

**Increasing employment  
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Working paper

**8th ESPAnet Conference 2010**  
***Social Policy and the Global Crisis:  
Consequences and Responses***

**Paul Schmelzer**

The Research Institute of the Federal Employment Agency

FBE2 - [Joblessness and Social Inclusion](#)

Institut für Arbeitsmarkt- und Berufsforschung (IAB)

FBE2 - Erwerbslosigkeit und Teilhabe

Regensburger Str. 104

90478 Nürnberg



+49-911 179 6425

E-Mail

Paul.Schmelzer@iab.de

www: <http://www.iab.de/754/section.aspx/Mitarbeiter/56806>

## **Increasing employment instability among young people?**

### **Labor market entries and early careers in Great Britain since the 1980s**

*Paul Schmelzer*

#### **Introduction**

The United Kingdom has experienced significant socio-political changes since the period of conservative government, beginning with Margaret Thatcher's entrance in 1979: product and service markets were liberalized, labor market deregulated, trade union influence has been limited, taxes were reduced, and social benefits were curtailed. While consequences for the labor market of some reforms are broadly acknowledged the impact of deregulation of the labor market is highly controversial (Deakin and Reed 2000). As it will be discussed later in detail, deregulation of the labor market can be hardly considered as mono causal explanation for the increase of precarious forms of employment. Globalization and deindustrialization might have played not less prominent role in restructuring of the labor market. Thus, current increase of precarious work reflect not so much deregulation but in the first instance the changing demand of precarious forms of work.

The exigency for flexibilization induced employers to apply prevalently temporal, numerical, and wage flexibility strategies that have also been fostered by an uncoordinated market economy (Ragini 2000). The impact of flexibilization is twofold. On the one side, many outsiders, who otherwise might have been permanently excluded from the labor market, got a chance to enter the labor market. Contrary to expectations, these measures haven't led to increasing unemployment rates (Schömann et al., 1998). Temporary and part-time contracts allowed an integration of poorly qualified persons. At the same time the government introduced a package of laws that brought lower social benefits, tight eligibility requirements, and sanctions and incentives to reduce unemployment. On the other side, part-time and temporary contracts destabilizing hitherto secure working places. The influence of trade unions has been reduced and the collective bargaining system abolished opening the way for flexible wage bargaining. Radical commercialization of the public sector induced many firms to barter secure for insecure contracts and to outsource workers or to transfer traditional work to own-account worker places.

The government under Tony Blair government kept on the strategy of the flexible labor market. Striving against unemployment, new programs, known as

the New Deal were introduced aiming at the integration of the unemployed. At the same time, the Labor Party intensified the policy of sanctions and incentives for unemployed workers. Introduction of a statutory National Minimum Wage in 1999 and fiscal policy changes (Working Families Tax Credit) improved the situation of low-income households.

Within the context of mentioned changes on the labor market I aim to study how these flexibilization processes affected careers of young generations since they lack work experience, lobby, networks, and seniority. Further, I focus on the question which groups are especially exposed to atypical and precarious forms of employment and how these changes might transform social inequality structure in the British society. For this purpose, I investigate the entry into the labor market focusing on the duration until the first job and the quality of the first job. In the second step, early careers are the subject of my analysis which gives an idea of establishing processes across different cohorts and among different groups.

By means of the British Household Panel Survey I take full advantage of longitudinal data to model different transitions: duration until the first job, upward and downward mobility, leaving initial employment in unemployment, and transition to re-employment.

Since these transitions are strongly dependent on institutional context I will describe educational and economic systems and formulate hypotheses of how the interplay of these institutional settings affects entries and early careers in Britain. After a brief description of the data, the measures, and the methods I will present results which will be summarized in the last chapter.

## **INSTITUTIONAL CONTEXT**

### **Educational System**

Since World War II the British system of education and training followed different paths with respect to standardization and stratification. While many attempts aiming at the standardization and centralization of general education in Britain (Steinmann 1998/1999) have been successfully implemented, the standardization of vocational system can be considered a failure. Standardization and stratification of general education included cumulative qualifications bound on ability testing, hierarchy of higher educational institutions, the minimum age of school-leaving, the introduction of comprehensive schools and of general school qualification, and most importantly launching a national curriculum (Hillmert 2002). Attempts to standardize and stratify vocational training were difficult to materialize as collective actors in uncoordinated market economies pursue different interests (Soskice 1991). But likewise in the public, new measures were met with disapproval. For decades, the government introduced the Youth Training Scheme (YTS) to facilitate the entry of poorly qualified youth into the labor market. *Prima facie* the program worked but looking more

closely it turned out that the employers used the program to identify promising workers and to hire them instead of waiting still they end their apprenticeship (Bynner 1999). Thus information about youth's abilities is more important than their training. The vague contents and considerable status variance of YTS failed to provide the employees with reliable information. Some efforts have been made since 1980s to classify and standardize practical and transferable vocational skills (National Vocational Qualifications, NVQ). But again these attempts suffer under insufficient standards of curriculum settings and lack of examinational standards.

Higher education was also a subject of changes. As a result of the Further and Higher Education Act of 1992 polytechnics were given university status. The most of the former polytechnics found themselves however at the bottom of the University League Tables. Thus, diversification of university degree also de-standardized higher education.

### **Employment System**

In contrast to most Western European countries, the U.K. political system can be classified as uncoordinated market economy with decentralized and dualistic systems of industrial relationships. Uncoordinated market economies are characterized by lack of coordination between corporative actors; such as the financial sector, intra-firm cooperation, trade unions and employers' associations. British entrepreneurs are rather oriented towards high-profits and act in short-time horizon manner. In consequence the British production regime determines the kind of employment relationships described as low-trust relationships, with easily monitored and less interchangeable workers having a limited scope for firm-internal decisions, which makes them easily substitutable (Soskice 1991, 1999). Companies react to exigency for flexibilization mainly by means of numerical, temporal, and wage flexibility. Like other uncoordinated market economies, the British economy system is based on cheap and mass production and Britain competes on the world market not so much by producing high quality but rather by producing cheap goods. Thus, employers are reluctant to invest in the solid on-the-job training especially for lower-skilled workers preferring instead academically well-educated persons for higher positions.

Conservative government under Margaret Thatcher embarked wide ranging labor market reforms aiming at the deregulation of the labor market: reduction of employment protection legislation, limitation of trade union influence, and curtailing of social benefits. However, the impact of these reforms on precarious forms of work is controversial since U.K. was already highly deregulated (Deakin and Reed 2000). Employment protection legislation was already very low: self-employed were excluded from protection legislation, the status of casual workers and agency workers was not clear. Part-time workers were also subject to exclusion of employment protection legislation. There is also no tradition requiring formalization for the adoption of part-time or fixed-term working arrangements. Neither there has been a ban on the use of agency labor.

Furthermore, the employment status of the core or 'normal' workers is not clear-cut. The level of the cost associated with 'normal' employee status was comparatively low (Rubery 1989). Employment taxes and social contributions for employers were very low and did not exist for low paid permanent employees. Thus, reduction of employment protection legislation since 1980s can not account alone for increasing of precarious forms of employment. The falling demand for unskilled labor as consequence of changes in technology, increasing demand for services, and demand for numerical and temporal flexibility is far more plausible explanation for growing of atypical forms of work. Weakening of union's influence by conservative government had an impact not that much on numerical or temporary flexibility but mainly on wage flexibility. Depriving trade unions of collective wage bargaining the government shifted the wage negotiation on subject level. Following this line of argumentation it is also argued that booming economy in UK since 1980s is not so much a result of deregulation of the labor market but rather transformation from industrial to post-industrial economy accompanied by liberalization of product and service markets (Deakin and Reed 2000). Booming economy reduced also unemployment rate. Since 1980s the unemployment rate has tended to drop staying even low during recession periods. The unemployment rate between 1980 and 2000 dropped from 20 percent to 10 percent for young employees aged 15-24.

New Labor government elected in 1997 committed formally itself to maintaining a flexible route and propagating it in the rest of EU. However, 'New Labor' flexibility seems to bear a different meaning than preceding government. Partly reversing neo-liberal policies of conservative government New Labor party launched a set of reforms: introduction of minimum wage, improvement of the quality of the labor supply, and launching New Deal program. One of the four groups targeted by the New Deal was the young unemployed aged 18-24 years. At the heart of this target was integration of the youth by means of re-training the workforce. In a certain sense New Labor policies display features of active labor market improving the qualities of labor force and forcing the unemployed to strive for employment.

## **RESEARCH DESIGN**

The interplay between the education system and the employment system is probably most important for the entry into the first job and later career perspectives (Allmendinger 1989; Allmendinger und Hinz 1997; Müller, Gangl, and Scherer 2002). In a liberal system like the British with an uncoordinated market economy and open relationships, workers can be easily dismissed and disadvantageous jobs easily corrected because employment protection legislation (EPL) is very low. Therefore, the low degree of stratification and standardization of the vocational system does not have the same impact on the duration for job search as in countries with lower flexibility and closed employment

relationships. However, the degree of stratification and standardization matters with regard to the quality of the first job: an unstandardized on-the-job training is common. Job beginners start their first jobs in unqualified, inadequate and precarious positions with the prospect to work their way up to better qualified jobs. What can be considered as precarious work in U.K.? In British context part-time work can be considered as by far the most important non-standard work form. Part-time employees are more subject of to bearing cost of fluctuation in demand than full-time employees (Rubery 1989). Part-timers are more liable to be laid off, and are more endangered to temporal flexibility. Firms in Britain thus may gain most advantages of precarious work forms by offering part-time contracts: they regulate workloads, they avoid work taxes, and pay even lower wages than for full-time employees by excluding part-timers from bonus or grading schemes and providing lower fringe benefits (Horrell, Rubery and Burchell 1989, Hepple 1993). The share of part-time jobs increased for young employees aged 20-25 from 5 percent for 1980-1984 cohort to almost 20 percent for 2000-2004 cohort. Though the majority of part-time workers are still female (27 percent women and 15 percent men) the proportional increase of part-time work for men was considerably higher than for women (compared to women the odds for men to start in part-time job increased by a factor of 2.8 between the youngest and the oldest cohort).

Temporary work is less a subject to flexible and precarious firm's demands since the distinction between temporary and permanent contracts is not clear cut. Employment protection legislation is not much more protective for permanent workers than for temporary workers. Permanent contracts serve rather to distinct between core and periphery workers displaying symbolical character. The share of permanent positions for young employees remained stable over cohorts lying by 12 percent. Another kind of precariousness can be considered when overqualified workers start in dead-end jobs. While on-the-job training allows beginners to work their way up, other jobs are devoid of prospects for upward shifts.

With regard to early careers, mobility processes basically depend on the rigidity of the labor market, the initial matching quality between the employees' abilities and the requirements of a job as well as on the options (vacancies) available on the labor market. Both, low employment protection legislation and unstandardized vocational education have an impact on high overall mobility. While unstandardized vocational education enhances job-person mismatches leading to higher upward and downward shifts, low employment protection legislation allow easy dismissals. A main concern here is whether precarious forms of employment at the entry into the first job constitute an entrapment or are stepping stone towards stable employment.

**HYPOTHESES****Flexibilization and patterns of social inequalities**

In the first step, I focus on the changes taking place between generations. I suppose that processes of flexibilization worsened the situation of labor market entrants and their further career chances. At entry into the labor market I expect that younger cohorts have to accept disadvantageous contracts (e.g., part-time and temporary contracts), but they also start below the status of the previous cohorts. For the early career stage I anticipate an increasing destabilization across cohorts accompanied by a rise of total mobility rates. I believe that the phase of getting established will elongate and that many young people will never get established. For younger cohorts I expect: higher risk of unemployment, lower chances of re-employment, higher rates of downward mobility, but also higher rates of upward shifts.

In the next step, I want to investigate which groups are especially confronted with labor market insecurity. In this respect educational level, occupational class, and gender are issues under discussion.

***Labor market entry***

Great Britain displays a high degree of flexibility with relatively low employment protection and enables the firms to hire employees in prosperous times and to fire them in economically difficult times. Thus, the duration of job search should be relatively short and should not have the same impact on the patterns of social inequality at the beginning of the employment career as in countries with insider-outsider labor markets. Nonetheless, I expect more rapid entry for the higher educated than for lower educated entrants. The degree of stratification and standardization of the educational system matters, however, with regard to the quality of the first job: many entry-level employees start their first jobs in under-qualified and precarious positions. Since the link between qualifications of job entrants and employers' needs is very weak (Bynner 1999), the mismatches affect all the educational endowments alike. Since UK experienced expansion of higher education by renaming many polytechnics to universities but – if at all - slowly adjusting universities standards, I expect an increasing number of higher educated entrants to start their first positions below the status of older generations. Furthermore, educational expansion might lead to gradual driving out less educated by higher educated entrants. While all educational endowments are exposed to mismatching risks, I assume that the precariousness of a job depends on the educational level of the entrants. Self-binding commitments of employers towards low educated entrants is rather low, since a higher academic education became a prerequisite for qualified and challenging jobs. This enhanced the reluctance of the employers to invest in vocational education of lower educated persons. Thus, I expect that labor market entrants with lower education will be increasingly confronted with part-time and

temporary contracts. Both kinds of contracts mirror an asymmetric relationship between employers and employees: the employers hold the option to withdraw from employment contracts at any time. Gender should matter for integration in the labor force insofar as women start their first job in part-time positions. In consequence of the small public sector and the lack of public childcare services, the employers are from the outset rather reluctant to employ women in full-time jobs.

### *Early careers*

A loose link between the system of vocational preparation and the employment system coupled with open employment relationship bestow the early careers in Great Britain a transitory character (Scherer 2005). Academic qualifications often prevail over vocational qualifications and certifications for promising jobs (Bynner 1999). Hence employers preferably invest in on-the-job training for employees with higher academic education enabling them to work their way up. Thus, I expect higher upward mobility and rather lower downward mobility rates of entrants with higher academic certificates. This trend shall increase over the cohorts depriving low educated employees of chances of moving upward and intensifying their risks to move downward. For the same reasons, I believe that a higher educational level is more likely to protect young employees from risks of becoming unemployed and enables them faster reentry into the job than with lower certificates.

Higher educated entrants start with or are more likely to achieve higher occupational class that corresponds to their educational level. In this respect occupational class plays a significant role for the risk of unemployment and the chances of re-employment. Companies commit long-term bindings preferably to service occupational class and less to lower qualified (Breen 1997). Therefore, I believe that risk of unemployment and the likelihood of staying in unemployment for less qualified occupational positions are higher than for service class occupations.

In our conceptual paper, we argued that not all initial mismatches will be recouped. Hence, I anticipate that irrespective their educational achievement many young employees, once entrapped in a disadvantageous position, will be unable to improve the entry-level positions.

Concerning gender, progressing educational expansion, expanding service sector, growth in the need for a second income, and changing attitudes towards family relations brought up a new generation of career-oriented women. Thus, women starting at the same conditions as men should do as well as men.

## **DATA AND METHODS**

The data used in this study are based on the British Household Panel Survey (BHPS) which began in September 1991 and covers the issues of the preceding

year and since then has been repeated annually. Additionally, retrospective data were included to the panel data (Halpin 2000). The Institute for Social and Economic Research (ISER) located at the University of Essex performed the data collection. The BHPS is a nationally representative sample of households including initially about 10,000 persons in approximately 5,500 households. The households of Northern Ireland and the North and West Highlands are initially excluded from the original sample. Fourteen waves have been available so far providing information about individual employment history, education, income and payment, and considerable amount of information on individual issues.

Labor market entry: the analysis is based on labor market entrants who left school or the educational system between 1980 and 2004. I build following cohorts: 1980-1984, 1985-1989, 1990-1994, 1995-1999, and 2000-2004. Those cases with an interruptive gap of less than 6 months between two educational states are set as being in education. Only the first school-to-work transition will be the subject of analyses, and individuals who have waited for their first job more than 5 years are excluded. On the basis of theoretical considerations, participation in any government training leading to no certificate and lasting less than 6 months is set as being in unemployment. According to this set of definitions, the given sample contains about 3,000 individuals. The duration of search for first job is the first step of my approach which I analyze by means of the transitional propensity of a person to find the first job at time (t) under the assumption that this person still has not changed the original state. Since the retrospective data do not include the exact information about the timing of departure from education, I decided to confine models to only the cohorts that left their education after 1990 (1970 individuals). Finally, the quality of the job is the issue under discussion. Models are analyzed by means of OLS and logistic regression. I operationalize precarious jobs as full-time vs. part-time and as permanent vs. temporary jobs. A mismatched position is defined in following way: if the status score (ISEI) of a person lies below one standard deviation of the given educational group.

Early careers: In the first step, upward and downward mobility is the subject of analysis. The status mobility is defined if the change of ISEI-score between employment spells amounts at least to 10 percentage points. In the second step, I investigate the security of the first employment which I analyze by looking at the risk of becoming unemployed. The unemployment gaps of 8 and less months between two educational states lasting more than 12 months are not considered as unemployment state. The inclusion in the analysis of the individuals, who have been in the first job, reduced the sample to 2,700 persons. Finally, I investigate the re-entry chances into the job from unemployment. Being unemployed is defined when an individual spend more than 3 months in unemployment state. The remaining sample consists of 570 persons and is based on such persons who passed both employment and unemployment phase. The observational risk period for all transitional states of early careers is confined to

5 years after leaving the educational. All analyses for early career are carried out with event history analysis using single and multi episodes piecewise constant exponential models multi episodes models (Blossfeld and Rohwer 2002). Besides the covariates described above I include following covariates in the analysis: 1) region (four regions created from twelve official regions: North, South, Middle, Scotland), 2) sex, 3) duration of the job search (months before starting the first job, 4) education CASMIN scale, 5) occupational class based on Erikson-Goldthorpe (1992) classification, 6) regional unemployment rate.

## RESULTS

### Labor market entry since 1980's

#### *Duration of search of the first job<sup>1</sup>*

First, transitions into employment are very smooth. Median life time, when half of school leavers entered employment, is about four months. Second, there is no clear incidence for worsening or improving across the cohorts: in comparison to the 1990-1994 cohort, the labor market opportunities improved for the 1995-1999 cohort, it worsened again for the 2000-2004 cohort (table 5.1 model 1). Finally, entrants with higher education have better chances to find a job.



Table 5.1: Piecewise-constant exponential, logistic regression, and OLS models for the entry into the first job

	Piecewise	Full-time job vs. part-time job			Permanent vs. temporary contracts		Prestige of first job	
	constant	Educational Attainment		Occupatio-	Educ.	Occup. class	Educational Attainment	
	Model 1	Model 2	Model 3	nal class	Attain.	Model 6	Model 7	Model 8
<i>Baseline</i>								
0-3	-1.32 ***							
4-6	-2.61 ***							
7-9	-3.01 ***							
10-15	-2.89 ***							
16+	-3.16 ***							
<i>Cohorts (ref: 1980-1984)</i>								
1985-1989		-0.08		-0.28	-0.32	-0.64		
1990-1995		-0.67		-0.74 *	-1.38 ***	-1.42 ***		
1995-1999	0.24 ***	-0.90 *		-0.86 *	-1.57 ***	-1.61 ***		
2000-2004	-0.12	-1.31 ***		-1.32 ***	-1.40 ***	-1.48 ***		
<i>Education</i>								
Primary without qual.		-0.16			0.40 *			
Primary with qual.	0.30	-0.11	2.370		0.20		3.58 *	9.29 *
Academic secondary	0.22 ***	-0.35 *	0.281		0.29 *		5.42 ***	4.75 **
Technical secondary	0.33 ***	-0.43 *	0.653		0.82 ***		6.81 ***	11.00 ***
Lower tertiary	0.34 ***	ref	0.308		ref		12.74 ***	25.68 ***
Higher tertiary	0.20 *	ref	0.780		ref		22.84 ***	28.09 ***
<i>Cohort, metric</i>			-0.005 *				-0.02 ***	-0.01
<i>Cohort (metric)</i>								
<i>x Prim. without qual(ref.)</i>								
x Primary with qual.			-0.014 +					-0.04
x Academic secondary			-0.003					0.00
x Technical secondary			-0.005 +					-0.03 *
x Lower tertiary			-0.001					-0.06 ***

x Higher tertiary			-0.003					-0.05 **
Women	0.14 **	-0.35 **	-0.434 ***	-0.38 **	0.03	0.40	1.27 *	1.76 ***
Permanent (ref: tempor.)		0.42 **	0.507 ***	0.42 **		0.14	1.54 **	1.39 *
Full-time (ref: part-time)					0.42 **	0.39	3.72 ***	3.95 ***
Occupational class (ref:High service class)								
Low service class				-1.23 *		ref		
Routine non-manual						-0.38		
Service non-manual				-2.45 ***		-0.05		
Skilled manual workers, masters				-1.38 *		0.41 *		
Unqualified workers				-2.51 ***		-0.26		
Branch of industry (ref:Public)								
Extractive		0.66	0.568	0.96 **	0.35	0.49	-8.78 ***	-7.06 ***
Transformative		1.27 ***	1.323 ***	1.47 ***	0.48 **	0.51 **	-4.21 ***	-2.81 ***
Private		-0.36 *	-0.126	-0.17	0.49 ***	0.58 ***	0.60	1.86 **
Macro indicators								
Unemployment (total)	0.00	-0.01	-0.004	-0.01	-0.00	-0.00	0.03	0.02
Unemployment (youth)	-0.00	0.02	0.010	0.02	0.00	0.00	-0.06	-0.04
Region (ref: Middle)								
North	0.00	-0.10	0.036	-0.18	0.19	0.18	0.25	0.68
South	0.02	0.23	0.248	0.19	0.23	0.21	1.39	1.27
Scotland	-0.00	-0.08	0.001	-0.18	0.28	0.19	0.45	0.29
Const		2.26 ***	1.981 ***	3.77 ***	1.13 **	-3.10	28.29	28.71 ***
Persons	1970	2348	2348	2348	2205	2205	2832	2832
Number of failures	1722							
-2*diff (LogL)	90.78	240.34	200.32	409.00	178.29	175.46		
R <sup>2</sup>							0.23	0.25

Source: Own calculations based on BHPS (1980-2004) Notes: Effect significant at <sup>+</sup> p < .10; \* p<0.05; \*\* p<0.01; \*\*\* p<0.001;

***Quality of the first job***

As I argued above, in countries with liberal regimes, the duration of search for the first job does not matter as much as the quality of the first job. I anticipated that the quality of the first job will increasingly deteriorate across the cohorts. By means of parametric models I want to scrutinize changes across cohorts and how education, occupational class, and gender influence the chances of starting in a precarious or an under-qualified position.

Discrete change in probability between the youngest and the oldest cohort to start a job in full-time position decreased to 23 percentage holding all other variables at their mean (model 2).<sup>2</sup> Younger cohorts also start their first job under the ISEI score of the oldest cohort (model 7). However, there are dramatic losses over time for higher educational endowments: while there are no changes for primary education, higher and lower tertiary education and second higher education suffer the most losses (model 8). The losses over time (between 1980 and 2003) amount for lower tertiary education to 16 and for higher tertiary to 13 points on the ISEI scale. I trace it back to expansion of higher education since the Further and Higher Education Act of 1992. Though many well educated entrance start increasingly in position below the status score of previous generations it does not necessarily follow that they also start in precarious positions.

To start with the full-time vs. part-time employment, tertiary education enhances the chances of starting the first position in a full-time job (table 5.1, model 2). The effect of higher education is however minimal: discrete change in probability amounts only to 5 percent. Model 3 shows the changes over time concerning the risk to start in part time position. Though irrespective their educational level all younger entrance are increasingly exposed to start in part time jobs primary and secondary with qualification perform even worse. Occupational class plays more important role to start in full-part or part-time position than educational achievement: compared to high service class and holding all other variables at their mean the probability to start in full time job is 40 percent lower for service non-manual or unqualified workers and 20 percent for low service class or skilled manual workers (table 5.1, model 4). The plot below depicts the predicted probability for different occupational classes over cohorts to start in full time position based on the model 4. Whereas the high service class displays only slight deterioration between the oldest and the youngest cohorts (still about 97 percent of the youngest cohort start their job in full-time position), the percentage change for unqualified entrants amounts to 25 percent. The deterioration of service non-manual class is quite remarkable: forfeitures of service non-manual amounts to 40 percent between the oldest and the youngest cohorts. Bearing in mind that most of those in this class are women (70 percent) then women in this sector face equal problems as unqualified workers.

Because temporary work is less a subject to flexible and precarious firm's demands the results will be discussed in short. There are significant changes across the cohorts: change in probability to start in a permanent contract amounts to 24 percentages between the oldest and the youngest cohorts holding other variables at their mean. There are no clear cut results for occupational class (model 5). However, educational achievement of tertiary education diminishes the chances of starting with a permanent contract (model 5), which contradicts my hypothesis. Apparently many entrants in tertiary education start their positions in inadequate jobs and use the first job as a bridge for better jobs.

Though women start in position lying above ISEI status score of the men they are more likely to start in a part-time job. However discrete change in probability amounts only to 5 percent.

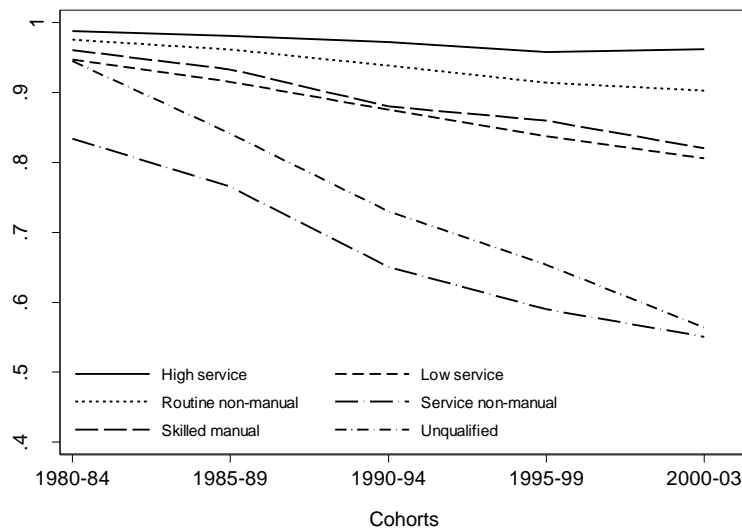


Figure 5.1: Prediction for probability of full-time position based on logistic regression

### Early careers since the 1980s

#### *Upward and downward mobility*

Upward and downward mobility will help to understand whether precarious and atypical forms of employment at the entry into the first job are stepping-stones towards smooth employment careers or whether they lead to entrapments. Further, I focus on groups which are hampered in upward mobility and exposed to downward mobility.

Both the upward and the downward mobility increased considerably over the cohorts: increase in hazard rate for upward mobility between the oldest and the youngest cohort amounts to 250 percent and to 500 percent for downward mobility holding other covariates constant.<sup>3</sup> Coefficients for downward mobility across the cohorts increased more rapidly than for upward mobility and are significant (on 90 percent level) for the youngest cohort (table 5.2, model 2 and 4).<sup>4</sup> Rise in upward and especially in downward mobility indicates an increasing dynamics on the labor market. Since the data are composed of retrospective and panel data I also compared the changes across panel cohorts: compared with the 1990-1995 cohort (starting cohort of the panel) upward and downward shifts increased significantly for two youngest cohorts.

Who is deprived of chances to move upward or faces risks to move downward? Those who start their first job in permanent or full-time contracts are unlikely to move upward but also are protected from moving downward (model 2 and 4). Apparently, these persons start their jobs in adequate positions and thus display a low hazard rate in both directions. Entrants starting their first job in mismatched positions are unlikely to move upward and are even exposed to downward shifts. Since mismatches have been defined as a position below one standard deviation of ISEI score of a given educational group, entrants starting in mismatched positions are entrapped in their initial positions comparing to entrants of the same educational level. There is no gender effect for downward or move upward shifts.

With respect to educational achievement, at the first glance none of education seems to guarantee better chances for upward shifts as other educational attainments (table 5.2 model 1). Controlling for initial ISEI score neutralizes these effects (model 2).<sup>5</sup> By comparison, only technical secondary, lower and higher tertiary education provides better chances of moving upward than the lowest education: hazard ratio amounts to 600 percent for higher tertiary 70 percent for lower tertiary and 50 percent for secondary with qualification holding other covariates constant. While there are no changes for upward shifts between educational endowments (model not shown), there are significant downward shifts over time for primary with qualification and secondary with and without qualification comparing to the lowest educational level (model 5). At the beginning of the research window (1980), compared to primary without qualification every other education protects from downwards shifts (main effects in model 4). At the end of the research window (2003) however coefficient for primary with and without qualification and secondary without qualification is not significantly different as for primary without qualification.<sup>6</sup>

Table 5.2

	Upward mobility			Downward mobility	
	Model 1	Model 2	Model 3	Model 4	Model 5
<i>Baseline</i>					
Time period 1	-4.747 ***	-5.660 ***	-4.973 ***	-4.945 ***	-4.882 ***
Time period 2	-4.674 ***	-5.486 **	-4.617 ***	-4.605 ***	-4.539 ***
Time period 3	-4.849 ***	-5.606 ***	-4.682 ***	-4.684 ***	-4.615 ***
Time period 4	-5.290 ***	-5.977 ***	-5.110 ***	-5.137 ***	-5.049 ***
<i>Cohorts (ref. 1980-1984)</i>					
1985-1989	0.455 *	0.336	0.507	0.493 *	
1990-1995	0.858 ***	0.683 **	0.884	0.911 ***	
1995-1999	1.406 ***	1.200 ***	1.493	1.569 ***	
2000-2004	1.545 ***	1.246 ***	1.802	1.903 ***	
<i>Educational cohort</i>					0.006 ***
<i>Mismatch first job</i>	0.991 ***	-0.462 **	0.253	0.580 ***	
<i>women</i>	-0.012	0.197	-0.128	-0.160	-0.149
<i>Job search first job</i>	-0.006	-0.009	-0.004	-0.004	-0.003
<i>Perman. vs. temp(f.job)</i>	-0.418 ***	-0.354 **	-0.429	-0.441 ***	-0.410 ***
<i>Self-emp. vs. employee</i>	-0.367	-0.224	-0.322	-0.419	-0.344
<i>Full vs. part(f.job)</i>	-0.428 ***	-0.452 ***	-0.335	-0.351 **	-0.346 **
<i>ISEI-SCORE</i>		-0.103 ***		0.027 ***	0.029 ***
<i>Education (ref: Primary without qual)</i>					
Primary with qual.	-0.431	-0.464	-0.288	-0.296	-1.732 *
Second. without qual.	-0.307 *	0.065	-0.747 ***	-0.875 ***	-1.729 ***
Second. with qual.	0.018	0.469 **	-0.451 *	-0.677 ***	-1.211 **
Lower tertiary	-0.238	0.521 *	-0.902 ***	-1.258 ***	-1.596 *
Higher tertiary	-0.131	2.043 ***	-1.090 ***	-1.838 ***	-1.926 ***
<i>Educational cohort x Prim. without qual (ref)</i>					
Prim. with qual					0.009 *

Acad. Second.					0.005 **
Techn. Second.					0.003 +
Lower Tertiary					0.001
Higher Tertiary					-0.001
<i>Branch of Industry (ref: Public)</i>					
Extractive	0.116	-0.160	-0.484		-0.487
Transformative	0.213	0.104	0.142		0.222
Private	0.321 **	0.451 ***	0.392 ***		0.337 *
<i>Macro Indicators</i>					
Unemployment (youths)	-0.001	-0.005	-0.014		-0.013
Unemployment (total)	0.000	0.001	0.005 *		0.006 *
<i>Region (ref: South)</i>					
Middle	-0.228	-0.286 *	-0.041		0.032
North	-0.199	-0.143	-0.118		-0.121
Scotland	-0.004	-0.062	0.184		0.208
<i>Number of subjects</i>	1927	1927	1852	1852	1852
<i>Number of failures</i>	518	518	376	376	376
<i>-2*diff(LogL)</i>	346.19	389.43	243.20	34.92	18.62

Source: Own calculations based on BHPS (1980-2004).

Notes: \*\*\* Effect significant at  $p < 0.001$ ; \*\* Effect significant at  $p < 0.01$ ; \* effect significant at  $p < 0.05$ ; + effect significant at  $p < .10$ .

***The risk of unemployment and chances of re-employment***

Though since 1990 the British economy has experienced a significant boom, the risk of becoming unemployed increased over the cohorts (table 5.3 model 1). I trace it back to deregulation of the labor market and firms' demand for flexible work.<sup>7</sup>

Who is at risk to become unemployed? First of all, those workers, who started their first position in precarious form of work, are the first to end in unemployment: mismatches, part-time and temporary contracts of the first job and longer duration until the first job enhance the chances to end in unemployment.<sup>8</sup> The results above support the thesis that many young people starting their first job in precarious positions are devoid of chances to get established on the labor market. Women are less likely to end in unemployment than men.

In the next step educational achievement and occupational class are issue under consideration. To start with, educational achievement plays an important role for unemployment risks (table 5.3 model 1): comparing to primary without qualification all other educational levels protect from unemployment. To analyze the changes over time interaction effects have been built between cohort metric and educational attainment. Only lower tertiary education performs better over time than all other educations (model 2).

With regard to occupational class lower occupational class reduce the chances to stay in employment: service non-manual, skilled manual, and unqualified workers display higher risk of becoming unemployed than all other occupational classes (model 3). However there are no significant shifts across the cohorts between different occupational classes (model not shown). In order to depict the risk of becoming unemployed for different occupational classes over time I predicted probability of becoming unemployed for people who left educational system 1980 and 2000 and belong to different occupational classes holding other covariates at their mean (figure 5.2). While after 24 months of employment the probability to loose one's job in unqualified position amounts only to 13 percent for the oldest generation; this figure amounts to 60 percent for the youngest generation, which makes a difference of 47 percentage points. Predicted probability to end in unemployment is also very high for service non-manuel and skilled manuel workers: it increased from 7 percent to 43 percent making a difference of 36 percentage points. In contrast, this difference (between the oldest and the youngest generation) for service class and routine non-manuel workers amounted approximately only to 14 percentage points.<sup>9</sup> Though there are no significant shifts across time between different occupational classes, the time spend in the first employment spell has decreased dramatically for lower qualified entrances depriving them of the chances to become established in the labor market. Given very short employment spell it is obvious that companies hardly invest in on-the-job training of lower qualified workers. Thus, many workers in lower occupational class are increasingly deprived of chances to get a foothold in the labor market. As it was proved form previous research,

experienced unemployment functions as path dependent factor within the life course (Hillmert 2002a). Thus, persons with unemployment gaps remain in marginal positions with unstable employment even if they managed to re-enter employment.

Table 5.3: Leaving the first employment and the re-entry in the job (exponential piecewise constant model)

	Leaving the first job			Re-entry in a new job
	Model 1	Model 2	Model 3	Model 4
<i>Baseline</i>				
tp1	-3.37 ***	-3.46	-4.72	-2.52
tp2	-3.72 ***	-3.82 ***	-5.05 ***	-2.08 ***
tp3	-3.79 ***	-3.89 ***	-5.09 ***	-2.11 ***
tp4	-4.26 ***	-4.38 ***	-5.55 ***	-2.53 ***
<i>Cohort (ref: 1980-1984)</i>				
1985-1989	0.35 *		0.50 *	-0.38
1990-1995	1.46 ***		1.43 ***	-0.16
1995-1999	1.53 ***		1.44 ***	0.35
2000-2004	1.19 ***		0.98 ***	0.07
<i>Mismatch</i>				
panel vs. retrospective	-0.92 ***	-0.62 ***	-1.03 ***	-0.08
<i>Women</i>				
Job search first job	-0.21 *	-0.20 *	-0.13	-0.13
Perm. vs. temp (first job)	0.01 ***	0.01 *	0.01 ***	-0.03 ***
Self-emp. vs. employee (first job)	-1.01 ***	-1.04 ***	-0.98 ***	0.08
Full vs. part (first job)	-0.43	-0.42	-0.10	0.31
<i>Education</i>				
<i>(ref: Prim. without qual.)</i>				
Primary with qual	-0.57 *	0.27		0.50
Second. without qual	-0.81 ***	-0.73 **		0.41 **
Second. with qual.	-0.50 ***	-0.69 **		0.32 *
Lower tertiary	-0.89 ***	0.42		0.53 *
Higher tertiary	-0.95 ***	-1.19 ***		0.69 ***
<i>Cohort metric</i>				
		0.01 ***		
<i>Cohort metric x</i>				
<i>Education (ref: x Primary</i>				
<i>without qual.)</i>				
x Primary with qual.		-0.01		
x Sec. without qual		-0.00		
x Second. with qual		0.00		
x Lower tertiary		-0.01 ***		
x Higher tertiary		0.00		
<i>Occupational class</i>				
<i>(ref: High Service Class)</i>				
Low service class			0.19	
Routine non-manual			0.24	
Service non-manual			0.90 ***	

Skilled manual work			0.95 ***	
Unqualified workers			1.36 ***	
<i>Branch of Industry</i>				
<i>(ref:Public)</i>				
Extractive (1)	0.15	0.15	0.01	
Transformative (1)	0.52 ***	0.49 ***	0.32 *	
Private (1)	0.20	0.16	0.09	
<i>Macro indicators</i>				
Unemployment (total)	0.00	0.00 *	0.00	0.01 **
Unemployment (youths)	-0.00	-0.01 *	-0.01	-0.02 **
<i>Region (ref: Middle)</i>				
North	0.01	0.01	-0.01	0.00
South	-0.07	-0.14	-0.07	0.13
Scotland	0.07	0.03	-0.03	0.08
<i>Number of Subjects</i>	2627	2627	2627	568
<i>Number of failures</i>	573	573	573	415
<i>-2*diff (LogL)</i>	383.72	364.92	428.62	128.72

Source: Own calculations based on BHPS (1980-2004).

Notes: \*\*\* Effect significant at  $p < 0.001$ ; \*\* Effect significant at  $p < 0.01$ ; \* effect significant at  $p < 0.05$ ; + effect significant at  $p < .10$ .

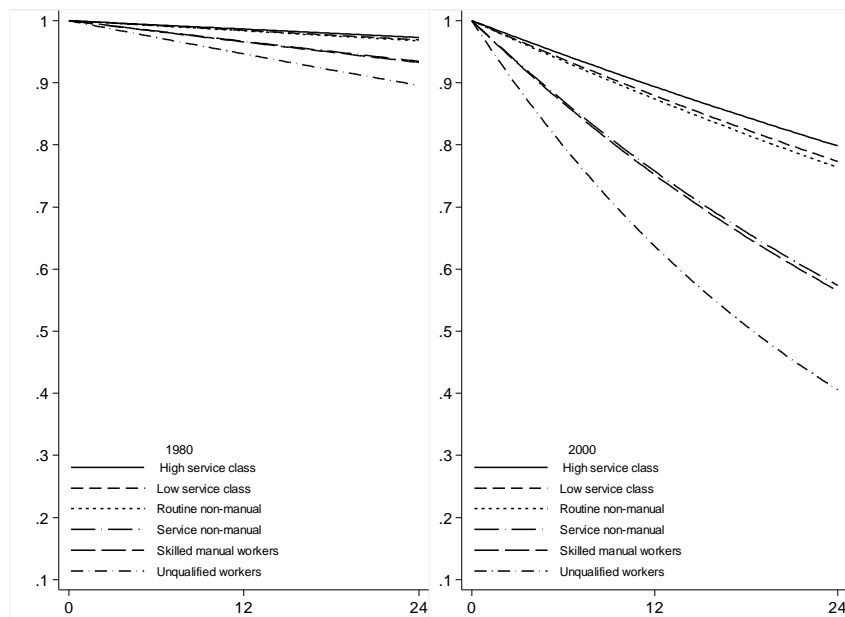


Figure 5.2: Predicted survivor function for becoming unemployed by cohorts and Occupational class

The last question of this study focuses on the chances of regaining employment and which groups are more likely to remain unemployed. Median life time, when

half of the unemployed re-entered employment, is about seven months. Though there is no deterioration for the youngest cohorts (table 5.3 model 4) they re-enter labor market under worse conditions than older cohorts. The share of temporary contracts by re-entering employment between the youngest and the oldest cohort grew from 20 to 40 percent (own calculations). Though in British context permanent contracts play rather secondary role as a dismissing protection, they bestow workers a core position. It means that many of re-gained jobs by the younger cohorts are still of transitory character.

The parametric model shows that prolonged entry into the first job also have a negative effect on regaining employment. Educational endowments play an important role for rapid re-integration into employment. Persons with tertiary education re-enter employment faster than primary educated persons. Secondary education guarantees likewise better chances for re-employment.

## **CONCLUSION**

The starting point of this study was the increasing firms' demand of flexible and precarious work (Breen 1997). As I argued, the reason for increase of atypical forms of work was not so much the deregulation of the labor market since 1980s but restructuring from industrial economy to service and information oriented economy accompanied by globalization of labor, capital, commodity, and financial markets (Deakin and Reed 2000). On the basis of these considerations I hypothesized that flexible and precarious forms of work will be unequally distributed. First off all, it is young people lacking experience and networks, who might face higher employment risk (Bukodi et al. 2005). Second, labor market flexibilization might foster further discriminations by concentrating employment risk on groups that are already used to having a weak position on the labor market, like labor market entrants with low qualification or low qualified workers (Breen 1997).

Thus, the aim of this paper was twofold. First, I investigated ongoing changes of flexibilization in the labor market and their consequences for younger generations. Second, I analyzed how these changes affect different groups across the cohorts. Approaching the issues under study, the transition into the first employment and quality of the first job were the first step of the study. In the second step, I investigated early careers modelling upward and downward mobility, risk of becoming unemployed, and chances of re-employment.

To start with the changes over the time there are no clear cut results for transition into the first job. What really matters in the British context is quality of the first employment. The chances to start in full-time or permanent contracts decreased to 25 percent. Younger cohorts also start below the employment status of older cohorts. With respect to early careers results show that overall mobility increased over cohorts. I observe a clear picture of increasing dynamics and destabilization of the early careers for younger generations. Though there is immense increase of upward across the cohorts the increase in downward shifts

is even higher. The risk of becoming unemployed also increased across the cohorts.

Regarding social inequalities there are no clear results for the growing inequalities at the entry into the labor market. There are dramatic losses in status over time for higher educational endowments at the entry into the labor market; obviously it stems from revaluation the lower towards higher educational institutions. Though they forfeit on the status they gain in employment security. Higher educational endowments enhance the chances to start in full-time position and protect against the overall trend toward part-time jobs. Occupational class plays even more important role to start in full-time position: the probability to start in full time job is 40 percent lower for service non-manual or unqualified workers and 20 percent for low service class or skilled manual workers than for high service class.

The increasing instabilities in early careers affect all young generations, but well-educated persons occupying better positions are better protected from employment risks and display better chances of becoming established in the labor market. Higher education guarantees high upward mobility and protect against downward shifts. The upward mobility is especially pronounced for higher tertiary education followed by lower tertiary and second with qualification. The results for downward mobility demonstrate that at the beginning of the research window (1980) the tertiary, secondary education and primary with qualification protect against downward mobility. At the end of the research window (2003) however secondary with and without qualification and primary with qualification display similar risks for downward shifts as primary without qualification while there are no changes in hazard rate over time for tertiary education.

Higher educational endowments and occupational class protect against the risk of becoming unemployed. Comparing to primary without qualification all other educational levels protect from unemployment and lower tertiary education performs better over time than all other educations. With regard to occupational class service non-manual, skilled manual, and unqualified workers display higher risk of becoming unemployed than all other occupational classes. Though there are no significant shifts across time between different occupational classes, time spent in the first employment spell by lower qualified employees (50 percent end in unemployment after 24 months) is hardly sufficient to become established in the labor market when belonging to the youngest cohort. It is obvious that companies do not commit long-term bindings to lower occupational class and therefore hardly invest in on-the-job training. Lower qualified are doomed to switch between irregular, low paid jobs and unemployment without the chances for upward shifts since upward shifts are only limited to those in gapless employment. Furthermore, unemployment has become increasingly polarized by household: the amount of workless households doubled within the research window.

Notes:

<sup>1</sup> As in retrospective data an exact datum for leaving an educational system is missing, the models are confined to the cohorts 1990-1994, 1995-1999, and 2000-2004.

<sup>2</sup> Since my calculations are based on retrospective and panel data I also compared changes only for panel data. The two youngest cohorts are also more likely to start in precarious job as cohort 1990-1991 (panel starting cohort).

<sup>3</sup> To make baseline for upward and downward mobility comparable all metric covariates have been standardized.

<sup>4</sup> Confidence interval between downward and upward mobility was compared for the cohort.

<sup>5</sup> Though there is a considerable jump for coefficient of high tertiary education between model 1 and model 2 the correlation between high tertiary education and ISEI score is moderate (0.3).

<sup>6</sup> The test has been calculated using wald test statistic.

<sup>7</sup> Due to the tendency of unemployment gap closure in retrospective data the comparison between the cohorts belonging to retrospective and panel data provides less reliable results. Comparison between the cohort 1990-1995 and the cohorts 1995-1999 and 2000-2004, respectively, confirms the changes for cohorts of panel data.

<sup>8</sup> Taking part-time and temporary job as belonging to respective job spells reduces even more the risk to become unemployed.

<sup>9</sup> Prediction for educational achievements provides similar results.

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