Differential employment prospects among atypical employees: 
Effects of type of contract or worker preference?

The paper analyses transitions between atypical and regular employment, focusing on the effects of different types of atypical employment on the transition probability to full-time and long-term employment. Theoretically, differences by type of contract are to be expected due to the specific functions of types of employment contracts for employers. Fixed-term contracts are often used for prolonged screening of new employees and can therefore be considered as ports of entry in internal labor markets. On the other hand, marginal employment offers employees only limited opportunities to improve their personal human capital resources and is expected to scarcely lead into full-time employment. The predictions are tested through a series of discrete-time duration models fit to data from the German Socio-Economic Panel, and controlling for the effects of employer characteristics, employee resources, working time preferences, family situation as well as individual random effects. The empirical results confirm the importance of the type of work contract. Fixed-term employment shows the highest transition probabilities to regular employment, compared to agency work and regular part-time employment, while marginal employment yields the lowest chances for upward mobility. These effects can neither be explained by differences in observed characteristics nor by preferences for shorter working-hours of part-time employees. The empirical analysis also explores differential effects of type of contract by industry. The positive results for type of contract effects underscore the importance of employer interests and work organization for employment careers. They are especially relevant in the context of Germany’s highly segmented labor market.

Jan Brülle  
Goethe University Frankfurt am Main  
FB Gesellschaftswissenschaften  
Robert-Mayer-Str. 5, 60054 Frankfurt am Main  
bruelle@soz.uni-frankfurt.de