

Are labour market regulations discriminatory?

The case of labour market duality

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Segmentation of European labour markets

Discrimination: lower pay (women) or lower hiring probabilities (minorities, older people)

Generational divide

Non-standard / temporary contracts:
stepping-stones or dead-ends?

Both types of contracts have their purposes and risks



Contract type	Jobs	
	Typical	Atypical (unsupervised, deliverable-oriented)
Labor code contracts (open-ended and fixed term)	Match	Mismatch Inefficiency, cost borne by the employer
Non-standard contracts (civil law, „fake” self-employment)	Mismatch Abuse, cost borne by the employee	Match

Incentives to use non-standard contracts are often institutional

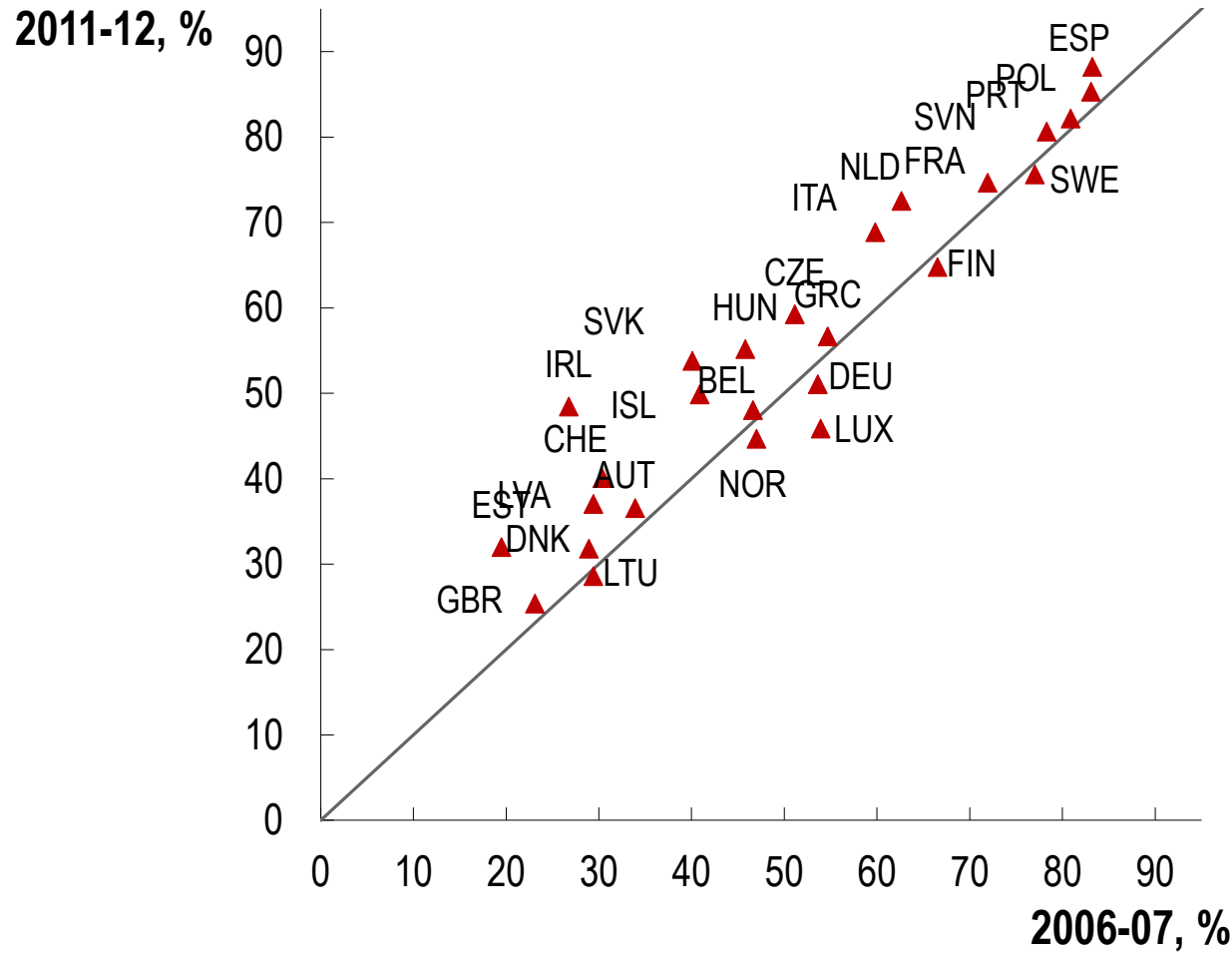
Easier termination than of regular contracts

Minimum wage and labour regulations not always binding

Lower social security contributions:

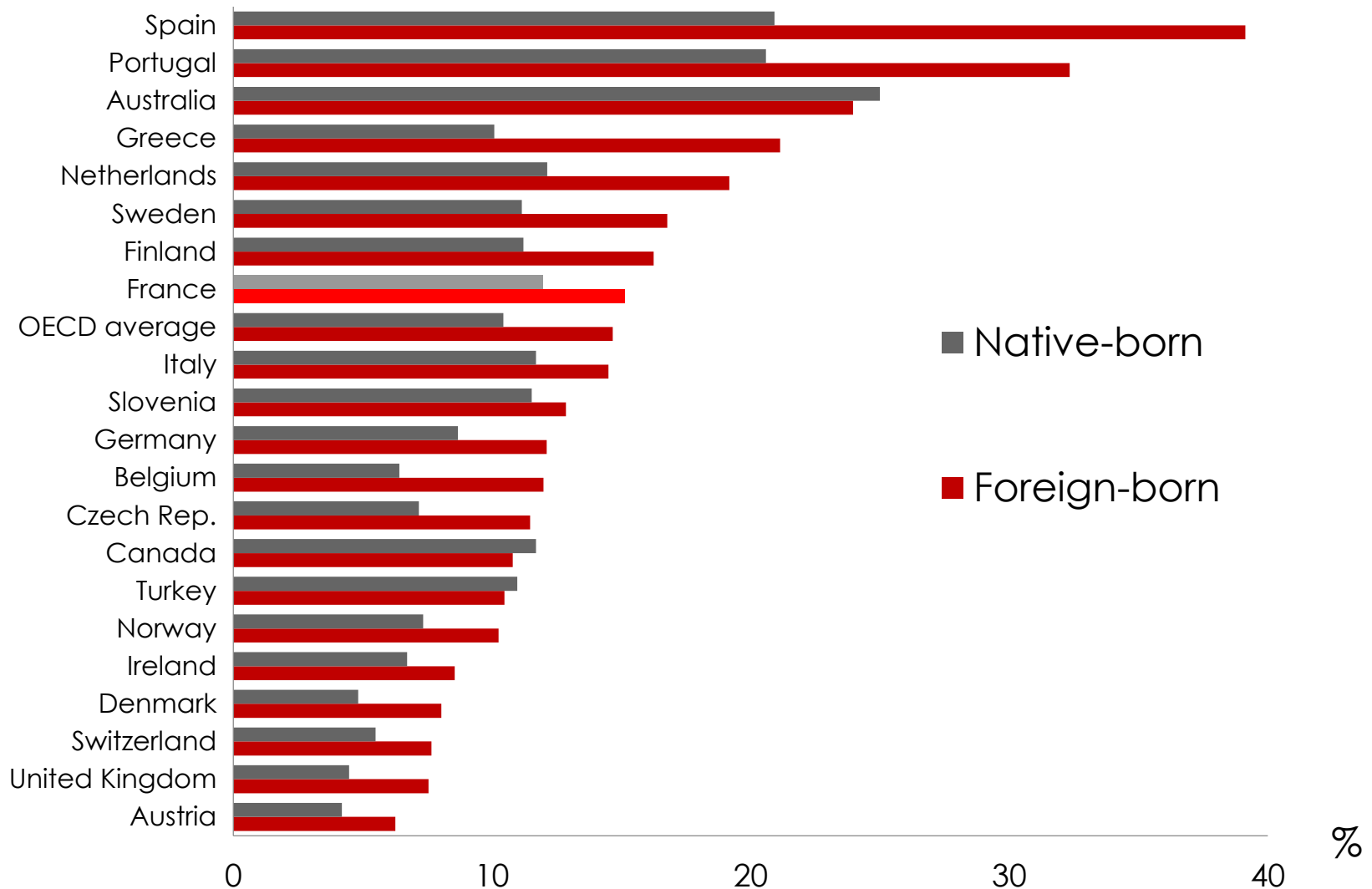
- Higher net wages for workers
- Lower total labour costs for firms

Temporary employment is rising but diversified

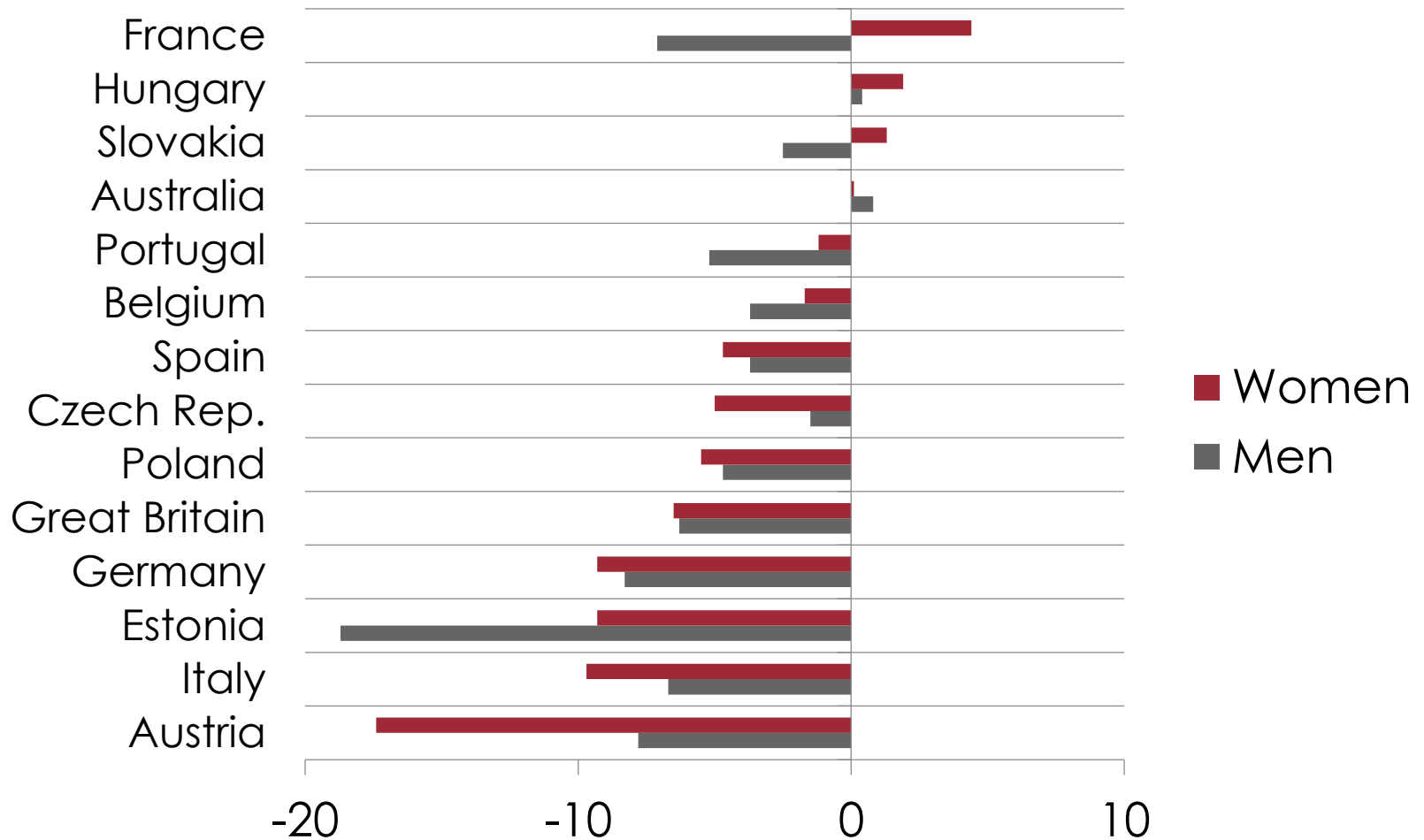


Temporary contracts among new hires, OECD

Incidence of temporary contracts higher among disadvantaged workers

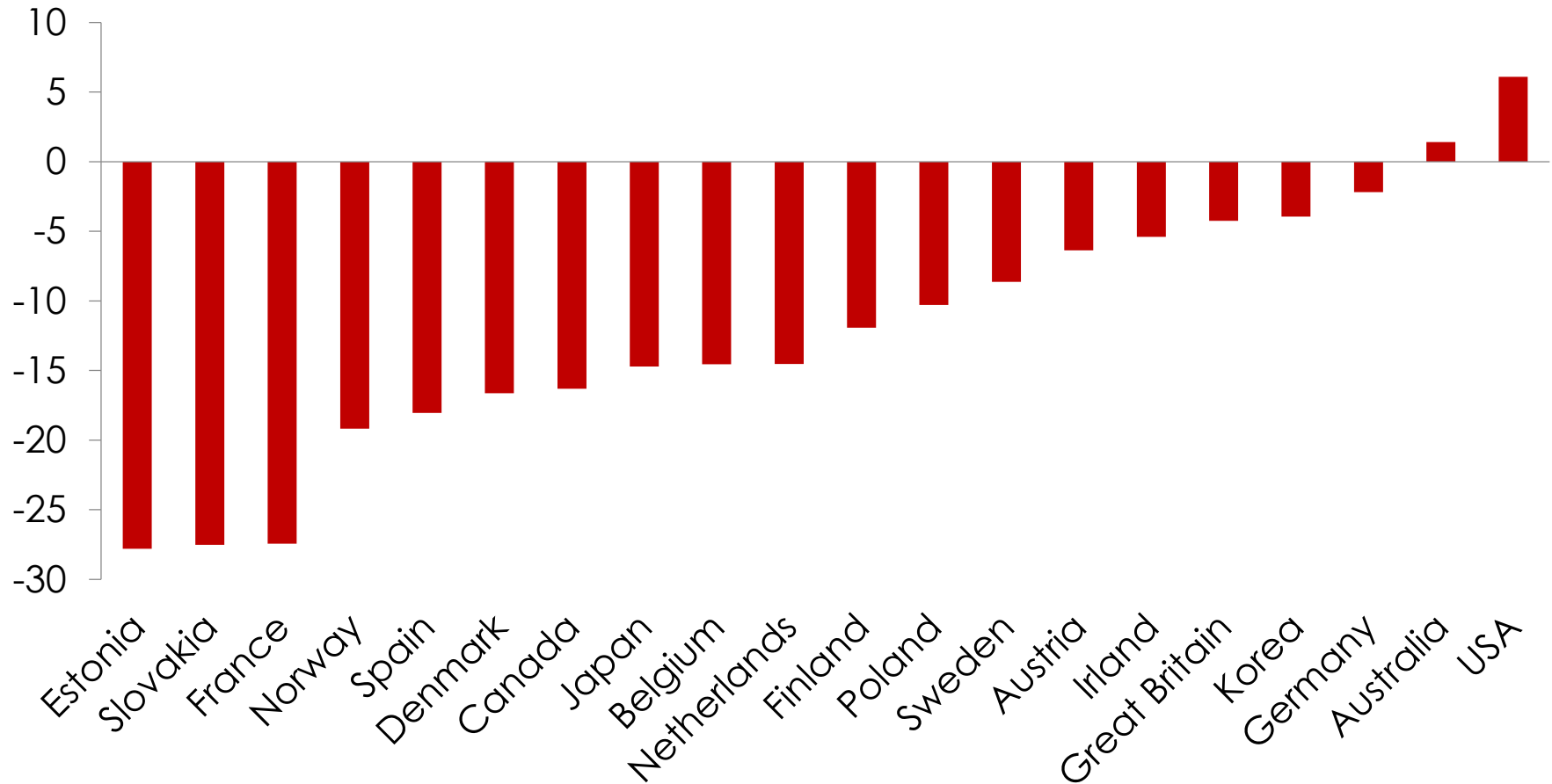


Temporary contracts offer lower pay for the same work



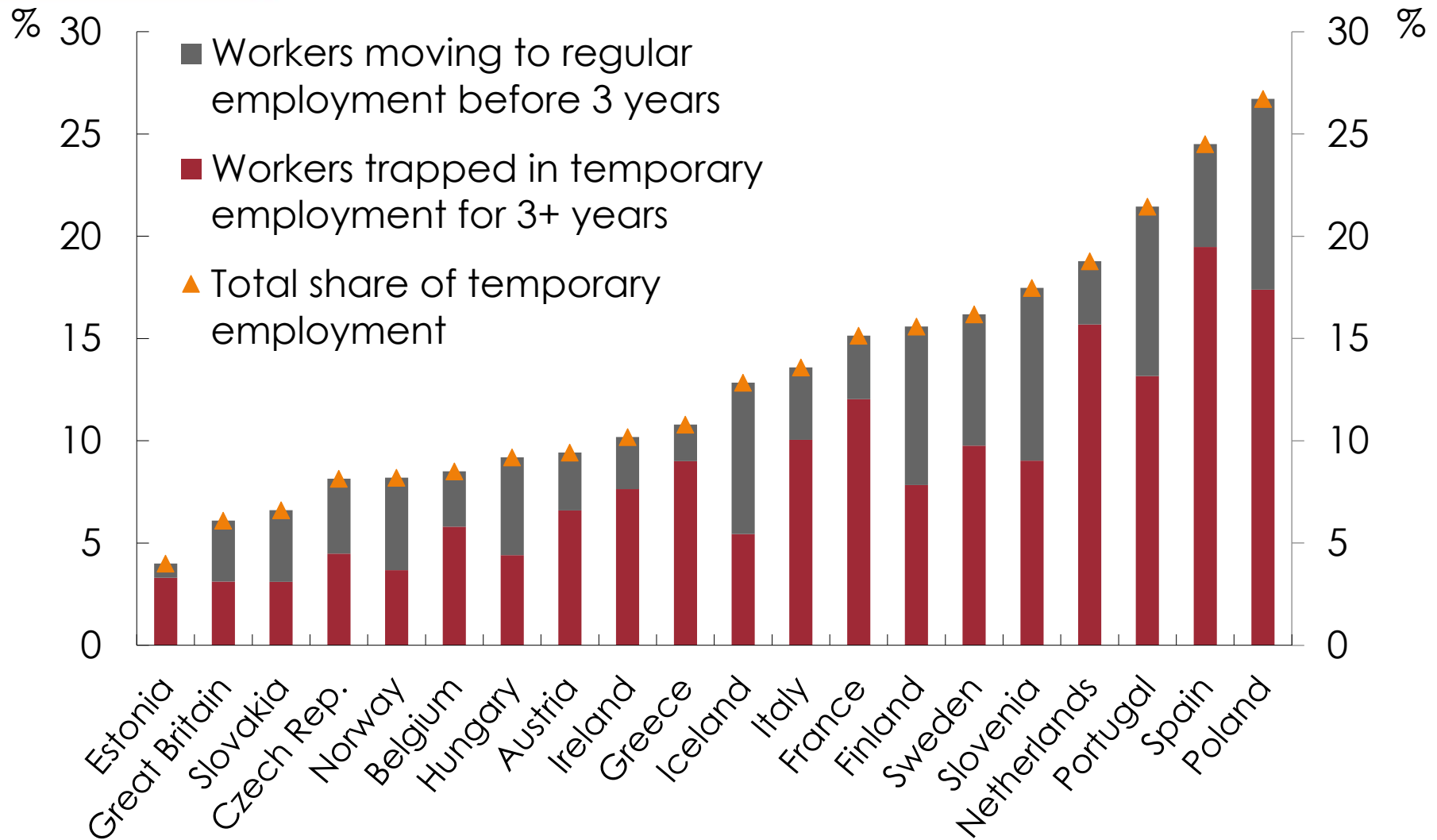
Estimated average difference in hourly wages between non regular and permanent employees working full-time (OECD 2014, *Jobs, wages and inequality*)

And provide less employee-sponsored training



Estimated percentage effect of temporary contract status on the probability of receiving employer-sponsored training, 2012 (OECD Survey of Adult Skills PIAAC 2013)

Many „temporary” jobs turn out to be quite permanent



Novel policy idea

Privileges depend on tenure
rather than type of contract



Single (basic) contract for all:

Flexible
regulations
at signing

Gradually
converges
to traditional
labour
contract

Social
security
coverage

Minimum
wage and
OHS
binding

Benefits of a single contract

Reduces motivation for job churning

Cheaper screening of workers in the firm

Creates positive motivation for non-shirking

A policy aimed at increasing lifetime work can reduce wage gaps

Proponents of a single contract

France: Blanchard, Tirole & Cahuc, Kramarz

Italy: Ichino / & Boeri, Garibaldi

Spain: 100 academic economists (eg. Jansen, Bentolila, Jimeno) – draft in the senate

Poland: discussion started (IBS policy paper)

Thank you for your attention

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