



International  
Labour  
Organization



European  
Commission

# ▶ Workshop on changing labour market transitions and life courses in Asia and Pacific

## Meeting report

Organized as part of the joint EU-ILO Project  
"Building Partnerships on the Future of Work"

# **Workshop on changing labour market transitions and life courses in Asia and Pacific**

Meeting report

14 and 15 December 2021

## ► Background and objectives

---

The virtual workshop “Changing labour market transitions in Asia and the Pacific” was organized as part of the project Building partnerships on the Future of Work” funded by the EC Partnership Instrument. It was held over two days, on December 14 and 15, 2021.

The aim of the workshop was to have a specific focus on the realities of Asian societies in terms of ongoing changes in labour market transitions and, more generally, in life-courses. It was an open workshop with an overall objective of exchanging knowledge and building capacity on policy design for managing transitions in the region. More precisely, the objectives were to:

- take stock of existing methodological approaches to measuring labour market transitions and have an idea of available data sources in the region;
- showcase innovative research results relevant to the region;
- expand and strengthen a network of researchers;
- assess the interest for evidence building and policy-orient research among regional stakeholders;
- seek opportunities for future research initiatives.

The workshop involved an exchange of innovative research on the following topics:

- transitions into/out of informality,
- a gender perspective on transitions
- youth transitions,
- transitions and ageing societies,
- impacts of the crisis on transitions,
- changing patterns in job-to-job transitions
- methodologies to measure transitions and life-courses.

The invited speakers were researchers and experts who had strong publishing record on these topics and work for universities or think tanks in the region or multilateral organizations. The countries covered by papers in the forum include Australia, Bangladesh, China, India, Indonesia, Republic of Korea, New Zealand, Thailand, and Viet Nam.

## ► Day 1

---

### Introductory remarks

**Ms Chihoko Asada-Miyakawa** (Assistant Director-General and Regional Director for Asia and the Pacific)

Chihoko Asada-Miyakawa welcomed the participants to the technical workshop and recalled its context, insisting on the objective of knowledge sharing of the EU funded project Building partnerships on the future of work implemented by the ILO and the Joint Research Centre of the European Commission. The idea is to learn from cutting-edge research methodologies and results on labour market transitions that can lead to the formulation of appropriate policy responses in the Asia and Pacific region.

Understanding and facilitating transitions is an important theme of the ILO Centenary Declaration for Future of Work that was adopted on the occasion of the 100th anniversary of the ILO in 2019. The implementation of the Declaration implies putting into place effective measures to support people through the transitions they will face throughout their working lives as productive members of societies. This includes, for example, women who continue to face challenges in their capacity to exit and re-enter labour markets during their family-raising years. The Declaration also requires countries to implement policies that can accelerate the transition from the informal to the formal economy. The meeting will also address the issues of youth and older workers' transitions.

**M. Lluís Prats** (Head of Unit—International Issues, DG Employment, European Commission)

In his introductory speech, Lluís Prats recalled the objectives of the project and the motivations of the EU in supporting the implementation of the 2019 ILO Declaration on the future of work. This project comes at crucial time when work is strongly impacted by important factors such as new technologies, climate change and new trade patterns. This is also a worrying time due to the pandemics as many jobs have been lost, especially in the developing world, and some emerging trends such as teleworking and platformisation are accelerating and negatively impacting workers' rights. The informal economy has also expanded in many parts of the world.

The project aims at responding at some of our current knowledge gaps regarding the future of work and involving policymakers, social partners and others in a discussion on suitable policy options, including through international or global cooperation. Lluís Prats invited participants to express their interests for future of work-related topics that could be explored in an event later as part of the project.

### Introduction on labour market transitions and life course

Drawing on the ILO Declaration on the Future of Work, the introduction by Guillaume Delautre and Sher Verick (ILO, Employment) focused on the approaches and challenges of analyzing labour market transitions in a life course perspective. Contrasting with a vision of labour market transitions which focuses exclusively on flows between unemployment (or inactivity) and employment, they invited participants to take a broader perspective. The presentation compared the main methodological approaches to analysing labour market transitions, in particular the event analysis approach which relies on measurement of gross flows between different states (especially between employment and non-employment) and the life-course approach which relies on a holistic approach and the analysis of sequences of time-ordered elements to identify different ideal-types. The main constraint of the life-course approach is that it needs long and detailed panel data tracing the trajectory of individuals throughout their entire working life (or rich retrospective data). These data are often lacking in developing countries.

## Session 1: General considerations on labour market transitions

Santo Milasi (EC-JRC) chaired the session, which discussed research on labour market transitions in a relatively general context. This session consisted of three researchers, presenting their work. 15-20 minutes were given to each participant for the presentation, followed by a Q&A towards the end of the session.

**Dean Hyslop** (Motu Institute, New Zealand): “Covid-19 wage subsidy support and effects in New Zealand”

The paper provides a preliminary analysis of the short run impact of COVID-19 and the NZ government’s wage subsidy mechanism (CWS) on labour market flows. It aims 1) at examining the selectivity of the CWS by describing the characteristics of firms and of workers who did and did-not receive subsidy payments and 2) gauging how the pandemic and the CWS affected the labour market. The CWS is an ad-hoc scheme, relatively low-cost and largely trust-based in order to quickly distribute support and keep workers connected to firms. It is available to all workers, including self-employed, casual, non-residents, etc. The paper is based on linked employer-employee data (LEED) and CWS payment data which have been matched using firm / worker IDs.

In terms of selectivity, the paper shows that CWS benefited more to smaller firms and affected industries and that there were more recipients among male and younger workers. In terms of labour market disruptions, the authors find that there was a larger drop in job turnover rates in subsidised than non-subsidised firms, but the excess turnover in subsidised firms had return to pre-lockdown levels by September, while that in non-subsidised firms remained low.

**Christian Viegelahn** (ILO, Regional Office for Asia and Pacific) “Estimating labour market transitions from labour force surveys: The case of Viet Nam”

The presentation was based on a recent working paper published by Christian Viegelahn and Brenda Samaniego (University of California, Santa Cruz). This paper discusses methodologies that are available in the literature to estimate the incidence and frequency of transitions using data from labour force surveys, which are run as a rotating panel. The presentation provided some arguments to look at changes on labour market through the flows (transitions) of workers that move from one situation to another one on the labour market rather in complementarity to stocks. It allows to have a more detailed analysis of labour markets. For example, it helps to identify the sources of change in unemployment or informal employment. It also helps to indicate transferability of skills through the analysis of transitions between sectors or occupations or to improve the measure of sensitivity to economic shocks.

The paper then applies these methodologies to the Viet Nam’s labour force survey from 2011 to 2019 which includes a rotating panel. It produced different estimates of typical labour market transitions such as the probability for a worker to transit from/to employment to/from unemployment or inactivity, the probability for an informal worker to become formal (and different disaggregation by education level), the probability to transit to other sectors or another occupation.

**Johannes Brehm** (RWI – Leibniz-Institut für Wirtschaftsforschung) “What has been driving work-to-work transitions in Indonesia? Evidence from long-term longitudinal data”

The Indonesian labour market is characterized by a slow job growth, high levels of labour underutilization and informal employment and a lack of mobility from self-employment to permanent forms of employment. The paper aims at filling a gap in the knowledge on the shape and prominence of transitions, and the implications

on decent work, career and life trajectories in emerging and developing economies. Two economies have been analysed, Indonesia and South Africa. Concerning Indonesia, the study is based on the 5 waves of the Indonesia Family Life Survey (IFLS) from 1993 to 2014/15.

At this stage, there are only descriptive findings available. In comparison with South Africa, Indonesia displays higher levels of mobility across status of employment and sectors but less mobility across nature of employment and occupation. Youth prove to have the highest rates of transitioning. In a next step of the research, the authors will look at the factors driving these transitions.

### **Questions and Answers**

A first set of questions to Dean Hyslop was rather technical and pointed the possibility of computational or sectorial effects in the differential impacts between subsidized and non-subsidized firms. Regarding Indonesia, Johannes Brehm also clarified the period of analysis which goes from 1993 to 2014/2015, and consequently include different economic cycles, and the measurement of informality which follows the rules elaborated by ILOSTAT, although the relevant variables only became available with the fourth wave of the IFLS. The discussion was also an opportunity for participants to advocate for an increased investment in panel-type surveys, especially Labour Force Surveys with rotating panels, and their exploitation by national authorities in order to provide fine-tuned policy responses to the employment challenges. Finally, the discussion highlighted the role of labour market institutions, especially education and training institutions or active labour market policies, as one of the main factors explaining labour market transitions, for example between informality and formality.

## **Session 2: A gender perspective on labour market transitions and life courses**

Christian Viegelaun (ILO, Regional Office for Asia and Pacific) chaired the session, which discussed research labour market transitions from a gender perspective. This session consisted of three researchers, presenting their work. 15-20 minutes were given to each researcher for the presentation, followed by a Q&A towards the end of the session.

**Sasiwimon Warunsiri Paweenawat** (Thammasat University) “A synthetic cohort analysis of female labour supply: the case of Thailand”

Female labour force participation, earnings, and working hours have been increasing over the past 20 years in Thailand. In this context, the presentation based on three recent or forthcoming papers aimed at investigating the relationship between these variables for all women. The investigation is based on a synthetic cohort data defined by age, year of birth, and level of educational attainment, constructed on annual labour force surveys from 1985 to 2004.

The findings indicate that wage increases lead to a reduction in hours worked, but also an increase in the employment/population ratio, with elasticity estimates that are robust across a variety of specifications. The non-married group has higher absolute wage elasticity than the married group at the different age levels. When facing similar wage shock, married women have a cushion of husband's income. The number of children has a positive impact on married women's labour supply. In a forthcoming paper, Sasiwimon and her coauthor analyzed the effect on co-residence on married women's labour supply when accounting for children effect. The findings indicate that women living with parents are 21% more likely to participate in the labour market than those who do not. The presence of older parents in household increases women's working hours by 10 hours per week.

**Sudipa Sarkar** (University of Warwick) “Employment transitions of women in India: a panel analysis”

In India, despite the high growth, female labour force participation rate has not increased over the last two decades. This paper aims at explaining this situation through labour market transitions. From a policy perspective, those who are continuously out of the labour force may need to break social norms to enter the labour force, while those who are already in employment may need policies to support them to continue the employment. The study is based on two waves of the India Human Development Survey from 2004-05 and 2011-12. 62% men have persistence employment, compared to only 32% for women. Different explanatory factors are considered in the study such as social status, income effects, care responsibility and access to active labour market policies.

The findings indicate that women are not only participating less in the labour market, but their withdrawal rate is also very high. 21% of the initially employed women exited employment over the next seven years. Entry and exit are not mirror reflection of each other. Many factors significantly affect either entry or exit, but not at the same time. For example, having a new-born child between the two rounds is associated with a 3 ppt increase in the probability of exit but does not have an impact on entry. Also, having an additional elderly member increases the exit probability by 2.8 ppt. The intensity of expenditure on National Rural Employment Guarantee Act in the locality significantly reduces exit but has no significant impact on entry.

**Diahhadi Setyonaluri** (Universitas Indonesia) “Determinants of women’s employment exit and reentry in Indonesia”

In Indonesia, female participation remains stagnant at around 50% and there is an increasing trend of delayed marriage due to several societal changes. Being married and the presence of young children are generally associated with lower female participation. Through discrete event history analysis, the study aims at assessing to what extent changing family status affect women’s employment exit and return. It is based on two waves of the Indonesian Family Life Survey from 2000 and 2007. Descriptive analysis shows that entering family life stage is associated with women exiting from employment and that women return to labour market when children are older and they switch sectors. The presentation also discussed some of the caveats in using retrospective work history for event history analysis.

The findings indicate that family life cycle plays an important role in influencing women’s employment exit and return. For example, entering marriage and motherhood are associated with a higher risk of leaving employment and the effect is stronger among women who have worked in low-level occupations or in the private sector. The effect of marriage on employment exit is less important among women with tertiary education, but the effect of the first remains relatively strong. Married childless women have the lowest risk of returning to work, while childbearing married women have a higher probability of returning to work and especially in informal employment. Finally, the risk of employment re-entry is lower if a woman has an additional number of pre- schoolers. These findings are being currently updated with a more recent wave of the IFLS.

**Questions and Answers**

In the discussion that followed the presentations, the three speakers discussed the variable impacts of care obligations, education and income levels on female labour supply in the three countries. In the case of India, Sudipa showed that childless women are less likely to enter while having parents or stepparents is associated with lower level of exits. In the case of Indonesia, having parents also influences women participation (while

education level does not influence the results). The effect of household income is more variable as it can be a disincentive in certain cases, as shown in the case of India, or to the contrary allow the access to paid childcare.



## ► Day 2

---

### Session 3: Informality in labour market transitions and life course

Sara Elder (ILO, Regional Economic and Social Analysis Unit) chaired the session, which discussed research on movements in and out of more vulnerable categories of work. The session was intended to have three presenters, but unfortunately Minhaj Mahmud was unable to join, so we heard from two researchers only. 15-20 minutes were given to each researcher for the presentation, followed by a Q&A.

**Rajesh Raj Natarajan** (Sikkim University, India): “Moving up or down the job ladder in India: examining informality-formality transitions”

India has the largest informal workforce in the world, with a very high proportion of informal workers in the total workforce, at 83.5 per cent 2018, despite fast growth rates. There is a complexity in informal labour markets, with informality stemming across paid and unpaid work. This study (collaboration between Sikkim University, UNU Wider and University of Manchester) has focused on the six main questions: 1) the movement of informal workers to the formal job, and the possibility of the reverse; 2) the difference pattern between the self-employed and wage workers; 3&4) the possibility for “lower-tier” informal work to get a better-paid job or it’s a dead-end activity; 5) the education, caste, gender and location of the worker associated with mobility; 6) the implications of transitions in informal and formal work status for income gains.

Dataset used is the Indian Human Development Survey of 2004-2005 and 2011-2012 which covers over 37,000 workers from age 15-64 years old. The study categorized upper-tier and low-tier informal employment into six categories by their work status: formal wage employees, upper-tier informal wage employees, lower-tier informal wage employees, formal self-employed, upper-tier informal self-employed and lower-tier informal self-employed.

The findings indicate that there are significant worker flows across different labour market states in India, although with limited entry into formal than informal employment. Overall, the transition probability suggests relatively more fluidity among self-employed workers than wage workers, and there is a strong robust segmentation between wage employment and self-employment. Gender differences in worker transitions exist with mobility substantially lower for female workers than male workers and with female workers. Gender and education play significant roles on worker transitions. About three-fourths of the workers in the lower-tier of informal wage employment do not transit upwards. Workers in formal self-employment are more likely to remain in that state or move into lower-tier self-employment than to move into wage employment. The rise in earnings is substantially higher for those who have transitioned to formal status. Furthermore, positive income gains were also found in the successfully-transitioned informal workers (from lower to higher tiers). Overall, the study has admitted that lower-tier informal workers, whether in self or wage employment, have limited upward transition possibilities and are in “dead-end” work status.

**Teguh Dartanto** (Universitas Indonesia): “The effect of land and labour mobility on welfare and poverty dynamics of agriculture households in Indonesia”

The study tested the hypothesis that movement out of agriculture positively impacts poverty and welfare (Lewis Dual sector theory). In Indonesia, there has been a significant decrease of households in agriculture and farmland ownership per household is decreasing. The study used panel data from the Indonesia Family Life Survey with quasi experiment design. The time frame examined were: 2000-2007, 2007-2014, and 2000-2011.

The findings showed that between 2000-2007, the movement out of the agriculture sector decreased the probability of being poor, but the same results were not found for the 2007-2014 period. In the latter period, the

likelihood of being poor decreased only when moving into formal employments. The general conclusion then is that the conventional wisdom that moving out of agriculture creates a better life for farmers seems to have held true but only in the past. In the current situation, moving out of the agriculture sector is not a guaranteed solution to improve the condition for agricultural households; keeping land ownership, improving education and agriculture modernization (asset and technology) will be important means to enhancing productivity through human and physical capital.

## Questions and Answers

In the discussion that followed the two presentations, Teguh offered insights on what drove the collapse of the Lewis model in the latter period of Indonesia. He felt it had to do with the sectoral opportunities for absorbing the workforce leaving the agricultural sector. While in the early 2000s, agricultural workers were absorbed into the growing manufacturing sectors with good returns, in the latter period, workers were more likely to be absorbed into low productivity service sectors jobs.

Asked about the contribution of economic growth to the poor mobility of lower-tier informal workers in India, Rajesh explained that the benefits of growth went primarily to the higher privileged workers than the lower tiers of workers.

## Session 4: Labour market transitions throughout the life course

Dorothea Schmidt-Klau (ILO, Employment Policy Department) chaired this session, which was dedicated to young- and old-age transitions. This session consisted of four researchers, presenting their work on labour market transitions throughout the life course. 15-20 minutes were given to each researcher for the presentation, followed by a Q&A towards the end of the session.

### **Marta Favara** (University of Oxford): “Young Lives project in Viet Nam and India”

Young Lives is a unique longitudinal study of poverty and inequality that has been following the lives of 12,000 children in Ethiopia, India, Peru and Vietnam since 2002. Study participants were aged between 1 and 8 years old in Round 1 of the survey in 2002 and have grown up since then but continue to be followed. The 2020-21 survey was done as a phone survey due to Covid-19. There have been three calls in the course of 2020, to follow the situation of study participants before and after lockdowns imposed in the respective countries.

The survey results show that there has been a substantial reduction in income and household expenses, an increase in food insecurity (especially in India) and an increase in anxiety, as a consequence of Covid-19. Employment reduced dramatically and remote working has been the exception. Post-lockdown employment bounced back, but not to pre-Covid levels. There has also been a shift towards agricultural employment and self-employment as well as to unpaid work. Earnings decreased in many cases. Restricting the sample to those study participants that were in employment before the Covid-19 crisis, different categories of workers have been found to be more resilient than others. For example, own-account workers have been more resilient than wage employees. Female and young workers have been more affected by the crisis. Moving forward, it will be key to protect quality jobs and prevent that it is informality and poor-quality jobs that are driving the recovery from the crisis. It will also be important to protect the most vulnerable.

The Young Lives project is planning to undertake some further surveys in 2023 and 2025. One important research topic will be to generate evidence on the longer-term impacts and

### **Ian Watson** (University of New South Wales) “The youth labour market: From education to work before and after the global financial crisis”

In Australia, there has been a long-term trend of full-time employment loss for young people. There is also evidence of increased casualization and under-employment. While young women overall have seen an increase in the employment-to-population ratio, this trend is largely driven by an increase in part-time employment. The purpose of the research presented is to look at the impact of the global financial crisis and to extract period effects from ageing and cohort effects. The research relies on optimal matching methods and cluster analysis to categorize groups. The link to the commands in R and Stata were shared with the audience in case anyone wishes to use similar methodologies in his or her research.

In summary, the research finds that employment outcomes for youth after the global financial crisis were considerably worse than before. Employment outcomes significantly deteriorated; no impact was found on underemployment or casualization, but these were already at very high levels before the crisis. In terms of policies, research findings would speak in favour of introducing youth job guarantees, public sector youth quotas, youth quotas for contractors supplying governments, as well as a combination of on the job learning and institutional training.

**Yeonjin Lee** (Kookmin University) "The Country That Never Retires: The Gendered Pathways to Retirement in South Korea"

Given the rapidly increasing circumstance of ageing in Korea and the increased complications of transitions from working life, the paper seeks to analyse how patterns have changed over time and what are the genderized aspects of such transitions as influenced through work experiences and family dynamics. Koreans work a long time due to inadequacy of pensions, interruptions in careers (especially for women) and family circumstances, for example, marital dissolution. The data source used is the Korean Longitudinal Study of Ageing and the age cohort were those who were 50-64 years old in the baseline in 2006 who turned 60-74 years in 2016. Three multilevel time models with random effects were applied.

Results for women and men proved to be very different: the elements of work experience, in particular the disrupted career trajectory and self-employment, have a significant influence on the probability that men work in elderly years, but not for women. Family circumstances do have a significant impact on women's transitions in old age, including marital status, living with married children and upward financial transfers. The paper concludes that there are significant social disparities in work retirement transitions in Korea that are exacerbated by insufficient old-age support systems, especially among the manual skilled occupations.

**John Giles** (World Bank) "One Country, Two Systems: Evidence on Retirement Patterns in China"

The paper addresses how institutions and family circumstances can cause divergences in retirement patterns in the context of China. In China, an urban workers' retirement policy sets the mandatory retirement age at 60 years with an allocated pension programme for urban employees. Without such a strong institutional approach on old-age policies in rural areas, rural residents remain at a disadvantage. The source of information used to assess work-retirement pathways in China was the China Health and Retirement Longitudinal Survey, which is now triennial and nationally representative. Retirement is defined as the cessation of work in defined activities. Descriptive statistics show that residents in rural areas have gradual retirement rates with increasing age while urban residents have a sharp peak in retirement at the mandatory age of 60. The paper applies a linear probability model to describe the labour supply probabilities over the age of 60.

Results show the importance of institutional factors (pensions) as determinant of retirement. The lack of institutions to consistently set and enforce retirement policies in rural areas drives the longer working lives of rural residents. The urban-rural gap in economic resources is still significant. New rural pension systems are being put into place but are not yet systematically applied. Other influencing factors are health factors, education (higher education leads to longer working lives for men) and spousal working status.

## Questions and Answers

The discussion following the four presentations touched on the longer working lives and lower likelihood of mobility of the self-employed and the possibility to encourage positive experiences of self-employment into old age as a means to extend working life. When it comes to young people, however, Marta reminded us that self-employed are typically the disadvantaged so invites caution in such an approach. Yeonjin pointed out that the self-employed in Korea were likely to continue working longer which could stem from both negative reasons (lower income) and positive reasons (work satisfaction and job attachment). There was agreement that improving conditions of the self-employed offers possibilities for satisfactory work engagements of the elderly.

Asked if the COVID-19 crisis could lead to similar results to those of the global financial crisis, Ian speculated that factors such as the digital divide and household supervision of learning will have had important consequences on the household division of labour and influencing women in particular to drop out. The discontinuity of education or young people will also influence the continuity of employment for young people during the current crisis, but negative disruptions could be offset by the labour shortages in the economy.

## Wrap-up session

In conclusion, Sara Elder highlighted four main takeaways from the workshop:

1. We must acknowledge the quality of the research material on labour market transitions and life courses in the region and from all the countries, including middle income economies, and the quality of data sources.
2. The workshop has been an excellent opportunity to build a research network. The ILO will make its best effort to remain in touch and looks for further collaboration and participants are encouraged to use shared contact information to stay in touch.
3. The ILO should explore additional means to assisting national authorities, and especially national statistics institutes, to run longitudinal surveys and exploit them better and to explore methodologies for calculating transitions on surveys using rotational samples.
4. Many dimensions have been considered during the workshop and the variety with which data and analyses on transitions was wide (effects of the crisis, link with poverty, gender,...) but there remains scope to explore the value proposition of transitions. Questions remain on what defines a "good" transition.