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Bram Steijn, Ariana Need and Maurice Gesthuizen  
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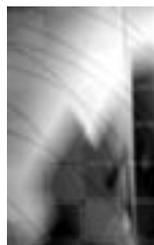
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## Well begun, half done? Long-term effects of labour market entry in the Netherlands, 1950–2000

- **Bram Steijn**  
*Erasmus University, Rotterdam*
- **Ariana Need**  
*Radboud University, Nijmegen*
- **Maurice Gesthuizen**  
*Social and Cultural Planning Office, The Hague*

### ABSTRACT

This article looks at the career effects of different entries into the Dutch labour market: as unemployed, non-standard or permanent worker. Using the bridge versus trap analogy, it is investigated whether or not a 'bad' career start will have long-term negative consequences. To do this, event history analysis is used. The results show that non-standard work has no negative consequences with respect to later career unemployment or upward and downward mobility. However, certain negative effects are associated with unemployment at the career start. Moreover, this effect is larger when the duration of the period of unemployment is longer. Several other hypotheses – about macro-economic effects and about the effects for groups with a weak labour market position – are refuted. Overall, the data show that early career unemployment can work as a trap, but that early career non-standard work can work as a stepping stone towards a better labour market position.

### KEY WORDS

contingent employment / flexible employment contracts / inequality / labour market / non-standard work / unemployment

## Introduction

Several recent studies have examined the effects of labour market entry characteristics on later occupational career. A main finding is not only that educational level and field of study are important (Bratberg and Nilsen, 2000; Jensen and Westergaard-Nielsen, 1987; Kogan and Müller, 2003), but that early labour market experiences also have an effect on later career. A number of these studies have focused on the effects of unemployment in the earlier stages of a work history on later careers. Results are not conclusive. However, the OECD (1998) considers that a spell of unemployment as a first career experience will negatively affect the development of a later career. This conclusion is supported by studies in the UK (Gregg, 2001), although some US studies suggest that early unemployment has no enduringly negative effects (Gardecki and Neumark, 1998).

Other conditions at the point of labour market entry may be relevant: in particular, the increase of flexible work practices throughout the Western industrial world merits special mention (Delsen, 1995; Heery and Salmon, 2000; Kalleberg, 2000, 2003). This increase has eroded 'permanent' employment and job-security. With young workers more often starting their career in a temporary job, the question of whether this period of relative insecurity has detrimental longer-term career effects has risen in importance. Research on the relationship between non-standard arrangements, such as fixed-term contracts or jobs through 'temping' agencies, and later career is needed – but as yet is scarce (Kalleberg, 2000: 58). Scherer (2004) partly filled this gap in research by studying the consequences on later career of two types of labour market entry (temporary contracts and 'underqualified' jobs, i.e. those requiring lower qualifications than those held by the recruit) in West Germany, Great Britain and Italy. She concluded that 'employment contracts of limited duration ... do no harm to future occupational positions' (Scherer, 2004: 387).

The research discussed above focuses separately on early career unemployment and non-standard jobs, whereas both are part of the same process of occupational stratification. While a non-standard job might not be considered to be as good as a permanent position, it is perhaps better than no job at all. And does the duration of working in a non-standard job matter? The implication is that early career unemployment and non-standard jobs should be studied simultaneously, something we do in this study.

Gangl (2002) looked at early career outcomes for people entering the labour market in 12 EU countries between the late 1980s and late 1990s. His study contains two important elements to be included in further research. First, by including occupational status as an outcome of early labour market entry, he introduced an often neglected outcome variable: most studies limit outcome examined either to spells of unemployment or to wage effects. The present study investigates the effects of the labour market entry *not only* on later unemployment risk, *but also* on upward and downward occupational mobility (see also Scherer, 2004). Second, Gangl focused on the existence of so-called 'period

effects', such as macro-economic conditions, demographic size of a cohort and the increase in number of highly qualified people. He showed that these structural conditions affect both unemployment risk and occupational status. The present study aims to provide more insight into the process of stratification, by investigating whether the impacts of early career characteristics differ under varying macro-economic circumstances.

Other research has focused on vulnerable groups in the labour market and whether some groups experience a stronger impact of early career characteristics than others. Burgess et al. (2003) found the effect of early career unemployment to differ between educational groups: there are adverse effects in terms of later unemployment for the less qualified, but the reverse holds true for the higher educated. Muffels et al. (1999) found large differences between several categories of non-standard workers. Young people without job experience were likely to move from non-standard employment into permanent jobs, which was not the case for older people or for women.

In sum, although steps have been made to discover which groups run a higher risk of being negatively affected by an unfavourable career start, more research is needed. This study therefore will examine the differences between: a) the lower and the higher educated; and b) men and women. Centred on the effects of having a non-standard job arrangement at an early career stage (compared to being unemployed, or to having a standard contract job), it answers three research questions:

- 1) What are the long-term consequences for later career experience of different modes of entry to the Dutch labour market?
- 2) Are these consequences affected by specific economic circumstances?
- 3) Do these consequences vary for different social categories?

This study contributes to the discussion in the literature in five ways. First, it systematically compares the later career effects of three forms of labour market entry (i.e. *unemployed job-seeker*, *non-standard worker*, and *permanent worker*). Second, it focuses on three occupational outcomes (*unemployment*, *upward mobility*, and *downward mobility*). Third, it controls for economic circumstances while examining vulnerable groups. Fourth, it studies the extent to which the *duration* of negative early career episodes affects the later career. The final contribution is that it brings all of these aspects together in a method that has seldom been applied in this field. Most studies use a cross-sectional or a single-cohort panel design, which has important drawbacks. It is generally not possible to cover a long time period, limiting the period in which labour market entry can have career effects. The present study uses event history analysis, which enables us to answer questions about long-term career effects. Moreover, it enables us to include duration effects and time-varying variables, such as economic circumstances and educational attainment.

## Unemployment, flexibility and later careers: theory and hypotheses

Burgess et al. (2003: 292) noted three different career outcomes of an unemployed career start. First, careers can be permanently blighted; that is, the effects of an unfavourable entry could be long lasting, as the transition into the first job is an important one. Second, the effects of initial experiences may wash away because after some time individual abilities come to the fore, thereby outweighing any unfavourable past employment record. Third, there could be heterogeneity in outcomes, for instance, with high-ability individuals being unaffected and low-ability individuals facing adverse consequences.

Of course, the same can be true for a career start in a non-standard job. Many studies suggest that non-standard work arrangements have proliferated in recent decades (Gallie et al., 1998; Kalleberg, 2000, 2003). This may not be true for all types of flexible work (cf. Brynin, 2002). Furthermore, it is partially related to economic cycle (Casey et al., 1997) – for instance, the amount of work offered by temping agencies is highly dependent on the economic conjuncture (Zijl et al., 2003).

Increasing or not, non-standard jobs are sometimes referred to as ‘bad’ jobs. Kalleberg (2000; see also Kalleberg et al., 2000) claimed that these jobs in the United States have several characteristics of ‘bad’ jobs, including low pay and limited access to health insurance and pension benefits. However, similar to research on the career effects of early unemployment, findings are not unanimous about the career effects of non-standard work early in the career. A number of studies suggest at least some negative effects (Gallie et al., 1998; Kalleberg, 2000), which can be explained from a *human capital* perspective (Dale and Bamford, 1988; Nollen, 1996). Employers are thus said to be unprepared to invest in non-standard workers as they are likely to leave the organization. In the words of Nollen (1996: 569), ‘they do not acquire the training, experience, or career development that are necessary to build their human capital for future employability’.

Others, however, disagree. Büchtemann and Quack (1990) claim that people in non-standard jobs in Germany are not so badly off. They showed that workers in permanent jobs also often have ‘bad’ labour market positions. Moreover, many young employees explicitly choose non-standard employment at a certain career stage (DiNatale, 2001). In fact, Scherer (2004) found no negative effects of contract type on later career. Answering the question of whether the first (temporary) job works as a ‘stepping stone’ or a ‘trap’, she suggests that temporary contracts act as a stepping stone – though unemployment risk for those involved is somewhat higher.

The distinction between the first job as a ‘stepping stone’ or a ‘trap’ is similar to the ‘bridge’ or ‘trap’ analogy made by Tam (1997). This analogy relates to the theory of career mobility (Scherer, 2004; Sicherman, 1991), which assumes that employees will accept less challenging jobs that offer chances for rapid promotion (see also Brynin, 2002: 641). If non-standard work acts as a

bridge, its negative effects would be rather small. It would merely be a transient phase in a person's career and, as such, would provide the worker with a chance to 'look around' before settling down. After obtaining a permanent position, all workers are assumed to have equal chances of gaining 'good' jobs, offering nice incomes and prosperous careers. If this analogy holds, upward mobility of non-standard workers would be higher than that of permanent workers, since they have to 'make up for' their initial disadvantage.

The idea of a non-standard job as a trap relates to segmentation theory (Gallie et al. 1998: 178–79; Scherer, 2004). The idea is that the workers involved become entrapped in secondary labour, because their jobs are associated with insecurity and offer little chance of advancement. They therefore experience lasting negative consequences that come about in two ways. First, the non-standard job status can become permanent, entrenching the worker's weak labour market position. Second, even when these workers obtain permanent jobs, their previous flexible status may have an enduring negative effect – for instance, because the permanent jobs they *can* find are ones offering little chance of upward mobility.

In our analysis, the 'bridge or trap' analogy is at the fore. Weighing the empirical evidence we believe it is more likely that a 'bad' labour market entry has long-term negative consequences – especially in relatively highly regulated labour markets such as in the Netherlands (cf. Olsen and Kalleberg, 2004: 323; Scherer, 2004: 373). We therefore expect a labour market entry as unemployed or as a non-standard worker to have negative effects on the later career. As indicators of the later career we look at unemployment risk and upward and downward occupational mobility.

An important question is which circumstance is most negative. In this respect Kalleberg (2000: 350) made an interesting point, remarking 'in any event, having temporary work is often better than not having a job at all'. With this in mind, our first hypothesis is:

- (I) Compared to workers who start their occupational career directly in a permanent job, workers with a non-standard first job will experience long-term negative consequences in their later career (i.e. a higher chance of becoming unemployed, less chance of upward occupational mobility and a higher chance of downward mobility), but the most negative consequences will be experienced by those who start their career unemployed. And:
  - (Ia) These negative consequences diminish as work experience increases.

Our second hypothesis relates to the duration of the first labour market status (unemployed or non-standard). It seems logical to assume that the longer this period goes on, the longer the workers involved will be exposed to negative effects. Supporting this assumption is the so-called 'stigma effect of employment' (Bratberg and Nilsen, 2000), according to which longer past spells of unemployment cause longer future spells. This leads to our second hypothesis:

- (2) The longer a person works in a non-standard first job or the longer the period of early unemployment, the stronger the negative career effects will be.

Following Gangl (2002), the macro-economic situation can be expected to affect the labour market entry. Having a non-standard job in a favourable economic situation is probably not disadvantageous. In such a climate people can easily hop from one (non-standard) job to another. In fact, being flexible in these circumstances can be seen as a positive signal for employers (see signalling theory in Spence, 1973). This might explain why Gardecki and Neumark (1998) found no negative effects on adult labour market outcomes of what they call 'chaotic periods' in workers' early careers.

The situation, however, can be different in unfavourable economic situations. As a non-standard job implies job insecurity, workers would strive for a permanent job. Employers might interpret the failure to gain such a job as an indication that something is 'wrong' with the person, and label them accordingly. Hence, a third hypothesis:

- (3) A spell of non-standard work at the start of the career will have negative career consequences in an unfavourable economic environment, but not in a favourable economic situation.

The effects of early unemployment might be different. We assume that, as the workers involved will not accumulate human capital, early unemployment will have negative career consequences independent of the economic situation. In contrast to non-standard work, being unemployed in a favourable economic situation probably has negative effects for the workers involved because it sends a negative signal to employers. After all, a worker who cannot find a job in a tight labour market must surely have something wrong with them. This yields our fourth hypothesis:

- (4) Spells of unemployment will have larger negative career consequences when they occur in favourable economic conditions.

Our final hypothesis pertains to possible heterogeneous effects of the entry position in the labour market. Burgess et al. (2003) reported negative effects of early unemployment for lower educated workers, but not for higher educated ones. In that sense, early unemployment could work as a trap for the former, but as a bridge for the latter. Possibly, the latter get more opportunities to demonstrate their abilities later in their career, so the negative consequences of a spell of early unemployment are washed away. Something similar could be true with respect to non-standard work (cf. Gangl, 2002). Furthermore, for higher educated workers, contingent work might constitute a conscious career choice, while for lower educated workers it might be the only path to employment. The

same arguments might hold true for women compared to men. So our fifth hypothesis is as follows:

- (5) Spells of early unemployment or early non-standard work will have a more negative effect on later career for lower educated workers compared to higher educated ones, and for women compared to men.

## Data and measurements

Our analysis uses data from the year 2000 Family Survey of the Dutch Population (FSDP) (De Graaf et al., 2002). This dataset concerns a random sample of the Dutch population between 18 and 70 years of age. Primary respondents numbered 850, and they answered questions regarding their life-course. Responses are also available for 711 partners, who were interviewed separately. In total the survey contains information for 1561 respondents.

The FSDP has a response rate of 40.6 percent, which may at first seem rather low. However, both spouses had to participate in the survey. We can thus expect a lower response level than for a survey of individuals. If we assume independence, a response rate of 65 percent for a survey of individuals is implied. In the FSDP, no effort was put into converting temporary refusals. Stoop (2005) showed that, compared to other countries, response rates in the Netherlands are low. She discovered that in 'the hunt for the last respondent', enhancing response rates by converting temporary refusals in comparable Dutch surveys is unlikely to improve the accuracy of the outcomes (Stoop, 2005: 287). The reason for this is that temporary refusers are quite similar to people who immediately participate in a survey. We thus expect the seemingly low response rate will not lead to bias in the estimates.

The FSDP asked retrospective questions to obtain information about educational and occupational careers. For each year in the lives of the respondents we know their education, occupation, marital status and number of children. The survey records for each month whether respondents had a job, and also whether the employment was permanent or non-standard and what kind of a job it was.

Of course, one can question the reliability of retrospective data, though research on social stratification increasingly uses such data (Treiman and Ganzeboom, 2000). One of the first studies to use retrospective survey questions was the classic study by Blau and Duncan (1967). They examined the effect of the father's education and occupation on the education, the first occupation and the present occupation of Americans in 1962. Blau and Duncan (1967: 15) showed that retrospective questions asking the father's occupation were no less reliable than questions asking the current occupation of respondents. Since this study, it has become customary in survey research not only to ask respondents about their current occupation, but also about their first occupation.

The FSDP increases the number of retrospective questions by asking respondents about their whole educational and occupational career. Again, we may question the reliability of this retrospective information, and ask what consequences this reliability has for the present results. Featherman and Hauser (1978) showed that the reliability of retrospective questions can be increased by formulating the questions adequately and posing them in a specific order. The FSDP therefore pays careful attention to the framing of the questions soliciting retrospective information. The questions asking about occupational careers are answered in a face-to-face CAPI (Computer Aided Personal Interview) with trained interviewers, who use a timeline on paper to help the respondents to provide accurate answers.

De Graaf et al. (1996) analysed the quality of responses to retrospective questions on occupation by checking the occupation as listed on marriage certificates. They found a high correlation (0.73) between the status scores of occupation based on retrospective information and those on the marriage certificates. Moreover, the unreliability was not random: people tended to adapt their cognition of past occupation to their present situation. This means that, in the case of intra-generational mobility, actual occupational mobility will be underestimated.

One may wonder to what extent retrospective questions regarding non-standard employment at the start of the occupational career are reliable. It is acknowledged that it is impossible to test the reliability of the data conclusively. However, given that the survey asks only for occupations that lasted at least six months – starting after leaving full-time education – and given that we explicitly address the possible non-standard status of jobs, we have no reason to assume that the data are less reliable than other retrospective survey information.

Our analysis is restricted to people born in the Netherlands. We constructed a ‘person-month’ file, which recorded for each month whether and what kind of paid job a respondent had. We started to examine the occupational career after the respondent had left full-time education – non-standard jobs held by students before graduating were not included in the analysis. Each record thus represents a month in the life of a respondent after they left full-time education, which we term ‘person-months’. The dataset we analyse contains 299,503 records (person-months) for 1409 respondents.

We distinguish starting one’s career as being unemployed, in a non-standard job or in a ‘permanent’ job. We count as *unemployed* everyone who is not working and seeking a job. *Non-standard jobs* are jobs with temporary contracts, jobs of less than 12 hours a week and jobs acquired through temping agencies. All other jobs, including temporary contracts that hold out the prospect of a permanent position, are considered *permanent*. Unemployment at the start of the career is taken into account only if it lasted for more than six months.

To test Hypothesis 2 we measured the number of years a respondent spent in a non-standard first job and the number of years a respondent was

unemployed after leaving full-time education. These variables are only moderately correlated with age (for the number of years a person spent in a flexible first job  $r = 0.02$ ; for the number of years a person was unemployed after leaving full-time education  $r = 0.17$ ).

Our dependent variable, *negative career consequences*, was examined using three possible long-term career consequences. The first is the *likelihood of becoming unemployed*. This is easily measured since we know whether and when respondents became unemployed during their later occupational career. The second two are *upward* or *downward occupational mobility*. If there is a negative long-term effect of non-standard work or unemployment at the career start, those involved will be less likely to move into a better position and more likely to move into a worse position. Even if unemployed and non-standard workers experience the same upward and downward mobility as workers starting their career with a permanent contract, this could be seen as a refutation of the bridge or stepping stone hypothesis, since to overcome their initial disadvantage they must be *more* upwardly mobile.

Whether a job is better or worse was measured by examining changes in the status of occupations. We measured occupational status using the status score of the International Socio-Economic Index (ISEI) (Ganzeboom et al., 1992). Following common practice in social stratification research (Blossfeld, 1986; Gesthuizen, 2004), we only count a move of five points on this scale as a substantial change in occupational status. This is to account for any failures in the coding procedure of jobs, preventing observation of small movements in social mobility that in reality did not take place.

To test the third hypothesis, we included four educational dummies in the analysis: 'primary school', 'lower secondary education' (general or vocational), 'higher secondary education' (intermediate vocational, higher general, or pre-university) and 'tertiary education' (vocational college or university). Because the educational level of respondents may increase over time, we included this variable in a time-varying manner.

To test Hypothesis 5, we measured economic circumstances using two indicators. First, we examined the number of registered unemployed as a percentage of the working population in each month. This is the number of people who are registered at the employment exchange, who are directly available for a job of at least 12 hours a week and who are unemployed or are working fewer than 12 hours a week. The 'working population' is defined as people between 15 and 64 years of age who work at least 12 hours a week or have accepted a job of at least 12 hours a week, or who are seeking a job for at least 12 hours a week. The number of unemployed in each month is obtained from Statistics Netherlands.<sup>1</sup> The working population was obtained from Statistics Netherlands. This figure is not measured monthly, but, rather, taken from the yearly survey of the working population (*Enquête Beroepsbevolking*). Interpolation techniques led to monthly figures, from which the monthly unemployment percentage could be calculated. The second indicator of economic

**Table 1** Description of the variables (N=299,503)

	Minimum	Maximum	Average
Sex (0=man, 1=woman)	0	1	0.36
<i>Education</i>			
Primary education	0	1	0.16
Lower level secondary education	0	1	0.32
Higher level secondary education	0	1	0.30
Tertiary education	0	1	0.21
Age (-13; in years)	0	52	19.9
Work experience (years)	0.17	50.08	13.05
Occupational status previous job	10	88	47
<i>Start at labour market</i>			
With permanent contract	0	1	0.87
In non-standard arrangement	0	1	0.05
Unemployed	0	1	0.09
Number of years in non-standard arrangement	0	19.4	0.16
Number of years unemployed	0	14.3	0.07
<i>Economic indicators</i>			
% unemployed	0.5	11.7	5.0
Economic growth	-1.30	9.00	3.11

conditions is economic growth, measured as the percentage of annual change in the gross domestic product. Statistics Netherlands also provided this figure.

Finally, we included *labour market experience* (in years) and *age* in the analysis. As it must be taken into account that people who have high-status jobs will find it more difficult to increase their status than people who have low-status jobs, we also included the occupational status of the previous job in the analysis. In this way we control for floor and ceiling effects. Table 1 provides a description of the variables.

## Analysis

In this section we test the hypotheses, which specify the relationship between the start of the occupational career and occupational success for three dependent variables: the likelihood of unemployment, the likelihood of upward mobility and the likelihood of downward mobility. We do this with an event history analysis that takes into account all episodes in which a respondent works. This means that we incorporate multiple periods of time, if applicable, for respondents in the analysis. For any point in time we estimate the likelihood of being unemployed or of making an upward or downward career step, given that someone is employed.

**Table 2** Logistic regression unemployment risk (N=299,503; N event 237)

	<i>Model 1</i>	<i>Model 1a</i>	<i>Model 2</i>
Constant	-7.60 (0.35)	-7.74 (0.36)	-8.33 (0.38)
<i>Sex</i>			
Man (ref)	-	-	-
Woman	0.04 (0.15)	0.02 (0.15)	-0.13 (0.19)
<i>Education</i>			
Primary education (ref)	-	-	-
Lower level secondary education	-0.23 (0.18)	-0.27 (0.17)	-0.20 (0.18)
Higher level secondary education	-0.53 (0.19) ***	-0.44 (0.19) **	-0.49 (0.19) **
Tertiary education	-0.93 (0.27) ***	-0.98 (0.27) ***	-1.55 (0.38) ***
Age (-13; in years)	0.03 (0.01) **	0.02 (0.01)	0.02 (0.01)
Work experience (years)	-0.01 (0.01)	0.00 (0.01)	0.02 (0.02)
Occupational status previous job	-0.01 (0.01) **	-0.01 (0.01) ***	-0.01 (0.01) **
<i>Start at labour market</i>			
With permanent contract (ref)		-	-
In non-standard arrangement		0.93 (0.19) ***	1.65 (0.55) ***
Unemployed		2.03 (0.16) ***	3.06 (0.45) ***
Number of years in non-standard arrangement	0.04 (0.07)		
Number of years unemployed	0.12 (0.05) **		
<i>Economic indicators</i>			
% unemployed	0.12 (0.03) ***	0.10 (0.03) ***	0.12 (0.03) ***
Economic growth	-0.05 (0.04)	-0.06 (0.04)	-0.06 (0.04)
<i>Interactions</i>			
Work experience * non-standard arrangement			-0.04 (0.02) *
Work experience * unemployed			-0.08 (0.02) ***
% unemployed * non-standard arrangement			-0.08 (0.07)
% unemployed * unemployed			-0.07 (0.05)
Sex * non-standard arrangement			0.48 (0.40)
Sex * unemployed			0.24 (0.32)
Tertiary educated * non-standard arrangement			0.01 (0.49)
Tertiary educated * unemployed			1.12 (0.43) ***
Model Chi <sup>2</sup> (d.f.)	3,777 (11)	3,647 (11)	3,606 (19)

### Becoming unemployed

Table 2 shows the results of an event history analysis of the likelihood of becoming unemployed, given that one is currently employed. The number of person-months in this analysis is 299,503. In these months there were 237 occurrences of a respondent becoming unemployed. In this case, the number of observations is large enough to deal with the low number of events (cf. King and Zeng, 2001). Table 2 presents three models.

Model 1 shows the effect, on the likelihood of becoming unemployed, of the number of years someone worked in a non-standard job at the start of their career and the number of years someone was unemployed after leaving full-time education. It also estimates the effect of sex, education, age, work experience, occupational status of the previous job, percentage of unemployed and economic growth. The aim of model 1 is to test Hypothesis 2: the longer a person works in a non-standard first job or the longer the period of early unemployment, the stronger the negative career effects will be.

Model 1 shows that the number of years worked in a non-standard contract after leaving full-time education has no significant effect on the likelihood of becoming unemployed later in the career. The number of years a person was unemployed after leaving full-time education does have a significant positive effect: a longer period of unemployment after leaving full-time education increases the likelihood of becoming unemployed later in the career. This leads to a partial rejection of Hypothesis 2: the negative career effects are present only for unemployment duration.

Model 1 further shows that workers who are young, better educated and in higher status occupations are less likely to become unemployed. Also, when the unemployment rate is high, people are more likely to become unemployed. We find no significant direct effects on the likelihood of becoming unemployed for sex, work experience and economic growth.

Model 1a replaces the variables, number of years unemployed and number of years in a non-standard contract, with a variable that indicates the labour market entry: with a permanent contract, in a non-standard contract or as unemployed. This model tests Hypothesis 1, which is confirmed: people in non-standard contracts are, compared to people with a permanent job labour market entry, more likely to become unemployed, and people who start their career as unemployed are more likely than those with a non-standard labour market entry to become unemployed. The effects of all other variables are similar to those in model 1; only the effect of age is now not significant. Because the fit of model 1a is significantly better than that of model 1 (with the same degrees of freedom), we chose model 1a as the base model to which we added interaction terms in model 2.

Model 2 adds eight interaction terms. The first two are work experience with non-standard contract and work experience with being unemployed. With these two interactions we test Hypothesis 1a, that a 'bad' labour market entry has permanent negative career consequences. Both interaction terms turn out to be negative and significant. This means that the effect on the likelihood of becoming unemployed of starting one's career in a non-standard job or as unemployed diminishes with increasing work experience. However, the magnitude of the effect implies that being in a non-standard job first, or being unemployed at the start of the career, has effects that last many years. The effect of a first non-standard job is 1.65. With each year of work experience, the effect diminishes by 0.04. After 41 years, the effect is reduced to 0. Similarly, the effect of unemployment is 3.06. Each year of work experience diminishes the effect

by 0.08. As such, this effect too is reduced to 0 in some 40 years' time. Hypothesis 1a is thus confirmed.

The next two interactions are between the percentage of unemployed on the one hand, and a first non-standard job and being unemployed at the start of the career on the other. With these interactions, we test hypotheses 3 and 4. We expect a period of non-standard work at the beginning of the career to have negative career consequences in an unfavourable economic environment.<sup>2</sup> We also expect periods of unemployment to have larger negative career consequences when they happen in a favourable economic context. Both expectations proved false since neither of the two interaction terms reached significance.

The last four interaction terms aimed at testing the final hypothesis, which says that periods of early unemployment or non-standard work have a stronger negative effect for weaker groups in the labour market. This hypothesis is rejected, since the interactions of sex are non-significant and the interaction of tertiary educated with unemployed is significant, and has a positive sign. Thus, for people with a tertiary education, being unemployed at the beginning of the career has a stronger effect on the likelihood of becoming unemployed later than for people with a lower level of education.

### Mobility patterns: upward and downward mobility

This section discusses the analyses for upward and downward mobility. Table 3 shows the results of an event history analysis of experiencing upward mobility (912 events). Table 4 presents an event history analysis of experiencing downward mobility (637 events). The analyses of tables 3 and 4 are conducted in the same manner as in Table 2.

Model 1 in these tables shows that neither the number of years someone was unemployed at the start of the career nor the number of years in a non-standard contract after leaving full-time education has significant impact on occupational (upward or downward) mobility. This implies that Hypothesis 2, which we partly rejected in the analysis of the risk of unemployment, is now fully rejected: negative career consequences in terms of occupational mobility of a 'bad' labour market entry are not stronger when one works longer in a non-standard job or experiences a longer period of unemployment; there are thus no duration effects on upward or downward mobility.

Model 1 in tables 3 and 4 also shows that women are less likely than men to experience upward mobility; though both are equally likely to experience downward mobility. Better educated workers experience less downward and more upward mobility. Age has no significant direct effect on downward mobility, but older people are more likely to be upwardly mobile. People with more work experience are less likely to be upwardly mobile, but they are also less likely to be downwardly mobile. Apparently, occupational mobility is not something that people experience at the end of their careers. When there is a higher percentage of unemployment in the labour market, people are less likely to be

**Table 3** Logistic regression upward mobility (N=299,503; N event 912)

	<i>Model 1</i>	<i>Model 1a</i>	<i>Model 2</i>
Constant	-2.71 (0.17)	-2.76 (0.17)	-2.82 (0.17)
<i>Sex</i>			
Man (ref)	—	—	—
Woman	-0.34 (0.07) ***	-0.37 (0.08) ***	-0.32 (0.08) ***
<i>Education</i>			
Primary education (ref)	—	—	—
Lower level secondary education	0.08 (0.10)	0.10 (0.10)	0.10 (0.10)
Higher level secondary education	0.39 (0.11) ***	0.40 (0.11) ***	0.40 (0.11) ***
Tertiary education	1.12 (0.13) ***	1.05 (0.13) ***	1.04 (0.15) ***
Age (-13; in years)	0.02 (0.01) ***	0.02 (0.01) ***	0.02 (0.01) ***
Work experience (years)	-0.09 (0.01) ***	-0.09 (0.01) ***	-0.09 (0.01) ***
Occupational status previous job	-0.05 (0.00) ***	-0.05 (0.00) ***	-0.05 (0.00) ***
<i>Start at labour market</i>			
With permanent contract (ref)	—	—	—
In non-standard arrangement		0.59 (0.09) ***	0.99 (0.23) ***
Unemployed		0.13 (0.15)	0.48 (0.31)
Number of years in non-standard arrangement	0.03 (0.03)		
Number of years unemployed	-0.03 (0.06)		
<i>Economic indicators</i>			
% unemployed	-0.02 (0.01) *	-0.03 (0.01) **	-0.03 (0.02)
Economic growth	-0.01 (0.02)	-0.01 (0.02)	-0.01 (0.02)
<i>Interactions</i>			
Work experience * non-standard arrangement			-0.04 (0.02) **
Work experience * unemployed			0.01 (0.03)
% unemployed * non-standard arrangement			-0.02 (0.03)
% unemployed * unemployed			-0.04 (0.06)
Sex * non-standard arrangement			-0.13 (0.19)
Sex * unemployed			-0.42 (0.31)
Tertiary educated * non-standard arrangement			0.05 (0.20)
Tertiary educated * unemployed			0.13 (0.33)
Model Chi <sup>2</sup> (d.f.)	11,682 (11)	11,647 (11)	11,637 (19)

upwardly mobile and more likely to be downwardly mobile. Contrary to expectations, in times of economic growth there is more downward mobility.

Model 1a of tables 3 and 4 tests Hypothesis 1. The variables 'number of years unemployed' and 'number of years in a non-standard contract' from model 1 are replaced with a variable that indicates how one entered the labour market: with a permanent contract, in a non-standard contract or unemployed. Starting one's career as unemployed turns out to have no significant influence on upward or downward mobility, but people starting their career in a non-standard job, again contrary to expectations, are more likely to be upwardly mobile. However,

**Table 4** Logistic regression downward mobility (N=299,503; N event 637)

	<i>Model 1</i>	<i>Model 1a</i>	<i>Model 2</i>
Constant	-8.07 (0.22)	-8.09 (0.22)	-8.10 (0.23)
<i>Sex</i>			
Man (ref)	-	-	-
Woman	0.03 (0.08)	0.03 (0.08)	-0.02 (0.09)
<i>Education</i>			
Primary education (ref)	-	-	-
Lower level secondary education	-0.11 (0.12)	-0.10 (0.12)	-0.11 (0.12)
Higher level secondary education	-0.44 (0.13) ***	-0.45 (0.13) ***	-0.46 (0.13) ***
Tertiary education	-1.31 (0.17) ***	-1.33 (0.17) ***	-1.31 (0.18) ***
Age (-13; in years)	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)
Work experience (years)	-0.09 (0.01) ***	-0.09 (0.01) ***	-0.09 (0.01) ***
Occupational status previous job	0.05 (0.00) ***	0.05 (0.00) ***	0.05 (0.00) ***
<i>Start at labour market</i>			
With permanent contract (ref)		-	-
In non-standard arrangement		0.18 (0.13)	0.17 (0.34)
Unemployed		-0.08 (0.18)	0.18 (0.46)
Number of years in non-standard arrangement	-0.01 (0.06)		
Number of years unemployed	-0.04 (0.08)		
<i>Economic indicators</i>			
% unemployed	0.03 (0.02) *	0.03 (0.02)	0.03 (0.02)
Economic growth	0.05 (0.02) **	0.05 (0.02)**	0.05 (0.02) **
<i>Interactions</i>			
Work experience * non-standard arrangement			-0.01 (0.02)
Work experience * unemployed			-0.01 (0.03)
% Economic growth * non-standard arrangement			-0.01 (0.07)
% Economic growth * unemployed			-0.08 (0.10)
Sex * non-standard arrangement			-0.38 (0.25)
Sex * unemployed			-0.00 (0.36)
Tertiary educated * non-standard arrangement			-0.22 (0.28)
Tertiary educated * unemployed			0.10 (0.39)
Model Chi <sup>2</sup> (d.f.)	8,659 (11)	8,657 (11)	8,653 (19)

they are equally likely to be downwardly mobile as people who started their career with a permanent contract. This suggests that for those with a non-standard job as their labour market entry point, the job indeed acts as a stepping stone, since their higher upward occupational mobility leads to a decreasing disadvantage. The same does not hold true for the unemployed – no significant mobility difference exists between them and workers who started their career with a permanent contract, implying that their initial disadvantage remains.

Model 2 adds two interaction terms to test Hypothesis 1a: work experience on the one hand with starting in a non-standard job and starting as unemployed

on the other. The latter interaction terms have no significant effect on downward mobility; but there is a significant effect of the interaction between work experience and starting one's career in a non-standard job. The interaction term is significant and has a negative sign. This means that the positive effect of starting the career in a non-standard contract (0.99 in model 2) diminishes by 0.04 with each year of work experience. Thus, after 25 years of work experience the difference between starting one's career in a standard contract versus starting in a non-standard contract disappears. For the analysis of occupational mobility, we nevertheless reject hypotheses 1 and 1a. Starting the career as unemployed has no effect on mobility, and this does not change with increasing work experience. Starting the career in a non-standard job makes people more, not less, likely to experience upward mobility. This effect also diminishes with increasing work experience, which is in line with the theory that contingent work acts as a stepping stone.

Model 2 also adds the interaction terms the percentage of unemployed on the one hand, and starting the career in a non-standard job or being unemployed at the labour market entry on the other. These interaction terms are not significant. Both hypotheses 3 and 4 are therefore rejected for occupational mobility. The last four interaction terms in model 2 are sex and education on the one hand, and starting the career as a non-standard worker and as unemployed on the other. None of these effects reach significance, leading us to reject Hypothesis 5 for occupational mobility.

## Conclusion and discussion

This study focused on the long-term career effects of a 'bad' labour market entry episode, either as unemployed or in a non-standard contract. Most of the hypotheses are rejected, mainly because of a lack of effects on occupational (upward or downward) mobility. However, in the analysis of unemployment several hypotheses are confirmed.

Before interpreting these results some limitations of the data warrant mention. First, the nature of retrospective data could obscure the results. Though precautions to prevent this were taken in developing the questionnaire, it is still possible that retrospective rationalization influenced the results. One of the measures – the fact that we only asked about a career start in jobs or unemployment with a duration of at least six months – could also have affected the results, as this excludes jobs with a tenure of less than half a year. Further research is needed to ascertain whether a labour market entry in short-term non-standard jobs or a short period of unemployment have effects on the later career similar to those found in the analysis.

Summarizing the results, we can conclude the following. Given the decision between accepting a non-standard job or remaining jobless, school-leavers are better off accepting the non-standard job. People who start their career as unemployed are more likely than people who started in a non-standard job to

become unemployed later. Regarding upward mobility, those who start their career as unemployed have similar chances to workers starting with a permanent contract but fewer chances than those starting in a non-standard job. The latter are more likely to be upwardly mobile, though this effect diminishes as work experience increases. The positive career effect of starting one's career in a non-standard job is contrary to expectations. It is, however, in line with the stepping stone or bridge hypothesis, as it means employees with a non-standard labour market entry catch up their initial disadvantage. In this respect, the findings are in line with those of Scherer (2004): non-standard work – in contrast to an unemployed labour market entry – does not harm the later career, although the chance of becoming unemployed is still comparatively higher.

An important question is *why* some people start their career in 'bad' jobs or with a period as an unemployed job-seeker. Is this just bad luck? Or do these people have characteristics that make them less attractive to employers? In other words, are results biased by a selection effect? This matter cannot be resolved here. The fact that people starting in a non-standard job overcome their initial disadvantage can be seen as an argument in favour of 'bad luck'. But the present data indicate that it takes some time (40 years, on average) to overcome the disadvantage. This could be taken as evidence that these workers do indeed have some negative characteristics that can be overcome only by subsequent work experience. By the same token, the fact that early unemployment has lasting negative effects for later employment can be seen as an argument in favour both of the 'wrong characteristics' interpretation and of the stigma effect in signalling theory mentioned earlier. Do people really have characteristics that make them less suited for a certain job? Or do employers *believe* them to have those characteristics? In a way, the answer is unimportant for the end result: starting one's career unemployed increases the risk of becoming unemployed again later on.

Finally, the refutation of Hypothesis 5 is significant as it demonstrates that all employees (men or women, higher or lower educated) are equally affected by the side effects of their first labour market status. The negative effect of initial unemployment for the higher educated is unexpected, but interesting in itself as it again shows that entering the labour market as unemployed is more detrimental to future prospects than entering it as a contingent worker – and that such detrimental effects are still greater for those with a higher level of education.

## Notes

- 1 We used three sources for the registered unemployed. The figures for the period 1980–2000 are from the *Monthly Bulletin of Socio-economic Statistics*. Summary tables are from the *Monthly Bulletin* 2000(12): 13 and 2001(8): 18. Before 1984, Statistics Netherlands published the *Monthly Bulletin*. We used their issues between 1953 (issue 1) and 1979 (issue 27). For the years 1950 to

- 1952, Statistics Netherlands informed us that statistics on registered unemployment were published only after 1952 and provided us with earlier figures.
- 2 We measured economic conditions with two variables: the percentage of unemployed and economic growth. We included an interaction with only one of these variables, if it was significant in model 1a.

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## Bram Steijn

**Bram Steijn** PhD, is Professor of HRM in the public sector at the Department of Public Administration, Erasmus University, Rotterdam in the Netherlands. He obtained his PhD in Sociology (1992) at the same university. His research interests are in the area of ICT and labour, social inequality and the labour market, and HRM. In early 2005 he published with Kea Tijdens on 'The Determinants of ICT Competences Among Employees' in *New Technology, Work and Employment*. His most important book is *Werken in de informatiesamenleving* (Working in the Information Age) (2001). He has also published in *Work, Employment and Society*, *Review of Public Personnel Administration*, and *Higher Education*. He is member of the editorial board of the Dutch Journal *Tijdschrift voor Arbeidsvraagstukken*.

E-mail: steijn@fsw.eur.nl

## Ariana Need

**Ariana Need** PhD, is Assistant Professor at the Department of Sociology of the Radboud University, Nijmegen in the Netherlands. She obtained a PhD in political sociology (1997) from the same university. Her research interests are in the areas of social inequality and higher education, but also in the sociology of religion and political sociology. Recently she published in *Social Networks* (with Hester Moerbeek) on 'Enemies at Work'. She has published in *Social Networks*, *British Journal of Sociology*, *Rationality and Society*, and *European Sociological Review*.

E-mail: ariana@ru.nl

## Maurice Gesthuizen

**Maurice Gesthuizen** PhD, is Scientific Researcher at the Social and Cultural Planning Office, The Hague, the Netherlands. He mainly focuses on causes and consequences of educational and occupational inequality. His current research concerns the determinants of poverty in the Netherlands in a multilevel perspective, the position of ethnic minorities on the labour market, and trends in labour market participation of older employees. Recently he has published in the *European Sociological Review* on compositional changes of a group of Dutch low-educated individuals. In December 2004 he defended his PhD thesis 'The Life-Course of the Low-Educated in the Netherlands: Social and Economic Risks' and in June 2005 the Social and Cultural Planning Office published his study on causes of external and internal labour mobility and its impact on changes in objective and subjective job-characteristics.

E-mail: m.gesthuizen@scp.nl

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