The Effect of Temporary Help Jobs on Employment Volatility

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Abstract

This study investigates the impact of temporary agency employment on employment volatility outside the sector. Making use of econometric volatility models we find that enhancing numerical flexibility by temporary agency employment decreases employment volatility of incumbent workers. However, not all subgroups are benefitting equally. While prime-age permanent workers considerably gain from higher flexibility, young workers, migrants and low-skilled workers are not only overrepresented among the temps but also do not gain when employed outside the sector.