International Labour Organization

European Commission

▶ Labour market transitions and life courses

Meeting report

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▶ Background and objectives

- The International Labour Organization organized a virtual workshop on Labour market transitions and life courses. This was organized as part of the EU funded project "Building partnerships on the future of work" implemented with the Joint Research Centre of the EU.
- The webinar took place on Tuesday, the 5th of May 2022 via Zoom.
- The project "Building partnerships on the future of work" aims at developing new evidence around specific and understudied future of work themes.
- The objective of this webinar was to present and discuss recent research undertaken or commissioned by the ILO and the Joint Research Centre of the European Commission on transitions from or into self-employment in Europe and on available data sources to measure changing life courses.

▶ Presentations and discussions

Chair: Guillaume Delautre (Employment policy department, ILO)

On the drivers of transitions into/from self-employment in the EU

Presentation by Alessio Mitra (ex-EC-JRC, currently EC-RTD)

Alessio Mitra presented two recent studies that aim at analysing the drivers of transitions into and from self-employment in the European Union.

The first paper carried out with Santo Milasi (ex-JRC), Ronald Bachmann and Myrielle Gonshor (Heinrich-Heine University in Dusseldorf) focuses on workers' transitions from solo self-employment to paid employment and vice-versa, as well as on transitions within self-employment. The objective was to explore how exposure to a certain type of technology in one's occupation affects the probability of moving in and out of solo self-employment, and how this effect differs across worker groups. To answer these questions, the authors matched worker-level data from EU-SILC with indicators of exposure to AI advances and routine task-intensity at the occupational level. First, artificial intelligence (AI) indicators are used as a proxy for exposure to labour-augmenting technology. This analysis shows that employees who are more exposed to AI advances are more likely to move to solo self-employment. However, solo self-employment also seems to become riskier, as being exposed to AI advances also increases the probability of transitioning from solo self- employment to paid employment. Certain workers, particularly the ones with low education, may not fully benefit from the labour-augmenting effects of AI, and therefore switch between employment status in search of better career prospects. Second, the authors use measures of routine task-intensity (RTI) as a proxy for the exposure to labour-saving technologies and find that employees with higher RTI are less likely to enter self-employment, be it with or without employees. This is particularly the case for employees in manual occupations. This result may reflect that employees in these types of occupations tend to have limited access to financial resources and skills that are positively associated with the odds of entering self-employment.

The second paper, also undertaken with Santo Milasi, provides some novel evidence on the relationship between solo self-employment and paid employment opportunities across the EU and 8 occupations for the period 2012-19. Relying on the occupational dimension allows the authors to investigate this relationship at a more disaggregated level than in previous cross-country studies. The adoption of a cross-country and cross-occupation analytical framework makes it possible to consider that both the solo self-employment rate and the availability of jobs in the wage and salary sector vary across occupations, as well as across countries within occupations. Findings suggest that the share of solo self-employed in total employment, as well as its prevalence among new job starters, in each occupation-country pair is higher (lower) when there are poor (better) paid employment prospects within the same pair. This finding holds across different subsets of occupations, including those which typically require higher education attainment. This could reflect that highly educated individuals who do not find adequate jobs in the wage and salary sector have a higher opportunity cost of switching to other occupations where paid employment opportunities are more abundant, and hence they may opt to work as solo self-employed within their preferred occupation. Finally, no correlation has been found between the extent of paid employment opportunities and the prevalence of self-employed with employees, which is consistent with the idea that employers and solo self-employed are possibly two distinct groups with different motivations for entering into such activity.

Discussion

During the discussion, Alessio Mitra has been able to provide some clarifications on certain aspects of the studies in response to questions and comments provided by the audience. These were the main points of the debate:

- The two studies don't include individuals working in the army and agriculture (which explains the increase in the number of self-employed in the EU observed by the authors).
- Regarding the first paper, the impact of AI on transitions varies significantly between groups depending on their capabilities. It is high for highly skilled individuals while it is low for low skills and older workers. For those, AI has even a significant impact on the transitions to inactivity. As noted by Roxana Mauricio (ILO), according to the definition used of highly skilled workers (those with tertiary education or those engaged in intellectual tasks), the magnitude of the effect is however variable (stronger with the level of education).
- Participants agreed that it was important to differentiate between own-account workers with or without employees as those with employees are in general more skilled and have different dynamics. In future studies, it would be however interesting to differentiate even more the group of own-account workers without employees (especially in the case of Latin America).

Measuring labour market transitions using a life-course perspective

Presentation by Giannina Vaccaro (Université de Lausanne) and Dan Orsholits (Université de Genève)

Giannina Vaccaro and Dan Orsholits presented their recent research report which aims to provide an overview of available methods and data sets to analyse labour market transitions from a life course perspective. Transitions cannot be completely understood by only focusing on one particular point in time. On the contrary, it requires a more holistic approach which allows understanding to what extent those transitions are situated in a broader life trajectory and are linked with previous and future situations. Such a holistic approach requires specific methods and (longitudinal) data.

The report provides an overview of the methodological approaches to perform basic as well as advanced life-course analysis and discusses their strengths and weaknesses. It focuses its analysis on two core phases of working lives: a) school-to-work and b) work-to-retirement transitions. Two broad methodological approaches are available to analyse longitudinal data: 1) Focusing on within-individual differences to establish causal effects (the most common models, in this case, are fixed effects models) and 2) focusing on between-individual differences to identify different groups according to their trajectories (the most common approaches here being sequence analysis and longitudinal latent class analysis). However, while within-individual approaches require fewer data (2 to 3 waves usually), between-individual approaches have in general more strict requirements. For example, sequence analysis requires 4 to 5 waves of evenly spaced data to be performed.

Based on the description and evaluation of 32 datasets from 14 high-, middle- and low-income countries[1], the report provides an overview of selected data sets as well as an evaluation of their suitability to study those selected transitions in a life course perspective with the discussed methodological approaches. Surveys are grouped by their types: panel data, cross-sectional data, cross-sectional data with rotating panels and datasets with combined (or mixed) designs. Panel data are available in 9 of the 14 countries. All of them would allow studying school-to-work transitions, but not all of them would allow analysing work-to-retirement transitions.

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[1] Bolivia, Brazil, China, Egypt, Ethiopia, India, Indonesia, Japan, Mexico, Peru, South Africa, South Korea, United States and Vietnam

Presentation by Marta Favara (Young Lives, Oxford University)

Marta Favara presented some of the latest developments and findings from the Young Lives project. The Young Lives study tracks two cohorts of children since 2001 in four low- and middle-income countries: Ethiopia, India (Telangana and Andhra Pradesh states), Peru and Viet Nam. The initial 2001 sample included about 2,000 younger cohort children aged approximately 1 year-old in the first survey and around 1,000 older cohort children who were 7–8 years old in each country. Before the crisis, the Young Lives respondents had been visited in person on five occasions, approximately every three years, most recently in 2016. When the COVID-19 outbreak began, it has been decided to postpone the fieldwork and implement instead a multi-part phone survey aimed at assessing the impacts of the COVID-19 crisis and associated policy responses on the study participants. 2020 COVID-19 Phone Survey consisted of five phone calls with each of the two cohorts. The first call took place between June and July 2020 (call 1), a few months after the COVID-19 outbreak, and the last one in October-December 2021.

Regarding youth transitions, these are the main findings from past surveys:

- The type of work accessible to young people changes as they grow up, but precarious and hazardous work is prevalent at all ages. Working conditions are often poor and informality prevails.

- Childhood individual and household factors matter for work outcomes in early adulthood. For example, in India, the percentage of the older cohort children in paid work is a negative function of household income (especially after 15y)

- The transition from school to work is difficult, and variable according to gender. For example, in Ethiopia and Vietnam, girls are more likely to continue their education than boys while in India and Ethiopia, early marriage remains a key barrier to women's labour force participation

Regarding the impacts of the COVID-19 crisis, some of the findings from the phone surveys are particularly worrisome:

- Poverty, inequalities and food insecurity (especially among the poorest households) are increasing. School closures and the digital divide are widening educational inequalities.

- Unequal vaccination rates are putting those in poorer, rural households and vulnerable groups at greater risk of COVID-19.

- High levels of mental health problems are still being reported by young people as the pandemic progresses while physical domestic violence increased significantly during the 2020 lockdowns.

Regarding employment, there was a large dip during 2020 lockdowns in Peru, Viet Nam and India which has been followed by a gradual recovery following the end of the lockdown. In Viet Nam, a marked fall in employment was observed during the fourth wave in 2021. There has been a deterioration in the quality of jobs with a continuous shift towards more self-employment and agricultural work. Some workers are less resilient than others. Female workers, younger workers (18-19yrs old), pre-pandemic wage workers and those working in contact intensives economic sectors have been less likely to be work (and income) resilient than their counterparts. Cognitive skills are weakly related to resilience (only in India). In Peru and Vietnam, the unequal distribution of caring responsibilities explains a meaningful proportion of the disparity between men and women.

The next waves of the field survey will be in 2023 and 2027. Next, Young Lives has the ambition to set up a new cohort study, the Covid-19 Cohort study, to follow the youth who have been conceived during the pandemic.

Discussion

During the discussion, the speakers have been able to provide some clarifications on certain aspects of their research in response to questions and comments made by the audience. These were the main points of the debate:

- Speakers and participants agreed that one of the main limitations of panel surveys, especially long panel surveys, is **attrition**. There are multiple solutions to identify attrition but no perfect solution to correct it. An alternative method for certain research questions would be to use a pseudo panel on cross-sectional data.
- Regarding Young Lives, it would be necessary to differentiate further the impacts of the crisis and the recovery among the **different groups of women**. For example, the women with the lowest level of education are the most likely to be employed.
- Also on YL, it is already possible to provide some **comparisons between the two cohorts**. In the period before the crisis, many improvements have been observed for the younger cohort in comparison with the older one in terms of nutrition, later entry into the labour market, health, etc. However, since the outbreak of the crisis, these improvements have disappeared and, in some aspects, their situation even became worse (for example, regarding mental health). With the latest waves of phone surveys, it will be possible to measure the impact of the crisis on education, especially in the engagement of youth in tertiary education.