

Employment protection legislation and hiring discrimination: comparison of Denmark and Norway

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Background

When work contracts cannot be easily terminated, the costs of job mismatch are high, and employers who seek to minimise risks when hiring may be more likely to discriminate because the perceived risk of hiring candidates expected to be less productive is higher. Previous research using field experiments has shown that wheelchair users are discriminated against in the hiring process. This study contributes to the literature by using two field experiments, in which fictitious job applications were sent in response to real job openings in Denmark and Norway, to explore whether employment protection legislation (EPL) impact disability discrimination in hiring. In short, the Danish labour market is characterised by the flexicurity model characterised by low employment protection where Danish employers are relatively autonomous regarding hiring and firing. In contrast, the Norwegian labour market is well-regulated with a strict EPL where employers are less flexible of firing employees.

Empirical strategy

To explore the observation effect of EPL on disability discrimination, we use data from two randomized correspondence studies conducted in Norway and Denmark. In response to job advertisements, we sent pairs of applications (1,200 fictitious applicants in each country) that were similar in content except in terms of disability status which was signalled in the cover letter and in the CV.

Results

Results from the two correspondence studies shows that disclosing a disability reduces the probability of invitation to interview in both countries. The callback ratio is 1.67 in Norway and 2.41 in Denmark, indicating that wheelchair users need to apply for approximately 1.7 the number of jobs as an identical non-disabled applicant in Norway, and 2.4 the number of jobs in Denmark.

Keywords: Disability discrimination, employment protection legislation, field experiment.