

Flexible labour supply and employment security

Flexwork Research conference: "External forms of flexibility in the
labour market: competition or complementarity?"
Leuven, October 27-28, 2011

Introduction

- This paper is joint work in progress:
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 - Hester Houwing (UWV Netherlands)
 - Lian Kösters (Netherlands Statistics)
- Datasource: Labour Force Survey (Netherlands, 1996-2010)
- Focus on **employment security**: transition rate from flexible to permanent work
- Question: what form of flexible employment offers the best prospects for permanent employment
- Background: discussion about job vs employment security

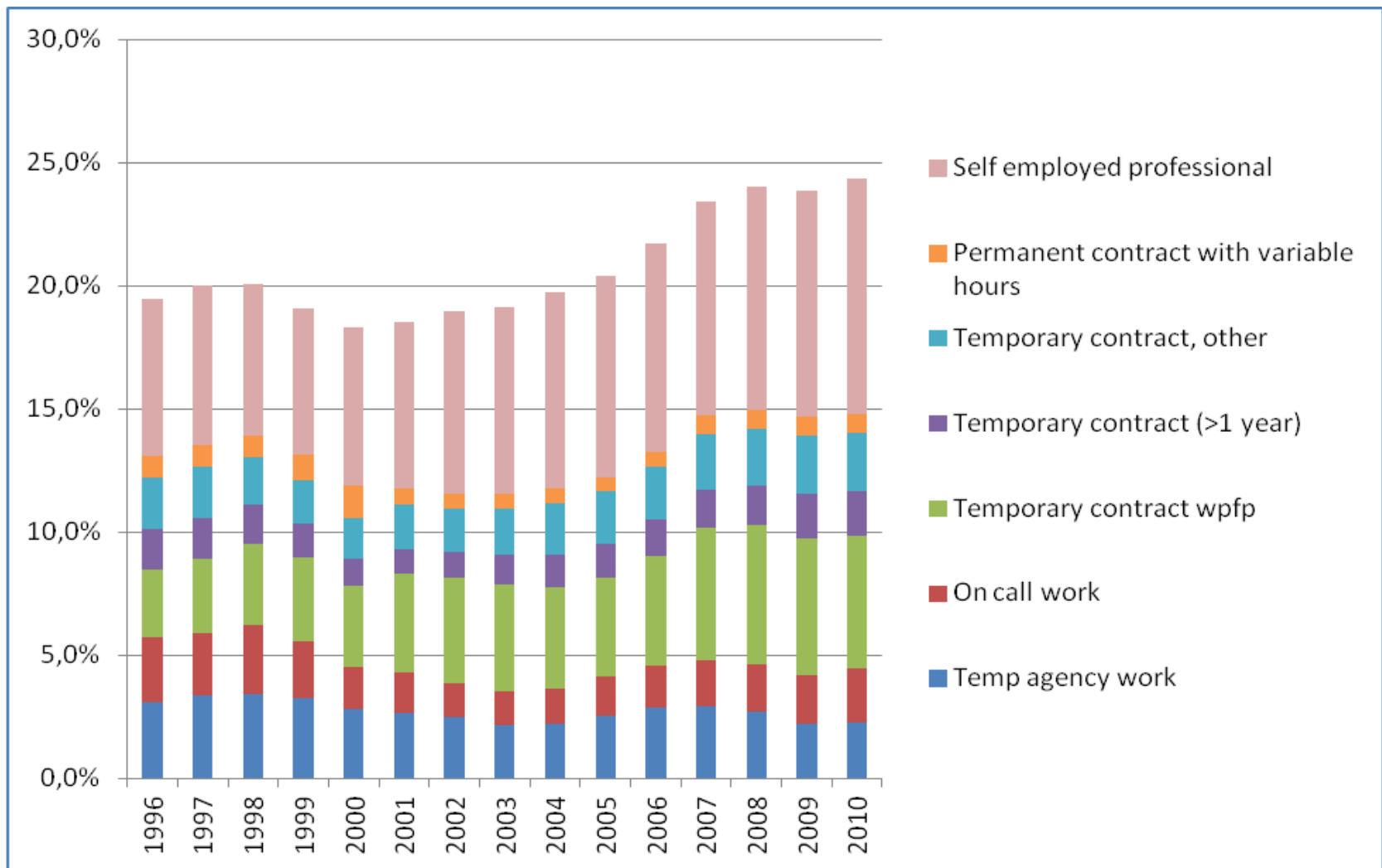
Research strategy

- Step 1: Bean counting
- Step 2: Go with the flow
- Step 3: Better flex?

Bean counting

- Q1: How many workers have flexible employment and has this number changed in recent years?
 - Operationalization: flexible vs permanent contract
 - Subdivision of flexible contracts into:
 - Temp agency work employees
 - On call employees
 - Employees with a temporary contract and the prospect for a permanent contract
 - Employees with a temporary contract with duration ≥ 1 year
 - Other employees with a temporary contract
 - Other employees with a permanent contract (variable hours)
 - Self employed professionals

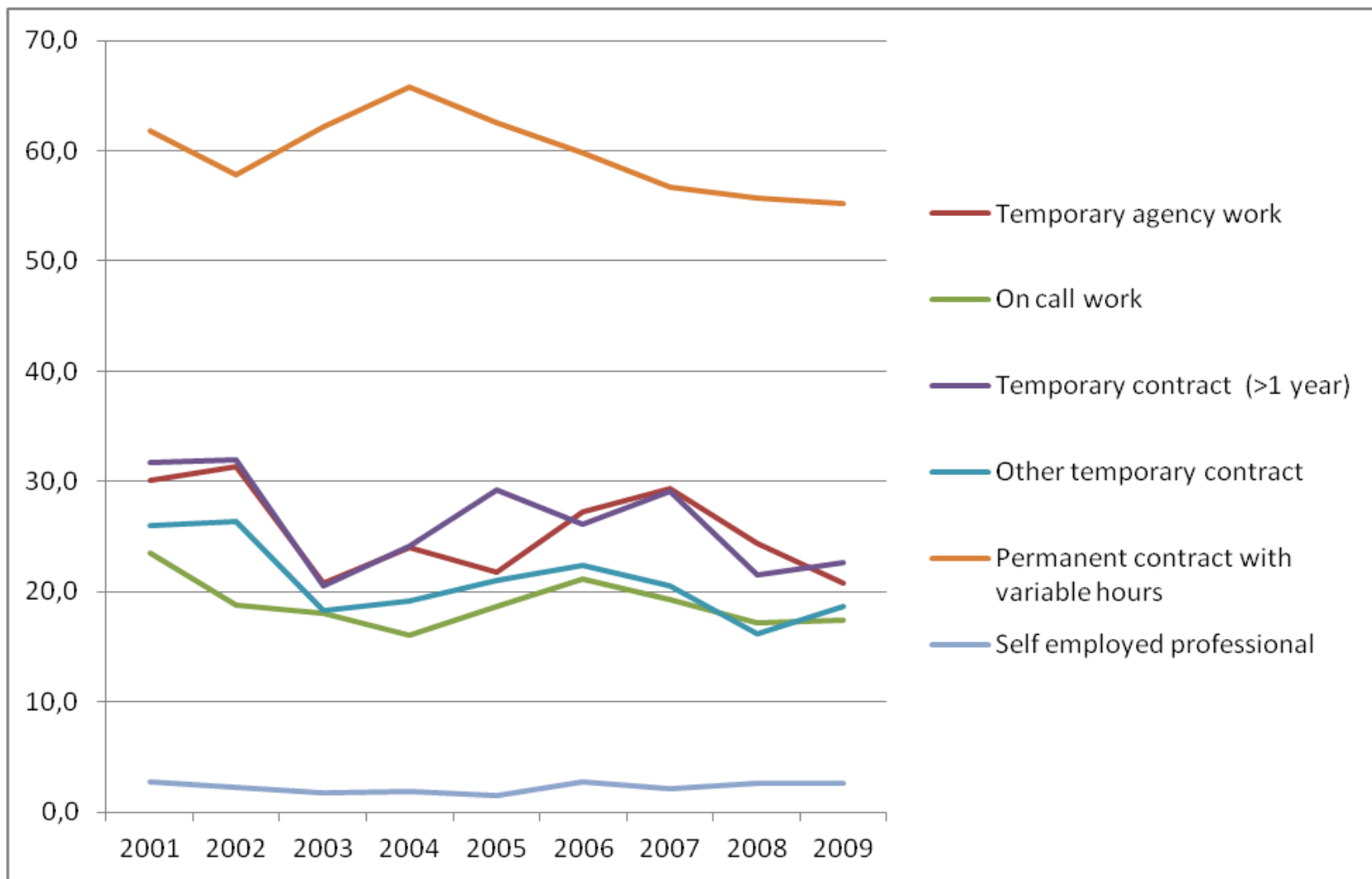
Share of different forms of flexible work in Total active workforce (%)



Go with the flow

- Q2: What are the flows on the labour market between different contracts, in particular from flexible contracts to permanent ones?
- 4 destination states 1 year later:
 - **Person works as a permanent employee**
 - Person works as flexible employee (excl. Temporary wpfp)
 - Person works, not as an employee
 - Person does not work
- Primary focus on transition to permanent employment

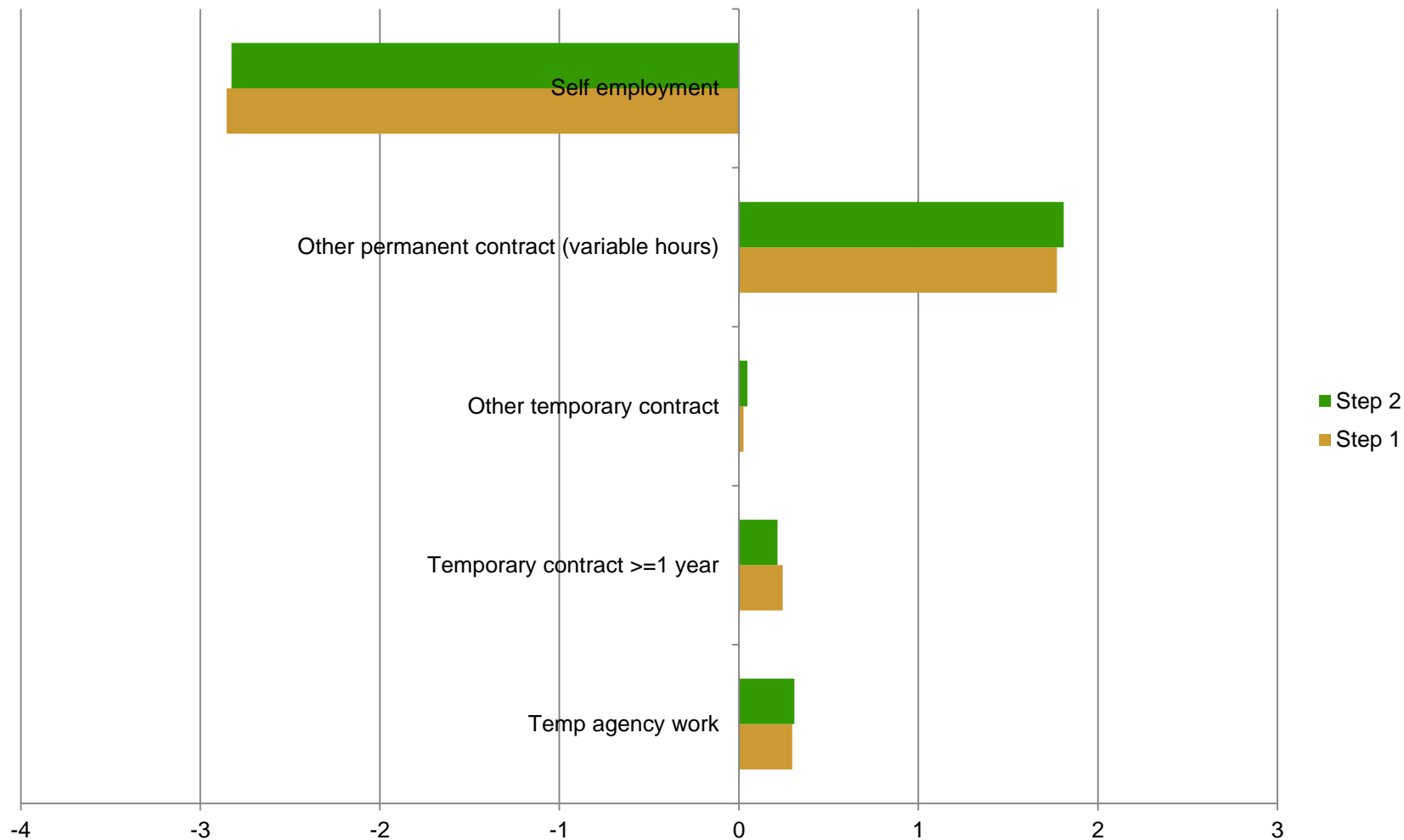
Development of the transition rate (to permanent employment) from different forms of flexible labour



Better flex?

- Q3: Is there one form of flexwork that stands out as offering the best prospects for permanent employment?
- Target group: all workers in flexible employment
- Multinomial logit analysis with dependent variable: relative probability of entering permanent employment (reference: staying in flexible employment)
- Step 1: only covariates are dummies for contract type
- Step 2: addition of control variables (personal/household characteristics and year dummies)

Regression results for contract types (reference: on call work)



Regression results

- Self employment offers very little prospect for permanent employment, even compared to on call work
- Permanent workers with variable hours are most likely to go to permanent contracts with fixed hours of all flexible workers
- Temp agency workers and temporary contract (>1 year) workers are more likely to go to permanent employment than on-call workers
- Shorter temporary contracts are 'just as good/bad' as on-call work

- The better flex is:
 1. variable hours in a permanent contract
 2. Temp agency work or temporary contract (>1 year)

Conclusions

- The share of flexible employment in the total workforce is increasing in the Netherlands, mainly through temporary contracts wfpf and self employment
- The transition rate to permanent employment is decreasing for all forms of flexwork.
- The two findings above suggest a growing divide between flexible and permanent segments on the labour market
- This growing divide cannot be attributed to 'composition effects' and/or the business cycle.
- Other explanation: changing employer behaviour, facilitated by institutional changes (F&S Act, 1999)

Questions/discussion

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