



Global Dynamics of Social Policy CRC 1342

Worlds of Labour.

The Impact of Employment Regulations on Labour Market Inequality and Segmentation.

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Theoretical background: legal segmentation approach

- » Labour laws regulate employment, addressing power imbalances between employers and employees. They serve three key functions:
 - › **Standard-setting:** Ensures basic rights like working hours, wages, and dismissal protections.
 - › **Privileging:** Grants selective protections to specific groups based on factors like company size or seniority.
 - › **Equalizing:** Reduces inequalities from discrimination or non-standard employment, promoting fair treatment.

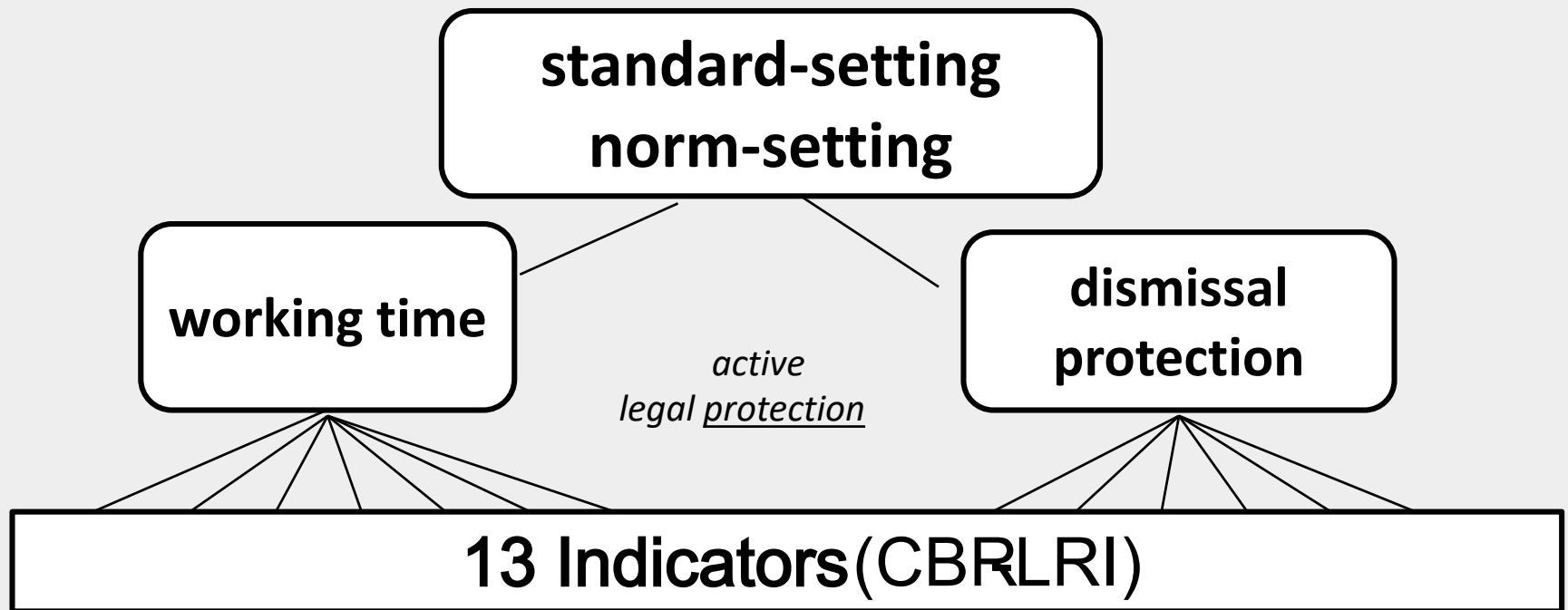
- » These functions shape labour laws, determining who benefits from protections and how labour market segmentation develops.

(see Dingeldey et al. 2022)

Methodological approach: Leximetrix and data-collection

- » Leximetric approach (see Carlino, Fechner and Schäfer 2025)
- » data from CBR-LRI (Centre for Business Research (Cambridge) Legal Regulation Index)
 - › contractual aspects (standard/non-standard employment)
 - › working time regulation
 - › regulation of dismissals
- » adding 12 new indicators
 - › Seniority rules in employment protection
 - › Selectivity in application of employment laws & protection
 - › anti-discrimination legislation (gender & ethnicity)
 - › minimum wage systems
- » adding data for 36 countries
- » Extending data historically (1880 till 2022)

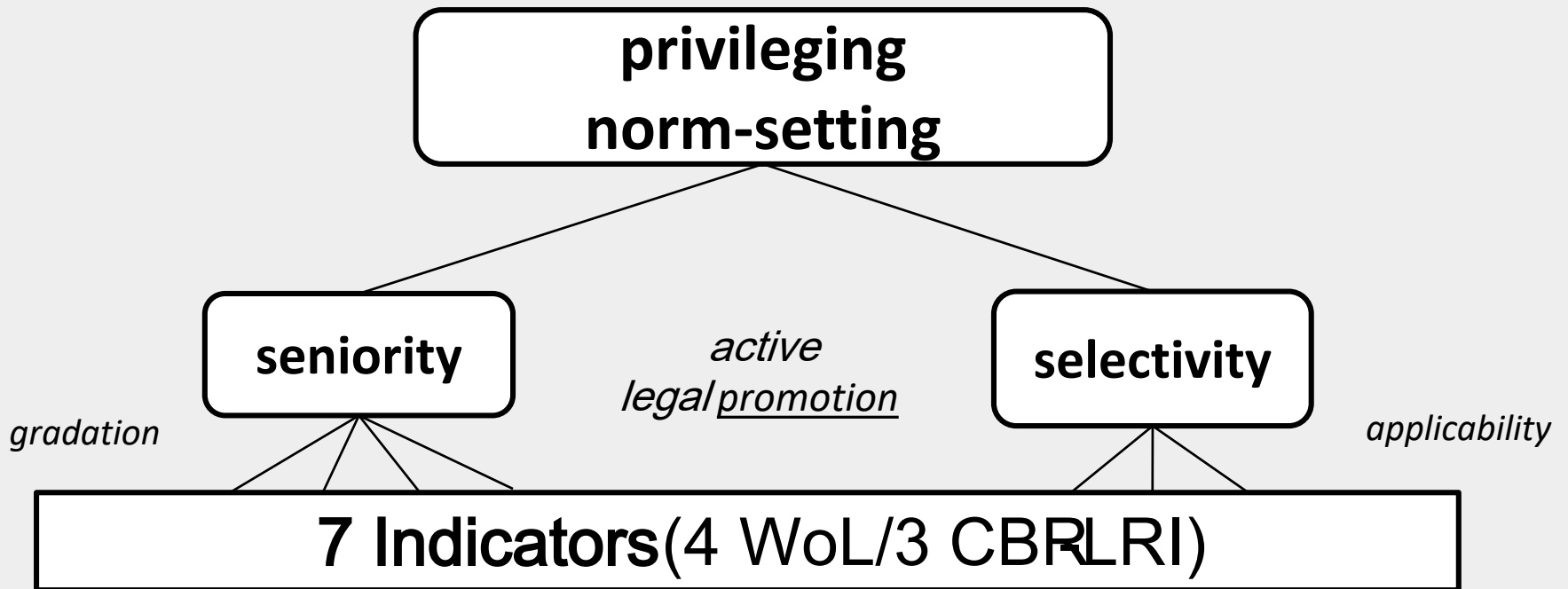
The measurement concept of



Indicators and description can be found in WESIS
[https:// www.wesis.org/indicators/categorize?category=Labour+and+labour+market#Standard -setting](https://www.wesis.org/indicators/categorize?category=Labour+and+labour+market#Standard-setting)

(see Dingeldey et al. 2022)

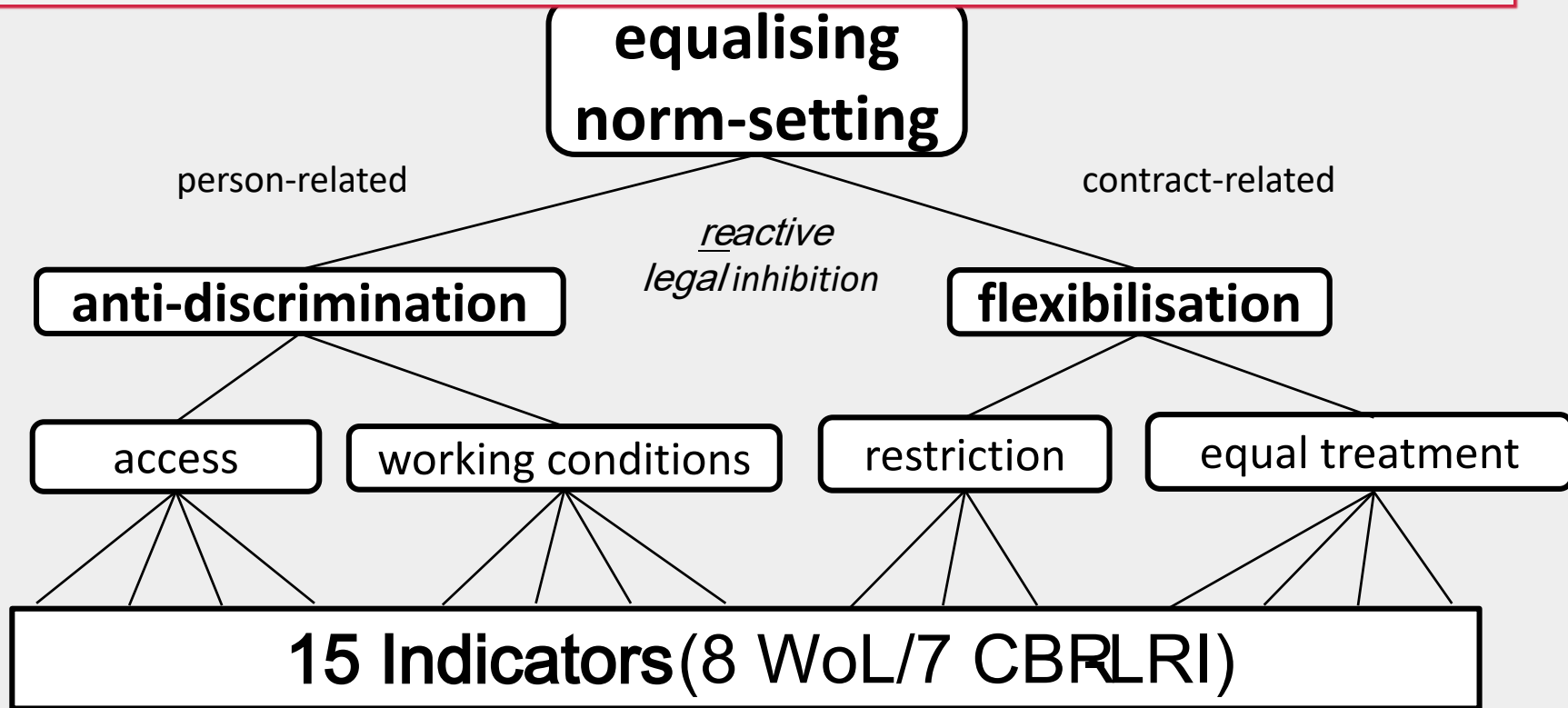
The measurement concept of



Indicators and description can be found in WESIS
[https:// www.wesis.org/indicators/categorize?category=Labour+and+labour+market#Privileging](https://www.wesis.org/indicators/categorize?category=Labour+and+labour+market#Privileging)

(see Dingeldey et al. 2022)

The measurement concept of



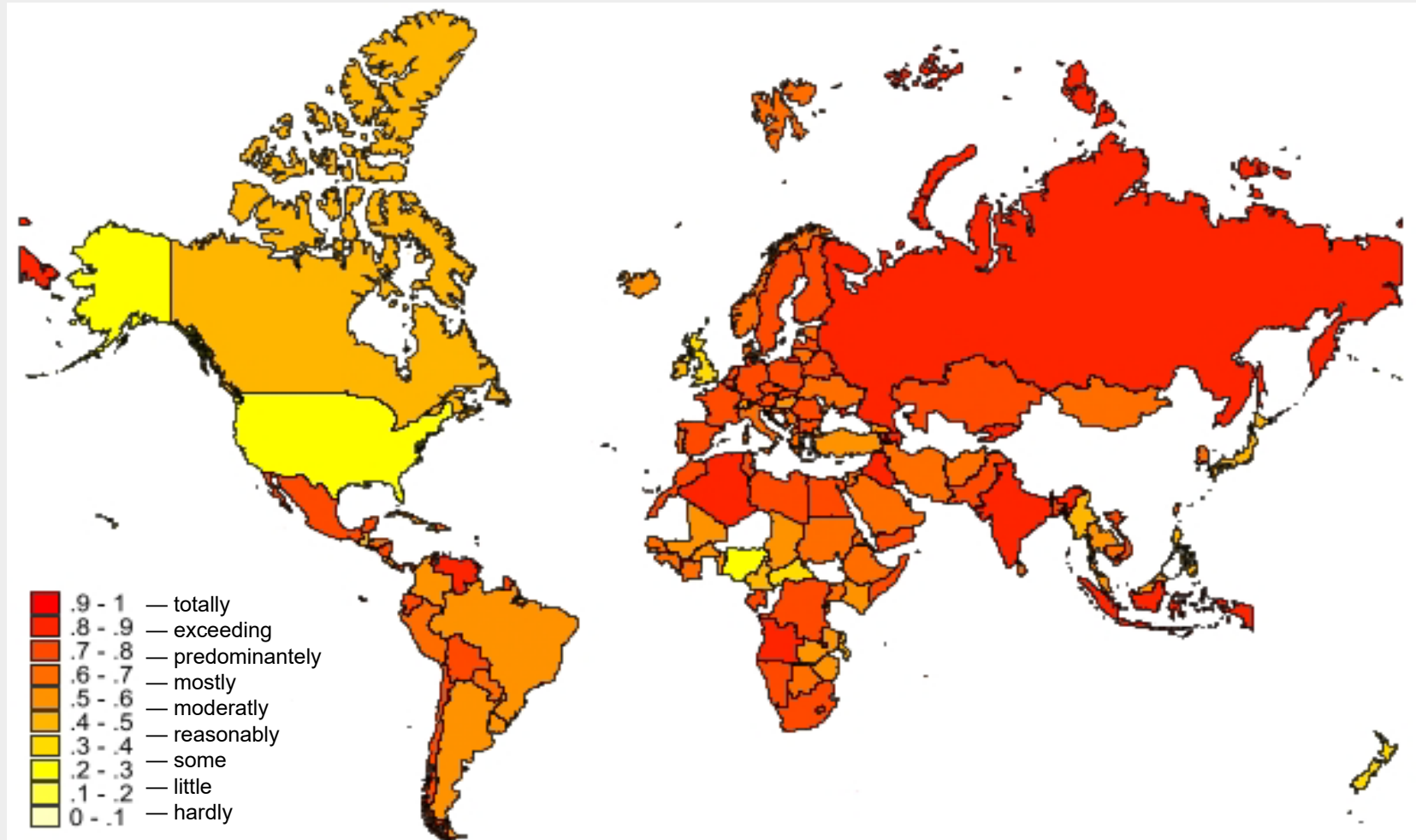
Indicators and description can be found in WESIS
<https://www.wesis.org/indicators/categorize?category=Labour+and+labour+market#Equalizing>

(see Dingeldey et al. 2022)

Limits

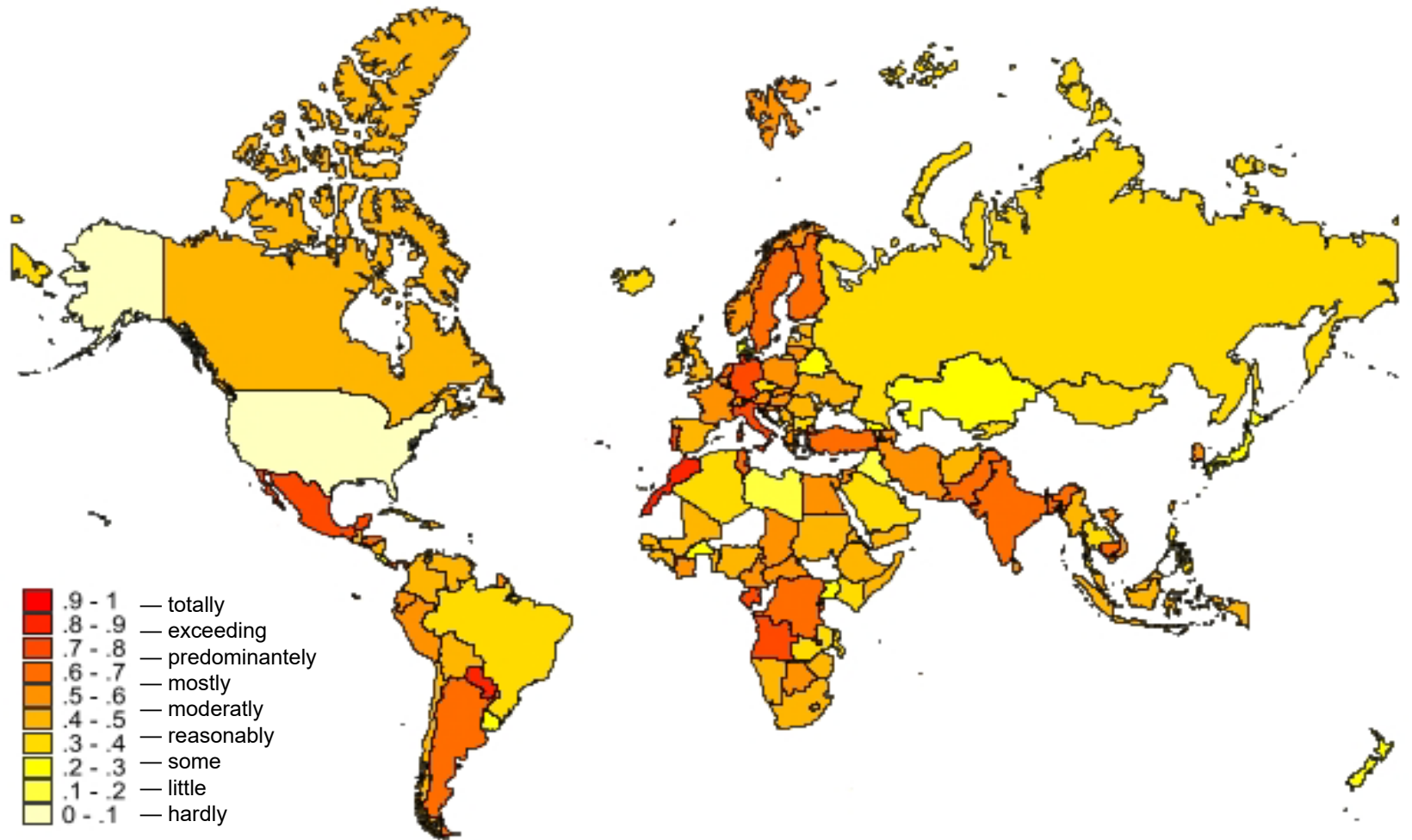
- » **Different Coding Bases:** The CBR Labor Regulation Index uses legal provisions and court decisions (Adams et al. 2017, 2023), while the World of Labor (WoL) dataset relies solely on statutory law, resulting in varying legal scope mappings.
- » **Scale and Indicator Issues:** Variations in scale assessment (Dingeldey et al. 2022 vs. Adams et al. 2017, 2023) mean that not all indicators are ordinal or continuous; binary indicators may disproportionately affect the additive index.
- » **Equal Weighting:** Identical weights across dimensions and indicators can equate unrelated factors, such as full/part-time working conditions with gender equality.
- » **Theoretical Mismatch:** Factor analysis indicates that the indicators do not fully capture the theoretical concepts.
- » **Coding by Enactment Year:** Laws are coded based on their enactment year, with values carried over until changes occur, making yearly comparisons estimates.

Strength of **standard function** of labor law in 2022 (index value)

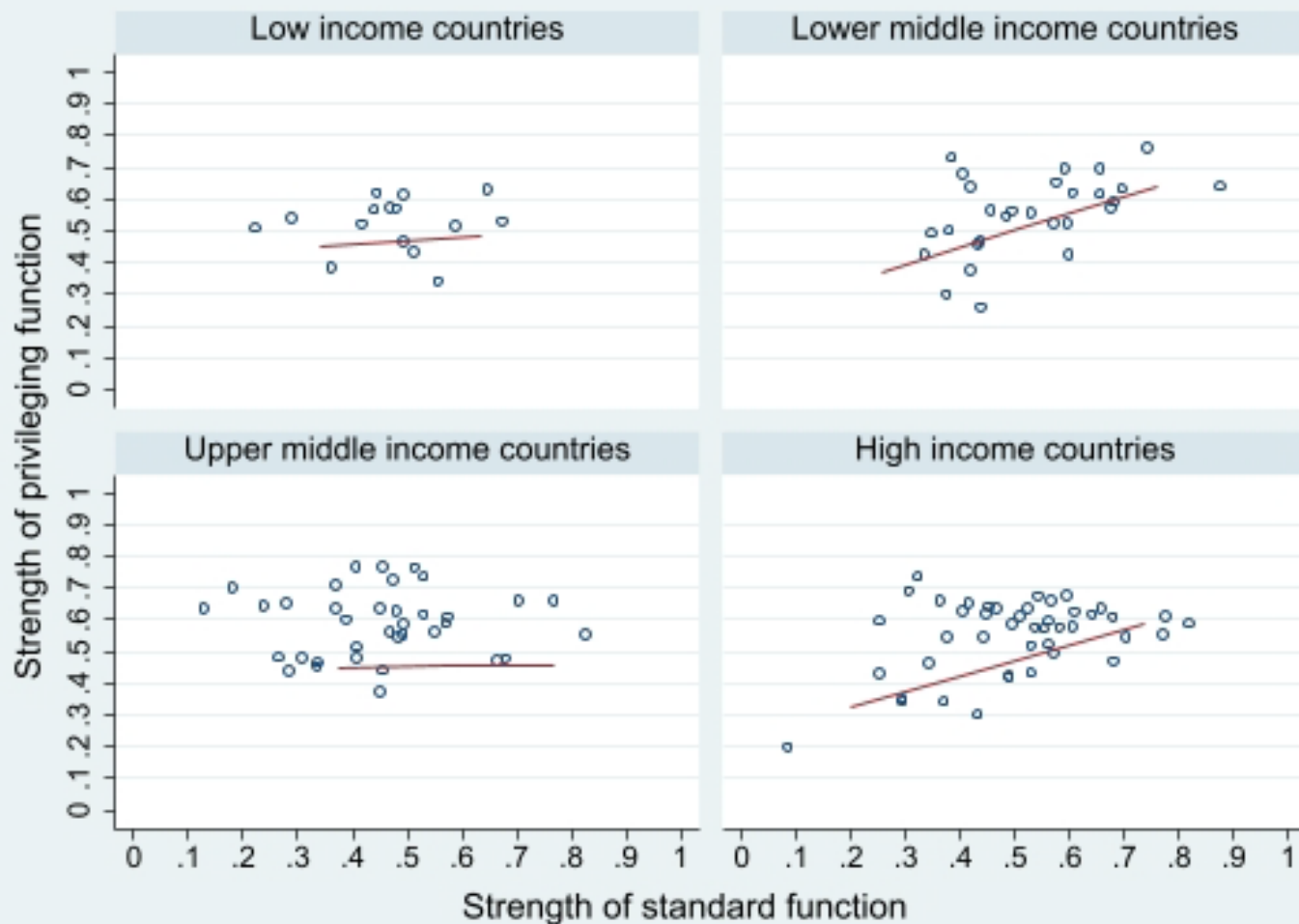


Source: authors calculation using CBR-IRI indicators in WESIS
Note: Countries without data are not shown on the map.

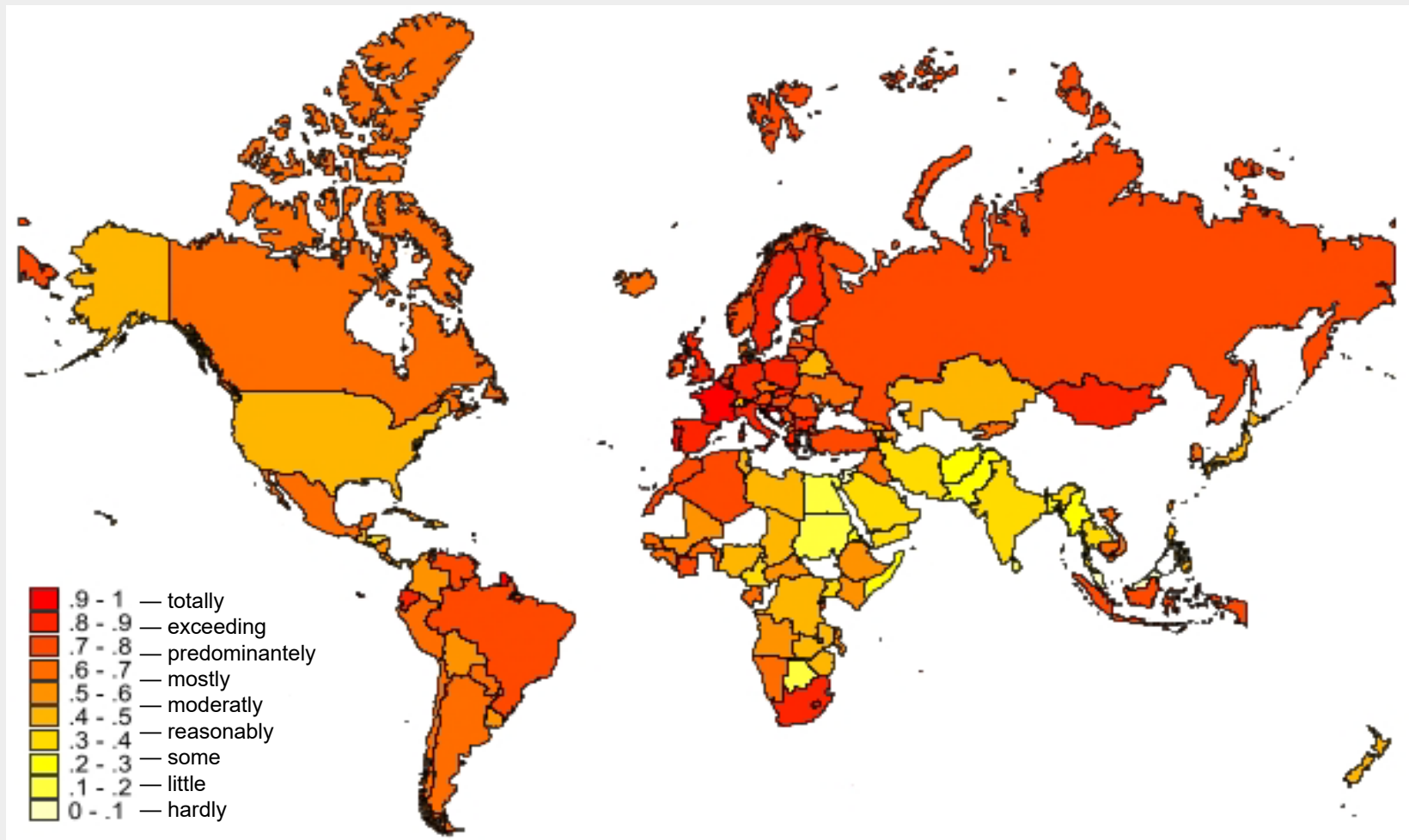
Strength of **privileging function** of labor law in 2022 (index value)



First insights: Relationship between legal frameworks and labour market inequality in 2022

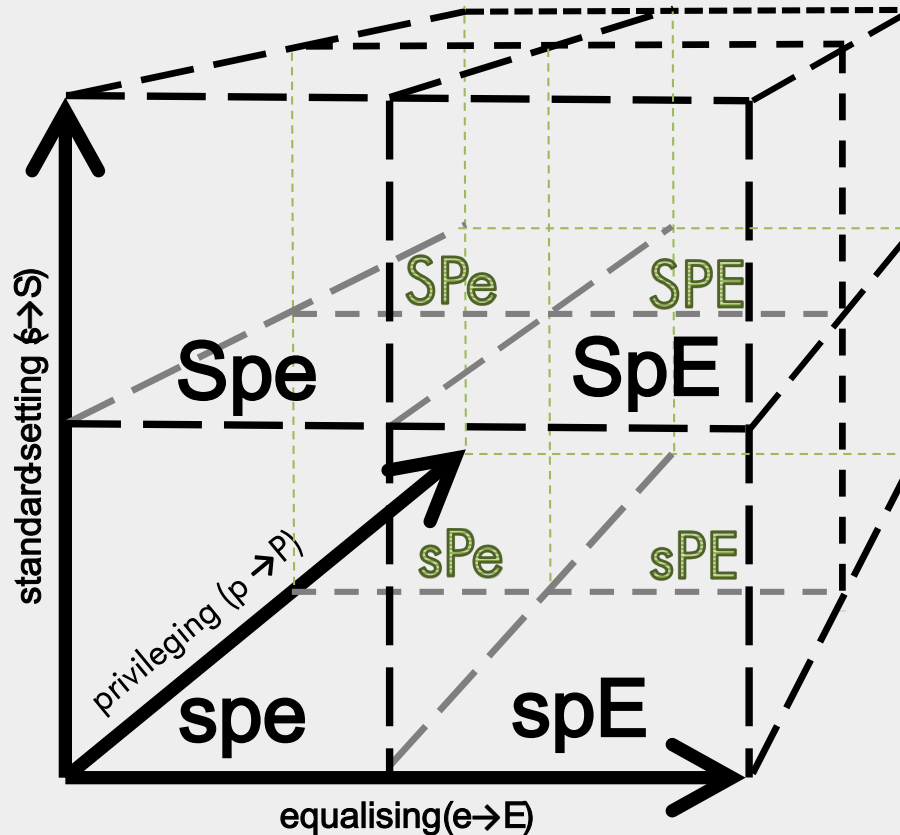


Strength of **equalizing function** of labor law in 2022 (index value)



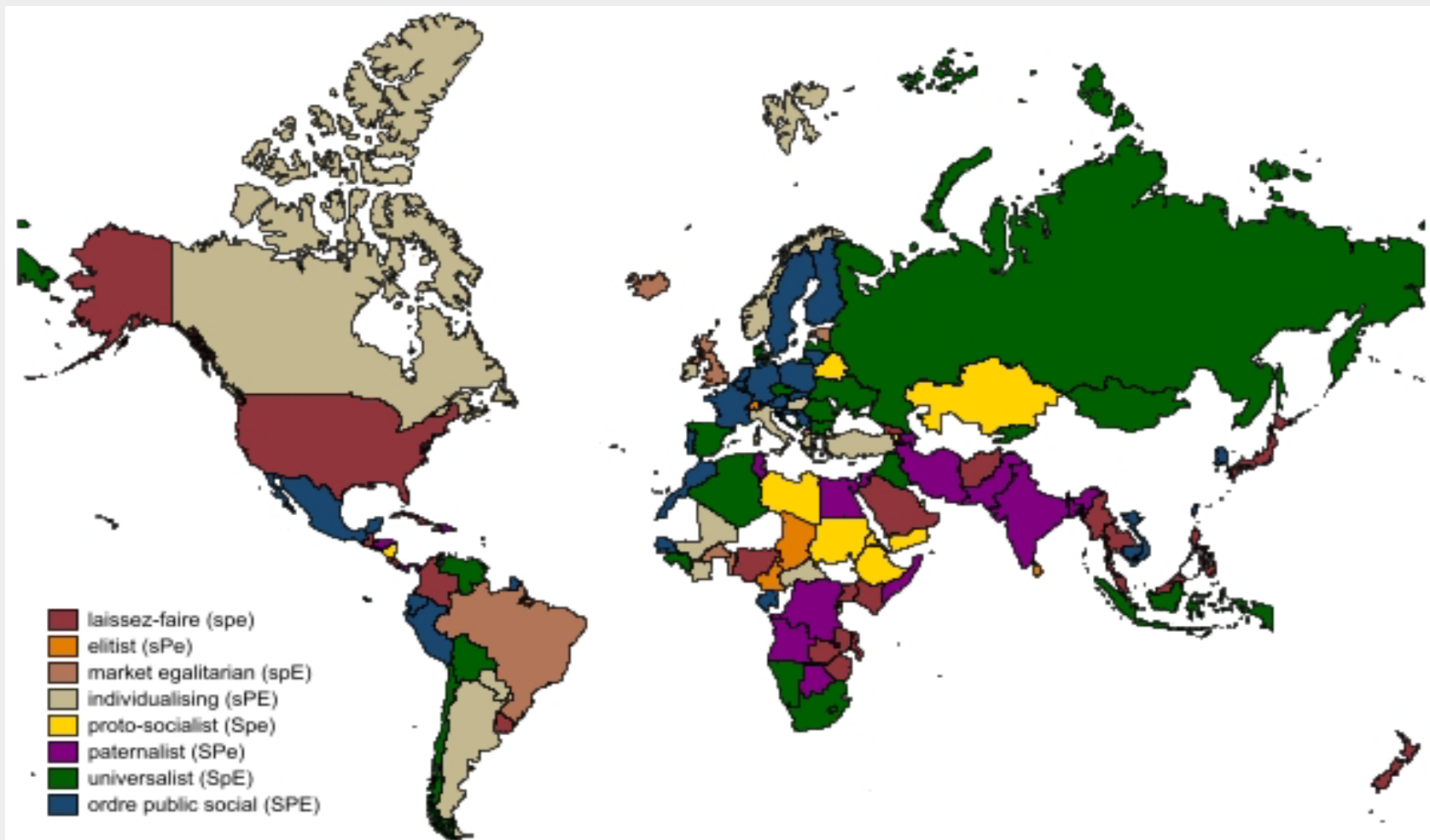
SPE typology of employment law

(see Dingeldey et al. 2022)



- spe = laissezfaire
- spE= marketegalitarian
- sPe= elitist
- sPE= individualising
- Spe = proto-socialist
- SpE= universalist
- SPe= paternalist
- SPE = ordrepUBLIC social

SPE typology of employment law in 2022



Insights and conclusions

- » insights into labor protection worldwide by differentiating standard-setting, privileging, and equalizing functions
- » initial perspectives with current data (2022) on labor regulations worldwide and their impact on inequality in the labor market
- » results must be interpreted with caution given the limitations of the data
- » important to use multilevel models (see Carlino et al. 2025) AND analyze the connection between regulation and labor market segmentation in the national context in detail

Literature

- » Adams, Zoe, Bhumika Billa, Louise Bishop, Simon Deakin and Tvisha Shroff (2023). CBR Labour Regulation Index (Dataset of 117 Countries, 1970-2022) - Codes and Sources. Centre for Business Research, University of Cambridge. at: <https://doi.org/10.17863/CAM.9130.2>
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