Long-term resilient labour strategies to face the economic crisis using Qualitative Comparative Analysis (QCA)

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The financial crisis reached considerable international dimensions and hit the European economy in 2008. Its negative effects were also felt in the labour market with different effects among countries, raising the importance of labour market resilience. This concept refers to the ability of a system to return to its previous state after a disruptive shock. Due to the latest economic crisis, this term has now become a study framework to explain the different behaviour of diverse economies and labour markets during a recession. The fundamental question in the study of resilience focuses on the factors that favour a resilient result in the presence of a shock. In the context of labour markets, this means identifying the factors that influence their reactions and the key elements that promote recovery in the new context after the shock. As a consequence, this paper seeks to identify which long-term labour adjustments have led to both resilient and non-resilient results by using Qualitative Comparative Analysis (QCA). Labour market resilience has been conceptualised and operationalised from a theoretical engineering perspective. From this perspective, labour-market resilience was defined as the ability of a system to bounce back to the pre-shock equilibrium by considering the employment levels from 2007 to 2012.

The sample data included 26 European countries. The methodology used for the analysis was the Crisp-set Qualitative Comparative Analysis (csQCA), a variant of Qualitative Comparative Analysis (QCA) based on the Boolean algebra, which allows the extraction of a short or parsimonious explanation of a complex phenomenon by identifying the different causality patterns that lead to the same result. This method assumes the causal asymmetry principle to enable the identification of different configurations of factors that lead either to the expected result or to its absence. In particular, the model Resilience = f (flexibility, working time, temporary work, active labour market policies, GDP) was tested in order to find the long-term labour market adjustments leading to both resilient and non-resilient result.

The results obtained have shown the diverse sufficient conditions required by European countries to reach labour market resilience or non-resilience up to 2012. The resilience sufficiency analysis provided two different configurations explaining 57% of the resilient cases and four configurations explaining 74% of the non-resilient cases. The resilient solution stressed the importance of "flexibility" to escape from the crisis while the non-resilient configurations highlighted the imbalance between the flexibility and security labour dimensions and the drop in economic activity as the prime cause of a negative result.

In view of the results obtained, increasing labour flexibility was shown to be a crucial element in the long-term for the European labour markets. However, on its own, increasing labour flexibility could also be considered to involve certain risks if this trend were to continue without applying job protection measures as the non-resilient results have shown.

Keywords: resilience, labour market, crisis, labour adjustments, Qualitative Comparative Analysis (QCA)