

► Analyzing LM transitions over the life-course: approaches and challenges

Technical workshop on “New
labour market transition patterns”

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▶ The context

Labour market is being buffeted by future of work drivers

- ▶ Technological changes (automation and digitalization), globalization, climate change and the greening of economies, demographics, etc. are impacting labour market dynamics

ILO Declaration for the Future of Work 2019 :“Strengthen the capacities of all people to benefit from the opportunities of a changing world of work”, especially through “effective measures to support people through the transitions they will face throughout their working lives”... while iterating that “(a)ll workers will require strong support through future of work transitions so that they integrate into labour markets and become lifelong active members of societies”.

- ▶ Risk that the COVID-19 crisis might accelerate some trends and have a long-lasting impact on labour markets
- ▶ Are we experiencing an increased instability in jobs and greater transitions to more diverse forms of work? What is driving transitions?

▶ Overview

- ▶ Going beyond the traditional approach to labour market transitions
- ▶ Methodological/conceptual approaches
- ▶ Moving forward

▶ Going beyond the traditional approach to labour market transitions

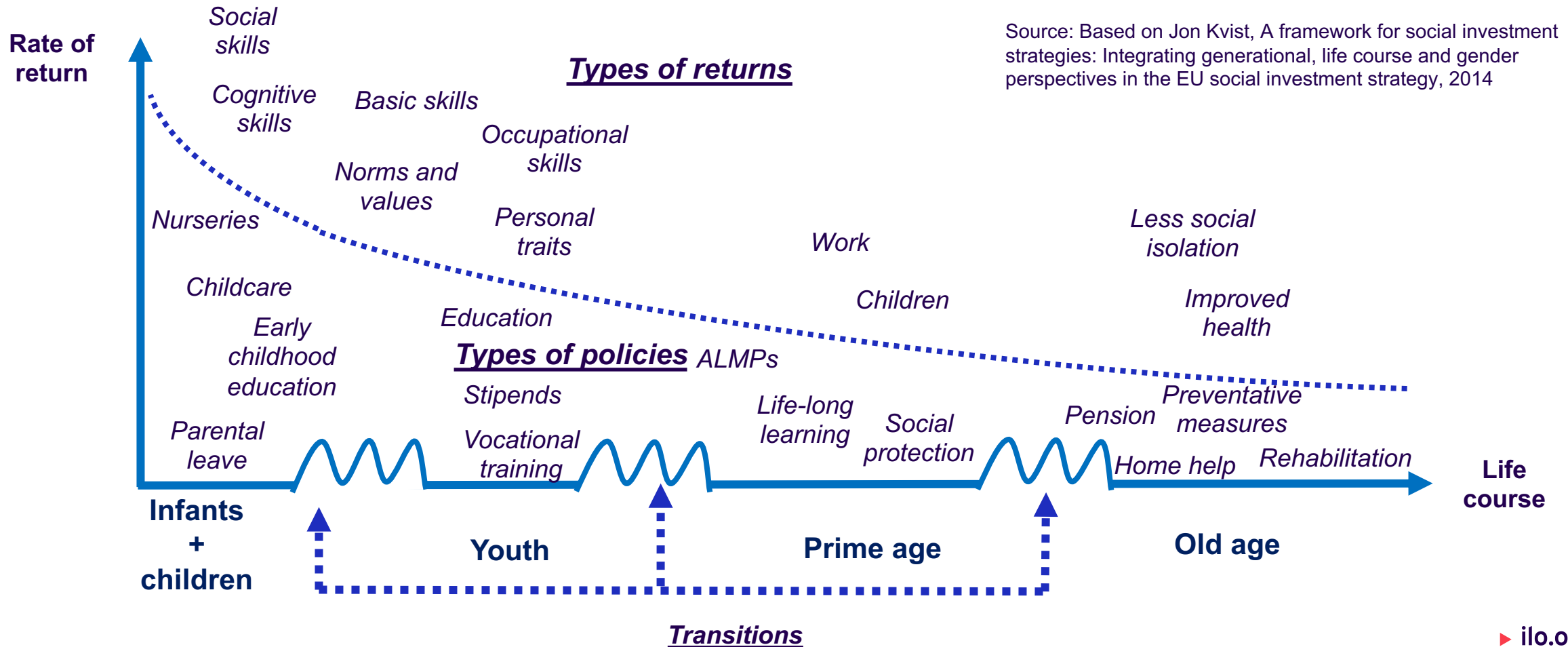
The traditional analysis of labour market transitions:

- ▶ Labour market transitions = movements of individuals between the labour market states of employment, unemployment and inactivity

Policy responses:

- ▶ Key focus on supporting the transition from unemployment to employment
- ▶ Use a combination of ALMPs, reforms of tax and benefit systems and other policies to support entry into employment

Going beyond the traditional approach to labour market transitions



▶ Going beyond the traditional approach to labour market transitions

1. Life course theory (LCT):

- ▶ Life course can be defined as a sequence of “positions” of a particular person over time.
- ▶ Individual trajectories are (partly) irreversible as earlier transitions, opportunities and constraints can have consequences on the entire working life.
- ▶ Individual trajectories are not the result of continuous optimising choices by individuals but “the outcome of sequences of positions embedded in social structures” (Gautié and Gazier 2011).

2. Sen’s capabilities approach and Schmid’s transitional labour markets:

- ▶ **Adapting Sen:** Freedom to make labour market transitions can be a goal in itself (C122, SDG 8.5). E.g. the freedom of women to seek employment outside the family/home is a crucial transition in the development/structural transformation process.
- ▶ **Schmid – transitional labour markets:** Effectiveness of labour markets should not be only measured by the level of income security they provide (freedom from want) but also by the capabilities provided by institutions in ensuring freely chosen career perspectives over the life-courses including through unpaid work (freedom to act). The “right to transitions”.

▶ Methodological/conceptual approaches

Event or life-course analysis?

▶ **Event analysis : Transitions considered as isolated events**

- ▶ Measurement of **gross flows** (levels or rates) between different **states** and collected at least two different points in time
- ▶ In a majority of cases, the analysis is limited to **the three traditional statuses** (employment, unemployment and inactivity)
- ▶ Particularly relevant to analyse the **short-term impacts** of recessions on labour market flows
- ▶ **Transition matrix** can serve to test and model different potential **factors** of transitions relating to the individuals' characteristics (education, gender, age etc.) or to the political and institutional setting
- ▶ -> Main shortcoming: neglect the **long-term character of transitions** (ex: school-to-work transition cannot be summarized by a single event)

▶ Methodological/conceptual approaches

- ▶ **Life-course analysis: Transitions considered as a process or sequence**
 - ▶ A more "sociological" perspective of transitions
 - ▶ **Holistic** approach: life-course is the unit of analysis
 - ▶ Main method: **sequence analysis** (comparing, sorting and grouping different sequences of time-ordered elements in order to identify different ideal-types)
 - ▶ What is the occurrence, the order, the temporality and the frequencies of transitions?
 - ▶ Typical research questions: Are we observing an increasing **complexity** of life-courses (i.e. the increase in the number of distinct states throughout the life-course)? Are we observing a **de-standardization** (their increasing differentiation from a traditional age-related trajectory)? Are we observing **convergence** or **divergence** of life-courses between genders?
 - ▶ Major constraint: need **long and detailed panel data** tracing the trajectory of individuals throughout their entire working life (or rich retrospective data) – lacking in developing countries
 - ▶ -> Alternative methods such as **pseudo-panels** (e.g. used to decompose age, cyclical and cohort effects on women participation)?

Methodological approaches

	Event analysis	Life-course analysis
Level of analysis	Specific and isolated events: changes in labour market status (for example, transitions from unemployment or inactivity to employment)	Holistic: life-course as the unit of analysis or any policy relevant time lapse
Concepts used	<ul style="list-style-type: none"> • Transitions (between different states) • Flows/turnover/dynamics (especially between labour market status) • Duration within different states (e.g. job tenure) • Occupational mobility (job to job mobility) 	<ul style="list-style-type: none"> • Transitions (as a process) • Trajectory (as a sequence of different states or transitions) • Life-course
Sources	<ul style="list-style-type: none"> • Panel data • Cross-sectional data (for self-reported duration in employment/unemployment) 	<ul style="list-style-type: none"> • Panel data (if covering sufficient time spell) • Retrospective survey data • Data with different cohorts
Methods of analysis	<ul style="list-style-type: none"> • Stochastic/probabilistic analysis (through transition matrixes) • Analysing the determinants of transitions using individual, household and external data and their impact on the probability of making certain transitions (e.g. education on the likelihood of transiting from informal to formal employment) 	<ul style="list-style-type: none"> • Algorithmic analysis: sequence analysis (e.g. optimal matching analysis) • Also probabilistic to identify the factors explaining the differences in sequences between groups or cohorts

▶ ILO school-to-work transitions

- ▶ National, cross-sectional data for youth aged 15-29 years
- ▶ Historical questions on education and employment (employment “diary”)
- ▶ ILO definition of a good transition - passage of a young person (aged 15–29) from the end of schooling (or entry to first economic activity) to the first stable or satisfactory job.
- ▶ Event analysis

Transition not yet started



- ▶ currently inactive and in school (inactive student); or
- ▶ currently inactive and not in school, with no intention of looking for work.

In transition

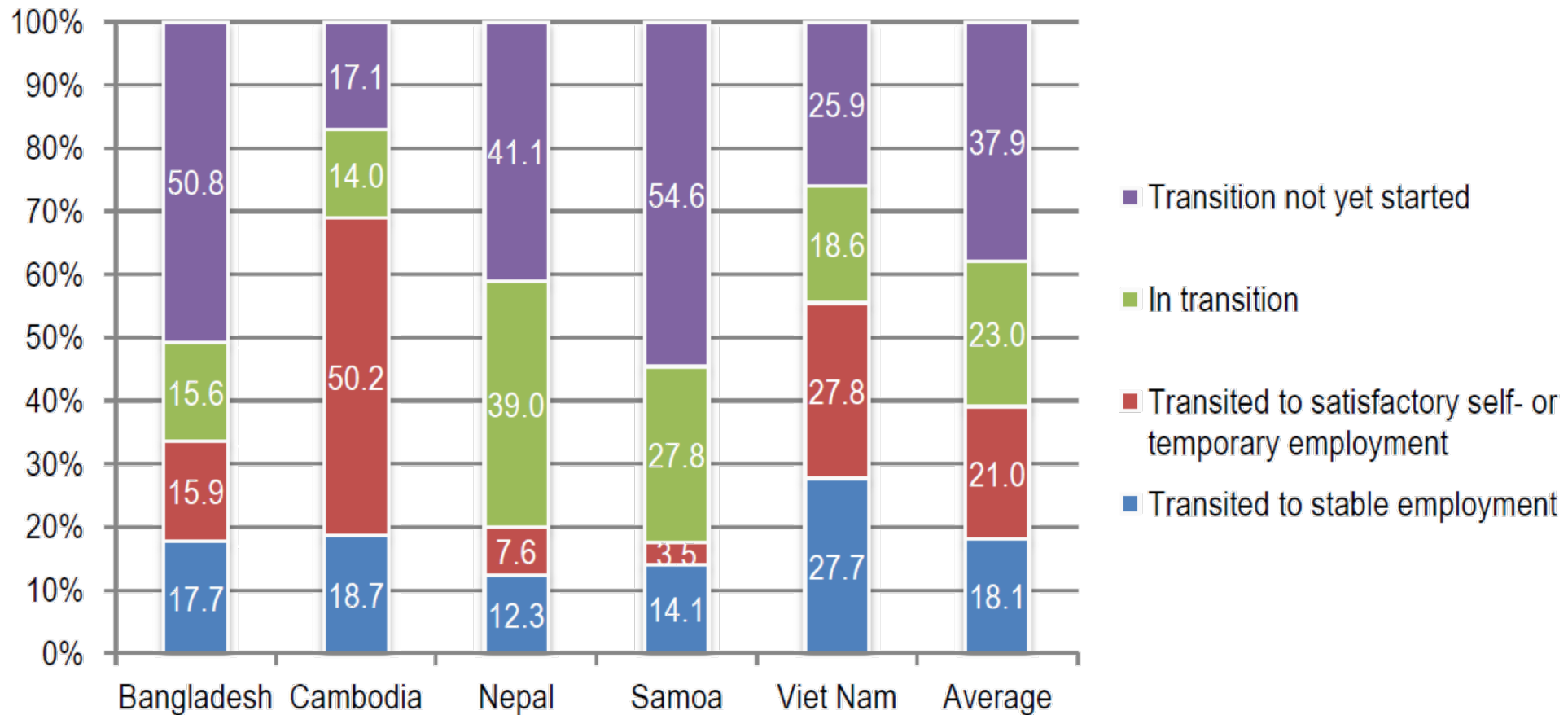


- ▶ currently unemployed (relaxed definition);
- ▶ currently employed in a non-satisfactory temporary job;
- ▶ currently in non-satisfactory self-employment; or
- ▶ currently inactive and not in school, with an aim to look for work later.

Transition completed

- ▶ a stable and satisfactory job;
- ▶ a stable but non-satisfactory job;
- ▶ a satisfactory but temporary job; or
- ▶ in satisfactory self-employment.

Youth by stages of transition



▶ Life course example: SWT patterns in Germany (Brzinsky-Faya & Solgab – 2016)

Objective: To compare the proportions of STWT patterns across cohorts

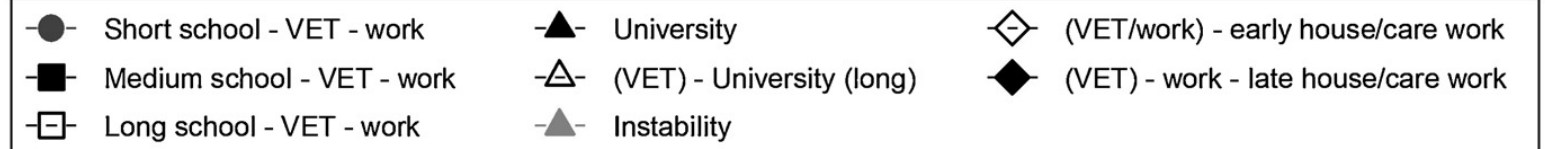
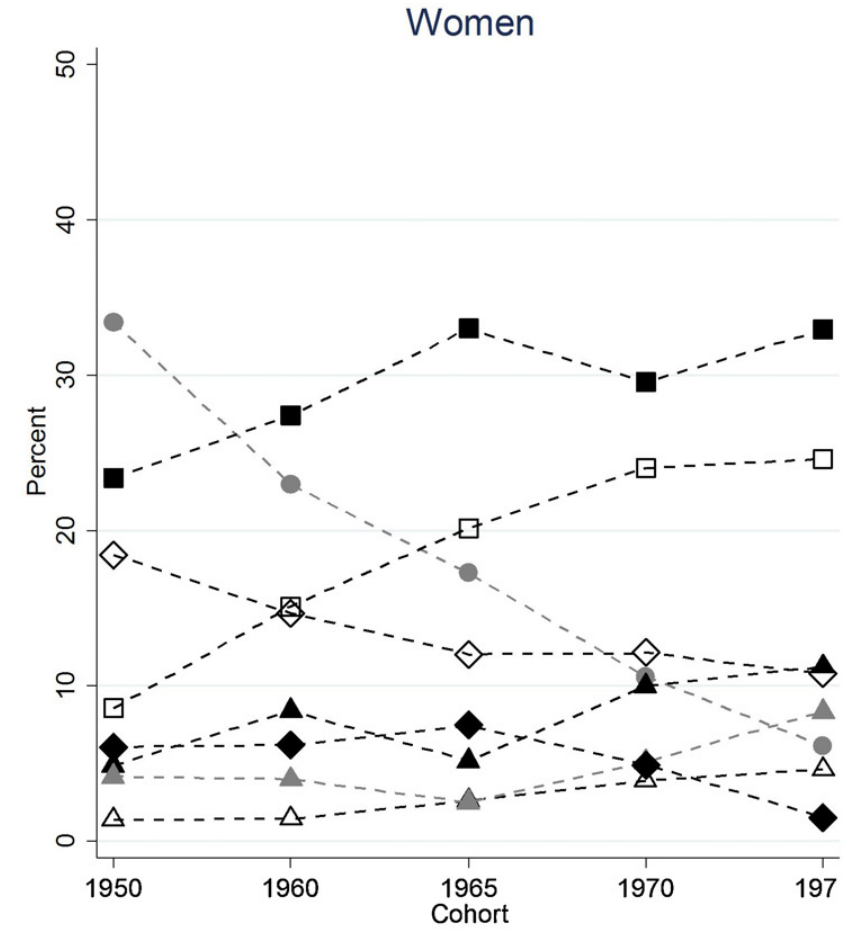
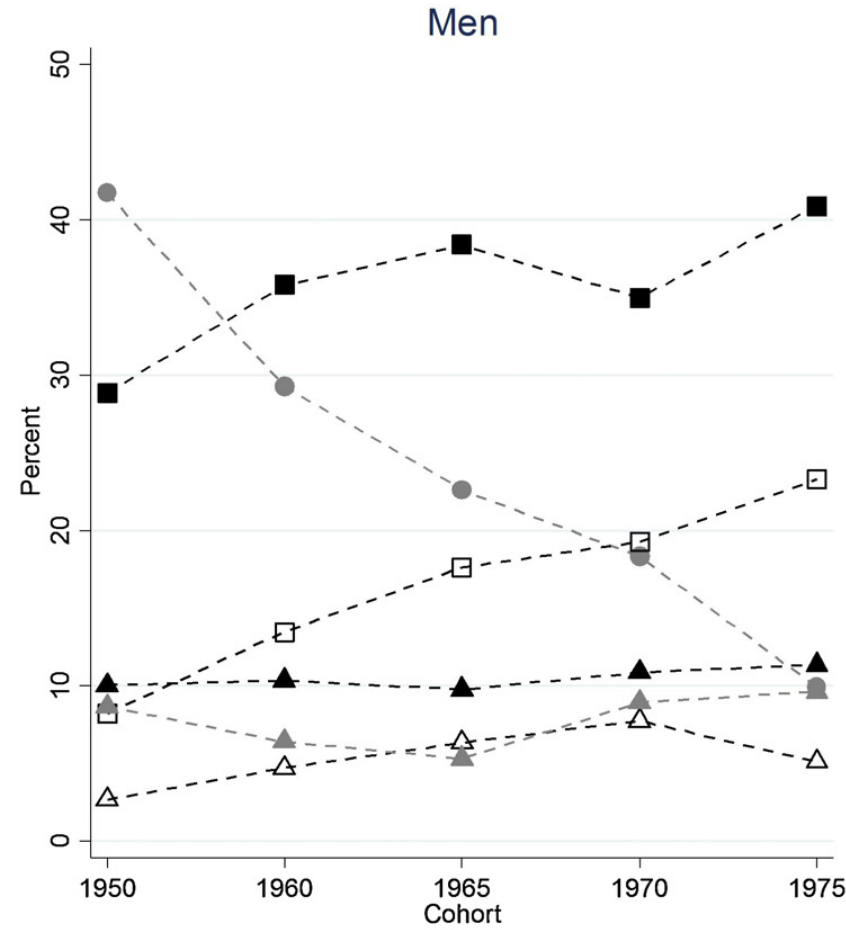
Methods:

- ▶ National education panel study: yearly survey of Germans born between 1944-1986
- ▶ Analysis based on 5, 5-year birth cohorts and their status between 15-30 years old
- ▶ **Analysis:** Sequence and cluster analysis: average number of statuses and status shifts across cohorts

▶ **Eight patterns**

1. Short school–VET–work
2. Medium school–VET–work
3. Long school–VET–work
4. University
5. (VET)-university (long)
6. Instability
7. (VET/work)-early house/care work
8. (VET)-work-late house/care work

Distribution of SWT patterns



MOVING FORWARD I

How do we expand our scope to transitions over the life course?

Conceptual – How do we define a “good” transition? (taking into account the freedom to make transitions throughout the life course as a goal in itself)

Analytical – What data and methodological approaches should we use/promote? How should we measure transitions (quality and quantity)? Where does choice fit in? What factors drive transitions? On which groups and transitions we should focus on?

Policies – What are the implications for policy responses beyond ALMP (LLL, social protection, demand-side,...)?

Relevance to developing countries?

▶ Moving forward II

Collaboration with LIVEs network: National Centre of Competence in Research LIVES on vulnerability and the life course

- ▶ Mapping of the availability of current data sources/data sets and their capacity to measure labor market transitions using a life-course perspective
- ▶ Japan, Mexico, South Korea, South Africa, US, China, Egypt, India, Peru and Russia
- ▶ Analysis according to three core phases of life
 - School to work
 - Job to job mobility (prime age)
 - Work to retirement
- ▶ Type of analysis possible: time period, specific groups, basic vs. advanced methodologies