

# Stepping Stones, Dead Ends and Paths of Dualization: The Impact of Non-Standard Employment on Labor Market Integration and Economic Independence in Germany

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## Abstract

As part of an on-going process of labor market deregulation, the Hartz IV reforms have contributed to the growth of so-called non-standard employment in Germany, especially amongst labor market entrants. Although Germany is typically characterized by smooth transitions into the labor market, the prevalence of non-standard employment is extremely likely to increase insecurity experienced during this period. From this perspective, Germany is a particularly interesting case for investigating how non-standard employment impacts economic independence during the early career.

While most studies ascribe to either an integrative or entrapment perspective of non-standard employment (i.e. bridge or trap), these views do not fully capture the range of outcomes, given the heterogeneous nature of non-standard employment. Consequently, I take up the dualization framework, which is rooted in labor market segmentation, critical welfare state and insider-outsider theories. Results are thus discussed with regards to implications for social inequality, and specifically, whether the growth of atypical employment at the start of the career contributes to a strengthening of existing socio-economic cleavages.

To this end, this study pools longitudinal data from the German Socio-Economic Panel (v30) in order to estimate the effect of different types of non-standard employment on low income after accounting for the allocation of atypical employment amongst labor market entrants. Following individuals for a period of five years after leaving education for the last time, the sample includes a balanced panel of 4,248 labor market entrants. Using Event History Analysis, preliminary results indicate that the risk of low income amongst this demographic is largely transient, however, clearly increased for individuals in non-standard employment. The duration of experiencing low income, and ultimately impacting the integration of labor market entrant during the transition to adulthood, is highly conditional on gender, skill level and occupation – with substantial implications for growing inequality amongst the working population.

**Keywords:** Labor Market Entry; Transition to Adulthood; Non-Standard Employment; Precariousness; Dualization; Economic Independency; Social Inequality and Stratification