How Labour Market Institutions in European Welfare Capitalism Affect Labour Transitions?

Alkistis Zavakou
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Abstract

Despite the large body of literature on labour market institutions and their effects on employment and unemployment, large gaps remain. This thesis sheds a new light to the old problem of labour market institutional design and labour market performance. It examines how labour market institutions in different European models of capitalism affect labour market transitions. It does so by employing an advanced econometric method: an event history analysis, estimating a piecewise constant exponential model. Longitudinal data are employed from three different national datasets (the German Socioeconomic Panel (GSOEP), the British Household Panel Survey (BHPS) and the Italian Survey “Famiglia e soggetti sociali”) for the period 1990–2009. The effects of labour market institutions are estimated both at a country-level and at a comparative, pooled-country-level to increase the degrees of freedom and the variability in the independent variables. The empirical evidence suggests that institutions indeed have a significant effect on labour market transitions and this effect differs largely among different models of capitalisms, corroborating the Varieties of Capitalism approach. In accordance with the latter, the importance of non-pecuniary institutions such as trade union power, trade union fragmentation and wage bargaining is re-affirmed and substantial labour market institutional complementarities are found. This thesis advocates for an optimal, strictly positive and intermediate level of EPL in all countries; an unemployment insurance contingent on strict conditionality and high activation; while the optimal level and system of wage bargaining are found to depend crucially on the trade union power as well as trade union coordination and fragmentation. Trade union fragmentation is found to reduce all labour market transitions and have a negative effect on labour market performance.
Jury:

François Rycx (ULB, Co-supervisor), Anton Hemerijck (EUI), Alkistis Zavakou (candidate), Hans-Peter Blossfeld (EUI/University of Bamberg, supervisor), Manos Matsganis (Politecnico di Milano)

Bio

Alkistis Zavakou obtained her PhD in Political and Social Sciences from the European University Institute in February 2018. In it she examines the effect of labour market institutions on labour market transitions in different European welfare capitalisms. Prior to her PhD, she studied economics at University College London, with a special focus on labour economics, applied microeconometrics and policy evaluation. Currently she is working as an Economic Analyst at the European Commission, DG Employment, Social Affairs and Inclusion, where she is mainly responsible for country reform and country monitoring in the framework of the European Semester. Her research interests revolve around labour economics, labour market and social policies, the economics and politics of the welfare state and European political economy.