

NON-EMPLOYMENT AND SUBSEQUENT WAGE LOSSES

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This work is the first attempt to analyse the existence and the magnitude of wage penalties associated with the non-employment experience of individuals in the Spanish labour market. For that, we draw on a sample of Spanish workers across the period 1987-1997 with information coming from an administrative datasource. We find that non-employment brings an earnings set-back but subsequent employment generates substantial recovery. In particular, the impact of past non-employment duration increases with the time spent since previous job separation, individuals with few job interruptions present the shortest wage penalty effect and certain groups of workers (those aged more than 45 years, those laid off, and those in blue collar occupations) suffer larger wage penalties upon re-employment.

Keywords: wage losses, job separations, non-employment, panel data

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