



EU AT

Flexi-curity in Austria:

Institutions and Turnover Rates

Johannes Schweighofer



Intentions

- Main Question: Impact of Institutions on Turnover Rates?
 - EPL, SMBE, ALMP → Job Turnover, Turnover in Unemployment Register
- Why turnover rates?
- Closer look at the AUT data – confront them with theories/a priori beliefs!
- Policy conclusions



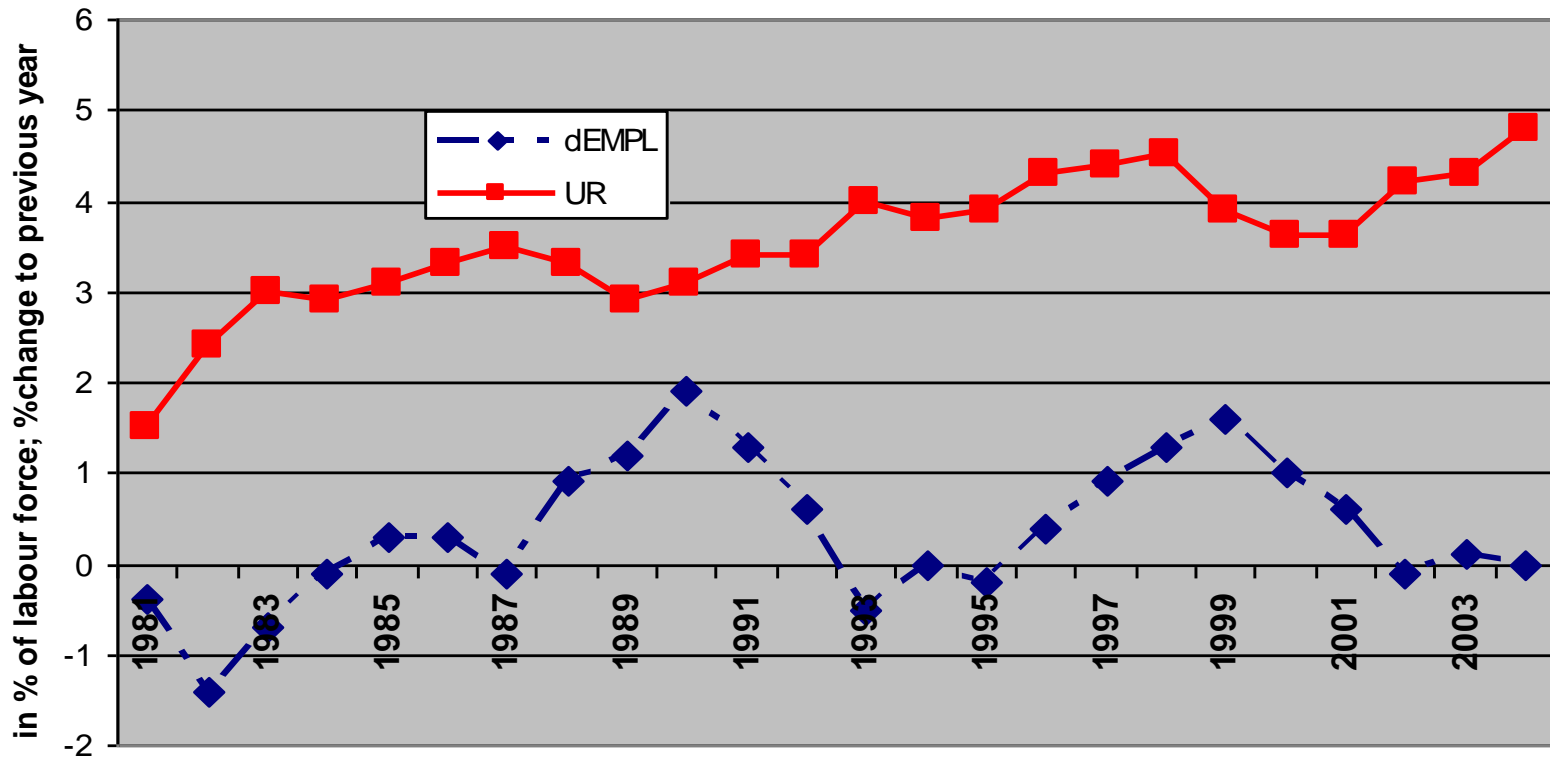
Hypotheses and Data

- Two main hypotheses - driving forces (my interpretation of flexi-curity in AUT)
 - Social Partnership = Security
 - External Openness = Flexibility
- Key assumption: Turnover rates are supportive for positive labour market outcomes
- Data issues: Missing data? Sufficient variation in the institutional data? Reverse causality (and other technical issues)?



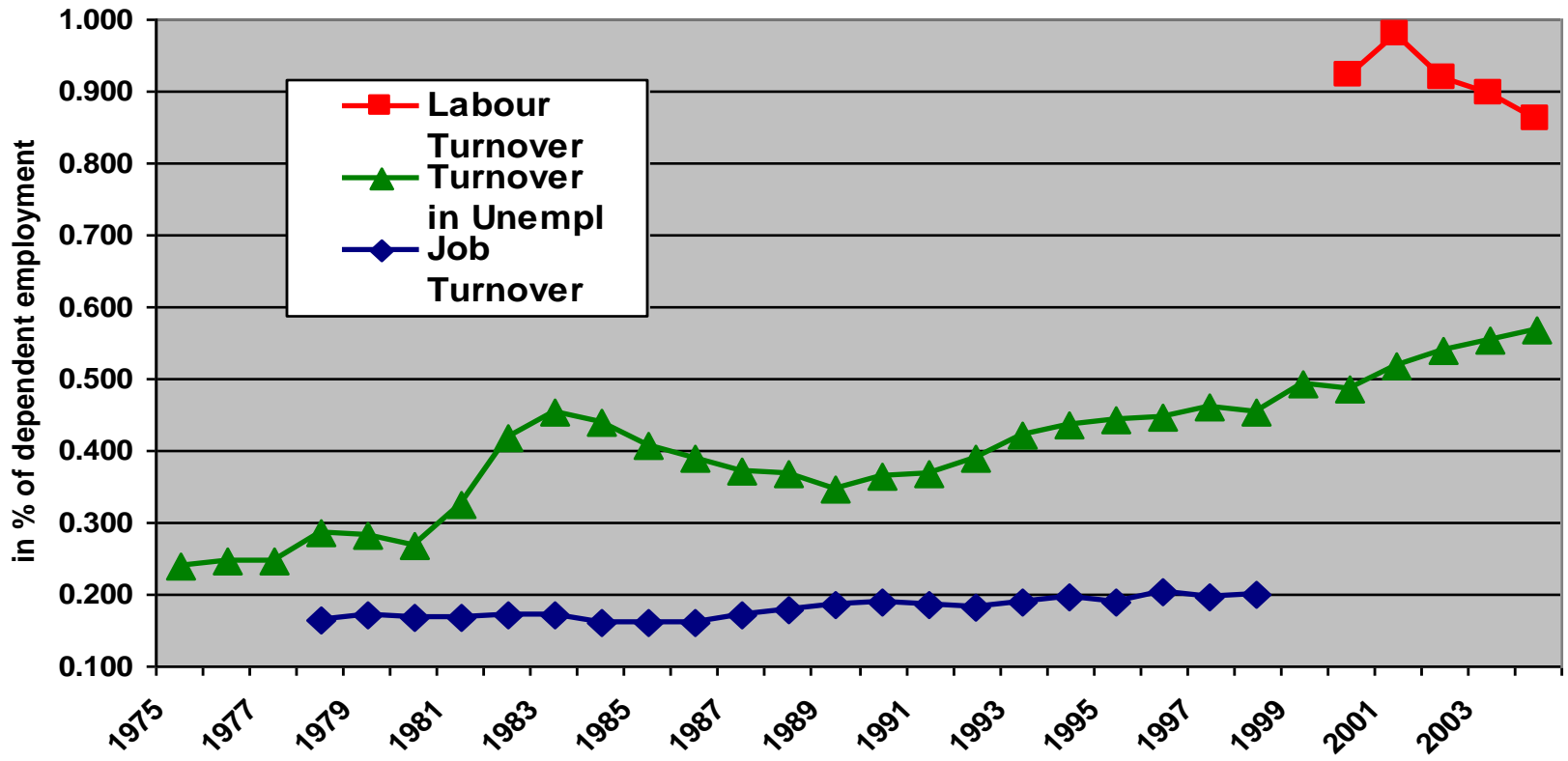
Starting Point

Graph 1: Employment Growth and Unemployment in Austria
1981-2004



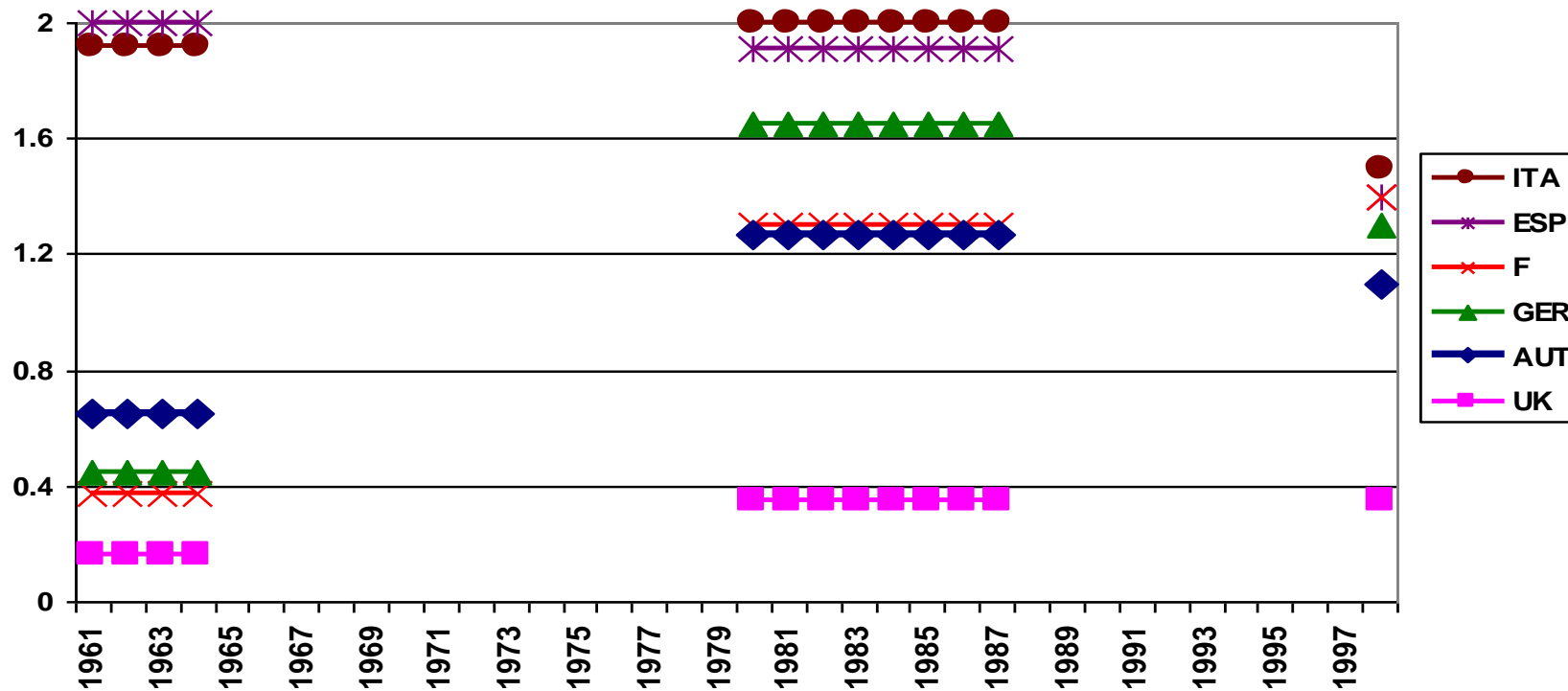
Turnover Rates

Graph 2: Job-, Labour- and Unemployment-Turnover Rates in Austria, 1975-2004



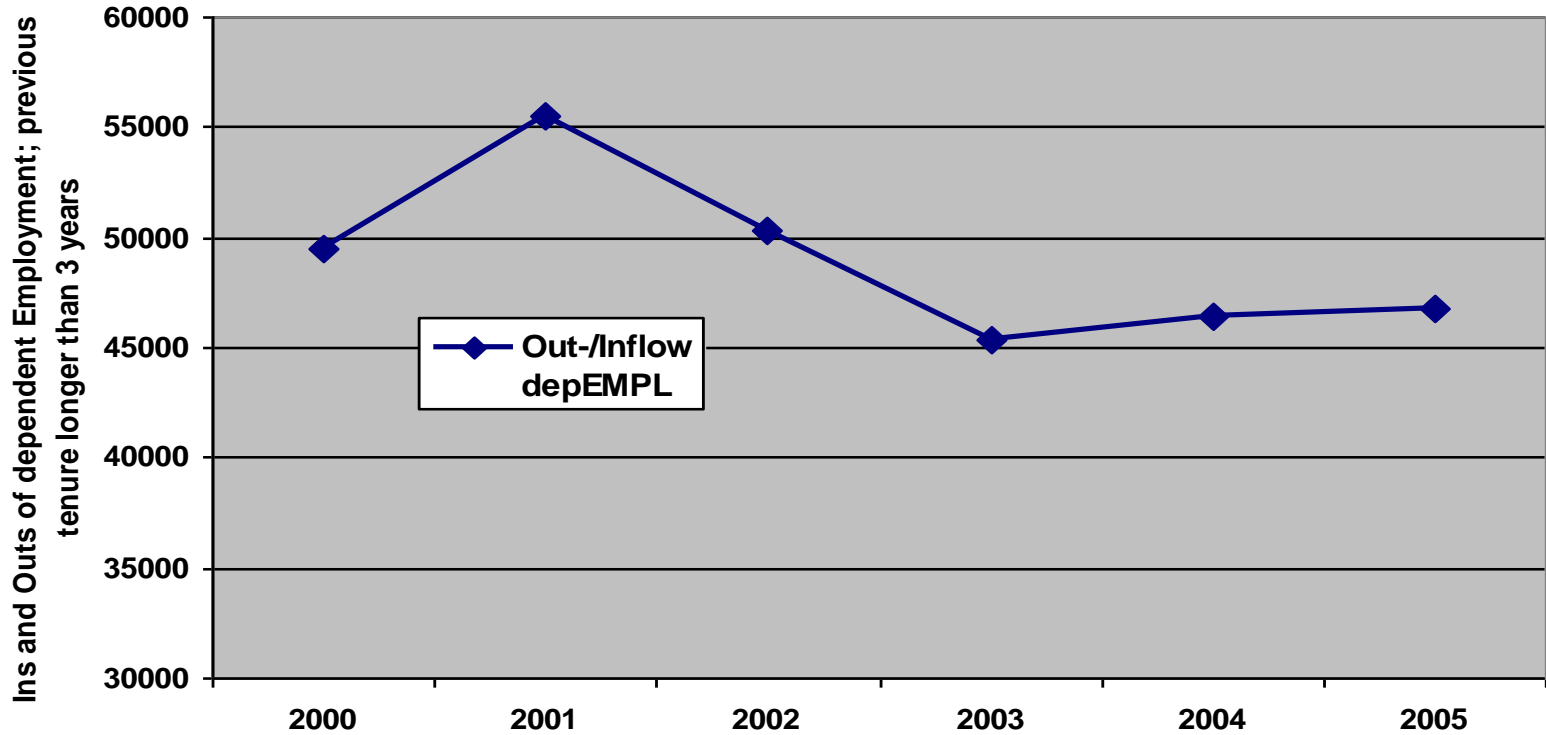
Employment Protection Legislation

Graph 5: Index (0-2) on EPL strictness in
ITA-ESP-F-GER-AUT-UK



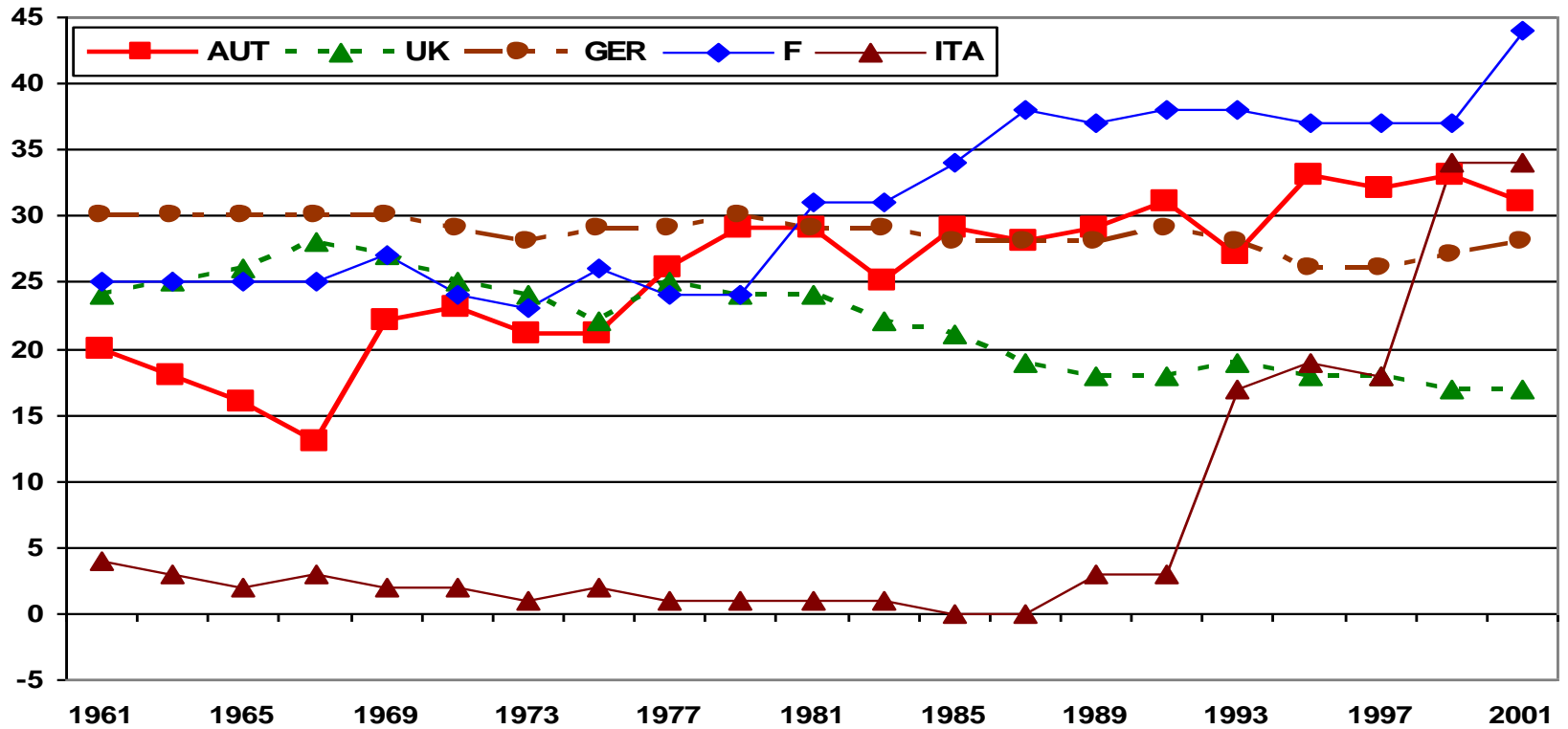
Job-to-Job Mobility

**Graph 6: Job-to-Job Labour Mobility in AUT
More than 3 years tenure**



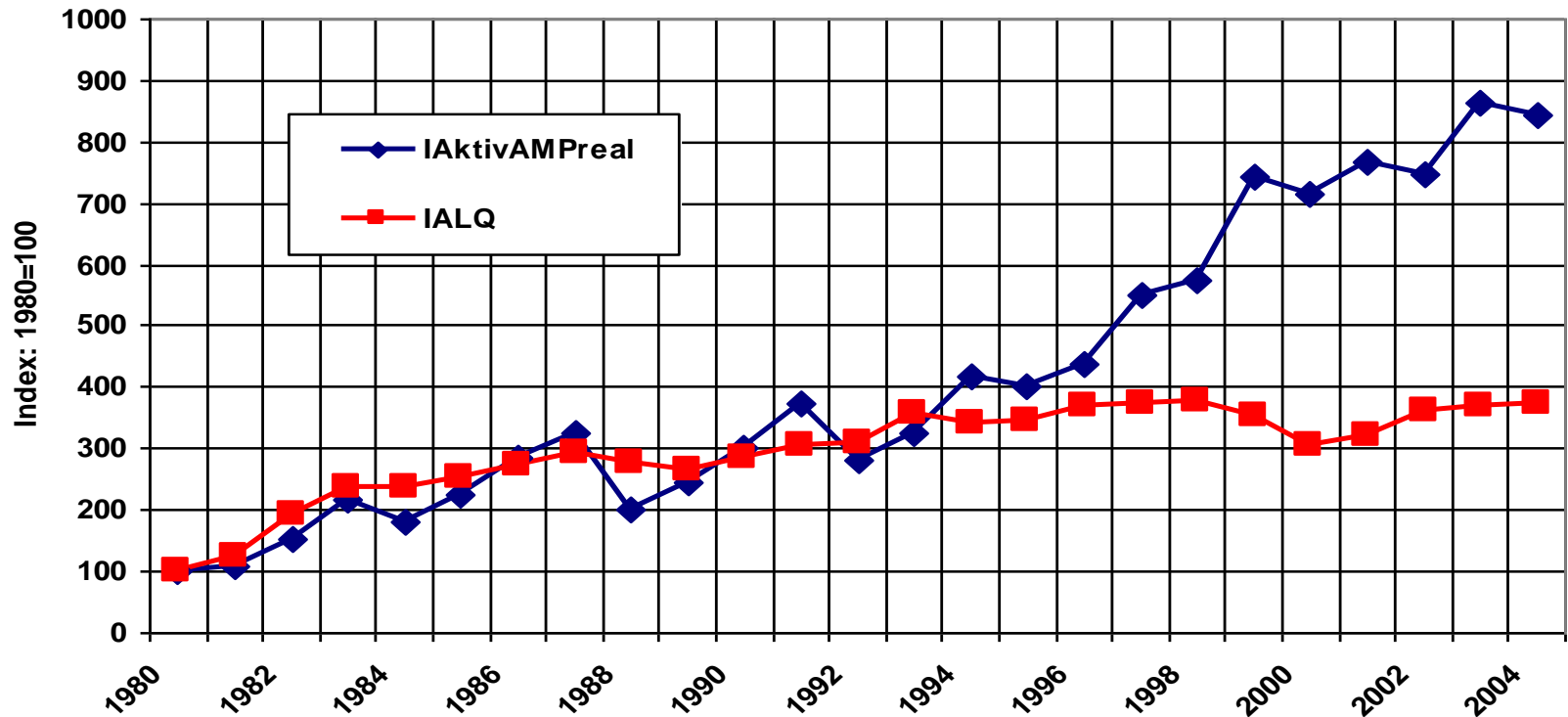
Unemployment Benefits

Graph 7: OECD-Summary Measure of Benefit Entitlements
AUT, UK, GER, F, ITA



ALMP

Graph 8: Real Expenditures on active Programs and Unemployment Rate 1980-2004



Estimation Results I

?!? All technical issues – in my short note?!?

- EPL reduces job turnover and turnover in unemployment register, as expected!
- Unemployment benefits show ambiguous impacts on turnover (they increase UR)
- ALMP enhance turnover, as the empirical literature says!



Estimation Results II

- Higher growth rates increase job turnover and decrease turnover in the register
- Unions (proxy for Social Partnership) reduce turnover/speed of adjustment
- External openness – data only partly confirm a priori hypothesis (driver for change)
- Impact of institutions – work symmetric on different groups (women, youth, older) - at least in the unemployment register



Policy Conclusions

- Austrian institutions do not hamper flexibility (regarding final outcomes: UR, ER)
- Obviously, a social and economic efficient balance of flexibility and security is at work
- Interaction of institutions: average EPL, average unemployment benefits, high activation level
- Prepared for the future (globalization, demographic challenge)???

