrative results on Germany. Due to different questions and answers in the ECHP and GSOEP questionnaire, however, the results are not directly comparable[9].

To give a picture of the degree of satisfaction, Figure 4 on the subsequent page shows Box-and-Whisker plots by country and type of employment contract. In all three countries permanent employees rate their job as significantly more secure compared to those in temporary positions (see also Golsch, 2003). Indeed, further investigations summarised in Table 4 in the appendix of this paper reveal statistically significant mean differences in satisfaction with job security by type of employment contract in all three countries. Yet, Figure 4 also shows important variations between Germany, Britain and Spain. Firstly, the inter-quartile range is smallest for permanent employees in Germany. By contrast, the upper and lower quartiles are larger in Britain and Spain. Hence, holding a permanent job in Germany generally implies higher degrees of satisfaction with job security. Yet, in comparing the mean satisfaction of permanent employees, Spaniards feel significantly more secure than their counterparts in Germany and Britain (Table 4). Secondly, Figure 4 exhibits pronounced differences between non-permanent employees. While fixed-term and casual employees rate their job as comparatively insecure in Spain, the median and inter-quartile range is larger in the other two countries. Particularly German fixed-term employees seem more satisfied.

[9] In the ECHP satisfaction with job security has been measured annually as part of a set of job items that can be rated on a 1-to-6 response scale, whereby 1 corresponds to '*not satisfied at all*' and 6 to '*fully satisfied*'. In the GSOEP, however, respondents are asked to evaluate their worries in various areas of life (e.g., job security, economic development, increase of crime, peace in the world), ranking themselves as very worried, slightly worried or not worried.

***Figure 4*** Degree of satisfaction with job security by type of contract in Germany, Britain and Spain (Box-and-Whisker Plots)




*Note*: 1 stands for '*not satisfied at all*', 6 for '*fully satisfied*'. Weighted by cross-sectional weights of interviewed persons.
*Source*: ECHP (1995-1996), men and women aged 16-29, employees only.

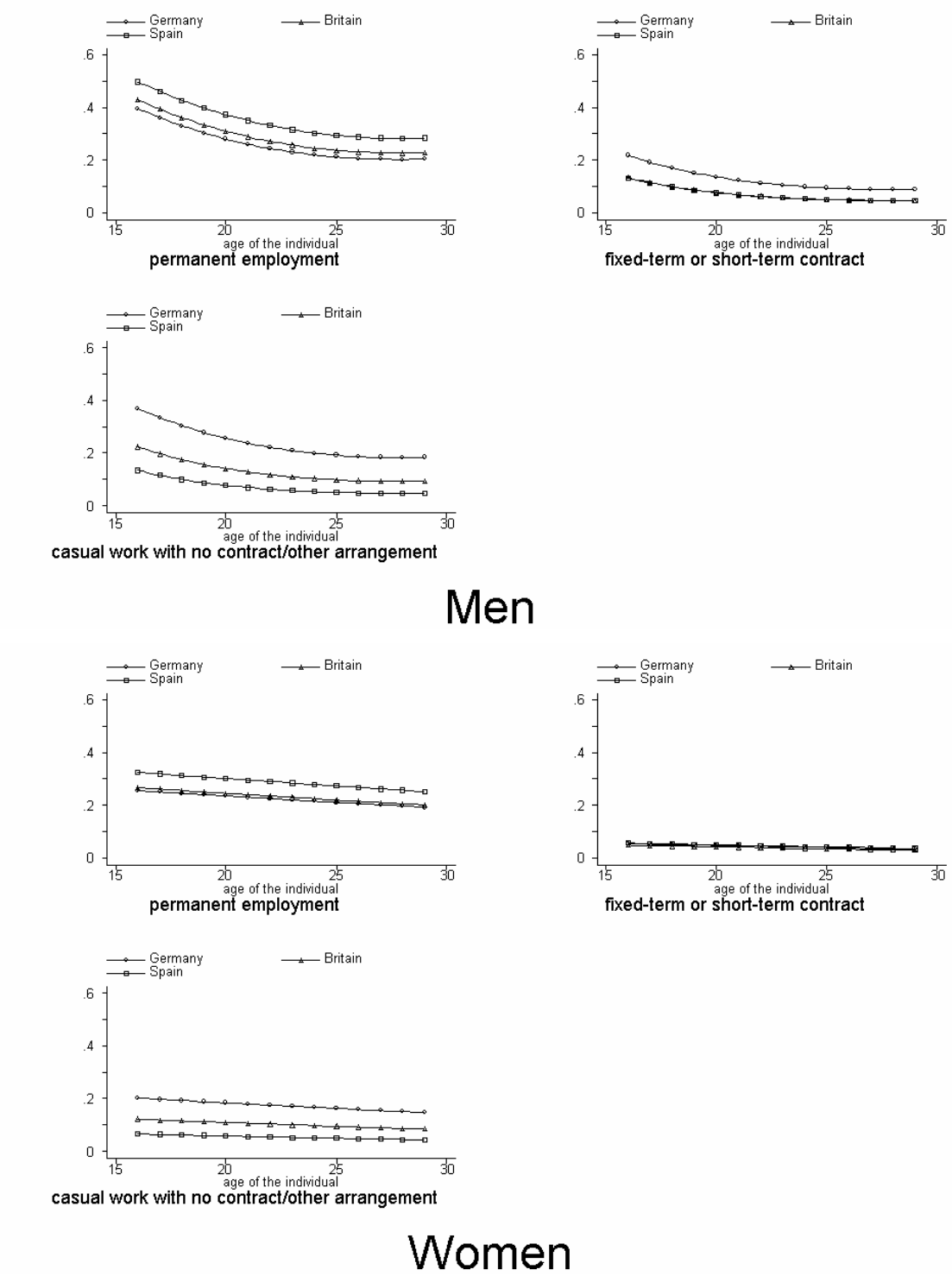
The descriptive results in Figure 4 already provide support for the hypothesis that subjective degrees of insecurity vary across countries. In order to test more fully for between-country variations, the following analysis runs ordered probit regressions, which treat satisfaction with job security as the outcome variable. A single model for all three countries has been specified that controls for:

(i) *Country*, which is meant to reflect country-specifics,
(ii) *type of employment contract* separating permanent employment from fixed-term and casual work, to capture the impact of objective job insecurity on satisfaction with job security,
(iii) *interaction between employment relationship and country,* to scrutinise country-specific differences in the impact of employment relationships,
(iv) and a set of *control variables* (age and age square[10], occupational class, working hours and marital status) that have been shown to determine job satisfaction (Clark, 1997; Clark *et al.*, 1996; Kaiser, 2002; Hamermesh, 2001).

Using this specification, this section presents separate models for men and women to take into account potential gender differences. To visualise differences in individual degrees of job satisfaction, Figure 5 on the next page presents conditional effects plots that show predicted probabilities to be fully satisfied with job security by employment relationship, country and gender. The upper panel displays the results for men; the lower panel refers to women. Table 5, annexed to this paper, reports the corresponding coefficients. Figure 5 reveals that permanent employees are generally more satisfied than fixed-term employees. Indeed, Spaniards feel more secure than their counterparts holding a permanent job in Germany or Britain. Interestingly, though, there are no significant differences between permanent workers in the latter two countries.

[10] Somewhat surprisingly, the results of this specification suggest that satisfaction with job security declines with increasing age of men. Further analyses not shown here revealed offsetting effects. While the effect of age is large, negative and significant in Spain, the reversed effect can be observed in Germany and the effect is insignificant in Britain. Moreover, we cannot detect any significant effect of age on women's satisfaction with job security. Again, this is due to the fact that the effect of age is positive in Germany and negative in Spain while it does not have any significant impact in Britain.

***Figure 5*** Satisfaction with job security by type of contract, gender and age in Germany, Britain and Spain (Conditional Effects Plots)



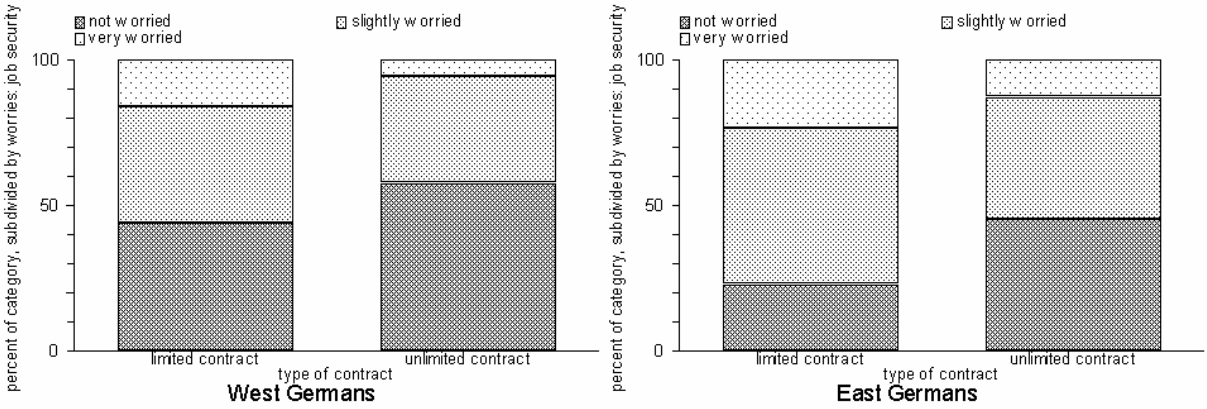

*Note:* Results from ordered probit regressions (See Table 5). Predicted probabilities of being completely satisfied with job security for married, skilled manual and full-time workers.
*Source:* ECHP (1995-1996), men and women aged 16-29, employees only, employees only.

The picture is different for fixed-term employees and it is a captivating finding that German employees appear now more satisfied than their counterparts in Britain and Spain. A reasonable explanation for this result refers to the closed employment system in Germany, where temporary contracts are more likely to function as a screening tool to recruit workers for permanent posts.

However, as can be seen from the lower panel of Figure 5, this finding does not show up for women. Lastly, with the exemption of Germany, men who perform some casual work are significantly less likely to be fully satisfied. Although not significantly different, this holds also true for women.

Now, what suggest the results on West and East Germany? Figure 6 shows worries about job security by type of contract in West and East Germany. It can be seen that job security seems less often worrying for West German employees in permanent employment: about 58 percent do not worry and some 37 percent have only slight worries. By contrast, East German employees on a temporary contract are by 10% points more often very worried, while they are by 14% points less often not worried as compared to their counterparts in permanent positions.

***Figure 6*** Worries about job security by type of contract in East and West Germany (Stacked bar chart)

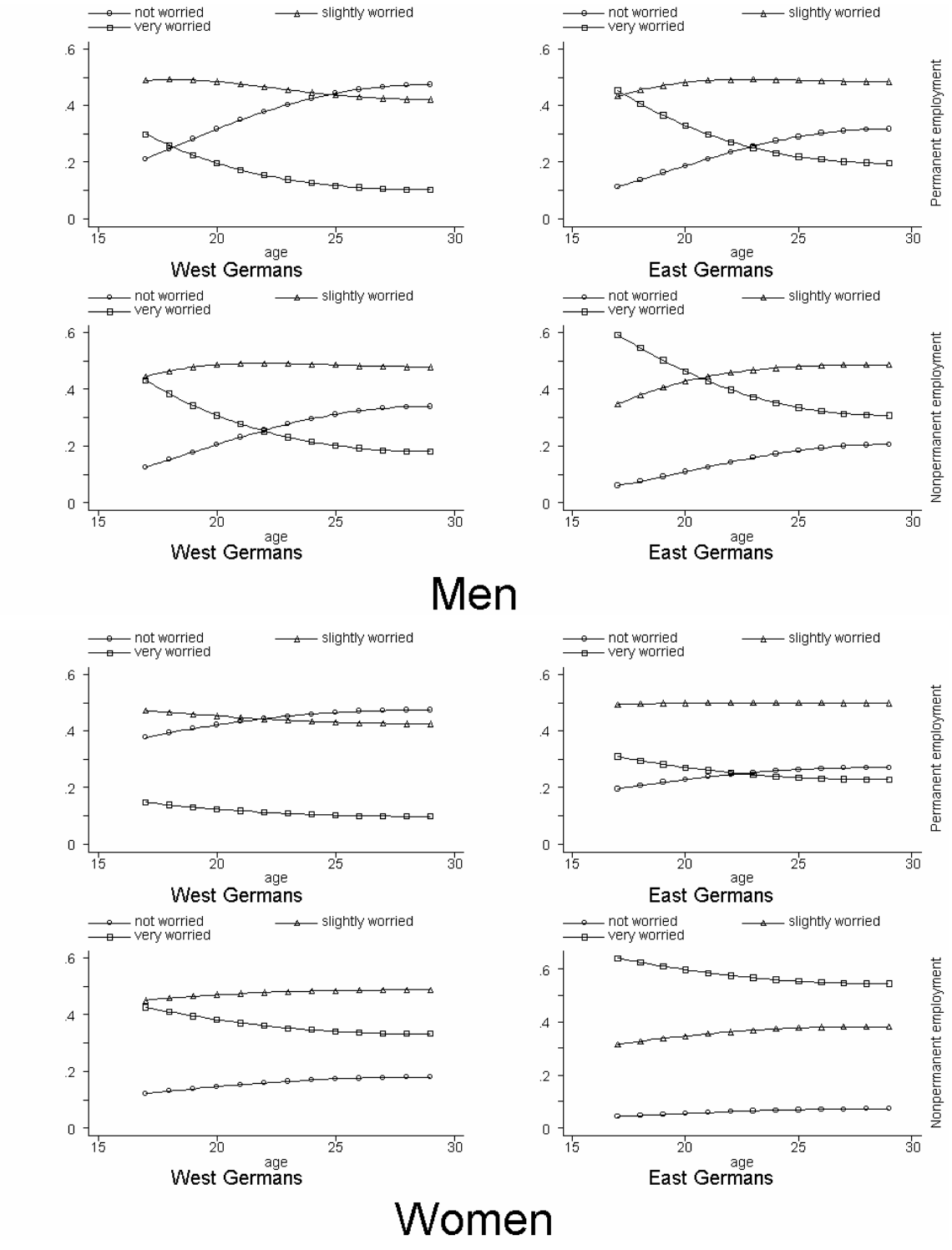



*Note:* The dependent variable is worries about job security measured on a response scale from 1 to 3, where 1 corresponds to '*not worried*', 2 to '*slightly worried*' and 3 to '*very worried*'. Weighted by cross-sectional weights of interviewed persons.

*Source:* GSOEP (1996), men and women aged 16-29, employees only.

Next, the analysis runs ordered probit regressions and estimates the probability to be worried about job security. The underlying statistical model is the same that has been used for the above analysis with pooled ECHP data. Figure 7 on the subsequent page shows the results for men (upper panel) and women (lower panel) and for all three outcomes of the dependent variable (the estimates are presented in Table 5, annexed to this paper). Notice that various characteristics are held constant in the specific sub-sample to show the predicted probabilities for permanent and non-permanent employees, respectively. At the core of the following discourse are the conditional effects for whether individuals are very worried about their job security, indicated by a large square in Figure 7.

***Figure 7*** Worries about job security by type of contract, gender and age in East and West Germany (Conditional Effects Plots)




*Note:* Results from ordered probit regressions (See Table 5). Predicted probabilities for married, skilled manual and full-time workers.

*Source:* GSOEP (1995-96), men and women aged 16-29, employees only.

Two important results can be stressed. Firstly, in line with the above analysis, permanent employees are less likely to be very worried as compared to non-permanent employees. Secondly, Figure 7 reveals that East Germans are much more prone to be very concerned, an

expected within-country variation given the dim job prospects in the tight East German labour market (Diewald *et al.*, 1995; Huinink *et al.*, 1995).

In concluding this section, the presented descriptive analyses revealed common factors that account for variation in job satisfaction. Permanent employees generally feel more secure. Yet, this is even more pronounced in the Spanish insider-outsider labour market where strong legal obligations protect permanent employees from dismissal. In contrast, temporary employees in Germany seem more satisfied with their job security than their counterparts in Britain and Spain. Taken on their own, details of perceived job security and employment relationships can say relatively little about whether, and if so, for whom insecurity at first entry into the labour market has a serious impact on the professional career during early adult life. More precisely, the different conclusions reached by the above analysis raise two important questions: Firstly, are temporary jobs dead-end roads or rather stepping-stones to better, more secure employment? And secondly, to what extent does job insecurity increase the risk of social exclusion? The following section will therefore inquire into longitudinal employment profiles.

### 4.3 Longitudinal employment profiles in early labour market careers

Having entered work, individuals experience different patterns of labour market mobility and success. The discussion of the results of this section is arranged around two central indicators of career stability which are transitions from insecure to permanent employment and risk of job loss.

***Table 6*** Transitions between different employment contracts in Germany, Britain and Spain between 1995 and 1996 (percent)

| | *in 1996* | | |
|---|---|---|---|
| | permanent | fixed-term | casual |
| *in 1995* | | | |
| Germany | | | |
| permanent | 96.05 | 1.87 | 2.08 |
| fixed-term | 48.69 | 49.72 | 1.59 |
| casual | 77.67 | 4.43 | 17.90 |
| Britain | | | |
| permanent | 94.58 | 2.62 | 2.80 |
| fixed-term | 42.17 | 46.58 | 11.25 |
| casual | 44.90 | 2.89 | 52.21 |
| Spain | | | |
| permanent | 88.30 | 9.27 | 2.43 |
| fixed-term | 18.70 | 75.35 | 5.94 |
| casual | 11.45 | 50.28 | 38.27 |

*Note:* Row percentages for type of contract. Weighted by base weights of interviewed persons.
*Source:* ECHP (1995-1996), men and women aged 16-29, employees only.

Longitudinal employment profiles give us a better understanding of how long temporary employment can last. Table 6 presents row percentages for type of contract in 1995 by type of contract one year later. In all three countries, the great majority of permanent employees remain in their position. In Spain, about 88 percent are still in permanent employment. This is even more often the case in Britain (95 percent) and Germany (96 percent). Also, in all three countries there is considerable annual change with respect to temporary employees, indicating that a substantial proportion of non-permanent employees succeed in entering permanent employment. However, this probability seems much higher in Germany and Britain, whereas temporary employment in Spain is more long-term. For instance, while only 47 percent of British employees holding fixed-

term posts in 1995 are still in this position one year later and about 42 percent manage to enter a permanent position, the respective percentages for Spain amount to 75 and 19 percent. Among casual employees we observe even more annual movement. These transition rates are particularly high in Germany, where it is much more uncommon to perform some casual work during the early labour market career. All in all, in Germany and Britain temporary employment functions more often as a stepping-stone to permanent employment.

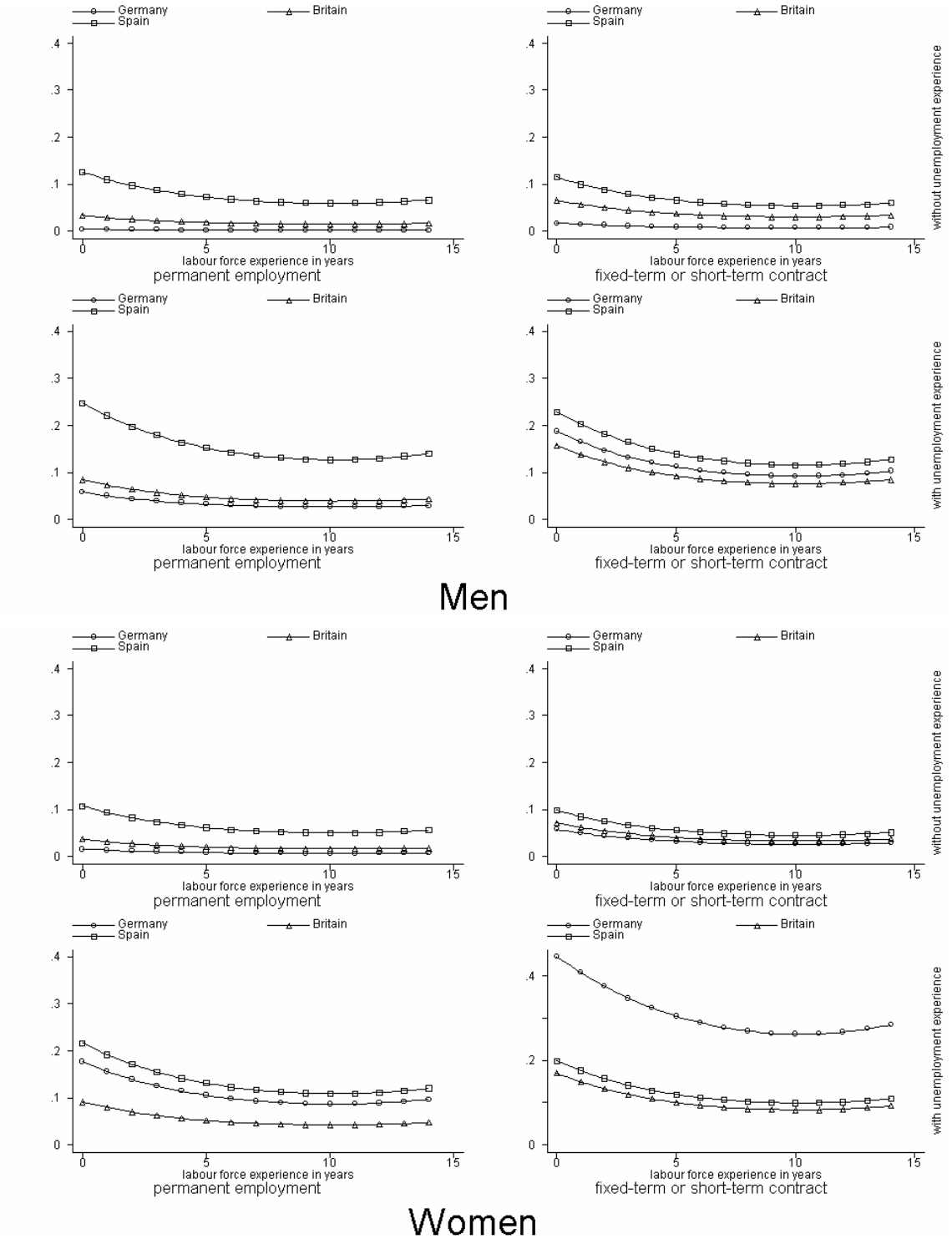
Further analyses provide support for the assumption that transition rates into permanent employment significantly differ between countries. Table 7, annexed to this paper, presents the findings of a multinomial logistic regression model for leaving an insecure job position, controlling for labour force experience, country, type of employment contract, occupational class, sector and gender. Keeping constant all other covariates, the transition rate into permanency is indeed lowest in the Spanish insider-outsider market whereas the highest odds are found in the flexibly co-ordinated German labour market. Various other findings merit mention. The more employment experiences individuals have gained, the higher their transition rate into secure gainful employment. After an initial rise in labour force experience, however, this effect will tend to level off. Chances to escape from insecure employment also vary with respect to occupational class and sector of employment. Yet, these effects are country-specific. Vis-à-vis employees in skilled manual positions, workers in lower-level but also higher-level occupations have lower chances to transform an insecure contract into a permanent one. Compared to semi- and unskilled manual workers in Germany, however, transitions into permanent employment are even more improbable in Britain and in Spain, in particular. At the same time, there appears to be no significant difference between higher- and lower-grade professionals in the three countries under study. Yet, although not significantly different, the transition rate into permanent employment appears to be comparatively higher for professional workers in Spain. This result is tentative, yet linked to the above finding that insecurity is channelled towards the inherently unstable positions in the lower segments of the Spanish labour market. Finally, the public sector in Germany largely inhibits routes into permanent work. In Britain and Spain the reverse is true; here employees in the public sector are not worse off as compared to those employed in the private sector. Why is this the case? Again, this finding is tentative and should be judged in the context of previous research. In Germany, the risk of temporary employment is considerably higher in the public sector (Kurz *et al.*, forthcoming). While public sector employees with a permanent contract are better shielded against unemployment than their counterparts in the private sector, temporary workers are more often hit by unemployment than those occupying a temporary post in the private sector (Kurz and Steinhage, 2001). Hence, holding a fixed-term contract in the German public sector seems to go hand-in-hand with greater insecurity for young workers.

A higher labour market turnover is inherently associated with non-permanent employment. A related question, however, is whether labour market insecurity at labour market entry has any impact on transitions to unemployment. The latter mobility event is obviously important to individual labour market careers, since unemployment has a severe penalty on subsequent job tenure (Böheim and Taylor, 2000; Golsch, 2004; Gregg and Wadsworth, 2000): Individuals who enter a job after a spell of unemployment are more likely to be in uncertain positions, such as temporary employment and low-paid occupations. Moreover, past unemployment spells increase the risk to re-enter unemployment. Various country-specific investigations have already shown that unemployment risks are considerably higher for non-permanent workers (see Francesconi and Golsch, forthcoming; Golsch, 2003; Kurz *et al.*, forthcoming). In what follows, the analysis goes a step forward and specifies a statistical model that allows the test for between-country variation in unemployment risks. The analysis uses annual observations on employees at risk to be hit by unemployment or exit the labour market the ensuing year. The discrete-time, competing risks transition model for entry into unemployment includes the following explanatory variables:

(i) *Labour force experience and labour force experience squared*, to control for duration effects,
(ii) *country*, which is meant to reflect country-specifics,
(iii) *type of employment contract*, to capture the impact of job insecurity on the probability to enter unemployment,
(iv) *interaction between country and type of employment contract*, to scrutinise cross-country differences in the impact of employment relationships,
(v) *occupational class*, which is meant to reduce heterogeneity between individuals,
(vi) *unemployment experience* during the past five years, since previous unemployment spells have been shown to increase the probability of future unemployment,
(vii) *interaction between country and unemployment experience*, since the effect of past unemployment spells may depend on the country-specific context,
(viii) *gender*,
(ix) *interaction between country and gender*.

Table 7 in the appendix shows the estimates obtained from the above model and Figure 8 on the subsequent page presents conditional effects plots for transitions into unemployment by gender, type of employment contract, labour force experience and unemployment experience. Regardless of the other explanatory variables, the risk of experiencing unemployment is substantially greater for flexi-workers than for workers in permanent employment. Over and above these effects, the estimates furthermore document that workers who have been previously unemployed are also exposed to a higher hazard of unemployment experience. Hence, temporary employment is likely to destabilise the professional career of young adults. Yet, cross-country variation exists. As expected, the transition rate into unemployment is highest in Spain and lowest in Germany. More importantly, temporary employment and previous spells of joblessness emerge as having a country-specific effect on the risk to be hit by unemployment. In Spain, the hazard rate is generally high, no matter the type of employment contract or past unemployment experiences. This is a captivating finding since holding a permanent contract in the Spanish insider-outsider labour market was expected to shield labour market insecurity. The results of this analysis, however, demonstrate that few have already filled a permanent job and these employees are not yet significantly less likely to be hit by unemployment than those occupying fixed-term jobs. One may conjecture that this is due to a significant age and cohort effect of temporary employment in Spain. Indeed, if the analysis includes older and hence more experienced workers, permanent employment functions as a protective factor (Golsch, 2003).

***Figure 8*** Risk to be hit by unemployment in Germany, Britain and Spain by type of employment contract, unemployment experience, labour force experience, and gender (Conditional Effects Plots)




*Note:* Results from specification [2] in Table 6. Predicted probabilities for skilled manual workers in the private sector.

*Source:* ECHP (1995-1996), men and women aged 16-29, employees only.

By contrast, permanent employees face a considerably lower redundancy risk in Germany and Britain. Yet, as can be seen from Figure 8, this between-country variation is less pronounced when studying fixed-term employees. This is even more obvious for temporary employees with

unemployment experiences. Hence, in Germany and Britain, insecurity appears particularly funnelled to flexi-workers with previous unemployment spells. Independent of the other explanatory factors, occupational class plays a significant role and this gives support to the assumption that individual resources serve to shield risks in insecure times (Table 7).

In summary, this section provides further evidence to suggest that labour market deregulation and flexibility have serious repercussions on young adult's labour market entry. From a comparative perspective, however, the important result to stress is that –as already seen in the previous sections– young Spaniards are exposed to more uncertainty, whereas young adults in Germany and, to a lesser extent, in Britain seem less affected by increasing insecurity. This difference roots in distinct country-specific institutional packages. Due to this institutional entrenchment labour market insecurity has presumably also very different implications for individual's early labour market career and hence their life course security and life course decisions.

## 5 Crossing the border – Central findings from other country-specific studies

This paper has a further goal beyond the analysis of labour market entry and early career in Germany, Britain and Spain. This is a short review of central findings from other country-specific studies. This endeavour implies two strong points. Firstly, it permits to make an estimate whether, and if so, to what extent the identified repercussions and individual adaptation strategies are the same in other countries that have entered upon comparable flexibility routes and institutionalised similar arrangements in education and welfare. In this vein, this section seizes a chance to corrobate the belief that institutional arrangements serve to mitigate or intensify the negative effects of labour market insecurity. Secondly and related to this, this review extends the scope of the empirical analysis that was regionally limited due to time and space limitations of this project. While there have been numerous cross-national comparative studies that inquire into similarities and dissimilarities across countries as well as a huge amount of country-specific studies that describe determinants and changes in timing, sequencing and prevalence of mobility events in early labour market careers across birth cohorts, few have tried to gauge the impact of labour market insecurity from a comparative perspective. To keep the discourse focused, this section zooms in on the outcomes of selected comparative analyses that discuss at greater length the role of intervening variables and seek to identify common factors along with international differences in labour market integration.

In accord with the theoretical framework of this study, various other studies reveal that young adults are more and more exposed to labour market insecurity (Blossfeld *et al.*, forthcoming). This becomes evident in progressively more uncertain employment relationships such as temporary employment contracts. There is further empirical evidence that such flexible jobs tend to be more precarious than permanent insider positions (e.g., Giesecke and Groß, 2003; DiPrete *et al.*, 2001). Yet, from the cross-national comparison, important differences have been identified in terms of unemployment entry, share of flexible labour, chances to end unemployment or insecure employment, chances to re-enter the labour market from non-employment as well as poverty risks. In respect thereof, the manpower who seems the strongest affected is the one in Southern European labour markets (Muffels and Fourage, 2000). Against this background, prior research has conclusively demonstrated that nation-specific flexibility tracks and institutional arrangements in employment relations, education and welfare fulfil the function to shield labour market insecurity to varying degrees and with unique repercussions for distinct groups of young job holders (Blossfeld *et al.*, forthcoming). Previous studies have extensively focused on the important role of educational systems for the smoothness of education-to-work transitions (Allmendinger, 1989; Gangl, 2001; Shavit and Müller, 1998). The findings of cross-national research furthermore show that so-called 'linkage structures' which

bridge transitions into and out of employment along with transitions into and out of formal education lower the risk to lose one's job whereas unemployment rates are considerably higher in countries where these transitions are more unstructured (Sackmann, 2001). Other studies have pointed out differences in employment demand, active labour market policies and rigidity of employment protection systems that account for cross-national variation in unemployment-to-job shifts (Russell and O'Connell, 2001). Moreover, strict employment protection legislation decreases job mobility rates and reduces status returns to mobility among young labour market entrants, particularly in the Southern European countries. Hence, in these latter countries chances are high that young workers remain trapped in insecure positions (Gangl, 2003). As also suggested by the findings of this paper, insecurity appears directed to outsiders in insider-outsider labour markets of closed employment systems. Quite the opposite, risks of insecure employment and unemployment are more spread in the open employment system and job insecurity seems of short duration (Blossfeld *et al.*, forthcoming). We may, however, be surprised to see some long-term effects of insecurity on the adult employment career in the highly flexible British labour market (Golsch, 2004). As to micro-level factors, individual resources have been shown to determine youth labour market integration in increasingly insecure times. Drawing on the insights of the comparison of fourteen countries from five welfare regimes, an important result of the volume by Blossfeld *et al*. (forthcoming) is the so-called 'inequality of uncertainty': In line with the results discussed in this paper, the findings reveal an increasing segmentation of the labour force in as far as globalisation pressures are generally shifted to outsiders such as youth and, more particularly, young adults with less human capital and working in semi- and unskilled professions. Taken together, the results of this paper gain more importance and empirical strength when seen in the context of these studies, which employ other data sources, methodological approaches and countries.

## 6 Discussion and concluding remarks

This paper examined labour market entry patterns and early career profiles of young adults in the 1990s. The focus was on individual patterns of insecurity and labour market exclusion, captured by transitions into employment, perceived job security and employment relationship along with longitudinal employment profiles. The paper presented findings from the ECHP and the GSOEP and embedded these in results from previous research. To conclude this analysis and review, one may raise two important questions. Firstly, to what extent are labour market entrants confronted with job insecurity and what are the differences across the three countries under study? And secondly, to what extent do institutional filters and individual resources help young people more or less successfully into secure jobs? The following 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. Temporary employment appears to be an important route into the labour market, independently of whether this is a direct school-to-work transition or a transition from non-employment. At the same time, flexible employment increases unemployment risks. Yet, there is some indication that precarious employment does not entrap employees. Rather, there is considerable year-to-year movement from fixed-term as well as casual 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. This is in stark contrast to labour market profiles of young labour market entrants in Germany and Britain. In these latter two countries 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*, there is support but also some contrary evidence for the individual resources hypothesis. On the one hand, the results of the above analysis 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.

There are shortcomings and areas of research that could not be studied within the confines of this paper. Firstly, this study detailed an important cross-country variation in terms of who are the temporary employees. The fact that insecurity is directed towards low qualified and in semi- and unskilled positions in Spain, whereas a great deal of German temporary workers occupy professional occupations, is a revealing finding in itself. Over and above, this result opens a further empirical door which is the study of income differentials. Prior research has already revealed that flexible employment has a severe penalty on income (see for instance, Booth *et al.*, 2002; Gallie *et al.*, 1998; Gregg and Wadsworth, 2000). Unfortunately, due to time and space limitations it was not possible to inquire into this research area and it would obviously be of great promise to devote future analyses to the linkage between income security and contractual security in a comparative perspective. Related to this, it was beyond the scope of this study to investigate whether some individuals accept temporary employment if they accomplish higher earnings as a compensation for temporal uncertainty (see also Korpi and Levin, 2001). In this respect, future research should elaborate on the rational actor perspective in the course of increasing labour market insecurity. Lastly, a careful note on two important issues with respect to data limitations and methodological approach is necessary. Since the analysis of this paper used data from the first three panel waves of the ECHP, the observation period was confined and case numbers small. As to the former, employment probabilities, satisfaction with job security, transitions from insecure to permanent employment and risk of job loss are likely to vary with the business cycle. Likewise, over the 1990s employment legislation has been subject of modifications in all three countries under study. A further shortcoming of the ECHP data is the limitation of regional information and the measurement of educational qualification. To measure more adequately cross-country variations in early career patterns a more disaggregated analysis with harmonised data is highly valuable. Moreover, the three-level collapsed ISCED classification used in the ECHP does not permit full allowance for within-country variety in educational qualifications. In summary, inferences drawn should be taken as tentative and progress should be made to collect further empirical evidences by using other data sources.

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# Appendix

***Table 2*** Activity status of young adults one year after leaving education in Germany, Britain and Spain by gender (Multinomial logistic regression)

| | [1] Men From education to employment | | [1] Men From education to inactivity | | [2] Women From education to employment | | [2] Women From education to inactivity | |
|---|---|---|---|---|---|---|---|---|
| **Age** | | | | | | | | |
| Age | 1.069 | * | 1.143 | | -0.423 | | -0.136 | |
| Age square | -0.026 | ** | -0.029 | * | 0.011 | | 0.007 | |
| **Country** | | | | | | | | |
| *Germany (base)* | | | | | | | | |
| Britain | -1.522 | *** | -1.710 | * | -0.957 | | -0.444 | |
| Spain | -1.215 | *** | 0.463 | | -2.372 | *** | -1.552 | * |
| **Educational qualification** | | | | | | | | |
| High education | -0.065 | | -0.607 | | -0.041 | | 0.408 | |
| *Medium education (base)* | | | | | | | | |
| Low education | -0.845 | | 1.097 | | -1.840 | ** | -1.610 | |
| **Country * educational qualification** | | | | | | | | |
| Britain * low education | 1.701 | ** | -1.365 | | 2.373 | ** | 2.142 | |
| Spain * low education | 0.835 | | -1.046 | | 1.501 | ** | 2.459 | * |
| **Apprenticeship** | 0.805 | *** | -0.362 | | 1.075 | *** | -0.377 | |
| **Constant** | -9.082 | | -11.399 | | 6.182 | | -0.709 | |
| Log Likelihood | -457 | | | | -423 | | | |
| Number of person wave observations | 523 | | | | 529 | | | |
| Number of events | 312 | | 103 | | 292 | | 44 | |

*Note:* Obtained from multinomial logistic regression. Entries into unemployment = comparison group.
*Source:* ECHP (1995-1996), men and women aged 16-29, employees only.

***Table 3*** Type of contract at labour market (re-)entry in Germany, Britain and Spain by gender (Multinomial logistic regression)

| | [1] Men | | [2] Women | |
|---|---|---|---|---|
| | Fixed-term | Casual | Fixed-term | Casual |
| **Age** | | | | |
| Age | -0.100 ** | -0.070 | -0.067 | -0.026 |
| **Labour force experience** | | | | |
| No experience | 1.230 *** | 1.216 ** | 0.398 | 0.624 |
| **Country** | | | | |
| *Germany (base)* | | | | |
| Britain | -1.009 ** | 1.103 * | -0.560 | 1.813 ** |
| Spain | 1.635 *** | 1.672 *** | 2.261 *** | 2.997 *** |
| **Educational qualification** | | | | |
| High education | -0.182 | -0.394 | 0.272 | -0.700 |
| *Medium education (base)* | | | | |
| Low education | -0.617 | -0.140 | 0.089 | -0.678 |
| **Country * educational qualification** | | | | |
| Britain * low education | -0.757 | -0.954 | -0.845 | 0.227 |
| Spain * low education | 1.012 * | 0.572 | 0.448 | 1.505 |
| **Previous activity status** | | | | |
| *In education (base)* | | | | |
| Unemployed | -0.616 * | -0.577 | -0.205 | -0.094 |
| Economically inactive | -1.745 *** | -1.090 ** | -1.019 ** | -0.303 |
| **Constant** | 1.759 | -0.657 | 0.676 | -2.322 |
| Log Likelihood | -477 | | -430 | |
| Number of person wave observations | 594 | | 522 | |
| Number of events | 327 | 90 | 255 | 99 |

*Note:* Obtained from multinomial logistic regression. Permanent employment = comparison group.
*Source:* ECHP (1995-1996), men and women aged 16-29, employees only. GSOEP (1995-96), men and women aged 16-29, employees only.

***Table 4*** Mean satisfaction with job security by type of employment relationship in Germany, Britain and Spain

| | Mean | Mean difference | *t*-test | $H_A$ | N |
|---|---|---|---|---|---|
| *Germany* | | | | | |
| Permanent | 4.466 | | | | |
| Fixed-term | 3.667 | .799 | 7.28 | Diff>0 *** | 1193 |
| Casual | 4.236 | .230 | 1.32 | Diff>0 * | 1083 |
| *Britain* | | | | | |
| Permanent | 4.596 | | | | |
| Fixed-term | 3.325 | 1.271 | 8.60 | Diff>0 *** | 988 |
| Casual | 3.856 | .740 | 5.70 | Diff>0 *** | 1019 |
| *Spain* | | | | | |
| Permanent | 4.703 | | | | |
| Fixed-term | 3.160 | 1.543 | 22.71 | Diff>0 *** | 1961 |
| Casual | 3.240 | 1.463 | 13.84 | Diff>0 *** | 903 |

*Note*: Satisfaction has been measured on a response scale from 1 to 6 where 1 corresponds to '*not satisfied at all*' and 6 to '*fully satisfied*. *N* is the number of person-wave observations. The column labelled "*t*-test" reports the *t*-test for two-sample t test with equal variances. $H_0$: mean(permanent and full-time)–mean(non-standard)=diff=0. *** p<0.001.
*Source:* ECHP (1995-1996), men and women aged 16-29, employees only.

***Table 5*** Satisfaction with job security in Germany, Britain and Spain by gender (Ordered probit regression)

| | Satisfaction with job security | | | | Worries about job security | | | |
|---|---|---|---|---|---|---|---|---|
| | [1] Men | | [2] Women | | [3] Men | | [4] Women | |
| **Country** | | | | | | | | |
| *Germany (base)* | | | | | | | | |
| Britain | 0.085 | | 0.032 | | | | | |
| Spain | 0.258 | *** | 0.201 | ** | | | | |
| *West Germany (base)* | | | | | | | | |
| East Germany | | | | | 0.411 | *** | 0.545 | *** |
| **Type of employment contract** | | | | | | | | |
| *Permanent (base)* | | | | | | | | |
| Fixed-term | -0.516 | *** | -0.957 | *** | | | | |
| casual | -0.073 | | -0.181 | | | | | |
| *Unlimited contract (base)* | | | | | | | | |
| Limited contract | | | | | 0.350 | * | 0.855 | *** |
| **Country * employment contract** | | | | | | | | |
| Britain * fixed-term | -0.414 | * | -0.088 | | | | | |
| Britain * casual | -0.508 | * | -0.363 | | | | | |
| Spain * fixed-term | -0.596 | *** | -0.175 | | | | | |
| Spain * casual | -1.029 | *** | -0.874 | ** | | | | |
| East Germany * limited contract | | | | | -0.729 | ** | 0.139 | |
| **Controls for:** | | | | | | | | |
| **Age** | | | | | | | | |
| Age | -0.225 | ** | -0.017 | | -0.304 | | -0.109 | |
| Age square | 0.004 | * | 0.000 | | 0.005 | | 0.002 | |
| **Occupational class** | | | | | | | | |
| Higher-grade professional | 0.257 | ** | 0.334 | | -0.056 | | -0.820 | *** |
| Lower-grade professional | 0.194 | ** | 0.302 | | -0.198 | | -0.542 | *** |
| Routine non-manual | 0.173 | ** | 0.274 | | -0.202 | | -0.561 | *** |
| *Skilled manual (base)* | | | | | | | | |
| Semi- and unskilled manual | -0.061 | | 0.024 | | 0.052 | | -0.397 | * |
| Agricultural and other workers | -0.151 | | -0.128 | | -0.981 | * | -0.451 | |
| **Working hours** | | | | | | | | |
| *Full-time (base)* | | | | | | | | |
| Part-time | -0.218 | * | 0.059 | | 0.463 | | -0.029 | |
| **Marital status** | | | | | | | | |
| Never married | -0.191 | *** | -0.057 | | -0.359 | *** | -0.089 | |
| Cohabiting | -0.178 | * | 0.031 | | -0.224 | * | 0.110 | |
| *Married (base)* | | | | | | | | |
| Separated/divorced/widowed | 0.361 | | -0.081 | | -0.762 | | -0.085 | |
| Log Likelihood | -3840 | | -3045 | | -758 | | -671 | |
| Number of person wave observations | 2377 | | 1900 | | 813 | | 776 | |

*Note:* Coefficients obtained from ordered probit regression. In specifications [1] and [2] the dependent variable is satisfaction with job security measured on a response scale from 1 to 6. 1 corresponds to '*not satisfied at all*' and 6 to '*fully satisfied*'. In specifications [3] and [4] the dependent variable is worries about job security measured on a response scale from 1 to 3, where 1 corresponds to '*not worried*', 2 to '*slightly worried*' and 3 to '*very worried*'. Standard errors have been adjusted using the Huber/White/sandwich estimator of variance. ***p<0.01, **p<0.05, *p<0.10.

*Source:* ECHP (1995-1996), men and women aged 16-29, employees only. GSOEP (1995-96), men and women aged 16-29, employees only.

***Table 7*** Transition from insecure to permanent contract and risk to be hit by unemployment in Germany, Britain and Spain (Multinomial logistic regression)

| | [1] Entry into secure job | | [2] Entry into unemployment | |
|---|---|---|---|---|
| **Labour force experience** | | | | |
| Labour force experience in years | 0.308 | *** | -0.161 | ** |
| Labour force experience squared | -0.015 | * | 0.008 | |
| **Country** | | | | |
| *Germany (base)* | | | | |
| Britain | -0.385 | | 1.992 | ** |
| Spain | -1.865 | ** | 3.410 | *** |
| **Type of employment contract** | | | | |
| [1] *Fixed-term (base)* [2] *Permanent (base)* | | | | |
| Fixed-term | | | 1.317 | ** |
| Casual | 0.361 | | 0.838 | *** |
| **Country * employment contract** | | | | |
| Britain * fixed-term | | | -0.605 | |
| Spain * fixed-term | | | -1.421 | ** |
| **Unemployment experience** | | | 2.565 | *** |
| **Country * unemployment experience** | | | | |
| Britain * unemployment experience | | | -1.599 | ** |
| Spain * unemployment experience | | | -1.739 | ** |
| **Occupational class** | | | | |
| Higher- /lower-grade professional | -1.534 | * | -0.940 | * |
| Routine non-manual | -0.645 | | 0.348 | |
| *Skilled manual (base)* | | | | |
| Semi- and unskilled manual | -0.071 | | 0.327 | |
| Agricultural and other workers | -1.768 | ** | 0.839 | * |
| **Country * occupational class** | | | | |
| Britain * higher- /lower-grade professional | -0.268 | | | |
| Spain * higher- /lower-grade professional | 1.393 | | | |
| Britain * semi- and unskilled manual | -3.037 | * | | |
| Spain * semi- and unskilled manual | -1.790 | * | | |
| **Sector** | | | | |
| *Private sector (base)* | | | | |
| Public sector | -2.254 | *** | | |
| **Country * sector** | | | | |
| Britain * public | 2.285 | ** | | |
| Spain * public | 2.003 | ** | | |
| **Gender** | | | | |
| *Men (base)* | | | | |
| Women | 0.507 | | 1.248 | ** |
| **Country * gender** | | | | |
| Britain * women | -0.540 | | -1.157 | |
| Spain * women | -1.099 | | -1.424 | ** |
| **Constant** | 0.522 | | -5.347 | *** |
| Log Likelihood | -663 | | -1077 | |
| Number of person wave observations | 747 | | 2167 | |
| Number of events | 147 | | 181 | |

*Note:* [1] Obtained from multinomial logistic regression for leaving an insecure job position (the two risks are entry into a permanent job and entry into non-employment). [2] Obtained from discrete-time, competing risk transition model for entry into unemployment (with the other risk being that of economic inactivity). All variables lagged by one period except country and gender. Standard errors have been adjusted using the Huber/White/sandwich estimator of variance. *** p<0.01, ** p<0.05, * p<0.10.

*Source:* ECHP (1995-1996), men and women aged 16-29, employees only.