



International Network for Knowledge and Comparative Socioeconomic Analysis of Informality
and the policies to be implemented for its formalisation in the European Unión and Latin America

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Labour Transitions and Inequality: Occupational Mobility, Labour Informality, and Wages in Germany, Spain, Italy, Poland, and Argentina (2022–2023)

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RESEARCH PROPOSAL, DESIGN AND STATE OF THE ART

1. Research Problem

- The **post-pandemic context constitutes a natural laboratory** that allows us to identify the structural country-specific mechanisms that impact labor market dynamics during a global, yet uneven, process of economic recovery and growth.
- Simultaneously, **short-term occupational mobility offers valuable insights** to identify and understand patterns of change in labor income, formalization and informalization of employment in the presence of similar macro-conditions but distinct institutional and productive regimes.
- Therefore, **similar patterns** of occupational change/mobility and comparable occupational trajectories, under different institutional and productive regimes, **might not necessarily translate into analogous processes** of economic retribution or status of employment changes for individual workers.



RESEARCH PROPOSAL, DESIGN AND STATE OF THE ART

2. Objectives

- This paper's **main objective** is to describe, for a period of resilient yet uneven growth (2022 - 2023), the links between short-term occupational mobility, informal employment and labor earnings among the workers (both waged and self-employed) of five countries characterized by distinct productive and institutional regimes: Germany, Spain, Italy, Poland and Argentina.
- The manuscript is organized around three specific objectives:
 - First, we seek to **describe each of the five countries as specific cases** that combine key institutional and productive variables related to the availability, accessibility and quality of employment opportunities generating distinct labor market structures and retributions for workers.
 - Second, we aim to measure the **short-term (year-on-year) mobility among workers** in relation to their occupational class, status of employment and earnings level for each country during the period.
 - Third, we intend to **establish the relationship between** occupational, status (informality) and earnings mobility given the structural constraints and opportunities present in each institutional-productive regime.



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3. State of the art

- Mobility is understood as shifts that reflect changes in a worker's position within the structure of employment. These changes occur within different time frames and have varying implications for regulation and incomes. We focus on annual changes/transitions (short-term). Therefore, **we focus on changes of position in a give structure, not on changes of individual aptitudes or endowments.**
- **We build upon previous research on labor market structures.** We emphasize the role of productive and institutional factors on casting differential access and availability of employment opportunities, irrespective of individual motivations and preferences (Kalleberg & Sorensen, 1979; Grimshaw et al, 2017; Fields, 2021).
- We address the **discussion on the different types of informal employment** in developing and developed countries (Fields, 1991; Williams, 2015). In this regard, we favor the view that the competing explanations (E.g., exit-exclusion thesis or transitional v. structural thesis) will adjust to each case in accordance with the interaction of macro and micro-social factors that affect the magnitude and role of informal jobs on each case.



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We constructed a typology of productive and institutional features to locate each national case on a spectrum from highly productive and coordinated to polarized and heterogeneous.

Figure 1. Resulting characterization of the national cases according to relevant dimensions.

Institutional Coordination and EPL	Productive Model		
	High Productivity + Integrated	Intermediate Productivity / Sectoral Divergence	Low Productivity + Persistent Structural Heterogeneity
High coordination and EPL	Germany. High Internal Mobility and functional mobility. High Coverage of Collective Bargaining. Marginal Informal Employment. Limited use of temporary contracts.	///	///
Intermediate coordination and EPL	///	Spain and Italy. High External Flexibility. Broad but regionalized/sectoral collective bargaining. Low or moderate informal employment. Significant use of temporary contracts.	///
Low coordination and EPL	///	Poland. Significant external flexibility. Limited coverage of Collective Bargaining. Moderate levels of informal employment. Significant use of temporary contracts.	///
Fragmentary / Polarized	///	///	Argentina. Significant external flexibility and large-scale informal employment. Collective bargaining limited by sector. Significant levels of temporary or discontinuous employment through the use of extralegal contracts.



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METHODS AND DATA

1. Methods

- We describe year-on-year **labour trajectories across four dimensions**: (1) **occupational mobility**; (2) changes in **informal employment** (for both waged and self-employed workers); (3) variations in **hourly income**; and (4) **contractual transitions** between temporary and permanent employment among waged workers.
- **We use harmonized microdata** from two longitudinal sociodemographic surveys:
 - The EU-SILC survey, which annually collects detailed information on income, living conditions, and labour, educational, and sociodemographic characteristics of individuals residing in private households across several European countries.
 - The Argentine Permanent Household Survey (EPH), a continuous survey that collects sociodemographic and labour information from the urban population.
- To ensure comparability across countries and with the Argentine data source, this study draws exclusively on panels composed of two consecutive observations (2022 and 2023).



METHODS AND DATA

2. Operational Definitions

- We concentrate on the occupational aspects of mobility, using the **occupational class schema** developed by **Goldthorpe and collaborators (E.G.P.)** to capture distinct market locations with attached economic opportunities, rewards and contractual conditions.
- We use a **legalistic measure of informal employment** related to the recommendations of the ILO (2018). Therefore, identify the type of employment (formal/informal) using registration to social insurance schemes **for both waged and non-waged workers**.
- Finally, to approach short-term changes in labor income **we estimate constant hourly wages** at the individual level. This involved harmonizing labor income sources in both EU-SILC and EPH microdata, adjusting for inflation and transforming annual or monthly wages into hourly earnings (Fernández-Macías & Vaca-Soriano, 2016).
- We measure total income mobility through the **Fields & Ok absolute mobility index** and the **Coefficient of Variation (CV)**. To identify **upward and downward trajectories on hourly wages** we classify changes above or below a 10% threshold (income variations within these marks are considered income immobility).



RESULTS AND COMMENTS

Table 1. Labour market indicators by country. 2022-2023

Indicator	Selected countries				
	DE	ES	IT	PL	AR
Labour informality	4,6%	12,0%	22,9%	25,7%	42,7%
Status in employment					
<i>Non-waged</i>	8,4%	14,7%	19,4%	20,3%	28,1%
<i>Waged</i>	91,6%	85,3%	80,6%	79,7%	71,9%
Contract temporariness					
<i>Waged permanent</i>	90,9%	82,0%	85,0%	72,0%	72,6%
<i>Waged temporary</i>	9,1%	18,0%	15,0%	28,0%	27,4%

Prevailing institutional arrangements on each case tend to contain or spread forms of labor market external flexibility

1. Levels of Informal employment and non-waged jobs are strikingly different by country in accordance with disparities in institutional and productive development.
2. Additionally, the prevalence of temporary contracts among waged workers is consistent with the predominant, internal or external, type of flexibility.

Source: Own elaboration based on EU-SILC and EPH-C microdata.

Argentina and Germany's rates contrast the most, but informal employment is also relevant for Poland (1 in 4) and Italy (1 in 5).



RESULTS AND COMMENTS

Table 2. Employment entry and exit rates. 2022-2023.

Indicators	Selected countries				
	DE	ES	IT	PL*	AR
Gross turnover rate	20,3%	16,0%	13,5%	7,1%	21,1%
Net turnover rate	-0,7%	1,0%	0,9%	-0,6%	1,5%
Entry-exit ratio	93,3%	113,3%	114,3%	83,6%	115,3%

Source: Own elaboration based on EU-SILC and EPH-C longitudinal data.
 * The polish turnover rates estimated using the year-to-year EU-SILC panel present significant levels of missing values at key variables and must be considered with care.

Short-term rates of employment mobility reflect the resilience and expansion of labor markets post-COVID

1. All countries show strong entry-exit ratios, even in the context of increasing local labor shortages.
2. Net turnover was moderate in all cases, with small decreases in the polish and german case, and the highest rate in the case of Argentina’s labor market.

However, these rates must be considered in conjunction with the prevalence of informal/own-account workers. Argentina’s higher rates also reflect a fragile and unstable labor market.



RESULTS AND COMMENTS

Table 3. Occupational (EGP) and employment status mobility between 2022 and 2023.

Indicators	Selected countries				
	DE	ES	IT	PL	AR
Change in occupational class	22,7%	8,1%	28,0%	7,1%	35,4%
<i>Upwards trajectories</i>	11,2%	3,9%	13,1%	3,6%	18,7%
<i>Downwards trajectories</i>	11,5%	4,2%	14,9%	3,4%	16,7%
<i>Upwards-downwards ratio</i>	97,8%	92,8%	88,1%	106,3%	112,1%
Change in employment status	4,4%	3,5%	6,0%	13,8%	14,8%
<i>Formalization</i>	2,9%	2,2%	3,7%	6,2%	7,8%
<i>Informalization</i>	1,5%	1,3%	2,3%	7,6%	7,1%
<i>Formalization-Informalization ratio</i>	1,89	1,70	1,61	0,82	1,10

The implications of short-term occupational mobility for (in)formality are mediated by the macro context and the reach of labor market institutions.

1. Within labor markets marked by significant informality (AR or PL), occupational mobility is prone to informalization and short-term passages to extra-legal employment.
2. On the other end of the spectrum, Germany’s highly regulated labor market exhibits a weak link between informalization and occupational mobility.
3. Italy and Spain present intermediate cases, with little (in)formal mobility

Source: Own elaboration based on EU-SILC and EPH-C longitudinal data.



RESULTS AND COMMENTS

Table 4. Hourly income mobility between 2022 and 2023.

Indicators	Selected countries				
	DE	ES	IT	PL	AR
m	0,39	0,38	0,29	0,31	0,48
CV	0,17	0,17	0,14	0,15	0,23
Upwards	37,6%	38,4%	37,8%	39,9%	37,2%
Static (+/- 10%)	37,3%	40,8%	40,5%	42,3%	16,8%
Downwards	25,0%	20,8%	21,6%	17,8%	45,9%
Upwards-Downwards ratio	1,50	1,85	1,75	2,24	0,81

Source: Own elaboration based on EU-SILC and EPH-C longitudinal data.

income mobility doesn't go hand in hand with short-term occupational mobility or informal employment trajectories.

1. Poland and Argentina have relevant informalisation but contrasting levels and directions of wage mobility.
2. Germany and Spain, show similar short-term income mobility despite displaying very different occupational mobility regimes. Similarly, both have small Up/Down ratios when compared to Argentina and Poland

These trends suggests that institutions can either a reinforce or moderate the effects of cyclical market forces on earnings, diminishing the exposure to downwards trajectories during recessions but also limiting gains during expansions.



CONCLUSIONS

- The article addressed a **central problem in the study of labour markets**. How contextual shocks and structural trends influence short-term movements and relate to distinct job quality phenomena: (in)formality and earnings/wages.
- To this purpose, **we made cross-national comparisons** of distinct productive and institutional regimes: coordinated markets (Germany), Mediterranean (Spain and Italy), transitional (Poland) and an emerging but structurally informal market (Argentina).
- The findings indicate:
 - That labour markets process **occupational mobility and outcomes differently** despite common shocks.
 - Short-term **occupational and income mobility are not necessarily related**; the institutional regime and degree of segmentation mediate the direction and intensity of this link.
 - **(In)formalisation has not followed a common trend** in the post-pandemic context, with strong variations according to the prevailing institutional-productive regime of each country and its interaction with the growth cycle.



CONCLUSIONS

- Specifically: despite a common trend, **labour markets process occupational mobility** and its repercussions with markedly divergent results:
 - **Germany**, a highly coordinated and productive market with marginal levels of informality and moderate mobility, shows positive but limited gains for its workers during the period. Despite its modest economic performance during the post-pandemic growth, the prevailing institutional framework shores up incomes and prevents the spread of transitions into extra-legal employment or excessive income losses.
 - **Spain** and **Italy** exhibit low or moderate occupational mobility but formalization trends and strengthened workers protection while preserving external flexibility. In turn, the strong economic performance effects higher ratios of upward income mobility.
 - Despite low occupational mobility, alongside loose labor regulations and its low coordination model, **Poland's** continuing productive upgrading and strong economic performance translated into very high ratios of upwards income mobility even under informalization (albeit from lower starting position).
 - **Argentina** exhibits a very specific case pertaining to the dualization effects of structural informality on wages and job quality. The volatile nature of its economic trajectory means high turnover, high occupational mobility, frequent changes around informality and high, but mostly downwards, changes in individual earnings.



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