

**Low-Skilled Unemployment and the Role of Employment Protection Legislation. Impacts
on Unemployment Incidence and Persistence.**

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Globalization, structural change and technological progress altered the economic conditions in the European Union and led to an increase in unemployment. This development has intensified unemployment risks in particular for low skilled workers. The accumulation of human capital – the degree of general and occupational educational levels, job tenure and the extent of occupational experiences - turned out to be main factors in determining labour market opportunities.

The apparent over-regulation of labour markets, especially the extent of employment protection legislation, is often discussed as an additional cause for rising unemployment rates within the EU. While previous studies indicate a minor influence of employment protection on unemployment rates, effects on the unemployment structure turned out to be stronger.

The approach of this study aims at offering a coherent theoretical and empirical perspective on the distribution of unemployment risks across countries due to the accumulation of human capital by highlighting the effects of employment protection legislation. Thereby, individual impacts take centre stage within the analysis. By focusing on EU citizens, the paper also contributes to the current “flexicurity” debate. Based on EU-SILC survey data from 2007, the study gives insights into the relationship between employment protection legislation and the duration and frequency of unemployment spells. The individual risks of unemployment persistence and incidence are highlighted especially for low skilled workers. By applying multi-level analysis, country differences due to economic conditions and labour market institutions are taken into account. While expecting that the extent of employment protection has no influence on the unemployment risks of highly skilled workers, strict employment protection legislation is likely to decrease the frequency but to increase the duration of unemployment spells for low skilled workers.

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