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LABOR MARKETS IN SOUTHERN EUROPEAN COUNTRIES DURING THE CRISIS: A COMPARATIVE ANALYSIS OF DIFFERENT REACTIONS

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Research objectives

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- To analyse SECs' labour markets reactions to the recent economic crisis
- To explore the factors which could explain some striking differences
- To learn some lesson to improve labour markets more resistant to economic cycles

Research methodology and data sources

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- Literature review
- Secondary data analysis from:
 - Eurostat database
 - European Labour Force Survey
- Research strategy: to analyse the relation among several variables, considering as constant a lot of context factors.
- To compare we use data of 2006 and 2013.

STARTING POINT

SECs' LM heterogeneous reactions to the crisis

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Table 1. Unemployment % rate change 2006*-2013**

	Italy	Spain	Greece	Portugal
2006	6,8	8,05	9	8,9
2013	12,1	26,10	27,5	16,4
rate change	5,3	18,05	18,5	7,5

Source: Eurostat

* just before crisis, **the worst point

Why so different?

Theoretical models and academic debate

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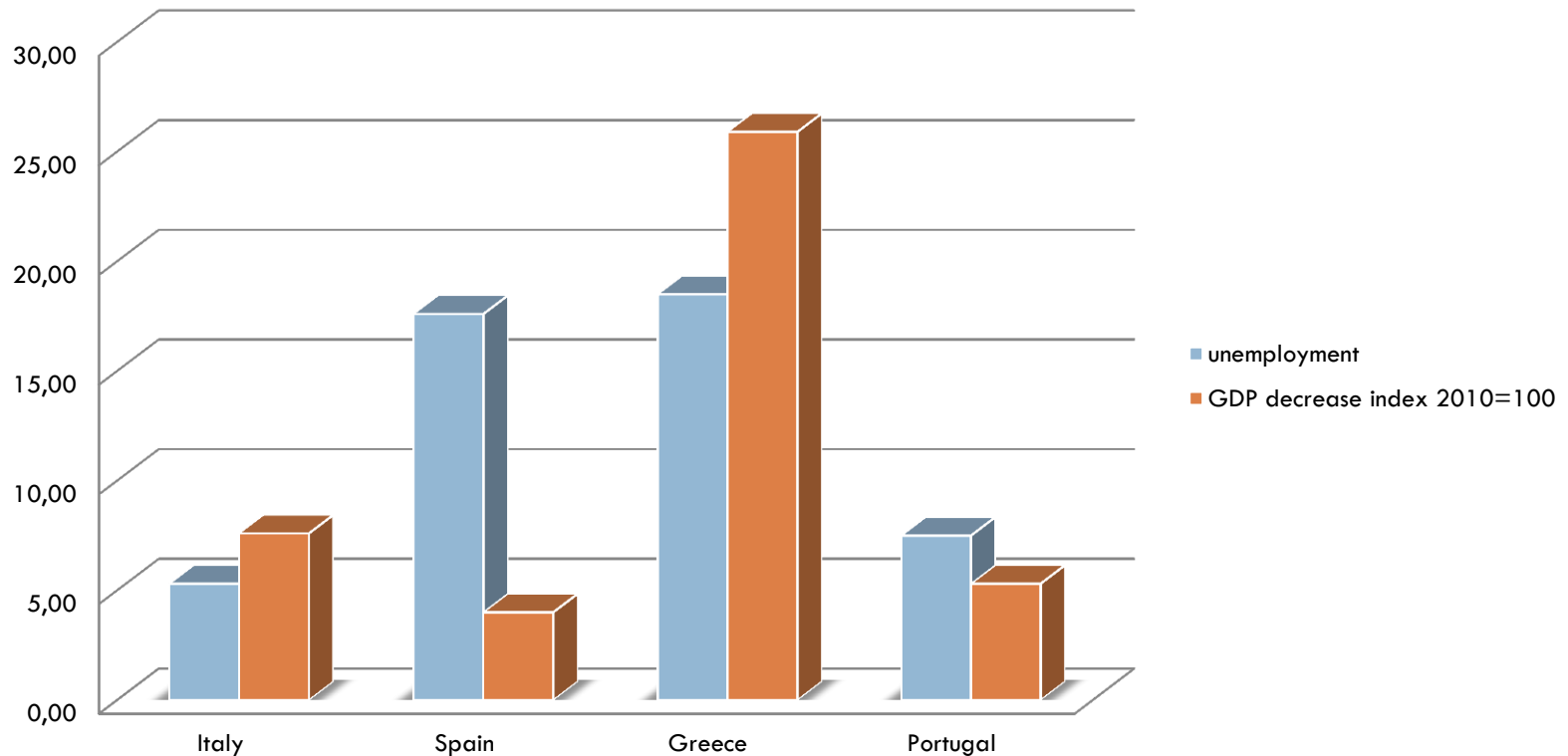
Literature review pointed out several analytic frameworks

1. It's above all an economic matter (Torrejon, 2013)
2. It's a labour market institutions and legal framework problem (Eichorst W. et. al., 2010)
3. It's a matter of labour market polices and social measures (Tridico, 2013)

Economic and labour market impact

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Figure 1. Unemployment and GDP decrease rate changes



Source: Eurostat data base

First exploration results

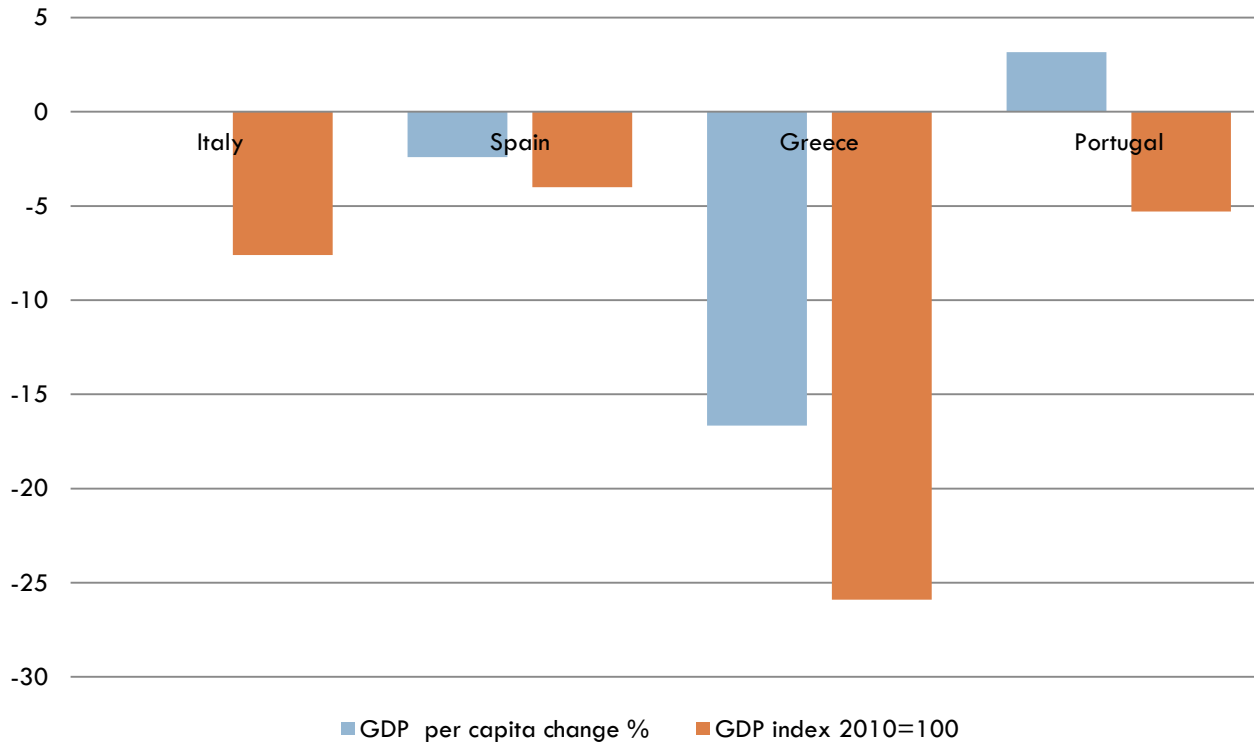
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1. Economic impact of the crisis
2. Labour market impact
3. Economic structure features
4. Labour market structure features

Economic impact

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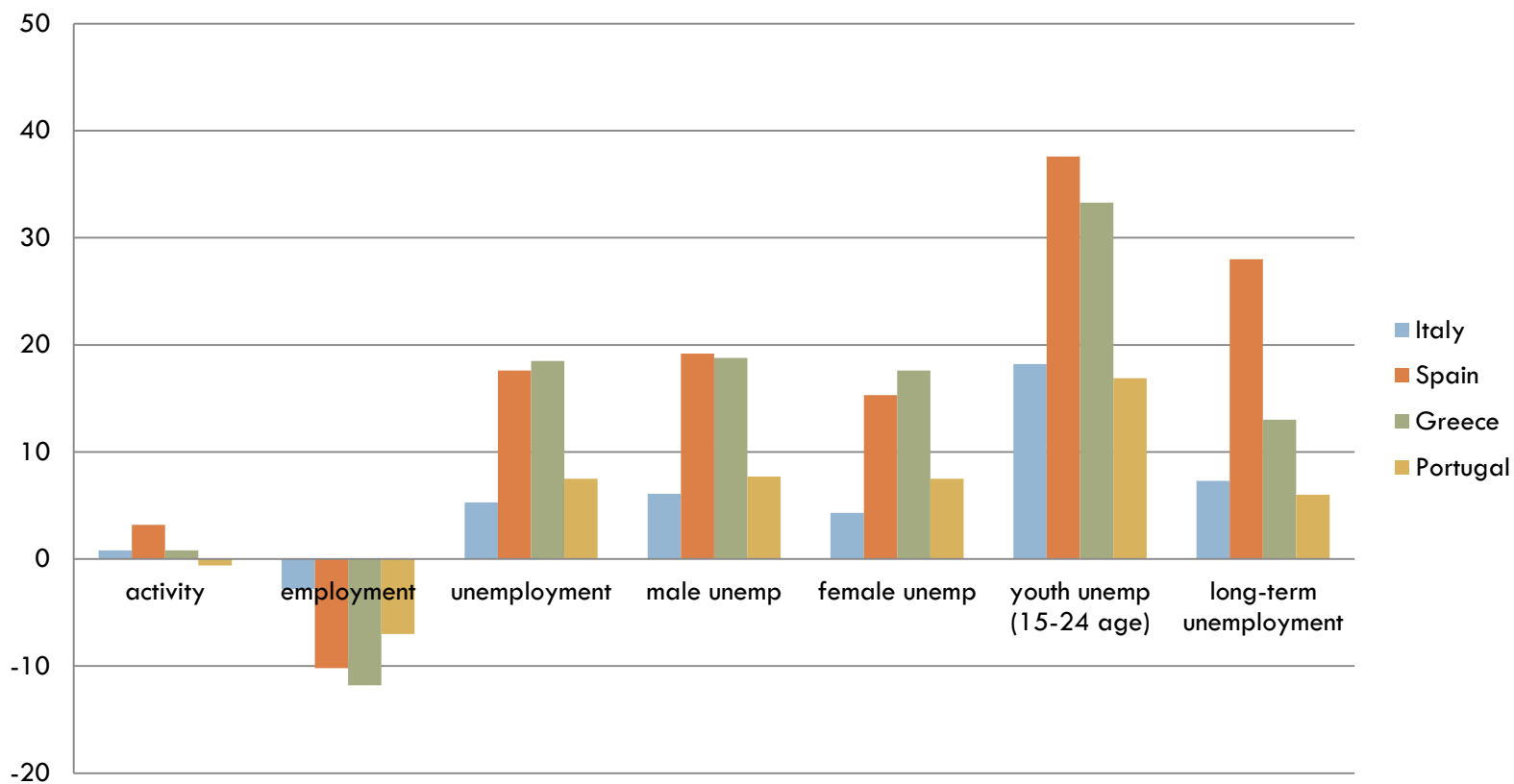
Figure 2 GDP changes 2006-2013



Source: Eurostat data base

Labour market impact

Figure 3. Main labour market indicators rate changes



Data source: Eurostat

Synthetic comparative analysis of the impact of the crisis

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Countries <i>Decreasing orden of reaction intensity</i>	Main changes
Greece	<p>The worst economic situation.The greater GDP decrease with an internal disastrous situation: drastic reduction of GDP per capita, import and final consumption. Labour market crisis seems to correspond and reflect the economic situation.:the worst economic performance, the worst LM reaction.</p> <p>Drastic employment downfall, above all among young people.</p>
Spain	<p>A less relevant impact on economy, (concentrates in the construction branch) and the worst labour market impact of the crisis. The companies use labour factor adjustment to survive to the crisis: part-time contracts grew and mainly temporary workers were made redundant. An increase of activity rate indicates the need for more people to enter in labour market, women above all.</p>
Portugal	<p>Presents an intermediate level of crisis impact and a more balanced situation between economic and labour market crisis. A gender and youth friendly unemployment increase</p>
Italy	<p>Is the country with the less relevant impact of the crisis, among SECs.</p> <p>The permanent crisis, Italy has lived in the last 20 years, seems to allow it a less relevant reaction to the conjuntural crisis. (Molina, Ibañez,2013)</p> <p>The rigidity to structural changes (a Labour market reform) , paradoxically ,makes Italy more resistant to disastrous changes caused by the recent downturn</p>

Economic structures

Table 1. Economic structures main feature before the crisis

Indicators	Italy	Spain	Greece	Portugal
	2006	2006	2006	2006
GDP per capita €	26.500	22.700	19.800	15.800
GDP growth rate	2	4,2	4,1	1,6
Gross domestic product at market prices millions €	1.548.473,4	1.007.974,0	217.861,6	166.248,7
Final consumption expenditure	1.222.402,9	752.142,0	183.766,9	141.320,2
Exports of goods and services	406.133,1	250.703,0	46.130,0	49.736,7
Imports of goods and services	419.083,6	310.328,0	69.010,3	63.433,8
Wages and salaries	434.412,0	376.211,0	57.782,9	60.978,6
Taxes on production and imports	227.167,0	125.314,0	26.961,4	24.761,5
GVA (total)	1.387.174,4	900.092,0	193.047,1	143.579,4
industry	20,5	17,8	12,9	18,1
manufacturing	18	14,9	9,6	14,3
construction	6,3	14,2	8,9	7,3
services	55,2	53,1	68,6	60,3
Gross Value Added (GVA) total	100	100	100	100

LM main features before the crisis

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Spain	Italy
<p>More Inclusive labour market (High activity and employment rates) with the worst work : high level of dependency , temporary and part-time (lowest self employment rate, highest level of temporary work , high level of part time) High use of external flexibility.</p> <p>Young people friendly, easier to come in and stay in the labour market (reduced long -term unemployment)</p>	<p>Excluding and rigid labour market (lowest activity rate - 4 point less than Greece-and an high long-term unemployment) High level of segmentation and differences between who is in the labour market and who is out.</p> <p>Static labour market (long-term and youth unemployment) Reduced use of flexibility, better work for less people.</p>
Portugal	Greece
<p>Highest level of activity and employment rate Significantly salaried employment with high level of temporary and part time work</p> <p>Reduced gender differences Long term unemployment</p>	<p>Lowest salaried worker flexibility (lowest rate of temporary and part-time work)</p> <p>The highest level of self employment (another way to be flexible?)</p> <p>Deep gender inequality</p> <p>Difficult to enter in the labour market (Long term unemployment)</p>

LM structure and LM reaction to the crisis

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	LM structure	Lm main changes
Greece	<p>The highest level of self employment (another way to be flexible?) Deep gender inequality Difficult to enter in the labour market (Long term unemployment)</p>	<p>The worst economic situation: the greater GDP decrease with an internal disastrous situation : drastic reduction of GDP per capita, import and final consumption. Labour market crisis corresponds and reflects to the economic situation. The worst economic performance, the worst LM situation. Drastic employment downfall, above all among young people.</p>
Spain	<p>Inclusive labour market (High activity and employment rates) with the worst work : dependent , temporary and part-time (lowest self employment rate, Highest level of Temporary work High level part time) High use of external flexibility. Young people friendly, easier come in and stay in the labour market (reduced Long -term unemployment)</p>	<p>The worst labour market impact of the crisis: the companies use labour adjustment to survive to the crisis: part-time contract grew and mainly temporary workers were make redundant, were expelled. A rise of activity rate indicate the needs for more people to enter in labour market, women above all.</p>
Portugal	<p>Highest level of activity and employment rate Significantly salaried employment with high level of temporary and part time work Reduced geneder differences Long term unemployment</p>	<p>Presents an intermediate level of crisis impact and a more balanced situation between economic and labour market crisis. A gender and youth friendly unemployment increase</p>
Italy	<p>Excluding and rigid labour market (lowest activity rate -4 point less than Greece) and an high long-term unemployment) High level of segmentation and differences between who in the labour market and who is out. Static labour market (long-term and youth unemployment Reduced use of flexibility, better work for less people.</p>	<p>Was the country with the less relevant impact of the crisis, among SECs. The permanent crisis Italy has lived in the last 20 years seems to allow it a less relevant reaction against the conjuntural crisis. The rigidity to structural changes, paradoxically makes italy more resistant to disastrous changes</p>

To conclude

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Exploring the different dimension separately we founded out that:

1. Regarding labour market reaction to the crisis we can't speak of a lot of similarities among SECs: there have been **heterogeneous reactions**
2. Analysing heterogeneous labour market reactions. **economic impact** seems **not to be the main issue**, even though relevant (the predominance of construction sector for Spain, f.e.)
3. The **labour market structure before the crisis** seems to have a relevant influence on the impact of the crisis in the LM: external **flexibility** plays a crucial role in bad performances: the more flexible, the more sensitive.
4. To build labour market more resistant to the economic downturn, seems to be indispensable to create a **different labour market structures during growing periods**

Next steps

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- Multivariate analysis to explain the different role of a wide range of factors on so different labour market performances
- To analyse the regulatory labour market framework and its evolution in the last years
- To Include the social and labour market policies role in the analysis

Contacts details

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That's all

Thank you for your attention

Grazie per l'attenzione

Gracias por vuestra atención

ευχαριστώ για την προσοχή σας

Obrigado pela sua atençã