

# Assessing the effects of the equal-treatment legislation for fixed-term workers

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- Effects of the implementation in the UK of the EU Directive on equal treatment for Fixed Term workers (FixT)
- 10 years of LFS data, comparing FixT, Perm and Agency workers
- Evidence of a closing gap for males only, but hard to ascribe entirely to the new legislation

# Introduction

- 14% of EU employees work on contracts of limited duration (Eurostat Data)
- Temp workers are paid less, trained less, less satisfied (Booth et al. 2002, Arulampalam et al. 2004, OECD 2002, Kahn 2007, Brunello et al. 2007)
- Directive 1999/70/EC on equal treatment implemented in all member states.
- Fixed Term Employees' (Prevention of Less Favourable Treatment) Regulations (July 2002, into effect in Oct)

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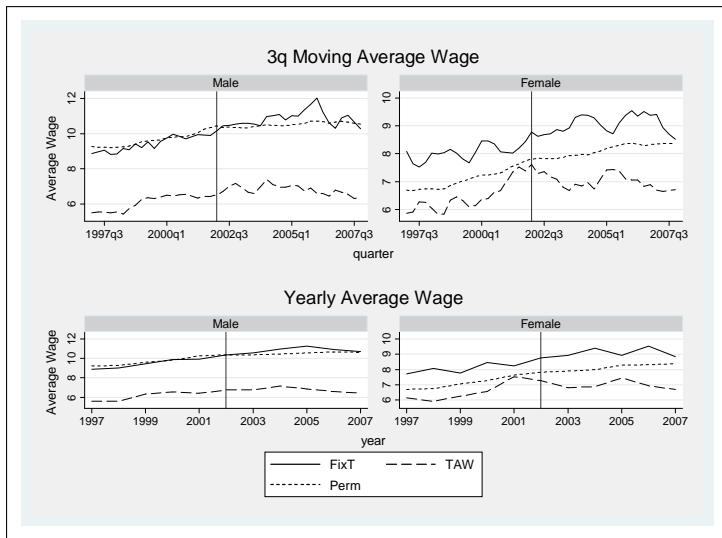
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  - unequal treatment can be "objectively justified"
  - a less favourable condition can be balanced against a more favourable one

# Average real hourly wage by contract and gender in the UK, 1997-2007, LFS data.



# Wage differentials before and after 2002

	Males			Females		
	(1)	(2)	(3)	(4)	(5)	(6)
FixT-Perm	-.198*	-.281***	-.198	.997***	-.350***	-.548***
	(.111)	(.103)	(.239)	(.081)	(.069)	(.137)
Post*(FixT-Perm)	.480***	.381**	.368**	-.036	.023	.050
	(.176)	(.169)	(.175)	(.118)	(.105)	(.106)
FixT-TAW	3.324***	1.212***	1.170***	1.631***	.541***	-.021
	(.146)	(.141)	(.329)	(.124)	(.113)	(.263)
Post*(FixT-TAW)	.714***	.157	.160	.408**	.096	.168
	(.224)	(.224)	(.229)	(.186)	(.168)	(.171)
Time Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Demo/Job charact.	No	Yes	Yes	No	Yes	Yes
Cycle effects	No	No	Yes	No	No	Yes
Obs.	293451	261415	261415	295740	259196	259196

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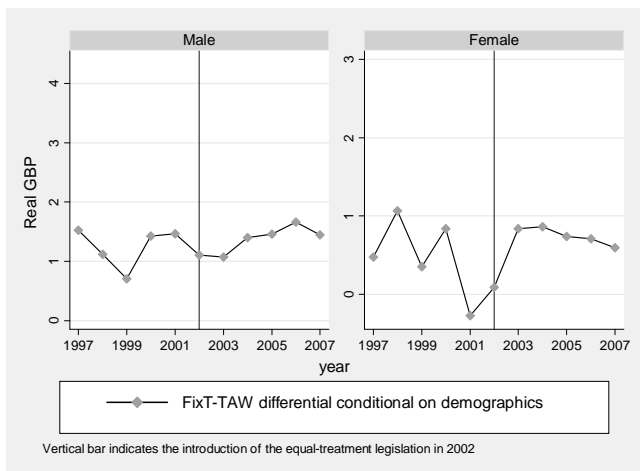
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- but are TAWs a good counterfactual?

# Are TAW a good counterfactual?

- GE effects on TAW's wages? decrease in supply, increase in demand
  - takes time → Inverted-U in differential
- Changes in unobservables/selection into contracts
  - perform some indirect checks

# FixT-TAW differential over time



# Indirect checks for changes in unobservables

- 1 No evidence of changes in contract shares
- 2 No evidence of changes in % "voluntary temp" within FixT, TAW
- 3 Highly educated more likely to be on FixT (rather than TAW) after 2002

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- **Males:** clear evidence that the FixT-Perm differential has closed following 2002, but...
- behaviour of TAW's wages and some evidence of changes in selection mean that the observed change cannot be entirely ascribed to the new regulations.