Low-wage mobility of female and male employees and self-employed - Evidence from German and British longitudinal data

A central target of “Europe 2020” strategy is to increase the employment rate –including self-employed and paid employed – substantially. To reach this goal it is essential to enhance women’s labour market participation especially in countries with a traditional welfare regime which focuses on male breadwinner models. In the German case, women’s labour market participation rose, due to a stronger focus of social and labour market policies on dual earner models. However, in the same period the proportion of low-wage earners increased. In contrast to that, in the typically as liberal classified United Kingdom the proportion of low-wage earners remained the same while having a constant women’s labour market participation.

This arouses the question whether gender specific activation policies are emphasizing low-wage work for women. For some workers, low-wage is just a temporal status, whereas for others it is a “trap” from which it is hard to escape. For this reason, dynamics are a key issue when discussing the low-wage rate, especially for woman as there is first evidence that the mobility of women is smaller than the mobility of men. Due to the more volatile income of self-employed, a higher mobility within the self-employed is expected.

My paper, therefore, focuses on the low-wage dynamics of self-employed and employed women in Germany and in the United Kingdom. Low-wage will be defined as two third of the median monthly income of full-time working individuals. Low-wage mobility is measured as the probability of not receiving a low-wage under the condition of having received a low-wage the year before. Based on harmonised CNEF versions of the BHPS (2001-2008) and the SOEP (2002-2009) as well as macro data from the Global Competitiveness Report, differences in the transition rates of full-time working individuals are explained by socio-demographic characteristics, the impact of being self-employed as well as interaction effects with institutional factors at country level.