ECONOMIC IMPACT OF PRECARIOUS EMPLOYMENT

The Case for Decent Work, UNITE, 23 July 2015

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OVERVIEW

I. Profile of workers in precarious employment

II. Impact of precarious employment on workers

III. Impact of precarious employment on the wider economy

IV. Conclusion
PROFILE OF WORKERS IN PRECARIOUS EMPLOYMENT
PERMANENT & FIXED-TERM CONTRACTS

Percentage of all employees, average 2011 - 2012
FIXED-TERM CONTRACTS AMONG NEW HIRES

Percentage of employees with no more than three months tenure
Reason for having fixed term contract

Percentage of employees with a fixed term contract, excluding students & apprentices, 2011 - 2012

Reasons:
- Did not want a permanent job
- Probationary period
- Could not find a permanent job
TEMPORARY EMPLOYMENT BY AGE GROUP

Percentage of employees with a fixed term contract, 2011 - 2012

AUS  GBR  DNK  BEL  IRL  AUT  LUX  FIN  NLD  ITA  DEU  FRA  SWE  PRT  ESP

(55-64)  (25-54)  (15-24)
**Non-standard Employment by Edu Attainment**

Employees aged 15 – 64 excluding employers, student workers and apprentices.

<table>
<thead>
<tr>
<th>Country</th>
<th>Lower educated</th>
<th>Middle educated</th>
<th>Higher educated</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRC</td>
<td>61.6</td>
<td>37.5</td>
<td>26.6</td>
</tr>
<tr>
<td>DEU</td>
<td>60.4</td>
<td>36.9</td>
<td>32.7</td>
</tr>
<tr>
<td>NLD</td>
<td>59.8</td>
<td>59.5</td>
<td>54.1</td>
</tr>
<tr>
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<td>54.6</td>
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<tr>
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<td>40.0</td>
<td>33.0</td>
</tr>
<tr>
<td>IRL</td>
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<td>40.4</td>
<td>26.8</td>
</tr>
<tr>
<td>BEL</td>
<td>43.3</td>
<td>38.4</td>
<td>35.0</td>
</tr>
<tr>
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<td>30.7</td>
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<td>23.5</td>
</tr>
<tr>
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<tr>
<td>LUX</td>
<td>29.8</td>
<td>28.6</td>
<td>25.4</td>
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</table>
SHARE OF WOMEN IN NON-STANDARD EMPLOYMENT

Percentage of employees with a fixed term contract, 2011 - 2012

GRC | PRT | ITA | ESP | IRL | FIN | GBR | DNK | SWE | SWE | FRA | BEL | NLD | NLD | DEU | DEU | AUT | AUT | LUX

0  5  10  15  20  25  30  35  40  45  50  55  60  65  70  75
**Temporary Employment by Occupation**

Employees aged 25 - 54, 2011 - 2012

<table>
<thead>
<tr>
<th></th>
<th>Managers &amp; professionals</th>
<th>Clerical, services sales</th>
<th>Skilled Agric, craft &amp; machine ops</th>
<th>Elementary occupations</th>
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</thead>
<tbody>
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<td>ESP</td>
<td>19.0</td>
<td>21.4</td>
<td>24.7</td>
<td>40.2</td>
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<tr>
<td>PRT</td>
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<td>17.6</td>
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</tr>
<tr>
<td>DEU</td>
<td>9.5</td>
<td>9.1</td>
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<tr>
<td>IRL</td>
<td>6.4</td>
<td>8.3</td>
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<td>11.8</td>
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<tr>
<td>BEL</td>
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<tr>
<td>LUX</td>
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<tr>
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<td>4.5</td>
<td>4.2</td>
<td>6.1</td>
</tr>
</tbody>
</table>
Impact of precarious employment on workers
WAGE PENALTY FOR NON-REGULAR EMPLOYEES

Estimated average difference in hourly wages between full-time non-regular and permanent employees. Wage penalty for non-regular employees expressed as a percentage of the wage of permanent employees.
Transition from Temporary to Full Time

Percentage share of employees in 2008 that were employed as full-time permanent employees in 2011

[Diagram showing percentage share for NLD, GRC, EST, ESP, IRL, ITA, AUT, BEL, PRT, SWE, LUX, GBR, FIN]
TEMPORARY WORKERS & TRAINING

Estimated percentage effect of temporary contract status on probability of receiving employer sponsored training, 2012
Impact of precarious employment on the economy
IMPACT OF PRECARIOUS WORK ON THE ECONOMY

I. Consumption & domestic demand

II. Income Inequality and economic growth

III. Skills profile, training and lost potential
DOMESTIC DEMAND

At constant market prices (seasonally adjusted)
Income Inequality and Growth, 2008 - 2012

Average annual growth rate of GDP per capita (2008-12) vs. Inequality (Gini coefficient)
Role of Mobility in the Labour Market

I. Gateway or trap?

II. Path to new jobs or replacing existing?

III. Lifetime earnings and skill development
Transition from temporary to full-time

Percentage share of employees in 2008 who were employed as full-time permanent employees in 2011.
IMPACT OF PRECARIOUS WORK ON THE ECONOMY

Less than 50% of workers on temporary contracts in a given year were employed with full-time permanent contracts three years later.
TEMPORARY WORKERS & TRAINING

Estimated percentage effect of temporary contract status on probability of receiving employer sponsored training, 2012
EMPLOYER SOCIAL SECURITY CONTRIBUTION

Tax wedge composition 2013

NL
IE
UK
LU
DE
FI
PT
EL
AT
ES
BE
SE
IT
FR

%
Role of Mobility and Lifetime Earnings

I. Three quarters of short-term earnings inequality is permanent.

II. Lifetime earning differentials established in first 10 years of a career to a large extent.
CONCLUSION

I. Gateway or trap?

II. Path to new jobs or replacing existing?

III. Lifetime earnings and skill development