

# Rise in Occupational Mobility Especially Amongst Women and Young People

## Successful jobsearch often based on personal initiative

The German labour market has become substantially more flexible over the last ten years. According to calculations based on data from the Socio-Economic Panel (SOEP), the number of persons to take up a new job during a single year increased by over 30% to almost 6.3 million in the period from 1992 to 2002. As the size of the labour force decreased overall, this upward trend concerned mainly women and young people.

While women's desire to work became stronger, many men withdrew prematurely from the labour market, taking advantage of labour market policy measures aimed at reducing the supply of labour. Women's desire to work is still much stronger in eastern than in western Germany. At the same time, however, the presence of women on this labour market is weakening, primarily because of the large number of younger women leaving the region.

Placement via the employment office played a relatively minor role in successful jobsearch activities over the period examined. Most of the candidates for new jobs heard about vacancies from friends or relatives.

This paper examines the dynamics of occupational changes in the context of labour market trends over the last ten years. Occupational changes are defined as job changes within or between firms – with or without a non-working period between the two jobs – and entries into new jobs. The study focuses on employed persons in eastern and western Germany who changed jobs or took up a new job in the 12 months prior to responding to the survey in spring 1992, spring 1997 and spring 2002. The study also describes the jobsearch strategies and the information sources used to find the new jobs and presents the respondents' assessment of the new jobs compared with the old. Unless indicated otherwise, the data on which these analyses are based are taken from the Socio-Economic Panel (SOEP) survey, which is carried out by the DIW Berlin in collaboration with Infratest Sozialforschung.<sup>1</sup>

## Socio-demographic parameters

Two major socio-demographic trends have altered the structure of the labour market over the last ten years:

- The population of working age has continued to age significantly. While at the beginning of the 1990s large numbers of baby-boomers made the transition from the education and vocational training systems to working life, there are now increasingly fewer young people available to the labour market. In Germany, for example, the number of 16- to 34-year-olds decreased by almost 4.8 million over a period of ten years (cf. table 1). The baby-boomers are now increasingly making up the middle age group of 35- to 55-year-olds (which saw an increase of almost 2.2 million persons). Overall, the working-age population decreased between 1992 and 2002 by over 2.4 million to 52.3 million persons.
- As the working-age population shrank, the share of women in this population increased in western Germany, rising at an above-average rate amongst the younger population. In eastern Germany, by contrast, the share of women decreased. The high degree of outward migration found amongst younger women has alarming implications for the long-term development of the regions concerned.<sup>2</sup> Many of these women have moved to western Germany. One of the main reasons for their mobility is the difficult situation they face on their local labour markets. Following the reunification of Germany, unemployment rates for young women in eastern Germany were at times twice as high as for men.<sup>3</sup> It is only in recent years that the gap between these rates has almost closed.

## Employment growth only amongst women in western Germany

The decline in the population of working age over the period 1992 to 2002 was accompanied by a fall in the number of employed (cf. table 2). However, an important

<sup>1</sup> Cf. SOEP Group: 'The German Socio-Economic Panel (GSOEP) After More than 15 Years – Overview'. In: Elke Holst, Dean R. Lillard and Thomas A. DiPrete (eds.): 'Proceedings of the 2000 Fourth International Conference of German Socio-Economic Panel Study Users (GSOEP2000)'. *Vierteljahrshefte zur Wirtschaftsforschung des DIW Berlin*, vol. 70, no. 1/2001, pp. 7-14.

<sup>2</sup> Cf. Steffen Kröhnert et al.: 'Deutschland 2020 – Die demografische Zukunft der Nation'. Berlin-Institut für Weltbevölkerung und globale Entwicklung. Berlin 2004 ([www.berlin-institut.org/index1.html](http://www.berlin-institut.org/index1.html)).

<sup>3</sup> Cf. Institut für Arbeitsmarkt- und Berufsforschung (IAB) (eds.): *Zahlen-Fibel*. IAB online: [www.iab.de/asp/fibel/default.asp](http://www.iab.de/asp/fibel/default.asp).

Table 1  
Population in Germany, 1992 and 2002<sup>1</sup>  
in 000s

Aged ... to less than ... years <sup>2</sup>	Germany			Western Germany			Eastern Germany		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
1992									
16 to 35	21 783	10 519	11 265	17 871	8 632	9 240	3 912	1 887	2 025
35 to 56	23 421	11 470	11 951	18 857	9 212	9 644	4 565	2 258	2 307
56 to 65	9 517	4 841	4 676	7 605	3 842	3 763	1 912	999	913
16 to 65	54 721	26 830	27 892	44 332	21 686	22 646	10 389	5 144	5 245
2002									
16 to 35	17 005	8 306	8 699	13 914	6 858	7 056	3 092	1 449	1 643
35 to 56	25 566	12 532	13 034	21 051	10 335	10 716	4 515	2 197	2 319
56 to 65	9 736	4 908	4 828	7 943	3 989	3 955	1 793	919	874
16 to 65	52 308	25 747	26 561	42 908	21 182	21 726	9 400	4 565	4 836
Change in 2002 on 1992									
16 to 35	-4 778	-2 212	-2 566	-3 958	-1 774	-2 184	-820	-439	-382
35 to 56	2 145	1 062	1 083	2 194	1 123	1 071	-49	-61	11
56 to 65	219	67	153	339	147	192	-119	-80	-39
16 to 65	-2 414	-1 083	-1 330	-1 425	-504	-920	-989	-579	-410

<sup>1</sup> Based on update of 2001 figures. — <sup>2</sup> Age at end of each year.  
Source: Federal Statistical Office, Statistical Yearbooks 1994 and 2003.

exception to this general trend was the trend among women in western Germany, a group that showed an increase in employment by over one million persons during this period. In eastern Germany the size of both the male and the female labour forces declined, but –

contrary to the trend for the general population – the decline in the number working was much stronger for men than for women.

Since this study examines occupational changes that took place any time during the 12 months prior to com-

Table 2  
Employment in Germany, 1991 to 2002  
in 000s

	Stock						Change					
	1991	1992	1996	1997	2001	2002	97/92	02/97	02/92	92/91	97/96	02/01
Germany	37 445	36 940	35 983	35 805	36 815	36 536	-1 135	731	-404	-505	-178	-279
Women	15 570	15 317	15 277	15 256	16 186	16 200	-61	944	883	-253	-21	14
Men	21 875	21 623	20 706	20 549	20 629	20 336	-1 074	-213	-1 287	-252	-157	-293
West Germany	29 684	30 094	29 277	29 200	30 307	30 123	-894	923	29	410	-77	-184
Women	11 965	12 249	12 275	12 299	13 226	13 252	50	953	1 003	284	24	26
Men	17 719	17 854	17 002	16 901	17 081	16 880	-953	-21	-974	135	-101	-201
East Germany	7 761	6 846	6 706	6 605	6 508	6 404	-241	-201	-442	-915	-101	-104
Women	3 605	3 068	3 002	2 957	2 960	2 948	-111	-9	-120	-537	-45	-12
Men	4 156	3 778	3 704	3 649	3 548	3 456	-129	-193	-322	-378	-55	-92

Source: Federal Statistical Office, FS 1, Series 4.1.1, various issues.

pilation of the survey in 1992, 1997 and 2002, the labour market trends during the same three 12-month periods also deserve examination. In western Germany, the situation was favourable for both sexes in 1991/1992, in other words immediately after German unification. Both men and women (the latter to an even greater extent) showed increases in employment. In eastern Germany, by contrast, the situation was characterised by a massive decline in employment, which hit women particularly hard. The fall in employment was much less dramatic in eastern Germany in 1996/1997 and was then about equal for the two sexes. There was also a fall in employment for men in western Germany during the same period, and their situation deteriorated further in 2001/2002. Women, by contrast, enjoyed a rise in employment in all of the periods observed, albeit only a moderate one in the last two. Unemployment was much higher in eastern than in western Germany in all years.<sup>4</sup> The situation is now particularly dramatic for older workers, for whom it is practically impossible to find a new job.

## Sharp rise in frequency of occupational changes

Using data from the Socio-Economic Panel (SOEP), it is possible to carry out extremely thorough analyses of occupational changes. Such changes have become much more frequent in Germany over the last ten years as the number of employed has fallen overall. According to projected figures, in 2002 around 6.3 million workers had changed jobs during the previous 12 months; the corresponding figure for 1992 was only 4.8 million (cf. table 3).

Changing employers is the most common type of occupational change reported in the SOEP, and first-time entries into employment also account for a significant share. In 2002, a projected almost 4.7 million persons had changed employer or returned to employment following an interruption during the previous 12 months. This corresponds to an increase of over 40% on the figure for 1992. This trend is dominated in particular by western German women. The number of women who changed jobs more than doubled over the observation period, increasing to over two million. The number of men who changed employers increased by 'only' something over 50% over the same period, rising to a total of 1.6 million by 2002 (cf. table 4). An above-average number of people returned to the labour market following a non-working period.

<sup>4</sup> Cf. IAB, loc. cit.

Table 3  
Type of Occupational Change<sup>1</sup> in Germany in the 12 Months Prior to the Survey<sup>2</sup> in 000s

	1992	1997	2002
First employment	560	746	837
Total changes of employer	3 259	3 912	4 675
of which:			
Return to employment following interruption	987	1 700	1 809
Entry into job with new employer	2 272	2 212	2 866
New activity in self-employment	90	476	340
Taken over by new owners of firm or by new authority <sup>3</sup>	291	82	95
Within-firm job changes	614	663	344
Total job changes	4 814	5 879	6 291

<sup>1</sup> Change of job or return to employment in the 12 months prior to the survey. — <sup>2</sup> Question: 'Which kind of job change was it? If you changed jobs several times, please refer to the last change.' — <sup>3</sup> This question was only asked of eastern German respondents in 1992.

Sources: SOEP 1992, 1997 and 2002, weighted; DIW Berlin calculations.

More than every eighth female respondent of working age in western Germany reported in 2002 that she had changed jobs in some way or taken up a new job over the previous 12 months; ten years earlier, during the much more favourable period of the unification boom, the figure was only every sixteenth woman. Compared with the two previous periods examined, 2002 was the first year in western Germany in which more women than men had changed jobs.

Young people showed most mobility of all, however, and this was probably also due to the difficult situation on the labour market. Around a fifth of young people reported in 2002 that they had changed jobs or taken up work for the first time during the previous 12 months. There was an above-average share of women amongst this group: in western Germany, they showed an increase of 11 percentage points on 1992 to 21% (the share of young men increased by 4 percentage points to 17%). Overall, the gap between western and eastern Germany as regards occupational changes amongst young people narrowed substantially over this period.

In general, more people changed jobs in eastern than in western Germany over the observation period. The decline in employment in relation to the population was also higher than in western Germany in all three periods observed. Unlike their western German counterparts, however, eastern German men changed jobs more frequently than eastern German women – evidence of the former's better prospects on the labour market.

Table 4

Persons Who Changed Jobs<sup>1</sup> at Least Once in Western and Eastern Germany, 1992, 1997 and 2002

Aged ... to less than ... years	Western Germany			Eastern Germany		
	1992	1997	2002	1992	1997	2002
in 000s						
<b>Women</b>						
16 to 35	510	892	1 063	238	182	231
35 to 56	392	480	912	317	167	192
56 to 65	/	/	72	/	/	/
16 to 65	902	1 407	2 047	555	349	439
<b>Men</b>						
16 to 35	726	1 061	769	312	225	226
35 to 56	292	512	791	401	296	291
56 to 65	42	/	(52)	(29)	(47)	(61)
16 to 65	1 060	1 577	1 611	742	569	578
<b>Men and women</b>						
16 to 35	1 237	1 953	1 831	550	407	457
35 to 56	683	992	1 703	718	463	483
56 to 65	42	(39)	123	(29)	(59)	(77)
16 to 65	1 962	2 984	3 658	1 297	928	1 017
As % of relevant population group						
<b>Women</b>						
16 to 35	10	17	21	19	15	21
35 to 56	5	8	10	20	10	9
56 to 65	/	/	2	/	/	/
16 to 65	6	10	12	16	10	11
<b>Men</b>						
16 to 35	13	21	17	22	20	22
35 to 56	4	8	10	26	15	14
56 to 65	(1)	/	(2)	(5)	(6)	(6)
16 to 65	7	11	11	20	15	15
<b>Men and women</b>						
16 to 35	12	19	19	20	18	22
35 to 56	5	8	10	23	12	12
56 to 65	(1)	(1)	2	(3)	(3)	(4)
16 to 65	7	10	11	18	12	13

/ Fewer than ten cases. — ( ) Values in parentheses: fewer than 30 cases.

<sup>1</sup> Any job change (change or entry into employment) in the 12 months preceding the survey.

Sources: SOEP 1992, 1997 and 2002, weighted; DIW Berlin calculations.

## Poor prospects for older workers, fixed-term employment for the young

The situation for older people on the labour market is extremely difficult. The age group that changed jobs least frequently was that of 56- to 65-year-olds; moreover, this age group has the highest unemployment rates.<sup>5</sup> Given this situation, many people from this age group availed themselves of measures that were intro-

Table 5

Share of Fixed-Term Contracts Amongst New Entries to Employment<sup>1</sup> in 2002

As %

Aged ... to less than ... years	Western Germany			Eastern Germany		
	Total	Women	Men	Total	Women	Men
16 to 35	37	33	42	49	37	62
35 to 56	31	29	34	45	55	38
56 to 65	/	/	/	/	/	/
Total	35	31	38	48	46	50

/ Fewer than ten cases.

<sup>1</sup> Share of fixed-term jobs amongst all dependent employees who changed jobs or took up a new job in the 12 months preceding the survey.

Sources: SOEP 2002, weighted; DIW Berlin calculations.

duced with a view to reducing the supply of labour (e.g. early retirement measures).<sup>6</sup> Most of these were men – not least because of their higher labour force participation rates.<sup>7</sup>

The fixed-term jobs that have emerged as a result of the measures aimed at greater flexibility on the labour market can facilitate labour-market entry. In fact, amongst those who took up a new job there was a particularly high share of persons entering fixed-term employment (cf. table 5). While 13% of the total active labour force in Germany was in fixed-term employment in 2002,<sup>8</sup> over a third of the new entries to the labour market in western Germany and a hefty almost 50% of the new entries in eastern Germany had a fixed-term employment contract. Younger dependent employees are increasingly frequently employed on a fixed-term basis.<sup>9</sup> This trend will inevitably affect the structure of the labour market and the employment careers of the persons concerned. As the Federal Statistical Office has noted, 'it is very possible that the increase in temporary jobs will itself facilitate a rise in erratic employment careers'.<sup>10</sup>

<sup>5</sup> Cf. IAB, loc. cit.

<sup>6</sup> Cf. Matthias Herfurth et al. (eds.): 'Arbeiten in einer alternden Gesellschaft'. Opladen 2003.

<sup>7</sup> Cf. Gerhard Bäcker et al.: 'Sozialpolitik und soziale Lage in Deutschland'. Wiesbaden 2000, pp. 237 ff.

<sup>8</sup> Cf. Federal Statistical Office: 'Bevölkerung und Erwerbstätigkeit. Stand und Entwicklung der Erwerbstätigkeit 2002'. FS 1, Series 4.1.1. Wiesbaden 2003, p. 93.

<sup>9</sup> Cf. Federal Statistical Office: 'Leben und Arbeiten in Deutschland. Ergebnisse des Mikrozensus 2003'. Wiesbaden 2004, p. 42 ([www.destatis.de/presse/deutsch/pk/2004/mikrozensus\\_2003i.pdf](http://www.destatis.de/presse/deutsch/pk/2004/mikrozensus_2003i.pdf)).

<sup>10</sup> Cf. Federal Statistical Office 2004, loc. cit., p. 43.

Table 6

## Jobsearch Activities<sup>1</sup> of Persons Who Changed Jobs in the 12 Months Preceding the Survey, 1992, 1997 and 2002

As %

	In 1992		In 1997		In 2002	
	Actively sought work	Job 'turned up'	Actively sought work	Job 'turned up'	Actively sought work	Job 'turned up'
Total	46	54	56	44	53	47
First-time employment	73	27	63	37	66	34
Return to employment	58	43	66	35	54	47
New employer	56	44	59	41	56	44
Change of employer <sup>2</sup>	56	44	62	38	55	45
Entered self-employment	/	(68)	41	59	(28)	72
Taken over	/	92	. <sup>3</sup>	.	. <sup>3</sup>	.
Changed job within firm	(17)	83	26	74	34	66
Western Germany						
Women	50	51	59	41	52	48
Men	57	43	54	46	53	47
Eastern Germany						
Women	43	57	61	39	63	37
Men	45	55	49	50	52	48

/ Fewer than ten cases. — ( ) Values in parentheses: fewer than 30 cases.

1 Job change or return to employment during the 12 months preceding the survey. Question: 'Before you took up your current job, were you actively looking for a job or did the job just turn up?' — 2 The category 'change of employer' includes both 'return to employment after an interruption' and 'new job with new employer'. — 3 The category 'taken over' is omitted in 1997 and 2002 because there were too few cases in the sample.

Sources: SOEP 1992, 1997 and 2002, weighted; DIW Berlin calculations.

### Younger people and women particularly active jobseekers

Over half of all those who found new employment in the year preceding the 2002 survey reported that they had actively looked for a job (cf. table 6). For the remainder, the job had 'turned up'. Given the difficult situation on the labour market, a significantly higher share of those who were entering employment for the first time (66%) had to search actively for work. Entry into self-employment, by contrast, does not appear to have been an explicit strategy; rather, in most cases (72%) it 'just happened'.

The significance of active job-seeking declined for men in western Germany over the observation period, while it increased in all other groups. In 2002, the group whose recruitment was most frequently preceded by active job-seeking was eastern German women. This fact illustrates the continued significant importance of employment for women in eastern Germany.<sup>11</sup>

<sup>11</sup> To this also cf.: Elke Holst and Jürgen Schupp: 'Employment behaviour among women in Germany: differences between east and west persist'. In: *DIW Economic Bulletin*, vol. 38, no. 11, November 2001.

### Relatively minor role of employment office in job placement

Most new jobs taken up in the year prior to 2002 were found via personal contacts. The employment office, which accounted for 11% of new placements, played only a minor part (cf. table 7). The largest group of respondents (35%) reported that they had heard about the new job from friends, acquaintances or family members, or that they had seen an advertisement in a newspaper (14%). The employment office did, however, account directly for 30% of the new jobs found by persons who were previously unemployed.<sup>12</sup> Nonetheless, acquaintances, friends, family members and newspaper advertisements were also highly significant sources for the unemployed (37%). Those who entered employment following school education or vocational training had usually heard about the job from social contacts (friends, acquaintances or family members). The impor-

<sup>12</sup> To this also cf.: Rainer Pischner, Jürgen Schupp and Gert G. Wagner: 'Arbeitsvermittlung durch das Arbeitsamt: Reform des Berichtssystems dringend erforderlich'. In: *Wochenbericht des DIW Berlin*, no. 9/2003.

Table 7

Source of Information for New Job<sup>1</sup> and Previous Employment Status<sup>2</sup> in 2002

As %

Source of information <sup>3</sup>	Germany overall					Western Germany					Eastern Germany				
	Total	Registered unemployed	Employed	School/vocational training	Other non-employed	Total	Registered unemployed	Employed	School/vocational training	Other non-employed	Total	Registered unemployed	Employed	School/vocational training	Other non-employed
Employment office	11	30	8	(15)	(5)	9	23	7	(13)	(4)	22	39	(12)	/	/
Newspaper advertisement	14	11	16	(15)	(13)	17	17	18	(15)	(14)	6	/	(6)	/	/
Acquaintances, friends, family members	35	26	40	35	32	37	24	41	35	34	33	30	37	(33)	/
Return to previous employer	8	(6)	8	/	29	8	/	6	/	25	16	(12)	(16)	/	(61)
Commercial placement/employment agency	2	/	(2)	/	/	(1)	/	(1)	/	/	/	/	/	/	/
Internet advertisement	4	(6)	4	(5)	/	5	/	4	(5)	/	(4)	/	(4)	/	/
Other / not relevant	25	19	22	26	16	22	(23)	22	28	18	17	(12)	21	/	/
Projected (000s)	4 598	735	2 787	502	574	3 664	434	2 295	415	520	933	301	491	86	55
Number of cases	1 498	254	862	176	206	1 123	135	674	138	176	375	119	188	38	30

/ Fewer than ten cases. — ( ) Values in parentheses: fewer than 30 cases.

1 Job change or new entry into employment (not including within-firm changes) in the 12 months preceding the survey. — 2 Employment status in previous year. — 3 Question: 'Where did you hear about this job?'

Source: SOEP 2002, weighted; DIW Berlin calculations.

tance of the Internet for the success of jobsearch activities is still minor; it is mainly used by persons who are already employed.

These results show that in Germany new jobs are mainly found thanks to personal initiative. This is not a new development – as the results of the SOEP show, the situation was no different ten years ago.

### Job changes often improve working conditions, but disadvantages are also accepted

SOEP participants who had changed jobs frequently reported better conditions than in their old jobs (cf. table 8). This applies for example to the type of activity concerned (44%), to earnings (43%), to promotion prospects (41%) and to working-time regulations (43%). However, a substantial share of respondents reported that they had accepted, or had had to accept, worse conditions in the new job, for example with respect to earnings (24%), the travelling distance to work (28%) or the workload (20%). It is not surprising that people whose job change was preceded by a period of not working less frequently do better, and indeed often do worse, than those who

moved into a new job directly from previous employment. The differences are particularly significant with respect to future promotion prospects, earnings<sup>13</sup> and type of activity. Persons returning to a tight labour market clearly have to substantially reduce their expectations regarding the new job. It is interesting that, compared with dependent employees, self-employed job changers were clearly more frequently satisfied with their new activity (58%) and also more frequently saw an improvement in their earnings (52%).

### Conclusion

The socio-demographic transformations taking place on the German labour market are becoming increasingly evident. This applies both to the decline in the number of young people and to the continued rise in significance of 'women as a labour market resource' in western Germany. More women either want or need to work today

<sup>13</sup> On this point also cf. Miriam Beblo and Elke Wolf: 'Sind es die Erwerbsunterbrechungen? Ein Erklärungsbeitrag zum Lohnunterschied zwischen Frauen und Männern in Deutschland'. In: *Mitteilungen aus der Arbeitsmarkt- und Berufsforschung*, vol. 4/2003, pp. 560-572.

Table 8  
**Assessment of New Job Relative to Old Job in 2002<sup>1</sup>**  
 As %

	Total	Change of employer			Entered self-employment	Within-firm job change
		Together	of which: return to employment following interruption	of which: new employer		
<b>Type of work</b>						
better	47	44	36	49	58	61
around the same	44	46	49	44	(24)	37
worse	10	10	15	7	(18)	/
<b>Earnings</b>						
better	44	43	30	50	52	38
around the same	34	34	41	30	(23)	49
worse	23	24	29	21	(26)	(13)
<b>Promotion prospects</b>						
better	30	41	18	33	41	41
around the same	54	53	59	55	(27)	53
worse	16	6	23	12	(32)	(6)
<b>Workload</b>						
better	30	31	24	35	(27)	22
around the same	50	50	54	49	49	50
worse	20	19	22	17	25	28
<b>Distance to work</b>						
better	30	31	29	33	30	(17)
around the same	42	40	45	38	41	64
worse	27	28	26	29	(29)	(19)
<b>Working time</b>						
better	41	43	41	45	42	(19)
around the same	42	40	44	38	(37)	67
worse	17	17	16	17	(21)	/
<b>Company social security benefits</b>						
better	25	28	22	31	11	8
around the same	58	57	63	55	36	85
worse	16	15	15	14	53	7
<b>Job security</b>						
better	27	27	20	31	(17)	26
around the same	60	60	61	60	45	73
worse	13	12	19	9	(38)	/

/ Fewer than ten cases. — ( ) Values in parentheses: fewer than 30 cases.

<sup>1</sup> Question: 'How does your new job compare with your old job? In which respects is it better, in which about the same and in which worse? How does it compare with respect to ...?'

Sources: SOEP 2002, weighted; DIW Berlin calculations.

than in the past. Women's desire to work is still very strong in eastern Germany, as is also evidenced by the extreme frequency of active efforts by women to seek work prior to a job change. It is clear that the difficult labour market situation in the region is causing young women, especially, to leave eastern Germany. If this trend is not counteracted by an improvement in their employment prospects, long-term repercussions for the regions concerned are inevitable.

Occupational mobility rose perceptibly between 1992 and 2002. This trend can be considered an indicator of increased flexibility on the labour market. However, little success was achieved in reducing unemployment via new job placements. The success of jobsearch activities that culminated in new employment was due more often to personal initiative than to placement by the employment office. Social contacts proved to be particularly important, the main sources of information leading to

jobs being friends and relatives. Another fact that emerged was that if older workers lost their jobs they found it extremely difficult to re-enter the labour market.

If a person changes from one job to another without interruption, the new job often entails improved conditions, for example in terms of earnings or the type of work. However, if the change is preceded by an interruption in employment the person often has to accept shortcomings in the new job, for example in terms of promotion prospects, earnings and type of work. Thus, job changes are most advantageous for those who were never unemployed in the first place.

The study showed that persons who do not (yet) have a firm foothold on the labour market ('outsiders') are more frequently affected than others by measures aimed at increasing labour market flexibility, in this case fixed-term employment. The share of fixed-term workers is rapidly increasing amongst younger new entries to the labour market. On the one hand, this does give them a chance to gain a foothold in working life. On the other, however, it cannot be ruled out for this generation in particular that the flexibilisation measures will lead to longer term 'unstable' employment. In some cases self-employment might be a viable alternative. A development of this kind would, however, create new challenges for the social security systems.

Elke Holst and Jürgen Schupp