Defining and assessing precarious employment in Europe: 
a review of main studies and surveys

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Outline of the research project ESOPE (Precarious Employment in Europe: A Comparative Study of Labour Market related Risks in Flexible Economies):

The aim of the ESOPE project is to contribute to an improved comparative understanding and evaluation of «precarious employment» as one of the main facets of social and socio-economic insecurity and risks in contemporary European societies. By thus doing the project expects both to increase knowledge and to inform current policy debates on the interrelations between the modernisation of systems of social protection, the activation of employment policies, and the «quality of employment» in Europe. The research questions include:

- How is «precarious employment» understood and appraised in both scientific and policy terms in the five countries of our study (France, Germany, Italy, Spain and the United Kingdom) and also at the European and wider international levels?
- What are the main factors accounting for the actual incidence and forms of «precarious employment» and what is the relative importance of sectoral factors and State-based regulatory frameworks?
- What notion of «precarious employment» could be more appropriate in scientific as well as operational terms for understanding, measurement and policy making?

In order to achieve these purposes, the project is divided into three major phases: [1] literature review and comparative policy analysis; [2] two strands of empirical research through case studies of selected services sectors and of local innovative initiatives; and [3] drawing of policy implications and dissemination activities, including an important scientific seminar.

Members of the consortium:

- Departamento de Trabajo Social, Universidad Pública de Navarra (Pamplona, ES)
- ICAS Institute (Barcelona, ES)
- Economix Research and Consulting (Munich, D)
- Centre d’Etude de l’Emploi (Paris, FR)
- Centro di Ricerche Economiche e Sociali (Roma, IT)
- Warwick Institute for Employment Research, University of Warwick (Coventry, UK)
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Executive summary

1. Research questions

Differences between the anglo-saxon model of the welfare state and labour market flexibility resulting in lower unemployment figures and the phenomenon of the “working poor”, and the (continental) European models of labour market regulation and social welfare regimes has shaped the debate about labour market and social policy reforms in a number of European countries. In this context, the incidence and the development of precarious employment has been addressed.

However, one of the difficulties with assessing precarious employment in a comparative perspective is connected to the notion of “precarious employment” itself and the different meaning it may take in the national labour market context. The perception of “precarious employment” is imbedded in the ideological and political discourse of a country, its actual national regulatory and institutional context and its production model. In this respect the perception, the incidence as well as the particular national structure and shape of precarious employment can be regarded as an outcome of the specific national “flexibility-quality-security” contract. The different degrees of labour market flexibility have to be looked at in the context of overall macro-economic productivity. Furthermore, an analysis of different types of labour market flexibility (e.g. internal vs. external flexibility, spread of labour market adjustments) may explain to some degree differences between countries in the incidence and form of precarious employment. Finally, different social protection regimes may be responsible to a great extent for cross-country differences in precarious employment.

The comparative analysis of the literature, the data and the national context factors have shown that precarious employment needs to be understood as a multi-facet notion and a multi-dimensional phenomenon. The factors determining the event of precarious employment vary from country to country. Finally, the role of precarious employment varies significantly across the different labour market and institutional context.

The following report seeks to answer as far as possible, the following basic questions addressed from a comparative perspective:

- How has precarious employment been defined?
- To what extent is the socio-economic and regulatory context reflected in the perception of precarious employment?
- What is the actual incidence of precarious employment and distribution of precarious employment in the five countries under review?
- Is precarious employment on the increase?
- What are the national particularities of precarious employment? Is there a trade-off between inactivity, precarious employment and stable employment? Does precarious employment represent a way to reduce unemployment? Is precarious employment replacing stable employment forms? Does precarious employment lead to employment expansion? Can a deep-
kening or softening of segmentation lines at the labour market be observed in the context of precarious employment?

• What is the rationale for expanding precarious employment in the national context? To what extent do national regulations and the social policy framework ease the spread and the social acceptance of precarious employment? To what extent is the incidence and character of precarious employment at the national level influenced by the specific structure of the workforce (mainly in regard to skills, participation rate in the workforce, unionisation) and to what extent are flexibility strategies chosen in this respect and generating precarious employment?

2. Perception and understanding of precarious employment at the national level

The notion of “precarious employment” is only commonly used in France, Spain and Italy, while in the UK it is not used at all. In Germany, the term is mostly used – in a rather restrictive way - by social scientists but has not entered the political and public debate (Barbier et al. 2002b).

Whilst the concern with precariousness can be dated back to the fifties in some countries, when it was found out that the new protection systems put in place after the Second World War were leaving aside whole parts of the population, it became a widely used concept in the 1990s. However, major differences appear with regard to the attention paid to precarious employment: while in some of the countries studied (particularly France and Spain) it is feared that precariousness is becoming a structural feature of the contemporary world of work, while other countries, like the UK, are not addressing the question of precarious employment as such.

It would seem that in all countries, the debate about precarious employment is to a greater or lesser extent marked by its origins: poverty studies in France, studies on hidden employment in Italy and Spain as well as studies on labour market regulation in Italy and Germany. However, this influence seems to have operated in very distinct directions, according to the dominant research traditions and/or influences in particular. In contrast to the continental European countries under review, in the UK the individual choice approach is dominant. Furthermore, the British debate is concentrating on the notion of “social exclusion” rather than on “precarious employment”. However, notions of “risk” have emerged as an important new focus and the measurement of “insecurity”, especially in relation to jobs has attracted much attention (Hogarth et al., 2002).

In France the focus is on the “societal aspect”, while the German, Italian and Spanish debates are concentrating on industrial relation issues. The wide public concerns about “new poverty” in France, and its expansion to heretofore protected social groups in France was probably a determining factor for the influence of sociological studies and essays on the erosion of the traditional waged employment relationship and for the audience gained by theses of the “precarisation” of society. But this was also probably due to the revisiting of a longstand-
ing sociological tradition in France, looking at status as a key to social cohesion. Waged employment being at the core of “statut” and its erosion is seen as a danger potentially affecting the whole of society. In France there is a lot of concern about precarious employment. The French debate on precariousness needs to be viewed in the tradition of the important role of the State and the debate on the decline in solidarity. Thus, in the French scientific debate on precarious employment, the focus is on legal and social rights.

In Spain, the “societal aspect” of the debate has been reflected in research work analysing the role of families in the context of the persistence of precarious employment (Laparra 2002).

In Germany, the question is whether an erosion of collectively regulated employment relationships (Erosion des Normalarbeitsverhältnisses) can be observed, while in Italy the problem of collectively regulating the labour market is more politicised, a greater emphasis lies on the role of the collective actors at the macro-level.

In Spain, the focus of the debate is on the increase and the high incidence of temporary employment (trabajo temporal), which has become according to some authors a structural feature of the Spanish labour market. A large research body is analysing this dimension of precarious employment departing from a segmentation theory approach.

In a wider context all continental European countries surveyed are debating the “end of salaried work” or the “end of the working society”. This debate is particularly accentuated in Germany and in France.

Another strand of the debate in all countries refers to the increasing flexibility at the labour market. Flexibility and economic constraints are dominating the debate in particular in the UK, but also in Italy and in Spain. These differences in this debate which can be observed across the countries reflect in particular the diverging role of the State and the expectations from the Welfare State in the national context. In Italy the academic debate has been very much in touch with policy making and fuelled its analyses into the successive labour market reforms. The concern with the employment relationship was subordinated to the discussion about competitiveness, and from the 90s onwards, financial recovery and stability. Interestingly, among German labour researchers a new line of arguments have emerged recently, highlighting the positive effects of new employment forms (transitional labour markets). In contrast to the other countries studies, the argument to increase labour market flexibility is supply-side driven rather than demand-side driven. Not the competitive stance of the German economy and the need of companies for more flexibility are at the basis of this debate, but the high unemployment figures, the distribution of risks between groups of workers and the type of social consensus.

In France, two strands of research that have dedicated particular attention to the issue of flexibility deserve mentioning: the regulation school, and other economists taking similar approaches; and general, or critical, political sociology.
However, they seem to have been concerned mainly with flexibility strategies at the level of firms.

The different production models, the high labour costs – high productivity strategies versus low labour cost – low productivity strategies, lead to a different focus of the debate, flexibility and low labour costs being in the centre of interest in particular in the UK and in Spain. German economists have been discussing the permanency and evolution of an economic model chiefly based on high value added and high productivity sectors, in contrast for example to Italy, where deregulation was seen as an imperative for the competitiveness of the whole Italian economy. Although, the debate on enhancing labour market flexibility has gained importance, a large part of the academic community values positively the German model of labour market regulation as suited to the competitiveness model.

Interestingly, the perception and the weight of the debate on precarious employment at national level do not necessarily reflect the incidence of precariousness. Thus, in comparative terms the incidence of precarious employment in France seems to stay at a low or middle field position while France is probably the country where precarious employment has retained the highest interest in the academic and in the public debate. In contrast, the data suggest that in the UK the incidence of precarious employment (or functional equivalents) is higher than in France, the question of precarious employment not addressed as such. Contextual factors are once again decisive (tradition of a strong state vs. liberalism and individualistic approach). In Italy the debate is highly politicised and ranges in the tradition of trilateral incomes policies and of macro-regulation by the collective actors, with a consequent high attention, also by many academics and politicians, for the “precariousness” of less or not regulated workers. Also in Germany we have seen that the debate about precarious employment stems from the concern about collective labour market regulation and the power of the trade-unions to do so. However, in Germany and partly in Italy (mainly in the last five years) a second approach towards precarious employment is evolving, as academics and politicians are advocating for enhancing precarious employment and enlarging transitional labour markets in order to reduce unemployment and to respond to the flexibility needs of the workforce. Finally, in Spain precarious employment has entered the academic debate like in Germany only at the end of the 1980s. Despite the very high incidence of precarious employment, the debate on hidden employment and unemployment in Spain still outweights the debate on precarious employment. The Spanish academic debate departs from a segmentation theory approach and focuses on power relationship. The public debate seems to be dominated by the deregulation and flexibility debate, although the shift in the balance of power is addressed.

In the literature a number of different approaches to explain the incidence of precarious employment can be found. National variations in the general theoretical approaches have been identified. Furthermore, according to the different perceptions of precarious employment and due to the differences in the national institutional, economical and political context, the different theoretical ap-
proaches have a varying weight in the debate at the national level. In this summary only a broad overview of the approaches referred to can be given:

- Segmentation theories
- Efficiency wage theory
- Insider-Outsider theory
- Contract theory
- Queuing model
- Decline in Union power
- Flexibility and labour market deregulation
- Flexibility at the level of the firm and precarious employment
- The general destabilisation of the employment relation

None of the above theories can explain all dimensions of precarious employment and differences among countries. The most important set of theories refers to the segmentation approach, another set to the flexibility discourse. In particular segmentation theories may serve to explain different types of inequalities and the distribution of risks. However, our research goes further and aims not only at explaining inequalities, but also at detecting whether certain types of labour market segmentation are in a way stable for the individual, offering no possibilities to move from one labour market segment to the other, or whether on the contrary bridges between labour market segments exist. The queuing model and the concept of transitional labour markets are representing possible approaches to argue in favour of the existence of bridges.

3. The notion of precarious employment and related terms: definitions, dimensions and indicators in the comparative literature

As there is no common understanding of precarious employment among the five countries under review, it makes it difficult to find a common set of indicators to measure it. We turned our attention to perceptions and definitions of precarious employment and similar concept in the comparative international literature.

Atypical contracts
The European Foundation for the Improvement of the Living and Working Conditions has adopted a working definition of precariousness for its studies on precarious employment and working conditions, wholly based on atypical contracts (Letourneux, 1998). Thus in these studies, “precarious” employment is equated

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1 It has to be noted, however, that on the grounds of the criteria developed by the European Commission, the European Foundation for the Improvement of the Living and Working Conditions has developed four objectives for the promotion of the quality of work and employment (European Foundation for the Improvement of the Working and Living Conditions: Quality of work and employment in Europe. Issues and challenges. Foundation paper No.1 February 2002). These are:

- Ensuring career and employment security
- Maintaining and promoting the health and well-being of workers
- Developing skills and competencies
- Reconciling working life and non-working life

The objective of “ensuring career and employment security” includes four aspects: the terms of employment and the dual labour market, workers’ rights and equal opportunities, earned income, social protection.
with non-permanent contracts, i.e. fixed-term contracts and temporary contracts. They also sometimes include self-employment and involuntary part-time employment, understood as under-activity.

In some countries such as Spain, research has shown that there is no problem with equating non-permanent employment with precarious employment. However, in other countries, such as Germany, France or Italy, the literature is more ambivalent. A key question becomes how to distinguish precarious from non-precarious atypical employment.

Another problem with measuring precarious employment through atypical employment is that there is no common understanding between the countries of how “atypical” or “non-standard” employment is defined. Most importantly, there are major differences as regards part-time work and whether apprenticeship contracts are included in temporary employment or not. Furthermore, there are differences between countries as to whether a distinction between involuntary and voluntary part-time employment is made.

Individual Choice Approach
A further approach towards precarious employment is based on its more or less voluntary character, and resorts to a subjective appreciation by workers. In particular, involuntary part-time employment is often associated with under-activity (Insee, OCDE, European Foundation for the Improvement of the Working and Living Conditions). On the other hand this type of approaches has been criticised as “choices” are heavily dependent on what one perceives is available to them, in the current legislative framework.

Subjective measures are used to grasp the individual perception of precariousness, arguing that for the political sphere it is decisive whether people are satisfied with their situation or not. The OECD (1997) is analysing the individual perception of job insecurity. One of the findings of this study indicates that this individual feeling depends among other factors on labour market institutions.

The quality in work and trajectories
In order to distinguish between jobs of different quality, the European Commission has grouped in its Employment in Europe 2001 report the jobs according to three main dimensions: job security, access to training and career development, and hourly wages and distinguishes between dead-end jobs, “low paid/low productivity” jobs; “reasonable quality” jobs; and “good quality” jobs. Low quality jobs are according to this definition “dead-end-jobs” and “low pay/low productivity.

The concept of the Commission includes the approach towards “quality in work” and the dynamics of the quality in work in terms of individual trajectories. Although, the Commission is departing from the concept of “good” and “bad” jobs
rather than from the notion of “precarious” employment, the dynamic approach taken is shading light on a whole set of aspects linked to the question of “precarious employment”: the degree to which labour market segmentation is fostered, the role of precarious employment in the labour market and the impact of precarious employment for the individual.

The concept of the job “quality” appears to be rather encompassing and includes dimensions not only concerning the quality of the work and itself but focusing also on general labour market features like discrimination, gender equality, and individual features like the skills development and trajectories.

Four dimensions of precarious employment
Most of the comparative approaches to precarious employment distinguish various dimensions so as to account for various types of precarious employment (see for example the dimensions used by the European Commission) and avoid the identification of precarious with atypical employment (Darmon 2001 et al.).

A list of criteria was established by Rodgers (1992) for the ILO. He identifies 4 dimensions:

- level of certainty over the continuity of employment;
- individual and collective control over work - working conditions, income, working hours;
- level of protection - social protection, protection against unemployment, or against discrimination;
- and insufficient income or economic vulnerability.

Working definition for this research project
In line with the above-mentioned approach of Rodgers we will structure these dimensions in a temporal dimension, an economic dimension, an organisational dimension and a social protection dimension.

Furthermore, this report is based on three levels of analysis

- Functional equivalents of precarious employment, combining the various dimensions - security; earnings; working time; social protection; skill content; working conditions.
- Dynamics of precarious employment and the individual risk, as measured by trajectories out of insecure employment, low pay employment, low-skilled employment, etc.
- The structure of the labour market (supply and demand for precarious employment) and contextual factors

4. Main Findings concerning the incidence of precarious employment according to the four dimensions

The comparison of precarious employment has demonstrated that the different levels of analysis - criteria of the job, of the jobholders including trajectories, and contextual factors like the strategies of firms and the overall national regulatory and economic context - are determining all together the incidence, structure and
trends of precarious employment. Furthermore, unstable forms of employment and “insecure” employment play specific roles in the different national context.

**General remarks on the comparability of the data**

Besides the difficulty with assessing the extent of precarious employment due to the different forms of employment relationships which can be considered as precarious in the national context and the different aggregation levels of the terms used (eg. of atypical employment and of temporary employment), there is a further problem arising: the available comparative data contains a great deal of limitation.

For example one of the indicators mostly used for measuring “atypical employment”, “flexibility and security” dimension in the “quality in work approach” as well as for measuring the “temporal dimension” of precarious employment is the “temporary contract”. The problem with this indicator consists in the fact that it is too highly aggregated. To depict whether precarious employment exists, it is important to analyse which types of temporary contracts can be regarded as reflecting precarious employment. The commonly source used is the European Labour Force Survey Data.\(^1\) But also, the Third Survey on Working Conditions carried out by the European Foundation for the Improvement of Working and Living Conditions is informing on fixed-term contracts.

**Different data sources at European level compared**

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<td>France</td>
<td>15.3</td>
<td>9.3</td>
<td>3.2</td>
<td>1.4</td>
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<tr>
<td>Germany</td>
<td>12.7</td>
<td>8.5</td>
<td>0.6</td>
<td>2.1</td>
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<tr>
<td>Italy</td>
<td>10.1</td>
<td>5.4</td>
<td>5.0</td>
<td>4.2</td>
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<tr>
<td>Spain</td>
<td>32.0</td>
<td>27.1</td>
<td>2.3</td>
<td>1.4</td>
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<tr>
<td>UK</td>
<td>7.0</td>
<td>9.2</td>
<td>2.2</td>
<td>0.4</td>
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Source: Employment in Europe 2002, European Foundation for the Improvement of Living and Working Conditions

The problem with using LFS data on temporary employment will be demonstrated in taking the French and the German data.

The percentage of so-called “temporary jobs” for France (translated in French Eurostat documents as *contrats à durée déterminée, CDD*) amounted in 1999 to 14% (and 15% in the 2000 Eurostat LFS). The corresponding figure for the indi-

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\(^1\)To our knowledge so far, with regard to labour market “status”, the published Eurostat Labour force statistics strictly depend on item n° 45 (“permanency of the job”) in the “Labour status” section, an item which separates “permanent jobs or work contract of unlimited duration” from all other forms added together (“temporary jobs/work contracts of limited duration”).
cator mostly used in France – i.e. the Formes Particulières d’Emploi” (FPE) indicator amounted for 2000 to roughly 10%. An estimation of this 5 points discrepancy was made with the help of ministry of employment statisticians for this report. The main cause accounting for it is related to public administration contracts (central state as well as local authorities). Actually the French most commonly used “CDD” (fixed-term) figure does not include public administration “CDDs”.

For the analysis of the German data on temporary employment, it must be taken into account that a large share of fixed-term contracts are apprenticeship contracts. Thus, apprenticeships need to be explicitly excluded from the analysis. According to German Labour Force Survey data, which excludes trainees and soldiers, the temporary work rate in western Germany amounted to 5% in 1991 and to 7% in 1999. In Eastern Germany, due to a higher share of subsidised temporary contracts, the respective shares amounted to 10.3% and 13.1% respectively. The 1999 European LFS data is indicating the share of temporary employment at a share of 13.0% for whole Germany. Thus, in this research work, an additional indicator has been used to measure the temporal dimension of precarious employment, that is tenures. This indicator has the advantage that employment instability and temporal insecurity is disconnect from special employment forms.

Similar problems exist with regard to the use of voluntary and involuntary part-time employment. In particular, the informative power for comparative purposes of the indicator “involuntary employment” may be doubted as it depends heavily on national institutional features, mainly childcare arrangements. Also “part-time” is not precise enough to distinguish particular forms of employment as for example “marginal employment” in Germany (“geringfügige Beschäftigung”). Also there is no common data source on the share of “false self-employed”. At the national level the volume of false self-employed and, among them, the share of those being in precarious employment is difficult to measure. However, this category might be quite important in some countries. Thus, false self-employment and freelance work reaches a high volume in particular in Italy. In 2000, nearly 2 million persons were registered as “freelance coordinated workers” (lavoratori coordinati continuativi). Together with occasional work, being classified as self-employment, and profit sharing associations, the freelance coordinated work is regarded as part of “false” self-employment (“quasi-subordinated” work). The “freelance coordinated workers” appear to be a highly heterogeneous group of workers with regard to gender, geographic areas and occupation. This category of workers encompasses managers and professionals as well as workers with more controlled tasks. The “polyactivities” characteristics is found to be largely present (Frey et al. 2002).

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1 About 500,000 people surveyed in the French LFS, not being civil servants (i.e. fonctionnaires titulaires) are classified as “temporary” (= non permanent) when their category is processed by Eurostat. This figure mixes together a multitude of contracts forms, some very “precarious” – like for instance the so-called vacataires, whose status is more precarious than that of fixed-term contracts in the private sector; auxiliaires, like those in public education or in the post office – with some, i.e. a significant amount of contractuels who are not particularly precarious because their contracts are permanent although being theoretically fixed-term ones.
The comparison of the following two approaches to precarious jobs and to “bad jobs”, and the use of different data sources, shows how difficult a quantification of the phenomenon is:

- Within the ESOPE research project an attempt has been undertaken by the analysis of the data of the Third Survey on the Working and Living Conditions carried out in 2000 by using a radar chart approach. The identified degrees of employment precariousness depend heavily on how many of the indicators of the different dimensions have to be fulfilled at the same time. The indicators chosen (but not weighted) are: lowest income quartile, job tenure under one year, fixed term or temporary agency contract, low intellectual job content, high degree of heteronomy (or low degree of autonomy at work), harassment during the last 12 months, working unsocial hours, bad physical job environment. Interestingly the data showed a clear ranking among the countries with Germany and Italy proving to have the lowest shares in all different “degrees” of precarious employment, France and the UK taking a middle field position and Spain ranging far behind the other four countries.

- According to the concept of “low quality jobs” of the European Commission, one quarter of all jobs in the European Union can be considered as low quality jobs (Employment in Europe 2001). Of these, roughly a third of those jobs are jobs without employment security or employer provided training. The Commission describes these jobs as “precarious jobs without any career prospects”. The other two thirds of jobs of lower quality are low pay/productivity jobs but offer at least some job security or career prospects. Unsurprisingly, in 1996 the share of dead-end jobs was particularly high in Spain (about a quarter of all jobs). Together with jobs of low pay/low productivity, the share of “low quality jobs” in Spain amounted to about 40%. In Italy, the UK and Germany the share of “low quality jobs” was roughly at EU average. Especially in the UK and in Germany the bulk of them were low pay/low productivity jobs (approximately 20% of all jobs in these countries). There are no comparable data for France.

**Incidence and trends of precarious employment as a characteristic of the job according to the four dimensions**

The table below shall give an overview of the most usual forms and dimension of precarious employment in each country. Of course all forms and dimensions do exist and are debated at the national level, however with a varying incidence and scope.

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1 Share of employed in low pay/productivity jobs: 17%; dead-end: 8% of which 3% with low pay/productivity and the other 5% with decent pay/productivity. This data rest on the evaluation of ECHP, wave 3 (1996)
Table
Incidence and relevance of different forms and dimensions of precarious employment in the national context

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<th>France</th>
<th>Italy</th>
<th>Germany</th>
<th>Spain</th>
<th>UK</th>
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<tbody>
<tr>
<td>Short tenures</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
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<tr>
<td>Fixed-term contracts</td>
<td>Medium</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
<td>High</td>
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<td></td>
<td>(Focus in the debate on temporary subsidised labour)</td>
<td>(Focus in the debate on temporary subsidised labour)</td>
<td>(Focus in the debate on temporary subsidised labour)</td>
<td>Low (increasing, sharp increase of temporary agency workers)</td>
<td></td>
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<tr>
<td>Temporary agency work</td>
<td>Medium</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
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<tr>
<td>part-time</td>
<td>Medium</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
<td>High</td>
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<tr>
<td></td>
<td>(But high incidence and relevance of marginal “employed”)</td>
<td>(But high incidence and relevance of marginal “employed”)</td>
<td>(But high incidence and relevance of marginal “employed”)</td>
<td>(But not perceived as precarious employment)</td>
<td></td>
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<tr>
<td>Involuntary part-time</td>
<td>High</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Quasi self-employment, freelance</td>
<td>No precise data for France</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Medium, (but high in the cultural industry)</td>
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<tr>
<td>Bad working conditions for “atypical workers”</td>
<td>Correlation between bad working conditions and atypical employment</td>
<td>High in the hidden economy and in general for the low educated and skilled workers operating in the Southern regions</td>
<td>No data (in general low-skilled)</td>
<td>High</td>
<td>High (work intensification, subcontractor)</td>
</tr>
<tr>
<td>Working poor</td>
<td>Medium</td>
<td>Medium</td>
<td>Low</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>(But high relevance in low-paid work is mostly linked)</td>
<td>(But high relevance in low-paid work is mostly linked)</td>
<td>Low</td>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>
The basic findings of the comparative research on the incidence and structure of the different dimensions of precarious employment or functional equivalents of precarious employment can be summarised as follows:

- Precarious employment is characterised by short tenures in Spain and to a lesser degree in the UK. In comparison to the other countries it is striking that in Spain a high share of contracts even lasts less than six months. In contrast to the UK, where employment protection is low, in Spain in the context of a higher level of employment protection for unlimited labour contracts and at the same time legal provisions allowing for a large use of fixed-term contracts, short tenures are realised through fixed-term contracts and temporary agency work. In Italy, temporary employment and short tenures as measured by the Eurostat data are at a low level despite the high degree of labour market regulation. However, the temporal dimension might be underestimated in the case of Italy as the high volume of quasi self-employed are likely to be not adequately reflected in the data. Nevertheless, it appears that there is no Southern European model with regard to temporal dimension of precarious employment.

- Interestingly, in France and Germany temporary employment is widespread either in the public sector or as a form of subsidised labour and thus State induced (it should be added, that temporary employment in the public sector can be found in all five countries under review).

- Involuntary part-time has proved to range at a high level in the Latin countries France, Italy and Spain. Voluntary part-time employment is typically high in West-Germany and in the UK. In the case of these two countries, it has been argued that due to the lack of childcare facilities women are somewhat obliged to take on part-time jobs on a voluntary basis. In the case of Italy and Spain, where also a dramatic lack of childcare facilities can be observed, the low levels of voluntary part-time employment reflect that less women try to combine work and family lives.
• Quasi self-employment and freelance work play a major role in Italy, but also in Spain.
• Also hidden employment is important in these two Southern countries.
• The working poor phenomenon is reported to be high in Spain and in the UK (in the British context the high level of wage inequality needs to be stressed), but retains also much attention in France and in Italy although the problem is less pronounced. In the case of Italy it has been underlined that the incidence of low-paid employees appears generally much higher at the end of the 1990s than at the mid 1990s. In Spain low wages are strongly correlated with temporary work, while in other countries the link between low wages and contract forms seems to be less clear cut.
• Bad working conditions seem to be a main feature of precarious employment.

5. Is precarious employment on the increase?

In most countries precarious employment or at least atypical employment has increased over the last two decades. However, with the exception of Spain, where it has been reported that precarious employment has become a structural feature of the Spanish labour market, this growth, mostly departing from a low level, has not abolished permanent full-time jobs as the global employment norm. In Spain, a stabilisation and even low decrease of precarious employment over the recent past can be recorded, however, precarious employment still remains at a high level in this country.

In Spain the growth in precarious employment over the last two decades was driven in particular by the rise in temporary work, however not in the recent past (see above). In Italy, the rise in the number of quasi self-employed (parasubordinati) needs to be stressed, in France a rise in atypical employment (formes particulières d’emploi) has been recorded and in Germany marginal part-time employment (gerinfügige Beschäftigung) grew until the end of the 1990s. It should be added that in some countries, like Spain and France also a rise in involuntary part-time employment was recorded.¹

Despite the rise of precarious employment in all countries since the mid 1980s, the data of the Survey on the working and living conditions carried out by the European Foundation in Dublin suggest that on the whole atypical employment has not grown at least between 1995 and 2000 and that the standard employment form prevails on the European labour markets.

¹ It should be noted, however, that there is a discrepancy between growth rates and levels.
6. The dynamics of precarious employment: Transitional labour markets versus precarious employment traps

The Spanish labour market can be described as being highly segmented. Of all the five countries under review, the Spanish labour market seems to be strongest following the “partition” model, rather than the queuing model. Age plays a major role in the segmentation of labour markets in precarious and non-precarious employment in Spain. But also other groups are reported to be strongly affected, in particular women and immigrants. The transition rates are the poorest in the EU, and only for a minority of workers do precarious forms of employment constitute a transitional period. Precarious employment has thus become a structural feature of the Spanish labour market, although the flows are important. However, it has to be noted, that transition rates may have significantly changed in the late nineties due to the growth of stable employment (Frade et al. 2002).

In contrast to the Spanish example, the case of the UK seems less clear cut. The British flexible labour market might be less deeply segmented than the Spanish one. Although in the case of the UK it has been reported that the risk of unemployment is greater where the individual is in temporary work and where the job is unskilled. Furthermore, one of the findings is, that income mobility has decreased over time. Whilst there is considerable year-to-year income mobility, it is mostly short range and there is a high level of persistence of people and households found in low incomes. According to the data derived from the ECHP in the UK (and in Germany) more workers in dead-end-jobs experienced upwards mobility than in Italy especially in Spain (European Commission 2001). However, it should be noted that in the UK 20% of those in a dead-end-job moved into inactivity a year later, while in Spain 20% of those in dead-end-jobs moved into unemployment. The Employment in Europe 2002 report states that the transition rates from unemployment into employment differ significantly across countries. Persistence in unemployment between two years was particularly marked in France. Transitions back into employment were highest in Spain and the UK, while lowest in Italy. In the UK and in Germany transitions from unemployment into employment are dominated by transitions into permanent jobs as opposed to Spain and France where a large majority of the previously unemployed moves into temporary jobs. In these latter two countries a combination of low transitions from temporary to permanent jobs and relatively high outflow rates in particular into unemployment leads to unfavourable transition patterns over long periods. The case of Germany and Italy, however, show that a higher year-to-year transition from temporary to permanent jobs, do not necessarily guarantee a favourable evolution over longer periods, because of high outflows from temporary employment into unemployment. It should be added that in France, Germany and Spain high outflows from low quality jobs into unemployment despite relatively high year-to-year quality upward dynamics are stated in the Employment in Europe 2002 report.

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¹ Unfortunately, the Employment in Europe 2002 report only informs about transition rates in Europe as a whole and only contains little detailed information for each Member State.
In France, age plays a crucial role in defining the outsiders (i.e. those who hold a temporary job). This would mean that the “labour queue model” prevails. But for some categories, defined by more permanent characteristics (unskilled women for example), their situation refers more to the “partition model”; they seem to be trapped in secondary jobs. Barbier et al. (2002a) conclude that there would seem that there are various types of outsiders: short-term, long term and even permanent ones. Notwithstanding the influence of economic cycles, the French labour market seems to have moved away from the “labour queue” model and got nearer to the “partition” model during the last twenty years. They presume in the case of France that the pool of “permanent” outsiders, i.e. those who will remain in the “secondary” sector throughout their active life cycle, has increased, especially among the less skilled workers. This may partly explain why precarious employment has retained so much attention in France in relation to its incidence.

In Italy, the picture is more diffuse as regional differences are important. Local areas, in particular in Southern regions characterised by a less integrated and weaker productive structure show a higher incidence of the work which would appear most exposed to the dimensions of precarious employment, such as hidden employment and temporarily created employment to meet unemployment problems. At the same time these regions show a lower incidence of what could be called “dynamic types” of atypical work, like “freelance coordinated work” and temporary agency work. In these regions the question of transition is more clear-cut than in Northern regions. Thus local areas characterised by an articulated and dynamic productive structure, with a large presence of small and micro enterprises alongside medium sized enterprises show a higher presence of “regular” atypical work. Furthermore the “freelance coordinated worker”, which account for a large part of the “regular” atypical work represent a highly heterogeneous group. Nevertheless, some researchers underline the presence of a “precariousness trap” in Italy. In this light the companies’ behaviour with regard to training or retraining strategies on the job appears to be a crucial aspect in many types of atypical contracts. Especially young are often to be found in the same precarious employment situation after five years. It has been advocated in the case of Italy, that a way to overcome the “precariousness trap” in the context of atypical contracts in the strongest local productive systems would consist in implementing learning strategies.

In comparative terms, the incidence of precarious employment in Germany appears to be low. Although a more important share of persons in unstable employment experience upwards mobility with regard to their employment situation than in other continental European countries, some groups of workers are likely to be trapped in precarious employment: foreigners, low-skilled, in some cases women-returner and especially in the case of cumulative labour market risks (f.ex. unskilled, female and foreigner). Thus, for those excluded from the “regular” labour market, instable and insecure forms of employment do not represent a bridge to permanent employment. The German labour market is shaped by its dual structure, with insiders retaining a great deal of power and benefiting from
a high degree of employment stability and “outsiders” who must bear the bulk of numerical flexibility and who are not collectively represented. Most of them are unemployed, some of them working under “insecure” conditions. However, it is important to stress that in contrast to many European countries, for the vast majority of young people (in case they are not belonging to the low-skilled), atypical employment is more likely to represent a transitional phase between education and training and permanent employment.

More than in other countries the regional division of Italy in two completely different types of economies is reflected in differences in the incidence and the nature of precarious employment. These fundamental differences could not be found in the case of Germany, despite important discrepancies between East and West German economies and labour market situations. This might be linked to the particularities of the transformation process and the very strong tradition of regular employment relationships in the ex-GDR. The incidence of atypical employment might be lower in East than in West Germany, however, East Germans are more likely to be trapped in it due to the high regional unemployment figures.

The comparative analysis suggests that the segmentation lines have deepened with no bridge to stable employment for the groups of workers who have anyway to face higher unemployment risks (low or “wrong” skills, immigrants, elderly worker) in a number of countries. Nevertheless, the analysis also shows that for some groups of workers precarious jobs may represent a transitional phase to stable employment (mainly young skilled workers, skilled women returner). Furthermore, there might be differences with regard to the sector in which precarious jobs is offered. Further sectoral research work will tackle this question.

6. The demand and the supply side of the labour market

Specific groups of workers affected by precarious employment

As regards the structure of low quality jobs in the European Union, it can be stated in general terms that the gender gap is quite important. Furthermore, there is a higher and - with the exception of Germany even a markedly higher - probability for young people to be in jobs with low pay and insecure jobs with bad career prospects. A low skills level also leads to an above average probability to be in precarious employment. These findings are also confirmed by the Employment in Europe 2001 report presented by the European Commission. Furthermore, our research work has demonstrated that immigrants are particularly likely to be in precarious employment.

Sectors and types of companies

The focus of atypical and short-tenure employment is concentrated in the service sector in all the five countries. According to Labour Force data, temporary employment is concentrated in personal services in all five countries, and in particular in Italy and in the UK. Furthermore, in all five countries, temporary employment was found to be less widespread in the manufacturing sector than on the
average of the economy. This might be partly due to the fact, that the manufac-
turing sector is traditionally more regulated by the collective actors than other
sectors. Furthermore, except in Italy, the job tenures tend to be longer in the
manufacturing sector than on average of the economy.\(^1\) Especially, personal
services are characterised by temporary employment and short-tenure work. In
most countries further typical service sector sub-branches with a high share of
precarious workers are: hotels and restaurants, retail trade as well as private
households. Temporary employment is also on the increase in the public sector
in all five countries.

The analysis of skill structure suggests, temporary employment is concentrated
in the low-skilled sectors, but in most countries an increasing share of highly
skilled temporary workers could be identified. The cultural industries in particu-
lar in France, but also in Germany and the UK are reported to have high shares
of peripheral forms of employment (including self-employment). It will have to be
analysed in our further research work to what extent they can be classified as
precarious.

Furthermore, the analysis of our five countries shows that the link between en-
terprise size and precarious employment is far from obvious. The differences in
the structure of economic sectors by company size may explain part of the dif-
fences in the use of atypical employment across countries as well as sector
specific business strategies. To give an example, the retail sector is character-
ised by a concentration in large companies in the British case, while in Italy
comparatively more small enterprises are acting at the market.

7. Contextual factors

The contextual factors contain primarily the “economic model” of a country, the
social protection model and the labour market regulation system. As we have
seen these contextual factors are shaping the event and the forms of precarious
employment.

The hypothesis could be formulated that there might be a trade-off between
unemployment and precarious employment. Although, there are good arguments
supporting that there is a link between labour market deregulation and the
growth of “bad job” (see again example of the UK, but also the growth of tempo-
rary employment in Spain linked to labour market flexibilisation, high level of
unemployment but low level of precarious employment in Germany), the litera-
ture shows that the interlinkage is not clear cut. In the case of Spain it has been
argued, that the expansion of precarious employment until the mid 1990s has
substituted stable jobs rather than lowered unemployment. Other factors might
be decisive. In the case of Italy, it has been suggested that both effects of pre-
carious employment, a substitution and an employment creation take place.

\(^1\) However, in the Italian case it has been argued, that including quasi self-employed (freelance
coordinated workers, parasubordinati), the incidence of temporary employment tends to be higher
in the manufacturing industries and much lower in agricultural sector (Frey et al. 2002).
The expansion of precarious employment proves to be only a valuable strategy in the context of a low productivity production model allowing for an extensive use of numerical flexibility. Thus, Spain and the UK show the highest figures of short tenures. In countries with high-wage high-productivity strategies there is a stronger interest in stable employment relationships, as instability is linked to costs like firm-specific skills. It seems that other flexibility strategies like the functional flexibility or even the flexibilisation of working time have gained importance in these countries. The Italian case represents a particular situation as “freelance coordinated workers” are found to be one of the most important groups of precarious workers. This finding applies not only to low-skilled work with a low degree of autonomy but also to high-skilled workers. However, also in the case of Italy this specific form of precarious employment might be explained by a regional production model which is characterised by a high number of small flexible firms. The volume of external flexibility is smaller in France and Germany, but also tends to be more differentiated, as high-skilled might also experience unstable employment. In a context of a flexible labour market and a low level of labour market regulation this tendency can also be found in the UK. The business strategies vary not only across countries but also among sectors. It further needs to be investigated what types of flexibility strategies are implemented in different sectors and what impact this has on precarious employment.

Although, the rise of precarious employment has been pushed by the need for more flexibility, the use of a high volume of precarious employment is likely to engender negative effects on the competitive stance of the economy. In particular it has been argued, that the investment in human capital might fall at a sub-optimal level.

Furthermore, it has been demonstrated that high levels of social protection might be combined with low level of precarious employment, and high level of precarious employment combined with low level of social protection. Thus, in countries with a low level of social benefits individuals are more likely to take up jobs of a bad quality. This has opened the debate about the working poor. In the case of Spain, it has been argued that families play a major role in bearing the costs of precarious employment and in this context it has been referred to a model of integrated precariousness (Laparra 2002). In contrast to the concern of a growing number of working poor in a number of countries, in Germany the debate focuses on how a low-wage sector could be developed in connection with social policy reforms that would force people into work but at the same time avoid the working poor phenomenon.

To conclude, the hypothesis could be formulated that a countries’ or regions’ production model and linked to it the major flexibility strategies pursued as well as the social protection system are determining to a large extent the incidence of precarious employment or its functional equivalent, while the degree of labour market regulation has a greater impact on the specific shape of precarious employment takes in the national context (e.g. low tenures, atypical forms of employment). Furthermore, the supply of people accepting “bad jobs” might be important.
1. Introduction

Differences between the American, or more generally anglo-saxon model of the welfare state and labour market flexibility resulting in lower unemployment figures and the phenomenon of the “working poor”, and the (continental) European models of labour market regulation and social welfare regimes has shaped the debate about labour market and social policy reforms in a number of European countries. Furthermore, the nature of economic dynamics and structural change and their outcomes in terms of number and type of employment is in the centre of the public and political debate in all countries. The European Commission itself has defined as basic objective to “create more and better jobs”.

The notion of “precariousness”, which has been and is unevenly used across countries, puts at stake national representations, image and policy choices. In this sense, definitions and assessments of precarious employment are difficult to conceive of without relocating them within the wider societal and policy context, in particular in a period of questioning and profound change of welfare regimes, of the role and forms of work and of the foundations of solidarities in our Western societies. Thus, the perception of “precariousness” is imbedded in the ideological and political discourse of a country and actual national regulatory and institutional context and a country’s production model. In this respect the perception, the incidence as well as the particular national structure and shape of precarious employment can be regarded as an outcome of the specific national “flexibility-quality-security” contract. The different degrees of labour market flexibility have to be looked at in the context of overall macroeconomic productivity1. Furthermore, an analysis of different types of labour market flexibility (e.g. internal vs. external flexibility, spread of labour market adjustments2) may explain to some degree differences between countries in the incidence and form of precarious employment. Finally, different social security regimes may be responsible to a great extent for cross-country differences in precarious employment.

The notion of precarious employment is not only interlinked with the flexibility debate but also with the question about the role of work for securing a certain level of quality in life. Furthermore, the notion of precarious employment deals with the distribution of risk between companies and workers but also between groups of employees and between employees, unemployed and economically not active persons. In this sense, the debate on precarious employment cannot be disconnected from the more general debate on solidarity and fairness.

Finally, the international debates about precarious employment, “socio-economic security” or the “quality of jobs” reveal an important shift in definitions, essen-

1 In a second phase of the research project ESOPE, the relationship between flexibility and the quality of the product or of the service as well as the quality of the ob will be looked at on a sectoral level.
2 Lindley 1997
From a reference to social and labour rights to a combined reference to rights and opportunities.

The notion of precarious employment has been used to question the shift in the balance of industrial relations and the loss of power of employees’ representatives (as in Spain and in Italy). In this sense it has been used to challenge the flexibility discourse. The notion has also served to depict the partial loss of relevance of waged work for securing against adversity, and in providing a status (as, in different ways, in France and Germany). On the other hand, in the UK the concept of PE is not used as such, instead the term “social inclusion” and the concept of insecurity have received much attention. It is therefore unsurprising that “precarious employment” does only rarely constitute a statistical category in the countries under review.

If the use of the concept of precarious employment is subject to such an extent to national values and representations, to the changes of balance of power between unions and employers, to the changing role of the state and to different production models, then why stick to this fuzzy category? The fact that the term is being used in a loose manner in the public debate does not mean that it does not have explanatory power.

The aim of this report is to understand and explain the different perceptions of precariousness in the national context and to draw more general explanations and conclusions on the event and the dynamics of precarious employment. Thus, the starting point of this report is to comparatively and critically review major studies and existing surveys on precarious employment in the five European countries (France, Germany, Italy, Spain and the UK) and at the European level, supplemented by own research. This review is designed to understand different perceptions of precarious employment and the approaches taken to measure it. The notion of precarious employment seems to be very comprehensive, as it addresses a wide range of questions related to labour market and economic dynamics: that of the diversification of the forms of work, and consequently the disparities in the role that work and employment may have in securing economic independence, social protection, stability, and “decent” working conditions, sense of career and even “status”, which is one of the main points of agreement in the literature. The first stages of the research have shown that this range of questions is more or less present in all of the countries, even though they are not

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1 In France, the National Institute for Statistics, INSEE, uses the term of “precarious situations”, however not as a statistical category in itself. “Situations précaires” is rather used as a loose equivalent of all FPEs and encompass Contrats à Durée Déterminée (fixed term contracts in the private sector); Intérim (temporary agency contracts); Contrats Aidés (mostly temporary employment or training schemes in the public and non for profit sector); and Contrats d’Apprentissage (apprenticeship contracts). The inclusion of all of the contrats aidés in these “precarious situations” has been questioned. The Contrat Initiative Emploi for example is a standard contract with specific breaks in social contributions. Most CIE are permanent and full time. The inclusion of the Contrat de Qualification has also been questioned, as it is often taken as a screening contract leading to permanent full-time employment in the private sector. Apprenticeship is a similar case (Barbier et al. 2002a).
homogeneously conceived of everywhere as pertaining to „employment precariousness“.

Comparisons of systems of labour market regulation and social security regimes as well as of the “flexibility-quality-security regimes” and their outcomes across countries may be implemented in various ways. The basic distinction has often been captured as an opposition between a “culturalist” or “relativistic” approach and a “universalistic” one.\(^1\) A pragmatic solution to the dilemma and in order to take a “middle” ground position between the two extremes positions of “universalism” and “culturalism” is then to resort to the construction of “functional equivalents” across countries.\(^2\) For the comparison of precarious employment this concept helps to take into account that, firstly because of its at least partly normative and highly political content, “employment precariousness” does not exist as an “indigenous” or “natural” notion in all countries, but secondly, that nevertheless, in each country, dimensions exist which are variously inter-related and constructed in each national context, and which can be analysed (in each of them) as “functional equivalents” of “employment precariousness”. Accordingly, explaining precarious employment demands to disentangle national context factors and more general rationales for the spread of precarious employment.

The basic questions addressed in this report are:

- How has precarious employment been defined?
- To what extent is the socio-economic and regulatory context reflected in the perception of precarious employment?
- What is the actual incidence of precarious employment and distribution of precarious employment in the five countries under review?
- Is precarious employment on the increase?
- What are the national particularities of precarious employment? Is there a trade-off between inactivity, precarious employment and stable employment? Does precarious employment represent a way to reduce unemployment? Is precarious employment replacing stable employment forms? Does precarious employment lead to employment expansion? Can a deepening or softening of segmentation lines at the labour market be observed in the context of precarious employment?
- What is the rationale for expanding precarious employment in the national context? To what extent do national regulations and the social policy

\(^1\) In an extreme assumption, proponents of “culturalism” assume that institutions and countries are unique. Countries can only be compared as holistic entities. For their part, proponents of an extreme “universalism” assume that cross-comparisons are always possible and that the construction of “equivalent” entities across countries are not a theoretical problem (because of their high level of “reduction” of facts and their highly sophisticated modelization, economists often ignore this problem and are “spontaneous” universalists).

Much of the existing statistical comparative work is implemented under the assumption that universal indicators are adequate instruments to compare countries. This stance has many advantages, the main one being to provide information and “first-aid” comparative data. However, comparison on the basis of such universal indicators very often leads to mendacious conclusions and does not question their implicit theories.

\(^2\) More theoretically, these “equivalents” act as “sets of elements” which a particular research is able to construct, in a given societal context, in the spirit of Maurice, Sellier, Sylvestre (1982) and Maurice (1989).
framework ease the spread and the social acceptance of precarious employment? To what extent is the incidence and character of precarious employment at the national level influenced by the specific structure of the workforce (mainly in regard to skills, participation rate in the workforce, unionisation) and to what extent are flexibility strategies chosen in this respect and generating precarious employment?

- What basic assumptions can be formulated with regard to the impact of precarious employment for the economic system of the different countries?

The report begins with comparing the nature of the scientific debates in the countries reviewed and at the cross-national level. This will be done, like the following sections basically on the grounds of the national reports and the report on the cross national debate which have been elaborated within the ESOPE project (Barbier et al. 2002a, Düll et al. 2002, Frade et al 2002, Frey et al. 2002, Hogarth et al. 2002). We consider this exercise as a first step towards a more comprehensive analysis of the meaning and resonance of the concept of precarious employment in the various national settings. In a further step, general theories contributing to explain precarious employment and their weight in the national discourse will be presented. Finally, the section provides a working definition of precarious employment for this research, based on the critical and comparative analysis of the current available definitions.

In the third section, we provide the statistical data on which this research is based as well as an assessment of the incidence and the underlying trends of the different dimensions of precarious employment in the various countries. The focus is on exploring the differences in the incidence of the dimensions of precarious employment across countries. This section also includes the analysis of trajectories.

The two following sections give an account of the structure of precarious employment: its incidence and form according to various types of sectors and enterprises (demand side of the labour market) and according to various population groups (supply side).

Finally, we come back to the national contexts. The aim of this task is to locate the basic outcomes of the analysis of the incidence and the structure of precarious employment in the national context of labour market regulation, social policy and production models. Trade-offs possibly taking place between different forms and dimensions of precarious employment and between precarious employment and unemployment are to be detected.
2. The notion of “precarious employment”

2.1. The perception and analyses of precariousness in the national context - the place and role of academic debate in the wider public debate in the various countries reviewed

The notion of “precarious employment” is only commonly used in France, Spain and Italy, while in the UK it is not used at all. In Germany, the term is mostly used – in a rather restrictive way - by social scientists but has not entered the political and public debate (Barbier et al. 2002b). In all our national languages precariousness has been used for a long time, in a way not specific to welfare or employment matters. For instance in France, “précaire” has been used from the 14th century onwards. Applied to the human condition and its various aspects, the word “précarité” seems to have been used from the beginning of the 18th in France. There is a famous essay by Malraux, published in 1977, L’homme précaire et la littérature. In English the term precariousness still has a more general signification referring to “depending on the will of another” and emphasizing individual chance, uncertainty and risk. The origin of the terms used in the different languages derives from the same Latin root: precor (pray)/ precarius (obtained on condition of praying for) (Barbier et al., 2002a). The use of the notion of precariousness in relation with social welfare regimes and employment has evolved after the World War II period in most countries.

Whilst the concern with precariousness can be dated back to the fifties in some countries, when it was found out that the new protection systems put in place after the Second World War were leaving aside whole parts of the population, it became a widely used concept in the 1990s. However, major differences appear with regard to the attention paid to precarious employment: while in some of the countries studied (particularly France and Spain) it is feared that precariousness is becoming a structural feature of the contemporary world of work, while other countries, like the UK, are not addressing the question of precarious employment as such.

In France, the debate on precariousness in more general terms dates back to the late 1970s. In these years, the debate was strongly linked to family and poverty studies (Pitrou, 1978a; 1978b). Despite the fact that precarious employment has been since then addressed as a labour market problem, the debate on precariousness is still marked by these beginnings - atypical employment situations being seen as a crucial factor of life precariousness, leading to poverty. Indeed, the category of emploi précaire (precarious employment) was rapidly used to define forms of atypical employment associated with vulnerable social statuses, or with degradation processes of social statuses. It was thus closely connected to the debate about social exclusion and social cohesion in the 1990s. This also seems to be a French specificity amongst the countries studied, be it, as in Germany, because precariousness is viewed as a phenomenon affecting marginal
groups\(^1\), or because, as in Spain, other foundations of social cohesion are seen to oppose resistance to this erosion of the social bond, as in Spain\(^2\).

What is most striking about the category of *précarité* in France, in comparison with what happened in the other countries studied, is its expansion and use in all spheres, not only, of course, in the academic sphere, but also in the policy sphere (in the social and employment policy areas), in labour law, as well as more generally in the public sphere. The feeling that precarious employment was growing in an unstoppable way led to widespread perceptions, directly or indirectly fuelled by some currents of sociology (see Schnapper, 1989; Paugam, 1993 and 2000a and b; Castel, 1995; Boltanski and Chiapello, 1999; Bourdieu, 1993), that a new society was emerging, a society of précarité, which, to some, is the direct product of globalisation and neoliberalism (Bourdieu, 1998).

Economic research (particularly the Regulationist school and further developments - Boyer, 1986; Beffa, Boyer and Touffut, 1999; Barbier and Nadel, 2000) and sociology of work (Nicole Drancourt, 1990 and 1992; Maruani and Reynaud, 1993) have generally been opposed to such broad statements, although Maruani (2001) refer for example to the “society of full unemployment”. In any case, they have endeavoured to establish relationships between competitiveness and flexibility strategies of firms and new and differentiated forms of employment.

Drawing on American segmentation theory, Germe et Michon (1979), were the first French labour economists to suggest a clarification of the new forms of employment emerging in the 70s. They started from the differentiation processes at work within firms. That firms discriminate among different categories of their workforce entails various impacts on the resulting aggregated problems of employment and unemployment. In order to construct an object for research out of the many empirical manifestations of atypical employment they forged the notion of “formes particulières d’emploi (FPEs)”, which has enjoyed till now a very wide acception. For them, the key to differentiation was embedded within firms’ strategies. The *formes particulières d’emploi* do refer to what is “abnormal” since the usual norm is the open-ended full time contract and are thus linked to the *rapport salarial* (wage earner relationship) (Barbier et al. 2002a).\(^3\)

For Castel, drawing from Regulationist literature (1995, p. 324- 326), a new form of society, *la société salariale* (the wage-earner’s society, literally) emerged in the

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\(^1\) This does not mean that there has not been an important body of research in Germany into the feed-back effects between social disadvantages and discontinuous employment biographies, which can culminate into social exclusion (Brose et al., 1987; Noll, 1998; Bartelheimer, Kretzer, 1998; Kistler, Sing, 1998). But they tend to look at the social exclusion processes affecting some definite groups of the working population, rather than at national social cohesion as a whole. In Germany, the term “precarious” is used in a very restrictive way and refers to atypical and insecure employment.

\(^2\) However recent research in Spain would tend to challenge such clear-cut assumptions.

\(^3\) Michon and Germe explicitly rejected the term “précarité de l’emploi” for all FPEs because it was both too restrictive and inadequate with regard to the logic of firms’ strategies.
times of Fordism. This society has been structured by the *rapport salarial* (wage-earner relationship). However for Regulationists the notion of “wage-earner relationship” (Boyer) or “wage relation” (Jessop) points to a *global social relationship*, institutionalized in the “wage-earning society” and it not only describes the individual contractual relation of the employee to the firm. The employment relationship is either seen as a private contract or as a private contract determined by the juridical and institutional framework (institutions). What we have been confronted with for the last 20 years is, for Castel “l’effritement de la condition salariale” (ib., p. 385) (the erosion of the wage earner condition). The *travail précaire* (precarious work) is one of (if not *the*) most important features of the erosion.

The three debates, i.e. the policy, academic and public debates have been intricately related in France, perhaps more than in any of the other countries studied. The influence of the analysis of precariousness as a form of degradation of social status, and of atypical employment as a general erosion of the traditional *rapport salarial* (wage earner relationship) and therefore as a crucial threat to social cohesion, seems to have been dominant, as reflected in the broad equivalence established between atypical and precarious employment at the policy level, and in public debates.

Spain is probably the other of the countries studied where the debate about precarious employment has had comparable intensity, although admittedly later, in very different terms and ways than in France. In the face of persistently higher unemployment rates than in the majority of European countries, the academic debate has long been marked by economic analyses of labour market rigidities taking up the work programme launched by the OECD. What is more, this trend in the literature has directly fed into the policy debate, in many ways like in Italy (see below), whilst other strands of research on the transformation of employment relations and the growth of precarious employment were largely ignored in the policy sphere. However, this divide between academic research specifically on precarious employment and the policy sphere is not mirrored in the public sphere, where the concepts of precariousness and precarious employment are in wide use, and in direct opposition to dominant discourses on flexibility, adaptability and competitiveness.

A large body of the economic and sociological literature has thus focused on the analysis of temporary employment (*trabajo temporal*), which is admittedly the main form taken by precarious employment in Spain and moreover has a by far higher incidence than in the other four countries studied (Chapter 3). The debate has taken place between neo-classical labour market economists and industrial relations researcher, as to the interpretation of the striking growth of temporary employment. Neo-classical arguments are well known - temporary employment would be a device to elude high dismissal costs, and/or would be used by business as a buffer in times of uncertainty (Bentolila and Dolado, 1993; Martín, 1997 see Chap 2.2.3). Both perspectives have been criticised, especially in the analyses of the last employment crisis (1991-94), as the fall in stable employment was greater than that of temporary employment, and as it was shown that the incidence of temporary employment was highest in those sectors where
secondary labour markets had always been important (Álvarez Aledo, 1996; Recio, 1999; Roca and Calvet, 1999).

Researchers such as Bilbao (1999), Recio (1996) or the QUIT group in the Autonomous University of Barcelona (1997) have analysed the tendency towards the development of a labour management system based on the secondary market, but within the more general framework of a plurality of labour markets with differentiated patterns of access, progression and exit. The resulting weakening of the unions, on the one hand, and of the state vis-à-vis the private sector, on the other hand, account for the generalisation of precariousness, even in more stable labour markets. Indeed the analysis of the change in industrial relations and the power balance between unions and employers has received much attention in the Spanish academic debate about precariousness.

A further research trend is focusing on the interlinkage between the societal model and precarious employment. From an overall sociological perspective, the fact that the Spanish society maintains comparatively high levels of social integration despite the strong dynamics of precariousness to which it is subject has led some authors to refer to a specific Spanish model of precariousness which Laparra (2002) has qualified as a "model of integrated precariousness". It has been thanks essentially to the family, which carries the main burden of labour market-produced risks, and also to the welfare state improvements during the seventies and eighties (in education, health and social security), that such an integration occurred. Currently these two factors are clearly at risk due to budgetary and demographic reasons.

In Italy, the debate about precarious employment significantly takes its origin, as in Spain (e.g. see Lafuente, 1980), in the studies about hidden and irregular employment. However, unlike in Spain, the roots of the debate go back to the mid-1960s. Furthermore, a major focus of the debate lies in the extent of labour market regulation by law and the collective actors. The first phase from the mid 60s to the mid 70s has to be understood in the context of industrialisation and increasing union power covering workers in medium and large firms and public administration (Frey et al., 2002). Studies coordinated by Leon and Marocchi (1973), Vinci (1974) and Graziani (1975) pointed to the formation of a divide between a protected labour market and whole areas of unprotected work, in which workers were affected by “precariousness”. Again as in Spain (Castillo and Prieto, 1983), some pioneering studies demonstrated the direct relationship between the decentralisation of productive activity taking place and the rise of precariousness for employees working in subcontracting firms, especially in the South (Frey, 1972 and 1974; Del Monte and Raffa, eds., 1977).

This ongoing research strand about hidden employment and about industrial relations patterns took a new turn from the mid 70s onwards, when economic restructuring and the decline of large industrial manufacturers brought about the erosion of union power. The major debate taking root then - and still going on now - was that of labour market flexibility - particularly in terms of wage flexibility, labour mobility and flexibility of work organisations (for an overview of the debate, involving both sociologists and economists, see Maruani, Reynaud and
Romani, eds., 1989). Unlike in France, but again like in Spain, this debate was dominated by the opposition between experts close to government circles (collaborators of the Brodolini Foundation and of the Ministry of Labour) and employer organisations (expressing their views in Economia e Lavoro, Labour, Rivista di Politica Economica etc.) advocating increased flexibility, and those closer to unions (expressing their views in Rassegna Sindicale, Progetto, Economia del Lavoro or in the Communist Politica e Economia), who emphasised the risks of generalising precarious employment instead of combating it. The policy driven character of the debate was indeed quite marked, and its main focus was labour market flexibility rather than precarious employment as such. The prevalence of this debate has to be seen in the light both of Anglo-saxon influence and of the concerns with hidden work, either considered as a way for employers to escape stringent regulations or (from a union standpoint) as the horizon for all in case more flexibility was institutionalised.

The third phase, starting in the 1990s, has been marked by the discussion about the limits of labour market regulation by the collective actors as well as about the interrelationship between labour market regulation by labour law and (tripartite) collective bargaining (Frey et al. 2002a). The negotiations on flexibility led to major labour law innovations with regard to atypical employment, introducing new forms of work, settled by a trilateral agreement in 1993 and extended by the so-called “Treu-package” in 1997. A new trend of research on atypical employment and precarious employment emerged linked to new forms of work, marked on the one hand by the ongoing arguments about the “rigidity” of Italian labour markets as compared with European ones (Boeri, 1997) and on the other hand by the analysis of the implication of these new flexible labour contracts in terms of precariousness.

In Germany, the ground for the debate on precariousness was prepared, so to speak, by various academic and policy debates - on humanising work (from the 70s onwards), on new poverty, on labour market deregulation (a debate which, as in all other countries, strongly opposed employer organisations and unions) and on working time reduction. However, the debate on precarious employment begins only at the end of the 1980s and reaches a first peak in the mid 1990s in the context of recession. The debate evolves in a context of a persisting high level of unemployment. Although less politicised than in Italy, the German debate on precarious employment, or more precisely on “atypical employment”, focuses on the industrial relations aspect and the limits of labour market regulation. Another strand of debate refers to the wider context of the interrelationship between the German productive model, based on the high-wage – high productivity strategy, and the sustainability of the welfare state. Thus, an important part of the scientific debate among economists is directed towards the questions of how much regulation is needed in order to set a stable framework for the production of high-value-added goods and services and, from another perspective, to what extent the present employment regulations are impeding flexibility and productivity.

On the one hand, neo-classical economists analyse the rise in precarious employment as well as the high unemployment figures, as a consequence of the
choices made in terms of competitiveness of the German economy, i.e. of the high wage-high productivity model. These labour economists argue for the development of a low wage sector beside the high wage-high productivity sector, and therefore advocate some extent of labour market deregulation and reforms of the social security system (Buslei et al., 1999, Bender et al., 1999, Karr, 1999). This line of argument is rather recent as compared with, e.g. Italy, Spain or the UK, but has gained much credit in the face of persisting unemployment.

However another strand of labour market research, which started on earlier and still seems to be dominant in the German academic sphere, leads to exactly the opposite recommendations. Segmentation theorists (Sengenberger, 1978, 1987; Lutz, 1987) have analysed entry processes in the German labour market and have particularly highlighted the role of skill in the vertical segmentation of labour markets (Chapter 2.1.1) This type of analyses was later taken up by union-friendly economists and social scientists advocating the introduction of more active employment policies in the sense of reskilling and further training so as to combat these inequalities (Bosch, 1986; Keller, Seiffert, 1998; Semlinger, 1991; Kress, 1998) and maintain a production and regulation model which is seen as saving transaction costs and fostering employee involvement and dedication (Hoffman, Walwei, 1999; Buttler, Walwei, 1994).

In the UK, the scientific debate on ‘precariousness’ has not assumed the significance that is has done in some other EU member states. It has been eclipsed intellectually, on the one hand, by the debate about ‘flexibility’ and labour market regulation and, on the other hand, by the much more muted exchanges about the term ‘social exclusion’, which has only quite recently been adopted. In the context of social exclusion it has been asked whether an “underclass” has developed (Hogarth et 2002 referring to work carried out by Burchardt et al. who have come to the conclusion that there is no underclass in the UK). ‘P precariousness’, in contrast, has had no real hold on social science theory or empirical analysis. Notions of ‘risk’, however, have emerged as an important new focus and the measurement of ‘insecurity’, especially in relation to jobs has attracted much attention.

If anything, the scientific debate in the UK appears to have been concerned not so much with conceptualising and analysing something called ‘precariousness’ but with developing closer observation of the socio-economic system as it related to ‘disadvantage’ and ‘trajectories’. Debating the relative merits of different perspectives has been to a considerable degree eschewed in favour of ‘measurement’ and ‘multi-disciplinarity’. Pragmatic collaborations, especially among economists, sociologists and social statisticians have led to improvements in official classifications, in the quality of the primary data themselves, and in access to them for the purposes of analysis.

Considerable attention has been paid to documenting disadvantage through both quantitative and qualitative research which has sought to establish how different ingredients of disadvantage are distributed among individuals and localities/communities. Successive cross-sectional analyses through time have shown
rising inequality. Alongside more qualitative studies which can explore individual and family histories on a small scale but in depth, it has been possible to place an increasing number of statistical analyses using longitudinal data. These have sought to characterise the main forms of dynamic movement at the micro level and to offer insights into the nature of disadvantage as a temporary, transitional, recurrent or perpetual state.

This ‘pragmatic’ underpinning to UK social science during the 1990s is in contrast to the more ‘programmatic’ form of debate during the 1970s and 1980s. In the labour market context, the debate was between neo-classical economists who judged that markets should be made to work and other economists who believed that the inherent propensity towards market failure needed to be properly recognised. Most sociologists and industrial relations researchers lined up behind the latter. However, British social science neither engaged in controversy over the concept of precariousness nor generated research programmes in pursuit of holistic explanations of change in the socio-economic system of which precarious employment etc., is just one element.

In order to compare the magnitude, tone and arguments of the academic debates in the countries studied, one needs to take into account different socio-economic, institutional and policy contexts, contrasted research traditions, as well as relationships and feed-back processes between academic debates and the policy and public spheres.

To start with, it would seem that in all countries, the debate about precarious employment is to a greater or lesser extent marked by its origins: poverty studies in France, studies on hidden employment in Italy and Spain as well as studies on labour market regulation in Italy and Germany. However, this influence seems to have operated in very distinct directions, according to the dominant research traditions and/or influences in particular. In contrast to the continental European countries under review, in the UK the individual choice approach is dominant.
The table hereafter provides the intent of synthesis of the main trends in national academic debates.

Table 2.1  
Main trends in the national academic debates

<table>
<thead>
<tr>
<th>“Origin”</th>
<th>UK</th>
<th>Italy</th>
<th>Spain</th>
<th>France</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The problem is not addressed as such, instead debate on social exclusion and poverty</td>
<td>Studies on hidden employment and industrial relations system (1970s, 1980s)</td>
<td>Studies on hidden employment (end of 1970s, beginning of 1980s)</td>
<td>Poverty studies (end of 70s, 80s)</td>
<td>Studies questioning the erosion of the “regular” employment relationship (end of the 1980s)</td>
</tr>
<tr>
<td>Influence of economic constraints and labour market flexibility arguments</td>
<td>Strong</td>
<td>Strong</td>
<td>Strong</td>
<td>Little Relevance</td>
<td>Medium</td>
</tr>
<tr>
<td>... of general erosion of wage employment relationship argument</td>
<td>Little Relevance</td>
<td>Little Relevance</td>
<td>Strong</td>
<td>Strong</td>
<td>Strong</td>
</tr>
<tr>
<td>... of segmentation theories</td>
<td>Medium (including focus on inequality and discrimination)</td>
<td>Strong</td>
<td>Strong</td>
<td>Strong</td>
<td>Strong</td>
</tr>
<tr>
<td>... of social cohesion arguments</td>
<td>Little Relevance</td>
<td>Medium (with reference to the sociology of family)</td>
<td>Medium (with reference to the sociology of family)</td>
<td>Very strong but contentious</td>
<td>Little relevance</td>
</tr>
<tr>
<td>... of individual choices arguments</td>
<td>Strong</td>
<td>Medium</td>
<td>Little Relevance</td>
<td>Little Relevance</td>
<td>Medium</td>
</tr>
</tbody>
</table>

In France the focus is on the “societal aspect”, while the German, Italian and Spanish debates are concentrating on industrial relation issues. This is linked to the specific role of the French central state as opposed (and in relation) to the role of social partners. The wide public concerns about “new poverty” in France, and its expansion to heretofore protected social groups in France was probably a determining factor for the influence of sociological studies and essays on the erosion of the traditional waged employment relationship and for the audience gained by theses of the “precarisation” of society. But this was also probably due
to the revisiting of a longstanding sociological tradition in France, looking at status as a key to social cohesion. Waged employment being at the core of “statut” and its erosion is seen as a danger potentially affecting the whole of society. As we have already mentioned in France there is a lot of concern about precariousness. The French debate on precariousness needs to be viewed in the tradition of the important role of the State and the debate on the decline in solidarity. Thus, in the French scientific debate on precarious employment, the focus is on legal and social rights.

In Germany, the question is whether an erosion of collectively regulated employment relationships can be observed, while in Italy the problem of collectively regulating the labour market is more politicised, a greater emphasis lies on the role of the collective actors at the macro-level.

Another strand of research among German labour researchers is highlighting the positive effects of new employment forms (transitional labour markets) and arguing for employment policies to adapt to the needs for flexibility. The “transitional labour market” approach argues that the model of continuous and dependent full-time employment must be given up. Thus, researchers of the Wissenschaftszentrum Berlin have suggested replacing this norm with a regulatory notion of transitional labour markets, in the sense of a complementary element to the innovation and investment strategies required to solve the employment crisis (Schmid 1998, Schmid in Schmid and Gazier 2002). The approach towards transitional labour market contrasts in a way the research on the “erosion of the regular employment relationship”, as it values positively some forms of “precarious employment” and advocates a further flexibilisation of the regular employment relationships, in particular in relation to working time. In policy terms it further argues for a stronger engagement of the state for easing the transition from unemployment into dependent employment, from dependent employment into self-employment or into retirement. The aim is to create more voluntary “transitional jobs”.

In a wider context all continental European countries surveyed are debating the “end of salaried work” or the “end of the working society”. This debate is particularly accentuated in Germany and was quite important in the mid nineties in France, but disappeared then in France while it is still discussed in Germany (see section 2.2).

Another strand of the debate in all countries refers to the increasing flexibility at the labour market. Flexibility and economic constraints are dominating the debate in particular in the UK, but also in Italy. These differences reflect in particular the diverging role of the State and the expectations from the Welfare State in the national context.

The flexibility debate has been particularly dominant in Italy. Especially since the mid-70s, and until the beginning of the 90s, in a context of industrial crisis and marked decline of union power, research has been focusing on the analysis of Italian labour law, and its supposed effects both on the competitiveness of the economy and on the persistence and growth of hidden employment, analysed by some as a labour management device to escape the burden of an overly regulated labour market. The academic debate has been very much in touch with
policy making and fuelled its analyses into the successive labour market reforms. The concern with the employment relationship was subordinated to the discussion about competitiveness, and from the 90s onwards, financial recovery and stability.

Interestingly, in Spain, a country in many respects similar to Italy in terms of labour market regulation and welfare regime, the flexibility and deregulation debate, at the forefront of the political agenda, has attracted less attention in the academic community. However critical voices were heard, especially questioning the risk transfer from companies to individuals, and the reshaping of labour law in terms, not anymore of protection of labour rights, but rather in terms of labour availability.

In Germany, this debate has taken place - and still does, very much in connection with a questioning of the German economic model. Also in Germany over-regulated labour markets have been made responsible for social exclusion, in particular for unemployment and flexible forms of employment are perceived as necessary. Interestingly, one strand of the flexibility debate is presently arguing not only for a deregulation and flexibilisation of the labour market like in all other countries, but is advocating to enhance atypical employment (e.g. debate on the positive aspects of transitional labour markets) and to promote the enlargement of the low wage sector. Also the social-democrat government has taken up the debate to promote the development of a low wage sector and is actually discussing a set of proposals to enhance the flexibility of the labour market (as proposed by the Hartz Commission). Most importantly, the policy and the academic debate link labour market deregulation and social policy reforms. The particularity of this debate rests on the argument that in a sense more “precariousness” is needed and that people have to be “forced” into work. Thus, in contrast to the other countries studies, the argument is supply-side driven rather than demand-side driven. Not the competitive stance of the German economy and the need of companies for more flexibility are at the basis of this debate, but the high unemployment figures, the distribution of risks between groups of workers and the type of social concensus.

In France, apart from neo-classical economists, whose positions are very similar across countries, two strands of research have dedicated particular attention to the issue of flexibility: the regulation school, and other economists taking similar approaches; and general, or critical, political sociology. However, they seem to have been concerned mainly with flexibility strategies at the level of firms (Chap 2.2.8).

It is striking, that in the UK the problem of “precarious employment” is reported not to be addressed as such. Especially, in the UK context the question whether a special employment form suits the worker and thus the question of individual choice made is regarded as being a decisive factor. In contrast, in France the aspect of individual choice seems to play only a minor role. The role of the State in providing social protection and equality is in the centre of the focus and primarily in the context of precariousness a decline in solidarity is dismissed.

Furthermore, the different production models, the high labour costs – high productivity strategies versus low labour cost – low productivity strategies, lead to a
different focus of the debate, flexibility and low labour costs being in the centre of interest in particular in the UK and in Spain. German economists have been discussing the permanency and evolution of an economic model chiefly based on high value added and high productivity sectors, in contrast for example to Italy, where deregulation was seen as an imperative for the competitiveness of the whole Italian economy. Although, the debate on enhancing labour market flexibility has gained importance, a large part of the academic community values positively the German model of labour market regulation as suited to the competitiveness model.

2.2 Explaining precarious employment: the various trends in the literature

This chapter is presenting general theoretical approaches to explain precarious employment and stresses, where relevant, particularities the academic debate and line of arguments may take in the national context.

2.2.1 Segmentation theories

There is an exhaustive literature on segmented labour markets. Labour markets are segmented for different reasons. A strand of arguments refers to different types of production models and the particular division of labour leading to the implementation of different flexibility strategies. With regard to analysing precarious employment in a comparative perspective it is interesting to compare whether different segmentation lines exist across countries and how difficult the transition from one labour market segment to the other may be. The theory of labour market segmentation insists on the institutional character of the labour market, leaving only limited scope for applying the laws of the commodity markets. Most importantly, in segmented labour markets opportunities for entry are unevenly distributed. Therefore, the segmentation approach seems to deliver important arguments to explain precarious employment.

One further explanatory line, refers to asymmetric information, and related to it to the balance of power between labour demand and labour supply (if combining the sociological and the labour economic approach, in particular the efficiency wage theory, see below). Furthermore, the different models rest either on the heterogeneity of labour or, on the contrary, are based on the assumption that different groups of workers are perfect substitutes.

The dual labour market theory, which constitutes one of the most important theoretical approaches to segmented labour market developed in the US, focuses on the distribution of product market risks between the firm and the workers, arguing in particular that the workers at the secondary labour market (or in analogy at the external labour market) has to bear the product market risk and cyclical variations.
Also in Spain segmentation theories have focused on the dualisation of the labour market in a primary and secondary labour market, while in Germany the segmentation theories are showing segmentation lines basically between the internal, an external labour market and occupational sub-markets. In France, labour market economists have highlighted either a “myriad” of statuses, or at least the emergence of differentiated uses of flexibility and atypical employment contracts according to workforce groups.

In Spain, the dual labour market theory has been challenged to a considerable extent by authors such as A. Recio (1999), who, on the basis of evidence is Spain, have described the resort to precarious employment as a labour management system based on the secondary market, where temporary contracts in particular play the double role of allowing for rapid quantitative adjustment and propitiating a personalised labour relation in which companies hold enormous power (Frade et al., 2002). This is how, starting from a segmentation approach, it was argued that the very strong segmentation between temporary workers (essentially the young, women, and immigrants; but also according to sectors) and stable workers had given rise to a shift in the status of employment which had made precariousness increasingly the norm, especially as the proportion of temporary workers is so high in Spain. An important body of research has located this analysis within the wider framework of the loss of power and relevance of the unions, in part through policies which have reduced the scope of collective negotiation. The very rise, in dramatic proportions, of temporality, has obviously also largely contributed to this state of affairs.

Unlike the dual labour market of the United States and their protagonists (as studied by authors like Piore, Doeringer, Gordon and Sabel), the segmentation between internal labour markets in firms and the general labour market especially has been found by German social scientists to characterise the situation in Germany (Lutz 1987, Sengenberger 1978, 1987). Interfirm segmentation, on the other hand, seems to be less pronounced in Germany than in other countries (e.g. Japan, the United States) because the German occupational training system and the scope of collective agreements have an equalising effect on labour market conditions. In German firms this segmentation pattern leads to a split between a stable group of core workers who come primarily from occupational submarkets and a group of peripheral workers with very general qualifications (Jedermannsqualifikationen) who are recruited from the general labour market. Wage differences are particularly pronounced between core workers and peripheral workers, less so between the occupational submarkets. Especially in periods of recession, peripheral workers are subject to a higher risk of losing their jobs, and it is primarily in this segment that atypical forms of employment are created. Thus, in the German labour market there are tendencies towards a vertical segmentation, which aggravate the unequal distribution of entry opportunities.

In France, it is significant that the focus of economic research has shifted over the last twenty years - from an analysis of the possible “scenarios” of evolution of Formes Particulières d’Emploi (FPESs) according to the outcomes of collective negotiation to an analysis of now established differentiated forms of employment relationship corresponding to different sectors and activities (Beffa, Boyer, Touf-
fut, 1999; Barbier, Nadel, 2000). Labour market economists acknowledge part of
the reshuffle of the employment relationship, particularly in terms of diminished
social protection, but insist on the segmentation and plurality of statuses with
differentiated exposure to the risks arising from a generalised labour market
flexibility. They thus also question the analysis in terms of “secondary market”,
and propose a new distinction between groups of the workforce in stable but
versatile employment; workforce groups fully exposed to market flexibility; and
highly skilled professionals. In such a context, although FPEs are most often the
reference, their total coincidence with precarious employment is questioned.

The segmentation and the contract theory were widely developed in Italy, but
they were not strictly related to the debate on precarious employment. However,
it should be mentioned, that contract theories were developed to explain the
impact of the Cassa Integrazione Guadagni on labour flexibility (Garonna, 1984).

2.2.2 Efficiency wage theory

The efficiency wage theory, as developed by Shapiro / Stiglitz and others, is in
the first place explaining wage rigidities and wage levels above the equilibrium
wage. It has been argued that efficiency wages are therefore leading to involun-
tary unemployment. But the efficiency wage theory has also been applied to
explain the segmentation of the labour market in an internal labour market and
an external labour market or a primary and a secondary sector (Erke, 1993). The
internal labour market (or in the case of the dual labour market theory the pri-
mary sector) is characterised by complex tasks and major difficulties in develop-
ing a system of control over the performance of the employee linked to the na-
ture of the task. The basic assumption of the model is that there is asymmetric
information about the performance of the employee. Thus, higher wages are paid
in order to motivate the workers to be productive and act in a way to substitute
expensive control systems. The efficiency wage is paid in order to influence the
behaviour of the employee. There are different strands of arguments how the
efficiency wage actually enhances the productivity of the firm (mainly moral
hazard arguments and adverse selection).

Following this approach, precarious employment is to be found at the external
labour market (or the primary sector) and is thus linked to the characteristics of
the job and in particular to the way the performance can be controlled and work-
ers sanctioned. This theory may explain parts of the aspects of precarious em-
ployment, in particular the lower wages and a higher level of control. The argu-
ment can also be applied also to forms of non-monetary renumeration (e.g. level
of employment protection, type of employment contract), the working conditions
and the work organisation, in particular the strategies to control the workers’
performance and social protection. The efficiency wage theory may also serve
partly to explain the distribution of risk and uncertainty: as at the internal or
primary labour market the employer has to bear the costs of uncertainty caused
by asymmetric information.
2.2.3 Insider – Outsider Theory

According to the model developed by Linbeck and Snower in 1988, the existence of transaction costs, including the costs of hiring and firing and thus in particular search and screening costs, bargaining costs, severance pay, as well as fluctuation costs are enhancing the power of those persons who already hold a job. They are able to bargain wages above their productivity and are thus able get a share of the producers’ rent. It is important to note that the theory departs from the hypothesis that Insiders and Outsiders are perfect substitutes (in contrast to segmentation theories based on skills). In particular the level of firing costs can be influenced by Insider, so the argument. The model has been developed in the first place to explain Insider power. However, this approach has been widely used to explain unemployment (Jahn 2002). The argumentation line differs from the efficiency wage theory in that it is the transaction costs and the fluctuation costs that are forming the insider power and leading to higher wages. Jahn (2002) gives an overview of the different models developed on the grounds of the basic model.

Bentolillo and Bertola (1990) demonstrate that the volatility of labour demand is lower and the employment level slightly higher in countries where there exist adjustment costs than in countries without employment protection. Firms have to adjust their workforce after demand and productivity shocks. The employment level in the next upturn phase is lower in the event of employment protection, but the volume of lay-offs during an economic crisis is lower than in the absence of employment protection and the saldo in terms of employment is positive, so the argument. Other labour economists have further developed this model. Hopenhayn and Rogerson are arguing for the US labour market, that labour protection costs are not only reducing job turnover but also the welfare. But, Bentolila / Saint-Paul are introducing natural fluctuation rates in the basic model and show that the impact of labour protection costs on the employment level in a dynamic model is not clear cut: very low and very high firing costs are likely to bring about the highest employment level. Saint-Paul (1995) went even further and developed a model showing that labour protection costs are generating different equilibriums depending on the fluctuation rate. These different approaches are questioning the commonly thought clear impact of labour protection on the employment level and may be useful for international comparisons. It has to be noted however, that despite the different approaches towards the dynamisation of the Insider-Outsider model, the basic model is still commonly used to explain high unemployment figures.

With regard to the explanatory power of this theory for precarious employment, the argumentation has to go further: in order to avoid high transaction costs, the firms try to avoid employment protection. However, this makes only sense if this occurs on a sub-market with the other transaction and fluctuation costs - in particular the hiring costs - being low and Insider and Outsider being perfect substitutes. The Outsider can then be divided into two groups: the unemployed and the precarious workers getting low wages and no protection. The possibility to avoid employment protection costs either by making use of hidden employ-
ment or by using new types of institutionalised flexible labour contracts is reduc-
ing the power of Insider. Consequently, the Insider would have to lower their
wage claims in order not to be substituted by “precarious workers”.

Indeed, in all countries, in particular in Spain and Italy, but also in Germany and
France it has been argued that employment protection is enhancing the Insider
power and thus leading to unemployment (see also Chap 2.2.7). In countries like
Spain some authors explained the growth of hidden employment resorting to the
classical discourse about regulation rigidities and social protection costs that “disturb” or “free” adjustment between supply and demand and push a segment
of labour out of the regular labour market (see e.g. Regussa 1987 quoted in
Frade et al. 2002). It is interesting to note, that in Germany despite the high
level of labour market protection costs, employers have been implementing other
strategies and precarious employment has remained at a comparatively low
level. One reason for that might consist in the higher level of other transaction
and fluctuation costs, like company-based knowledge and experience, high un-
certainty due to the complexity of the tasks etc.

From quite early on, but especially in the 90s, the strong segmentation of the
Italian labour market has been analysed, on the one hand, as a result of the
avoidance strategy of employers confronted to strict employment legislation,
and, on the other hand, as a result of protective and corporatist union strategies,
to develop employment protection at the expense of whole groups of the labour
force. Although such analyses, particularly typical of neo-classical economists,
can be found in all countries, these positions have had a prominent position in
Italy, perhaps given the strong policy-led character of the debate, as mentioned
earlier. Thus the important resort to hidden employment in particular, but also
the very high incidence of long-term unemployment were analysed from this
perspective. These analyses have led to profound labour market reforms, leading
to a diversification of employment statuses and to a rapidly expanding use of
“parasubordinati” (various combinations of waged and self employment) and to
an expansion of atypical jobs introduced by employment policies (social utility
temporary employment, traineeships, vocational integration plans, workships
etc.). As is logical given the prior and ongoing debate about the “rigidities” of the
labour market, these contracts - in contrast to hidden employment- are usually
not considered in themselves as precarious, although part of the research com-
munity closer to the unions insists on the increase in exposure to precarious-
ness.

2.2.4. Contract theory

Basically, according to the contract theory developed by Azariadis, Bailey and D.
F.Gordon in the mid 1970s, labour contracts do exist because of asymmetrical
information at the labour market and workers being risk averse. The workers
seek to minimise their income risk and accept a lower wage in return for more
employment stability, set in a labour contract (implicit contract). Thus, wages
are rigid, but below average productivity. The employment adjustments of firms
in reaction to product market fluctuation are smoother, with a lower volume of
variations, than in a world without implicit contracts. The basic models has been further developed. It has been argued by union-friendly social scientists, that there is also an interest of the firms in stable labour contracts. The very existence of this type of implicit contracts can explain why labour markets, in particular in segments which are not marked by high wages, are more stable in some countries than in other countries.

In Germany, departing from the contract theory and the efficiency wage theory, labour market regulation is still regarded by many labour market researchers as fostering the stability of employment relationships and, in this context, enhancing the productivity of the economy. Labour law and collective agreements are perceived by proponents of this approach as an instrument for correcting market failures caused by negative allocation effects. They argue that the standardisation of employment contracts by means of law and collective agreements saves on diverse negotiation costs. Moreover, the standardisation of the relationships induces contract-related investments which in turn create an interest in long-term relationships. Standardised and transparent employment relationships can have a positive effect on the willingness to perform as well as on the employers’ investment in human capital. It is also argued that job security in the sense of lower risks of dismissal may have a positive effect on the willingness to perform (Buttler and Walwei 1994, Hoffmann and Walwei 1999). This approach can help to explain why in Germany, despite the debate on the “erosion of the regular employment relationship”, employment relationships have proved to be quite stable so far and why the incidence of precarious employment is found to be lower than in other countries. But, unemployment still remains at high level (as explained by the efficiency wage theory).

The following links between the contract theory and segmentation approaches can be made. According to Baden, Kober, Schmid (1996) the labour market can be schematically divided in four sub-markets shaped by the correlates of uncertainty about the performance of a worker, the characteristics of the work he will be carrying out. Thus, the submarkets are structured by differences in the level of uncertainty before and after signing of the employment contract. Therefore, the transaction costs don’t reach the same level at the different sub-markets resulting in different kind of labour contracts with regard to pay, length of the contract, further training, working time, etc. The sub-market being the less regulated by labour market institutions is characterised by a low level of uncertainty about the work to be carried out and the productivity of the worker. This is typically the case in tayloristic production models. The definition of the work is clear, hiring and firing costs are low, and also mobility costs and qualification costs are low. Following this concept, precarious employment will be found at this sub-market.

2.2.5 Queuing model

Workers are competing for workplaces by a set wage structure. Following the rules of the internal labour market, the employer is not interested in changing
the wages. The whole competition takes place in the entry period of the labour market (Lester C. Thurow, 1975). Qualifications and additional training costs for the employer are decisive for the place an employee takes in the queue. This approach has served in particular to explain precarious employment among young persons (Chapter 4).

Galtier and Gautier (2000), re opposing the "labour queue model" to a “partition model” in order to explain the existence or absence of bridges for the individual between the labour market segments. According to the “labour queue model”, secondary jobs are a step to get access to “primary” ones; new labour market entrants have to “queue” in unemployment or temporary jobs, waiting to get a permanent one; they can be regarded as “temporary outsiders”. According to the “partition model”¹, secondary and primary sectors are two separate worlds, between no bridge between them; “outsiders” are the ones who remain definitely “trapped” in secondary jobs.

### 2.2.6 Decline in union power

In many countries the spread of precarious employment is perceived as resulting from a loss of power of trade unions. They experience less capability to regulate large parts of the labour market. Especially in the Italian case the debate on PE has to be viewed in the context of a loss of union power, in particular with regard to the regulation at the macro-level.

Whereas the debate about PE, although more or less developed in France, Germany, Spain and Italy, has focused a lot of its attention on “atypical” contracts, Formes Particulières d’Emploi, marginal employment and the like, part of the UK debate draws our attention on the incidence of precariousness, or rather, insecurity, in “normal”, “standard” employment. In particular, there has been much review and analysis of the changes in collective representation, and in the declining coverage of collective bargaining, which has resulted in lesser protection (Millward et al, 1992; Cully et al., 1999). It has been argued that the decline of unions and unions’ power in organisations may lead led to more generalised precariousness in standard employment in that country (Rubery, 1992). Ultimately, being in a company with strong union representation seemed to be a crucial factor affecting working conditions, social protection and earnings patterns. However, it seems that more research is needed to investigate the event of precariousness in “standard” employment.

### 2.2.7 Flexibility and labour market deregulation

Labour market researchers with a neo-classical orientation interpret the increase in precarious employment as a necessary consequence of an “overregulated” labour market that impedes or even eliminates the laws of the market and thus

¹ The word “partition” refers here to the mathematical concept: there is a partition when a set is entirely subdivided in sub-sets, which have no intersection between them.
seriously interferes with employment adjustments to changed macroeconomic conditions. Deregulated labour market are also producing PE, as more flexibility allows for short tenures, higher labour turnover and a more differentiated wage structure. These researchers basically agree with the demand for deregulation as a labour market policy. From this point of view globalisation tendencies in the world economy reinforce the problem because international competition exerts more and more pressure on the national labour market regulations (which can be translated in high wage costs).

International organisations such as the OECD have been prominent in promoting labour market flexibility as a strategy to combat unemployment and to foster competitiveness. Within this framework, a research programme (Nicoletti, Scarpetta and Boydaud, 2000) was launched to assess indicators of “strictness of national regulation”, including indicators on the strictness of employment protection legislation, measured in terms of easiness of hiring and firing workers. The ranking provided (available both for 1990 and 1998) is meant to monitor government “efforts” to reform their legislation and achieve more flexibility, in order to improve labour market performance. However, the OECD has acknowledged the potential conflict between reform and social cohesion and equity (OECD, 1998), but does not question the relationship between labour market flexibility and labour market “performance”. Moreover it has been shown that the unemployment risk distribution closely follows the targets of deregulation. Thus unemployment risk is relatively high and does not decrease with job tenure in the UK where employment protection legislation is uniformly weak. Other European studies (Jefferys, Pires, 2001) have tried to analyse the relationship between the level of general economic “freedom” (deregulation) with the levels of “exclusion from work”, tentatively showing a high correlation. However the analytical tools used are still too rough to establish any firm conclusion.

The correlation between labour market regulation, in particular employment protection, has been questioned by some sociologists and economists (see also Chap 2.2.3). In their recent work, Esping-Andersen, Regini and others (2000) are reviewing the literature on labour market deregulation and its impact on unemployment. Esping-Andersen comes to the conclusion that the link between labour market regulation and employment is hard to pin down.

The debate on labour market flexibilisation and deregulation has been important in all the countries under review, however to different degrees and diverging focuses (section 2.1).
2.2.8 Flexibility at the level of the firm and precarious employment

Pioneering research on the model of the “flexible firm” was carried out at the beginning of the 80s in the UK (Atkinson, 1984). In a much debated article, Atkinson defined different types of flexibility (functional, numerical, financial) and analysed their occurrence in the “flexible firm”. The flexible firm typically organises functional flexibility for its core workers and numerical flexibility for workers in the “periphery”, in order to respond to fluctuations in market fluctuations and heightened competition.

There has been much discussion in the UK relating to whether the use of temporary employment contracts by employers is a strategic response to meeting uneven flows of work, or a more ad hoc response to the unpredictability of peaks in demand or staff shortages. In the late 1980s and early 1990s the ‘core-periphery model’ was presented which suggested that firms had a core of permanent staff, central to the functioning of the business, and a peripheral group of workers who were hired for a limited period to meet peaks in demand (see, for example, Atkinson and Meager, 1986). The evidence, at the time, for the strategic deployment of temporary employees was not totally convincing (Pollert, 1994).

More recent evidence has revealed that some workplaces have developed strategic human resource policies in the manner described above (Purcell et al., 1999). In sectors with highly competitive product markets and where labour costs were a substantial component of their prices, the employer had attempted to transfer the risks attached to the product market to the individual. In areas where trade unions were still able to exert some influence to protect permanent contracts of employment, employers had sought greater flexibility within the permanent contract of employment (e.g. more flexible working hours). In general, employers preferred directly employed temporary staff, and used agencies or sub-contracting arrangements only when faced with labour shortages which could not be met in any other way.

The analysis of power positions within the firm and in society leads some French sociologists to denounce flexibility strategies. According to Bourdieu, generalised precariousness stems from a conscious “political will” of firms, seconded more or less actively by governments, to impose a new model of domination: “Flexibility practices in firms deliberately take advantage of this situation of insecurity, which they contribute to reinforce” (1998). Boltanski and Chiapello (1999) rather insist on the role of flexibility strategies for the transfer of risk from firms to subcontractors and other service providers, and ultimately on individuals. Thus precarious employment is analysed as a consequence of flexibility, notably external flexibility. This trend of analyses, of the relationship between firm flexibility strategies and precarious employment, has also gained some prominence in Spain. However, they have remained at a very general level of analyses. The Regulation school also analyses the link between flexibility and patterns of employment. Interestingly, it reflects upon different models of adjustments of em-
employment forms in different European countries, within a general drive towards more flexibility (at the macro level).

In particular in Spain, it has been shown that companies are following a strategy of external or numerical flexibility. In respect to subcontracting it has been argued that the higher the company’s dependency on other companies, the greater the tendency to shift adaption costs to employees by means of precarious employment (Cano 1998).

Also in Italy, researches have found that the need for higher labour flexibility represents the most important explanation of the rise in atypical and precarious employment in Italy. Limited duration work, in particular, constitutes an arrangement primarily increasing numerical flexibility. Labour cost reduction has been another reason for adopting atypical employment by the firms. This was particularly important in the case of combined training and work and apprenticeship contracts, which allow relevant reductions in wage and non-wage costs aimed at expanding employment opportunities for youth (Ministero del Lavoro e della Previdenza Sociale, 2000). Alternative ways of adjustment comprehend working time flexibility, part-time work, solidarity contracts, other labour policies measures like Wages Guarantee Fund, early retirement and other measures to assist workers mobility. Moreover, the search for flexibility by the firms induced more radical changes in the employment structure towards an increase of the share of self- and quasi-selfemployment. Even outsourcing and decentralisation in favour of smaller and more flexible firms allowed the firms to avoid binding rules imposed by labour market regulation (see for example, De Luca and Bruni, 1993).

In France, it is argued, that in order to adapt to the permanent readjustments required by a highly competitive market, business strategies have tried to make their workforce more flexible, whether by outsourcing their production or internally, by hiring more and more workers on a temporary basis. (Barbier and Nadel, 2000). However, it has been stressed that there is little evidence from research that the rise in precarious employment is an outcome of globalisation and the requirements of the stock markets (Barbier et al. 2002). Furthermore, studies stress that the use of temporary agency work (“intérim”) or fixed-term contracts is not a mechanically implemented consequence of all encompassing “low cost” strategies. A very comprehensive survey of the recourse to precarious employment in France as linked to business strategies was carried out between October 1999 and January 2001

- A second type of companies resists “temporary agency work” and tries to use fixed-term contracts exclusively when necessary.
- A third type of companies, often part of larger groups and submitted to shareholders’ pressure, only uses temporary agency work as a way to adapt to variations in demand. Explicitly this strategy is intended to limit future personnel expenditure in the case of an economic downturn.
- The fourth type of companies reduces both their use of temporary agency work and fixed-term contracts by turning to “network flexibility” (*flexibilité en réseau*) made possible by being members of a group.

Similarly, in the German debate it has been argued that the basic interest of the firm in atypical employment consists in reducing labour costs and enhancing flexibility (German report, quoting Kress 1998, Bellmann et al., 1996, Semlinger 1991, Kratzer, Döhl 2000). The trend towards externalisation of risks has been studied particularly by the Institute for Social Research in Munich, which looked into new forms of “rationalisation” transcending the boundaries of the firm (outsourcing, reorganisation of the supplier chain, firm networks etc.). This type of rationalisation has been shown to lead to substantial employment effects which are unevenly distributed across the value chain. Whilst in the dominant firm, core workers may for a while hold to their positions, employees in the dominated firms are subjected to increased unemployment risk and to an array of various “atypical” and precarious employment relationships. Furthermore the inner structure of firms is also affected, as market mechanisms are introduced within the organisations, dismantling traditional wage relationships and causing a “dis-enclosure” of work (Entgrenzung der Arbeit, Kratzer et al. 1998, Voss, 1998).

Three types of strategies leading to an increased use of atypical employment can be identified in Germany:
- Traditional strategies of cost reduction and flexibility. The different approaches combining both numerical and functional flexibility in the human resource management is characterising the traditional strategies of cost-reduction and flexibility. This strategy is reflected for instance in the traditional dichotomy between skilled core-workers and unskilled peripheral workers.
- Cost reduction and flexibility strategies in the context of the reorganisation of firms. Primarily, cost-reduction and flexibility is achieved by externalisation. The flexibility requirements are shifted from the main company to the contractor companies on the bottom of the supplier chain. These subcontractors are then implementing the above-mentioned classical strategy of combining numerical and functional flexibility. Flexibility strategies aiming at reducing costs also encompass the reorganisation of traditional hierarchical organisational structures in particular of large companies. Thus, small business units are emerging acting autonomously at the markets and being often organised as profit centres. The new autonomous business units are pursuing systematically the strategy of tight volume of human resources. The business units respond to the flexibility requirements by internalisation and externalisation strategies, including numerical flexibility. A new type of peripheral workers can be identified, consisting of self-employed like consultants or IT specialists (outsourcing) and freelancer. In contrast to the traditional strategy, there
Atypical employment in the context of overcoming a crisis. Ongoing from the late 1980s, companies coping with an economic crisis leading to personnel cuts and mass dismissals are increasingly making use of atypical forms of employment. Ongoing from the late 1980s, “alternative” social plans have been elaborated mostly on the pressure of the trade unions, subsidised creating qualifications and employment agencies (Qualifizierungsgesellschaften and Beschäftigungsgesellschaften). The subsidised temporary employment relationships are precarious in many respects: they are of limited duration and the reintegration in the “regular” labour market or in the former company is rather uncertain. As already mentioned, this labour market policy measure played a major role in the context of the transformation process in East Germany. There might also be a general interest of a company in making use of atypical forms of employment during an economic crisis. Although, peripheral workers are particularly affected by cuts in the number of personnel, the company may have a special interest in atypical employment because of the crisis it faces, as flexibility requirements are increasing in such a situation.

At the cross-national level, recent research by the Dublin Foundation has fuelled some new elements in the debate (Goudswaard, Nanteuil, 2000). Taking the different combinations of flexibility variables into account (productive, numerical, temporal and functional flexibilisation strategies), the case studies reveal that flexibility strategies are implemented on a complementary rather than on exclusive basis. They often take place simultaneously, driven by different motives. Flexibility strategies may be designed differently according to the groups of workers they apply.

2.2.9. The general destabilisation of the employment relation

The debate on the destabilisation of the employment relationship puts an emphasis on the transformation of the role of work as to secure social protection.

A strand of sociological research, in particular in Germany, has launched a debate on the general destabilisation of employment. Already at the beginning of the 1980s, German sociologists put forward the hypothesis of the “crisis of the work society” (Krise der Arbeitsgesellschaft, Twenty-first Conference of German Sociologists in Bamberg, 1982; see Matthes 1983). According to this hypothesis, the employment relationship as the classic model of a remunerative occupation is becoming increasingly diversified: wage labour loses its dominant role as a basic value of the traditional working society. New orientations emerge which manifest themselves in manifold discontinuous work biographies (Offe 1993). These hypotheses are developed further in the theory of the risk society (Beck 1986) and the theory of “reflexive modernisation” (Beck et al. 1996): On the one hand there is an increasing employment risk through discontinuous work biographies or patchwork biographies (Patchworkbiographien, Bastelbiographien), but
on the other hand new possibilities for individual lifestyles are opened up (Beck 1994).

An important strand of French sociological and economic research has been pointing to the crucial role of the employment relation, especially in waged work, both for individual social integration (through “statut”) and for social cohesion. “Statut” has been chiefly defined by Schnapper as derived from the access which employment provides to rights and social protection. However, in his most recent research, Paugam has introduced the notion of “precarious work”, as work experienced as not recognised, and yielding feelings of uselessness. This might be seen as another dimension of “status”, which would have to do with the value and prestige assigned to jobs. Precarious employment is seen as a structural process of deterioration of the waged employment relation, and therefore of “statut”, which has been taking place over the last two decades. Employment policies have both intended to mitigate the effects of this process and contributed to it by inventing multiple statuses amounting in reality to non-status. Because of the central role of waged employment in French society, it seems that the whole social stability is at stake. This strand of research is also concerned with the consequences for individual integration, and sees precarious employment as generally leading to “dis-affiliation” (Castel) and to social exclusion. In this conception, precarious employment is logically equated with all forms of atypical contracts, since status is essentially derived from former “typical” contracts. Recently, Paugam’s study of precarious work, independently of or in addition to a precarious employment status, has put flesh on the underpinning hypothesis of a “society of precariousness”.

Finally, a number of sociologists and labour market economists have investigated the destabilisation of the employment relationship in terms of differentiation of statuses rather than in terms of a general pattern.

2.2.10 Conclusions

None of the above theories can explain all dimensions of precarious employment and differences among countries. The most important set of theories refers to the segmentation approach, another set to the flexibility discourse. In particular segmentation theories may serve to explain different types of inequalities and the distribution of risks. However, our research goes further and aims not only at explaining inequalities, but also at detecting whether certain types of labour market segmentation are in a way permanent for the individual, offering no possibilities to move from one labour market segment to the other, or whether on the contrary bridges between labour market segments exist.
2.3. Defining precarious employment

After having studied the different perceptions and analyses of precariousness in the national context we now turn to definitions of precariousness and related terms developed by the international comparative literature. Basically, the approaches differ in regard to different dimensions included as well as the type of measurement, leading to objective and subjective dimensions.

2.3.1 Basic approaches in the comparative literature

The European Foundation for the Improvement of the Living and Working Conditions has adopted a working definition of precariousness for its studies on precarious employment and working conditions, wholly based on atypical contracts (Letourneux, 1998).\(^1\) Thus in these studies, “precarious” employment is equated with non-permanent contracts, i.e. fixed-term contracts and temporary contracts. They also sometimes include self-employment and involuntary part-time employment, understood as under-activity. In some countries such as Spain, research has shown that there is no problem with equating non-permanent employment with precarious employment. However, in other countries, such as Germany, France or Italy, the literature is more ambivalent (see problems linked to the equation of atypical employment and precarious employment in 2.3.2). At least part of the atypical employment forms are conducive not only to lower security of employment continuity and higher unemployment risks, but also, to lower pay and lower social benefits and pensions and possibly worse working conditions. The reasons may lie in lesser rights or simply because of discontinuous trajectories. In this sense, although most of these dimensions are mentioned in the literature reviewed, and although precarious employment is sometimes explicitly defined as a multidimensional phenomenon, the key criterion is that of the employment contract (or absence of contract). A key question becomes then, how to distinguish precarious from non-precarious atypical employment.

Another problem with measuring precarious employment through atypical employment is that there is no common understanding between the countries of how “atypical” or “non-standard” employment is defined. Most importantly,\(^1\)

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\(^1\) It has to be noted, however, that on the grounds of the criteria developed by the European Commission, the European Foundation for the Improvement of the Living and Working Conditions has developed four objectives for the promotion of the quality of work and employment (European Foundation for the Improvement of the Working and Living Condition: Quality of work and employment in Europe. Issues and challenges. Foundation paper No.1 Februar 2002). These are:
- Ensuring career and employment security
- Maintaining and promoting the health and well-being of workers
- Developing skills and competences
- Reconciling working life and non-working life

The objective of “ensuring career and employment security” includes four aspects: the terms of employment and the dual labour market, workers’ rights and equal opportunities, earned income, social protection.
there are major differences as regards part-time work and whether apprentice-
ship contracts are included in temporary employment or not (see below, section
3.2). Furthermore there are differences between countries as to whether distinc-
tion between involuntary and voluntary part-time employment is made.

Most comparative approaches to precarious employment distinguish various
dimensions so as to account for various types of precarious employment and
avoid the identification of precarious with atypical employment (Darmon 2001 et
al.).

The first list of criteria was established by Rodgers (1992) for the ILO. He identi-
fies 4 dimensions:

- level of certainty over the continuity of employment;
- individual and collective control over work - working conditions, income,
  working hours;
- level of protection - social protection, protection against unemployment,
  or against discrimination;
- and insufficient income or economic vulnerability.

The ILO has further developed its concept and comes up with a more compre-
hensive list of dimensions, largely based on Standing, 1999. “Socio-economic
security” or insecurity is defined as encompassing 7 dimensions:

- labour market security (ensured by adequate macro economic policy),
- employment security (stability),
- occupational security\(^1\) (opportunity of developing a sense of occupation),
- work security (working conditions),
- skill reproduction security (opportunities to gain and retain skills),
- income security
- and representation security (protection of collective voice in the labour
  market).

As compared with the 1992 approach, it is interesting to pinpoint that the new
emphasis on “labour market”, “occupational” and “skill reproduction” security
(ILO), access to training/career prospects (EU) reflect the emergence of the
debate on employability, mobility and skills transfer. Thus, work-based security
is less attached to a particular job, although job security continues to be a focus
of attention, and encompasses the “opportunities” arising both from “adequate”
levels of labour demand and from institutional frameworks maintaining and
improving individual employability and skill transfer. Moreover, the new concept
reflects a shift from rights to opportuni ties. Furthermore, the new concept allows
for trade-offs between different forms of security: “If a flexible labour market is
essential economically, and if employment protection is an impediment to flexi-

\(^{1}\) Added by ILO to the Standing definition.
bility, then as long as other forms of security are provided, employment security is surely a tradable right” (Standing 1999).¹

The European Commission has developed a concept referring to the notion of the “quality in job”. Most importantly, the concept of the European Commission includes the approach towards “quality in work” and the dynamics of the quality in work in terms of individual trajectories. Although, the Commission is departing from the concept of “good” and “bad” jobs² rather than from the notion of “precarious” employment, the dynamic approach taken is shedding light on a whole set of aspects linked to the question of “precarious employment”: the degree to which labour market segmentation is fostered, the role of precarious employment in the labour market and the impact of precarious employment for the individual.

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¹ It has been criticised by Darmon et al., 2002, that the provision of “other forms of security” is not such a straightforward issue when employment is a major building block of the economy and the society, and employment security is at the very foundations of the security related to most dimensions of the existence, including the construction of the identities, social relations and the possibility of having a future.

² On the grounds of the mandate provided by the Lisbon Council and the objective of “more and better jobs”
In its Employment in Europe 2002 report, the European Commission has identified the following set of dimensions and criteria:

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intrinsic job quality (*)</td>
<td>Self-reported job satisfaction, labour market transitions by pay level</td>
</tr>
<tr>
<td>Skills, life-long learning and career development</td>
<td>Among others: participation rates in education and training, the share of the workforce using computers for work purposes</td>
</tr>
<tr>
<td>Gender equality</td>
<td>Gender pay gap, employment and unemployment rate gaps by gender, gender segregation in occupations and sectors</td>
</tr>
<tr>
<td>Health and safety at work</td>
<td>Possible indicators: Accidents at work and related costs, rates of occupational diseases</td>
</tr>
<tr>
<td>Flexibility and security(**)</td>
<td>Shares of employees voluntarily and involuntarily in part-time work and fixed-term contracts respectively</td>
</tr>
<tr>
<td>Inclusion and access to the labour market</td>
<td>Among others: labour market transition by main activity status and transitions of unemployed people into employment and training</td>
</tr>
<tr>
<td>Work organisation and work-life balance</td>
<td>Employment rate gaps by gender and presence of children, childcare provision, share of employees leaving their job for family responsibilities or for education purposes</td>
</tr>
<tr>
<td>Social dialogue and worker involvement</td>
<td>Possible indicators: Employee representation and worker involvement, share of employees covered by collective agreements, evolution of working days lost due to industrial disputes and trade union density</td>
</tr>
<tr>
<td>Diversity and non-discrimination</td>
<td>Employment rate gaps by age, ethnic origin and disability</td>
</tr>
<tr>
<td>Overall work performance</td>
<td>Growth in labour productivity, share of high-skilled in the working age population</td>
</tr>
</tbody>
</table>

(*) "Jobs ought to be intrinsically satisfying, compatible with a person’s skills and abilities and provide appropriate levels of income”

(**) Refering to the appropriate balance between flexibility and security

The concept of the job “quality” appears to be rather encompassing and includes dimensions not only concerning the quality of the work and itself but focusing also on general labour market features like discrimination, gender equality, and individual features like the skills development and trajectories.

Thus, the EC has produced an analysis of the quality of jobs, which includes indicators and statistical measures of volumes of respectively “good quality
jobs”, “reasonable quality jobs”, “low-pay/productivity jobs” and “dead-end jobs”. The first results of the EC study of job quality and the elaboration of indicators has been presented in the Employment Outlook 2001. This approach amounts to the first comparative attempt at assessing what we call PE in this project. It is particularly interesting in that it allows for a crucial distinction to be made, namely the distinction between
- the characteristics of jobs,
- the characteristics of job holders,
- and the dynamics of trajectories,
and establishes relations between the three. Thus key questions as to the often alleged role of PE in diminishing unemployment may be addressed. Furthermore, the analysis of the incidence of “dead-end jobs” and “low pay-productivity jobs” amongst particular groups of job holders may cast light on the distribution of risk amongst groups of the working population, on the implications of current “flex-security” compromises, and on exposure to social exclusion. These are questions which our own research seeks to address as well.

In order to distinguish between jobs of different quality, the Commission has grouped the jobs according to three main dimensions: job security, access to training and career development, and hourly wages.

Table 2.2
Criteria and indicators for distinguishing these levels of quality are as follows:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job “security” : low / relative</td>
<td>low: jobs on fixed-term contracts, short-term contracts, or jobs without formal contracts</td>
</tr>
<tr>
<td></td>
<td>relative: other contracts</td>
</tr>
<tr>
<td>Access to training and career prospects: no prospects / prospects</td>
<td>no prospects: non supervisory functions, no further employer provided training</td>
</tr>
<tr>
<td></td>
<td>prospects: employer-provided training and career prospects</td>
</tr>
<tr>
<td>Pay / productivity: low / decent</td>
<td>low: below 75% of country specific median hourly wage</td>
</tr>
<tr>
<td></td>
<td>decent: otherwise</td>
</tr>
</tbody>
</table>

Source: European Commission, Employment in Europe 2001

On the grounds of these indicators, the EU distinguishes, as mentioned above, dead-end jobs, “low paid/low productivity” jobs; “reasonable quality” jobs; and “good quality” jobs. Low quality jobs are according to this definition “dead-end-jobs” and “low pay/lowl ow productivity jobs”.

Table 2.3
Definition of the different levels of job quality

<table>
<thead>
<tr>
<th>Job security</th>
<th>AND/OR</th>
<th>Prospects</th>
<th>AND/OR</th>
<th>Pay/productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dead-end jobs</td>
<td>Low and</td>
<td>Low and</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Low pay/low productivity jobs</td>
<td>Low or</td>
<td>Low and</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Reasonable jobs</td>
<td>Relative or</td>
<td>prospects and</td>
<td>decent</td>
<td></td>
</tr>
<tr>
<td>Good quality jobs</td>
<td>Relative and</td>
<td>prospects and</td>
<td>decent</td>
<td></td>
</tr>
</tbody>
</table>

However the EC programme for measuring job quality is much more ambitious than what this first set of criteria and indicators provide. To give an example, working conditions and other dimensions (e.g. collective rights) are not included, although the Commission itself acknowledges they should be integrated. The Commission plans to develop new indicators and uses a variety of data sources to cover various dimensions and levels of job quality (characteristics of the job as well as data on the context of the job). For this preliminary product, only the European Community Household Panel has been used (second and third waves 1995, 1996).

Apart from possibly questioning the underpinning rationale which gives rise to the equivalence between job security and prospects and thus considers that there are possible trade-offs, there are some problems with the measures used (Chap 3.2). The European Commission departs from a possible trade-off between job “job security” and “prospects”: reasonable quality jobs are necessarily associated with hourly wages higher than 75% of the national median wages, but may be associated with stability or access to training/prospects. In the European Commission approach the hypothesis is that access to training as a step towards enhanced employability may compensate for low stability. This equivalence between an issue of status and a largely discretionary mechanism is not explicit in the approach of the European Commission.

Also the OECD (Clark, 1998) had previously developed indicators of job quality based on a survey of workers’ evaluations of their situation (International Social Survey Programme, 9 OECD countries, 7,000 respondents). The responses to 20 questions were collapsed into six summary variables measuring workers’ evaluations of:
- Pay;
- Hours of work;
- Future prospects (promotion and job security);
- How hard or difficult the job is;
- Job content: interest, prestige and independence; and

1 although in some countries, continuous training is an obligation, the distribution of training opportunities is very unequal across workforce groups as is well documented by the European Commission itself.
- Interpersonal relationships (with co-workers and management).

A further approach towards precarious employment is based on its more or less voluntary character, and resorts to a subjective appreciation by workers. In particular, involuntary part-time employment is often associated with under-activity (Insee, OCDE, European Foundation). It is often linked to unstable contracts, and in that sense cumulates various dimensions of precariousness (in particular low earnings, insecurity, and risks of poverty due to proportional or inadequate access to benefits and pensions). On the other hand this type of approaches has been criticised as “choices” are heavily dependent on what one perceives is available to them, in the current legislative framework: e.g. women “choosing” to take up part-time jobs with little hours paid and no social security contributions, as has been the case in the UK and in Germany, so that social contributions would not further reduce their earnings (Marshall, 1992). ETUI (2001) have also shown the strong correlation which exists between voluntary part-time employment and the lack of appropriate childcare arrangements. Generally speaking, the literature shows (as is quite obvious) that the lesser the number of worked hours, the greater the risk of exposure to poverty, lower social protection etc.

Finally, subjective measures are used to grasp the individual perception of precariousness, arguing that for the political sphere is decisive whether people are satisfied with their situation or not. The OECD (1997) is analysing the individual perception of job insecurity. One of the findings of this study indicates that this individual feeling depends among other factors on labour market institutions. Thus, perceived job insecurity is significantly lower in countries where the unemployment benefit replacement rate is higher, where there is a higher level of collective bargaining coverage and where collective bargaining is more centralised. A further major outcome of this analysis is the high level of insecurity reported in countries where unemployment is low and falling as in the UK and in the US. Flexibility of the labour market thus may lead to the perception of insecure employment, if flexibility is particularly high in the “low quality of work” market segment. In general the relationship between education and insecurity is negative in OECD countries, although weak (OECD employment outlook 1997). However, in France, Italy and the UK it is those with the highest level of education who are more likely to report their job as insecure. Job insecurity is generally perceived to be lower in white-collar than in blue-collar occupations. According to an international survey the individual perception of job security fell very notably in the UK and in Germany between 1985 and 1995, and to a lesser extent in France, while Italy ranged among the countries with the smallest amounts. However, other surveys are reporting a sharp decline in the perception of insecurity also in France and Italy (OECD employment outlook 1997). Furthermore a comparison between the UK and Germany on the basis of the German socio-economic panel and the British Household Panel was carried out. The applied measure of job insecurity in Germany rose the most for younger workers, for workers with lower levels of education, and for workers in blue-collar occupations, while in the UK, the rise in perceived insecurity was observed across all groups, although somewhat larger rises in insecurity are reported by older workers.
There are pitfalls linked to the indicator “perception of job insecurity”. According to the already mentioned case studies carried out for the European Foundation in 7 countries, numerical flexibility strategies generate a feeling of job insecurity, but this is not true everywhere: more than two-thirds of the case studies dealing with numerical flexibility actually report so. From a wider point of view, the feeling of job insecurity is expressed in over half of the whole sample. When looking at the variables that contribute to the emergence of such a feeling, it is revealed that “no/little access to training” and “pay gaps” play an influencing role in less than two-thirds of the case studies. However, the absence of career opportunities for non-permanent workers seems to be the main contributing factor. In the case studies with numerical flexibility not engendering job insecurity, numerical flexibility was based on training-work contracts etc. The feeling of job insecurity remains widely expressed even when “conditions of work” are positively assessed (Goudswaard, Nanteuil, 2000).

**2.3.2 Indicators and measurements**

There have been little attempts so far at quantifying precarious employment or equivalents in a comparative way. The most accomplished effort in that direction is the recent publication by the European Commission of its study on job quality, in which aggregated indicators have been elaborated and combined to provide overall measures. Although the EC also uses in parallel job satisfaction measures, it does not use them on their own to quantify precarious employment. Previous studies, e.g. an OECD study (Clark, 1998), have used evaluations by workers to provide indicators of job quality in some OECD countries.

The ILO has also developed a provisional decent work index, which is measured through surveys, but the methodology has not been applied so far to industrialized countries. Other researchers working comparatively at the European level (see TSER funded network “Employment and exclusion” - Jefferys, S., Pires de Lima, M., 2001) have developed indexes allowing for various dimensions of precariousness to be taken into account independently of contractual status (in this case, an exclusion at work index). Although their is a first and still rough attempt, the approach through indexes is interesting.

Most of the literature usually starts from the basis of atypical contracts, and then qualifies this by making distinctions between atypical and precarious employment (Darmon 2001). Rodgers (1992), drawing from ILO commissioned research, had already proposed an analysis of the “bimodality” of atypical employment. He also had suggested that the dual model of labour market (security vs. precariousness) did not hold and that it would be more adequate to talk about levels or types of precariousness. To a certain extent, this approach echoes findings commented above about the multiplicity of employment forms.

Within its programme on Socio-Economic Security, the ILO has initiated work on indexes for measuring socio-economic security through surveys. This work is still in its pilot stage, although indexes are already being developed for a set of 100
countries and 24 national surveys, and a first global report is expected in 2002. The ILO distinguished three levels of indexes\(^1\): macro (national) / meso (firms) / micro (individuals). All indexes are constructed on the basis of the seven “areas” of socio-economic security and are using both objective and subjective measurements.

A further quantitative approach elaborated by the TSER network on “Employment and exclusion” should be mentioned here. Exclusion in work for this team of researchers is comparable to what we have called precarious employment in our own research. They propose to rate it at the macro level by averaging the relative ratings of various indicators of exclusion in work. The indicators selected are: the percentage of unqualified young people (18-24); disability-free life expectancy; income inequality ratio; usual full-time employee weekly hours; % average working anti-social hours; % of workforce covered by collective agreements. Their contribution is, as they themselves acknowledge, nothing but a first step in the direction of a comprehensive and precise index. In particular, the macro indicators selected are not sufficiently focused on exclusion at work, and rather provide a more general and somewhat patchy image of some of the facets of social risk in European countries. The low-skilled content of jobs, low pay levels, “anti-social” working hours, and low collective agreement coverage certainly are dimensions to take into account in order to measure precarious employment. But it is unsure whether the indicators chosen adequately reflect these dimensions, and whether averaging these ratings and leaving others out, is pertinent.

To sum up, the following table gives an overview of the main outcomes of the different studies:

---

\( ^1 \) The information presented here is taken from the ILO website, socio-economic security programme (www.ilo.org).
Table 2.4
Overall measures of precarious employment and functional equivalents

<table>
<thead>
<tr>
<th>Measure</th>
<th>France</th>
<th>Germany</th>
<th>Italy</th>
<th>Spain</th>
<th>UK</th>
<th>EU - 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low quality jobs (all types of jobs) (ECHP, 1996)</td>
<td>19% (*)</td>
<td>24%</td>
<td>21%</td>
<td>37%</td>
<td>22%</td>
<td>23%</td>
</tr>
<tr>
<td>“Precarious jobs” as share of waged employment</td>
<td>22%</td>
<td>10%</td>
<td>11%</td>
<td>40%</td>
<td>9%</td>
<td>15%</td>
</tr>
<tr>
<td>European Foundation for the Improvement of Living and Working Conditions. ESWC 1997</td>
<td></td>
<td>(WG)</td>
<td>(EG)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low overall satisfaction with main activity status, ECHP 1996</td>
<td>10%</td>
<td>8%</td>
<td>23%</td>
<td>19%</td>
<td>11%</td>
<td>12%</td>
</tr>
<tr>
<td>Job quality measured by worker evaluations (OECD 1998 - data = 1989)</td>
<td>N/A</td>
<td>(WG)</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>· % saying income is high</td>
<td>30.4%</td>
<td>17.7%</td>
<td></td>
<td>28.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>· % saying would like to spend less time in their jobs</td>
<td>34%</td>
<td>39%</td>
<td></td>
<td>22.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>· % saying possibilities of advancement are high</td>
<td>26.5%</td>
<td>22%</td>
<td></td>
<td>22.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>· % saying job is secure</td>
<td>85.5%</td>
<td>71.3%</td>
<td></td>
<td>59.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>· % reporting hard work</td>
<td>50.6%</td>
<td>39.3%</td>
<td></td>
<td>57%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>· % reporting good job content</td>
<td>54.2%</td>
<td>44.1%</td>
<td></td>
<td>52.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>· % reporting good relations at work</td>
<td>81.1%</td>
<td>58.9%</td>
<td></td>
<td>66.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>· % reporting high job satisfaction</td>
<td>43.4%</td>
<td>33.9%</td>
<td></td>
<td>39.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall exclusion at work index (from 1 – best ratio to 5 – worse ratio)</td>
<td>1.8</td>
<td>N/A</td>
<td>2.8</td>
<td>N/A</td>
<td>4</td>
<td>N/A</td>
</tr>
</tbody>
</table>

(*) Due to the lack of data on employer-provided training in France, only the two intermediate categories of job quality could be established (low pay / low productivity jobs and reasonable jobs). The data is therefore to be taken with caution.

Source: Darmon, 2001
The table shows that depending on the concepts and indicator used the picture about precarious employment in European countries and the ranking between the countries varies quite significantly.\footnote{Moreover, as will be shown in the case of France, taken alone the measurement of temporary employment as part of precarious employment is far from being clear.}

2.3.3 Conclusions and working definition

For our own further research it is suggested that current characteristics of employment precariousness (e.g. insecurity) might be distinguished from the “risk of employment precariousness” (as measured by the probability of blocked trajectories), in agreement with the distinction established by the European Commission between quality and dynamics of quality. Furthermore, it should be looked at separately what characteristics of employment are linked to opportunities or risks arising from contextual factors, such as labour market situation, fiscal or social policies compensating for low earnings, active labour market policies etc. These contextual factors could be taken into account as “magnifiers” or “mediator” of risks and effects of precarious employment. This means in particular that low pay should be preferred to low income as a measure of the economic dimension of precarious employment.

This leads to three levels of analysis:

- Forms of precarious employment and functional equivalents, combining the various dimensions - security; earnings; working time; social protection; skill content; working conditions. In line with the approach of Rodgers, we will structure these dimensions in a temporal dimension, an economic dimension, an organisational dimension and a social protection dimension.
- Dynamics of PE and the individual risk, as measured by trajectories out of insecure employment, low pay employment, low-skilled employment etc.
- The structure of the labour market (supply and demand for precarious employment) and contextual factors

Precariousness might be understood as resulting from a combination of various indicators and individual as well as contextual factors. Furthermore, we consider that precariousness has different degrees, as not only a combination of more indicators might be found but as there are possible trade-offs between the three levels of analysis when assessing the impact of precarious employment for the economy, the society and the individual. Thus, the analysis of the characteristics of the job needs to be separated from the distribution of the risks among groups of workers. Moreover, it does make a difference whether the bad jobs are taken up by persons who can consider this employment situation as transitory or whether the employment and income risk are becoming a structural factor for the individual.

The following research work is taking these levels of analysis into account and looks at job characteristics, at trajectories, at the characteristics of the job hold-
ers as well as at the institutional and economic context. We will be primarily using “objective” measures rather than subjective measures.

3. Cross-national comparison of indicators and characteristics of precarious employment

3.1 The temporal dimension

In the initial Rodgers definition, the temporal dimension is about the level of control over the continuity of employment - which may be measured both for permanent and non-permanent contractual forms (in a highly “flexible” labour market, levels of control of employees over the continuity of employment may be low), and may reflect changes in economic conditions and cycles as well. Since then, this dimension has been mostly approached in terms of security and/or stability. Thus the recent ILO definition (SES programme, 1999) mentions “employment security - stability” as one of the dimensions of general socio-economic security. And the European Commission (2001) considers low security to be one of the characteristics of low quality jobs.

There seems to be a general consensus in the literature that both the temporal insecurity or instability is one of the key dimensions of precarious employment, and that not all unstable jobs can necessarily be considered as “precarious”. Thus it has to be reminded that the temporal dimension taken for itself, leaving the other dimensions aside, is not exclusively an indicator for precariousness. Unstable jobs might also be associated with high earnings (economic dimension) and, say, high skill contents (occupational dimension), as is the case for example for a whole segment of the self-employed professionals. In more general terms, it has to be considered that a higher employment risk might be compensated by higher earnings. In this case, one can hardly speak of precarious employment.

A key question while assessing and comparing the temporal dimension consists in which indicators are used. Measuring job security exclusively through contracts is problematic, especially in largely deregulated labour markets, where low job stability may be associated with permanent contracts (which is the case for the UK in our sample). A combination of measure by contracts and by tenures seems more adequate. Furthermore, there are discrepancies between Eurostat data and national data on temporary contracts (as in the case of France), and problems for measuring non-permanent contracts at the national level which have consequences for the Eurostat data (e.g. the case of free-lance coordinated work, parasubordinati) in Italy and marginal employment (geringfügige Beschäftigung) in Germany). It is possible that job insecurity is overestimated in
the case of France and underestimated in the cases of the UK, Italy and Germany. For Spain, the coincidence between national and Eurostat measures seems to be better, and temporary employment is an adequate measure of employment instability or insecurity, although things have been changing recently.

There are usually three ways of approaching instability and uncertainty:
- through tenures, i.e. the length of time a worker has been continuously employed by the same employer (instability);
- through non-permanent contracts (instability);
- through valorisations by the affected individuals (subjective approach) (uncertainty).
Some studies use a combination of 2 or all 3 approaches.

The measure of employment security by employment tenures (as in OECD 1993, 1996; 1997; Auer and Cazes, 2001) allows for an “objective” measure of stability and of the distribution of this stability or instability across gender, age, sector and educational attainment, type of employment contract, and to a lesser extent, size of companies. It also allows for more meaningful cross-national comparisons than the approach through contracts, as it is able to account for example for the cases of countries where a low use of temporary employment combines with low average tenures, such as the United Kingdom. As pointed out above, tenures also address part of the question of transition jobs, in the case of young people with a training contract then staying with the same employer in a permanent contract.

Measuring employment stability through tenures provides more integrated information than adding up non-permanent contracts for example, in that tenures also reflect the situation of the labour market. For example, as the European Commission points out, the increase in short term tenures between 1995 and 2000 in the EU does not only reflect an increase in labour market “flexibility” but also a wave of massive job creation. In that sense rises in short term tenures are to be interpreted with caution, and cannot be identified with a decrease of employment stability in a straightforward way.

A basic problem is the gap which exists between the picture provided by actual tenures (which, as Auer and Cazes have shown, reveal the “resilience of the long-term employment relationship” in industrialized countries) and the feeling of insecurity which has become more widespread. Admittedly, the reasons for this feeling of insecurity to expand are very varied. The fact that tenures do not reflect contractual status, and therefore do not reflect the situation in which workers might hold a succession of unstable jobs with the same employer, might be one of them. Decreased social protection even for workers on long-term tenures might be another. The case of the “false” self-employed is another possible reason for this discrepancy, as they may be continuously registered as self-employed, but clearly have little control over the continuity of their situation.

It is striking that average tenures are lower in the UK than in the continental European countries (Table 3.1). The general picture of more jobs proving to have
a short duration in the UK than in the other countries and less employment relationships lasting for longer than 10 years is confirmed by an analysis of the distribution of employment by class of tenures. In comparative terms, this more differentiated analysis also clearly demonstrates the labour market segmentation between stable and short-term employment in Spain (Table 3.2). In particular, do very short-term contracts (with tenures under 6 months) play an important role in Spain, in contrast to the other countries (table 3.3).

Table 3.1
Average tenure (years)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>10.4</td>
<td>10.7</td>
<td>11.3</td>
</tr>
<tr>
<td>Germany</td>
<td>10.7</td>
<td>10.0</td>
<td>10.4</td>
</tr>
<tr>
<td>Italy</td>
<td>11.9</td>
<td>12.1</td>
<td>12.1</td>
</tr>
<tr>
<td>Spain</td>
<td>9.9</td>
<td>9.9</td>
<td>10.0</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>8.1</td>
<td>8.2</td>
<td>8.2</td>
</tr>
</tbody>
</table>

Source: Auer, Cazes, International Labour Review 2000 No. 4, p. 382

Table 3.2
Distribution of employment by class of tenure (%)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>15.7 15.0 14.3</td>
<td>41.4 42.0 45.0</td>
</tr>
<tr>
<td>Germany</td>
<td>12.8 (1990) 16.1 14.3</td>
<td>41.2 (1990) 35.4 38.3</td>
</tr>
<tr>
<td>Italy</td>
<td>- 8.5 9.9 -</td>
<td>45.6 49.2 -</td>
</tr>
<tr>
<td>Spain</td>
<td>23.9 35.5 28.4</td>
<td>39.7 34.2 39.8</td>
</tr>
<tr>
<td>UK</td>
<td>18.6 19.6 19.9</td>
<td>28.9 26.7 32.3</td>
</tr>
</tbody>
</table>

Source: Auer, Cazes, International Labour Review 2000 No. 4, p. 382
Table 3.3
Distribution of employment by employment tenure, 1995, percentages

<table>
<thead>
<tr>
<th>Country</th>
<th>Under 6 months</th>
<th>6 months and under 1 year</th>
<th>1 and under 2 years</th>
<th>2 and under 5 years</th>
<th>Under 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>10.1</td>
<td>4.9</td>
<td>8.0</td>
<td>17.7</td>
<td>40.6</td>
</tr>
<tr>
<td>Germany</td>
<td>7.9</td>
<td>8.2</td>
<td>9.4</td>
<td>22.0</td>
<td>47.5</td>
</tr>
<tr>
<td>Italy</td>
<td>4.5</td>
<td>4.0</td>
<td>7.0</td>
<td>18.1</td>
<td>33.6</td>
</tr>
<tr>
<td>Spain</td>
<td>27.3</td>
<td>8.2</td>
<td>4.9</td>
<td>11.1</td>
<td>51.4</td>
</tr>
<tr>
<td>UK</td>
<td>10.5</td>
<td>9.1</td>
<td>10.7</td>
<td>19.5</td>
<td>49.8</td>
</tr>
</tbody>
</table>

Source: OECD 1997, p. 138

Another measure for instability and temporal insecurity consists in identifying non-permanent contracts and adding up the numbers of holders of such contracts. This is for example the choice made by the European Commission (2001) which measures “low security” by adding up casual, fixed-term and temporary, as well as casual employment contracts. The European Foundation for the Improvement of the Living and Working Conditions’ studies of “precarious employment” (e.g. Letourneux, 1998) are in fact studies of insecure employment, and they add up temporary and fixed-term contracts.

In the continental countries, atypical forms of employment relationships are in the centre of interest. “Atypical employment” or “non-standard employment” mainly basically refers to employment instability. However, as has already been stated in section 2.3, it is widely acknowledged at the national level, that atypical or non-standard forms of employment are not identical to precarious employment as specific employment relationships may represent an individual choice or constitute only a short transitional period for entering the labour market. Moreover as already mentioned, an employment relationship might be unstable independently from the contract forms. The following table gives an overview of the definitions of “atypical” employment and its elements.

Table 1
Definitions of “atypical” or “non-standard” forms of employment (mainly for statistical purposes)
According to the Second European Survey on Working Conditions, paid permanent employment accounts for 82% of total employment of the European Union and proved to remain quite stable between 1995 and 2000 (Veronique Letourneux, 1998) (Table 3.4).

<table>
<thead>
<tr>
<th>Use of the notion of “atypical employment” or functional equivalent commonly used</th>
<th>Special employment forms (*)</th>
<th>Atypical employment</th>
<th>Term not used in the national report</th>
<th>Atypical employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary contracts</td>
<td>Not used as aggregated notion</td>
<td>X</td>
<td>Not used as aggregated notion</td>
<td>X</td>
</tr>
<tr>
<td>Fixed-term contracts</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Temporary Agency contracts</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Subsidised temporary labour contracts</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Apprenticeship contracts</td>
<td>X</td>
<td>X</td>
<td>(in general excluded)</td>
<td>X</td>
</tr>
<tr>
<td>“false” self-employment, freelancer</td>
<td>X (Freelance coordinated work)</td>
<td>(X)</td>
<td>(X)</td>
<td>X</td>
</tr>
<tr>
<td>Part-time</td>
<td>X</td>
<td>X</td>
<td>(X)</td>
<td></td>
</tr>
<tr>
<td>Involuntary part-time</td>
<td></td>
<td>(X)</td>
<td>(X)</td>
<td></td>
</tr>
</tbody>
</table>

(*)Formes particulières d’emploi
Table 3.4
Employment status – EU average in %, 1995 and 2000

<table>
<thead>
<tr>
<th>Employees with</th>
<th>1995</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlimited contracts</td>
<td>82</td>
<td>82</td>
</tr>
<tr>
<td>Fixed-term contracts</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Temporary agency contracts</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Apprenticeships</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>

source: [www.eurofound.eu.int/working/emplstatus2.htm](http://www.eurofound.eu.int/working/emplstatus2.htm), 12.09.2001

According to the data of the Third Survey on living and working conditions carried out by the European Foundation for the Improvement of the Living and Working Conditions, the “regular” employment relationship measured by the share of unlimited work contracts was highest in Germany, followed by Italy, France and the UK with the share of unlimited contracts being above 80% in all these four countries. In contrast, the share of unlimited contracts in Spain amounted to only about two thirds of all employment contracts. As confirmed by the national report, the share of fixed-term contracts was at a very high level in Spain (27%). In contrast, the share of fixed-term contracts only amounted to 5% in Italy. The share of temporary agency work contracts was at a particularly low level in Germany and was highest in Italy (5%), followed by France (3.2%).

As regards apprenticeship contracts the following remarks need to be made: in Germany, apprenticeship contracts are commonly not regarded as atypical and by no means as precarious employment as they represent a basic element of the dual vocational training system (see Chap. 6). Accordingly, in the French case it has been argued, that the private sector “contrats de qualification” (training contracts) can not be regarded as precarious employment (Barbier et al. 2002a). They represent the main type of atypical employment in the French private sector with both in-house and external training. But there are also state funded training contracts in the public sector in France, which can be regarded as a subsidised form of precarious employment. Especially, in Italy the volume of training contracts which can be categorised as subsidised labour contracts is high. Furthermore, it is important to note in this context, that in Italy, only 10% of the apprenticeship contracts are changed into unlimited employment contracts. Only 5% of the combined training and work contracts and 10% of the apprenticeship contracts were changed into an unlimited contract within the same year.
Table 3.5
Employment status in the five countries, 2000

<table>
<thead>
<tr>
<th>Employees with</th>
<th>UK</th>
<th>Germany</th>
<th>France</th>
<th>Italy</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlimited Contracts</td>
<td>81.8</td>
<td>86.6</td>
<td>83.2</td>
<td>84.1</td>
<td>64.6</td>
</tr>
<tr>
<td>Fixed-term contracts</td>
<td>9.2</td>
<td>8.5</td>
<td>9.3</td>
<td>5.4</td>
<td>27.1</td>
</tr>
<tr>
<td>Temporary agency contracts</td>
<td>2.2</td>
<td>0.6</td>
<td>3.2</td>
<td>5.0</td>
<td>2.3</td>
</tr>
<tr>
<td>Apprenticeships, other training schemes</td>
<td>0.4</td>
<td>2.1</td>
<td>1.4</td>
<td>4.2</td>
<td>1.4</td>
</tr>
<tr>
<td>Others</td>
<td>4.1</td>
<td>2.1</td>
<td>2.2</td>
<td>0.9</td>
<td>4.3</td>
</tr>
<tr>
<td>No response</td>
<td>2.3</td>
<td>0.2</td>
<td>0.7</td>
<td>0.5</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Source: European Foundation for the Improvement of the Living and Working Conditions, Third Survey on the Working Conditions, 2000

Besides the data resulting of the Surveys on the Living and Working Conditions, the commonly used source to inform on the aggregated notion of temporary employment is the European Labour Force Survey Data. The following table compares the outcome of these two data sources.

Table 3.6
Different data sources at European level on temporary employment and its elements compared

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>15.3</td>
<td>9.3</td>
<td>3.2</td>
</tr>
<tr>
<td>Germany</td>
<td>12.7</td>
<td>8.5</td>
<td>0.6</td>
</tr>
<tr>
<td>Italy</td>
<td>10.1</td>
<td>5.4</td>
<td>5.0</td>
</tr>
<tr>
<td>Spain</td>
<td>32.0</td>
<td>27.1</td>
<td>2.3</td>
</tr>
<tr>
<td>UK</td>
<td>7.0</td>
<td>9.2</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Source: Employment in Europe 2002, European Foundation for the Improvement of Living and Working Conditions

Further problems with using LFS data on temporary employment for comparative purposes will be demonstrated in taking the French and the German data.

---

1 To our knowledge so far, with regard to labour market “status”, the published Eurostat Labour force statistics strictly depend on item n° 45 (“permanency of the job”) in the “Labour status” section, an item which separates “permanent jobs or work contract of unlimited duration” from all other forms added together (“temporary jobs/work contracts of limited duration”).
The percentage of so-called “temporary jobs” for France (translated in French Eurostat documents as *contrats à durée déterminée, CDD*) amounted in 1999 to 14% (and 15% in the 2000 Eurostat LFS) (see for the following Barbier et al. 2002a). The corresponding figure for the indicator mostly used in France – i.e. the *Formes Particulières d’Emploi* (FPE) indicator amounted for 2000 to roughly 10%. An estimation of this 5 points discrepancy was made with the help of ministry of employment statisticians for this report. The main cause accounting for it is related to public administration contracts (central state as well as local authorities). Actually the French most commonly used “CDD” (fixed-term) figure does not include public administration “CDDs”. On top of this, due to the Eurostat processing mechanism, the “temporary” aggregated Eurostat figure also include around 150,000 “élèves fonctionnaires” (civil servants in their first integration training period). This means that a group of 650,000, i.e around 3.25 points of the standard absolute FPE figure (see after) accounts for the difference between French and Eurostat figures. In the ‘temporal dimension’, a very classical indicator is the FPE level. This indicator is thus very different in its composition from the Eurostat “temporary workers” indicator. In fact, the contract categories used by French statistical office INSEE are the following:

- *contrats à durée déterminée* (CDD) [fixed term contracts in the private sector]
- *intérim* [temporary agency contracts]
- *contrats aidés et stages* [for the most part, temporary employment or training schemes in the public and non-profit sectors]
- *contrats d’apprentissage* [apprenticeship contracts]

---

1 About 500,000 people surveyed in the French LFS, *not being civil servants* (i.e. *fonctionnaires titulaires*) are classified as “temporary” (= non permanent) when their category is processed by Eurostat. This figure mixes together a multitude of contracts forms, some very “precarious” – like for instance the so-called *vacataires*, whose status is more precarious than that of fixed-term contracts in the private sector; *auxiliaires*, like those in public education or in the post office – with some, i.e. a significant amount of *contractuels* who are not particularly precarious because their contracts are permanent although being theoretically fixed-term ones.

2 We were unable to check whether this figure included École Nationale d’Administration pupils.

3 To be exhaustive, we have to mention the specific *aides familiaux* category. All current analyses now exclude this category, the importance of which has faded gradually.

4 There are also *contrats aidés* and *stages* in the private sector. When they are accounted for in the LFS, they mainly include, for the 1990’s, “*contrats initiative emploi – CIE*” and “*contrats de qualification – CQ*” i.e. about 1% of private sectors contracts in the 1990’s. However, this type of contracts is underestimated by the LFS (Bloch and Estrade, 1998-99, p. 124) if compared with the independent series of the employment ministry. In international comparison terms, these contracts are either *standard private contracts (CIE)* with specific social contributions’ breaks or alike apprenticeships. The bulk of CIE for instance are indefinite term full time contracts. This form of contract is a very good example of a *national-specific* construction of a particular contract, radically impossible to compare with strict equivalents in other countries. We chose to treat them as *standard contracts* for the comparative purpose (this type of contract also has standard rights to social protection attached). We will also discuss some findings about CQs. Only temporary employment or training in the public and non-profit sectors forms a category relatively comparable across member states (Barbier, 2001a).
(excluding: ‘non permanent’ (Eurostat sense) jobs in the public sector: not known by INSEE)

Table 3.7
Third Survey on Working Conditions nad national sources compared: the case of France, 2000

<table>
<thead>
<tr>
<th>Fixed-term contracts</th>
<th>Contrats à Durée Déterminée</th>
<th>Temporary Agency contracts</th>
<th>Intérim</th>
<th>Apprenticeship and other Training Schemes</th>
<th>Contrats aidés et formation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eurofound, Third Survey on Working Conditions</td>
<td>INSEE, enquête emploi; apprentices and soldiers are excluded, as well as non salaried persons and self-employed</td>
<td>Eurofound, Third Survey on Working Conditions</td>
<td>INSEE enquête emploi; apprentices and soldiers are excluded, as well as non salaried persons and self-employed</td>
<td>INSEE enquête emploi; apprentices and soldiers are excluded, as well as non salaried persons and self-employed</td>
<td></td>
</tr>
<tr>
<td>9.3</td>
<td>4.8</td>
<td>3.2</td>
<td>2.7</td>
<td>1.4</td>
<td>2.3</td>
</tr>
</tbody>
</table>


For the analysis of the German data on temporary employment, it must be taken into account that a large share of fixed-term contracts are apprenticeship contracts. Thus, as has been already argued in the case of Germany, apprenticeships need to be explicitly excluded from the analysis. According to German Labour Force Survey data, which excludes trainees and soldiers, the temporary work rate in western Germany amounted to 5% in 1991 and to 7% in 1999. In Eastern Germany, due to a higher share of subsidised temporary contracts, the respective shares amounted to 10.3% and 13.1% respectively (Düll et al. 2002). The 1999 European LFS data is indicating the share of temporary employment at a share of 13.0% for whole Germany. Thus, in this research work, an additional indicator has been used to measure the temporal dimension of precarious employment, that is tenures. This indicator has the advantage that employment instability and temporal insecurity is disconnect from special employment forms.

Between 1985 and 1997 temporary employment increased considerably in Spain, France and Italy, departing from quite different levels. In Germany only a slight raise can be observed, while in the UK the shares of temporary employment rose in the first half of the 1990s and declined than to the level of 1992 (Hogarth et al. 2002, p.15).

---

1 More often than not, as will be seen in the following tables, apprentices are counted out. Again their possible inclusion within an ‘employment precarious’ category is controversial. Eurostat sort of eschews the problem with its catch all “temporary” category. In the following text we will give rates of entry on the labour market of apprentices. Contrats de qualification (CQ) will here, for comparative purpose, treat as another form of apprenticeship
Despite these problems in using the LFS data and with using temporary employment as an aggregate notion, we may look at the development of temporary measured on the grounds of the LFS data as it has been done by the European Commission in its Employment in Europe report as well as by Auer and Cazes (2000).

Table 3.8
Temporary workers (% of total employment)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France (**)</td>
<td>4.7</td>
<td>10.5</td>
<td>11.0</td>
<td>13.9</td>
</tr>
<tr>
<td>Germany (*)</td>
<td>10.0</td>
<td>10.5</td>
<td>10.3</td>
<td>12.3</td>
</tr>
<tr>
<td>Italy</td>
<td>4.8</td>
<td>5.2</td>
<td>7.3</td>
<td>8.6</td>
</tr>
<tr>
<td>Spain</td>
<td>15.6</td>
<td>29.8</td>
<td>33.7</td>
<td>32.9</td>
</tr>
<tr>
<td>UK</td>
<td>7.0</td>
<td>5.2</td>
<td>6.5</td>
<td>7.1</td>
</tr>
</tbody>
</table>

(*) 1994 onwards including new Länder. In German statistics, the share of temporary workers is reported to be lower, as apprentices and soldiers are generally excluded.
(**) In the French Statistics, the share of temporary workers (as defined by detaining fixed-term contracts) is reported to be lower as certain groups of temporary employed in the public sector (“fonctionnaires titulaires” are being excluded)
Source: Auer, Cazes 2000 on the grounds of European Commission, Employment in Europe 1999

It should be noted however, that the data collected by Auer and Cazes do not exactly reflect the data used at a latter stage in the “Employment in Europe Report 2002” of the European Commission as shown in the Table 3.7. These data give an overview of the more recent developments.

Table 3.9
Temporary employment (% of total employment), Employment in Europe 2002 Report

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>14.0</td>
<td>14.6</td>
<td>15.3</td>
<td>14.9</td>
</tr>
<tr>
<td>Germany</td>
<td>12.4</td>
<td>13.0</td>
<td>12.7</td>
<td>12.4</td>
</tr>
<tr>
<td>Italy</td>
<td>8.6</td>
<td>9.5</td>
<td>10.1</td>
<td>9.8</td>
</tr>
<tr>
<td>Spain</td>
<td>33.1</td>
<td>32.8</td>
<td>32.0</td>
<td>31.7</td>
</tr>
<tr>
<td>UK</td>
<td>7.5</td>
<td>7.1</td>
<td>7.0</td>
<td>6.8</td>
</tr>
</tbody>
</table>

Source: European Commission 2002

Temporary contracts may be used by firms to avoid costly employment protection regulation. Thus, short average tenures and a low level of temporary work are characterising the flexible UK labour market. In contrast, the Spanish labour market is shaped by very high levels of temporary work, but also a higher share of long-tenure employment relationships as compared to the UK. In the UK employment protection regulation weaker and this may partly explain why temporary employment contracts are not frequently resorted to. However, in the German context it has been argued, the correlation between employment protection and the use of temporary employment is not evident and depends also on other factors (Düll et al. 2002).
According to the European Commissions' report “Employment in Europe 2001”, in the EU one third of temporary contractual relationships can be described as involuntary. Thus, employment might be valued as being precarious if characteristics of the jobs (labour demand) are not matching with individual choice (labour supply). The same arguments have been used in regard to part-time employment (see below). The analysis of LFS data shows that despite the rising share of temporary employment contracts in recent years across Europe, the share of involuntary temporary workers among all employed has been slightly decreasing between 1997 and 2000 from 40% to 35 %, equivalent to 4.5% of total employment. There are major variations between the countries. Spain shows a extraordinarily high level of involuntary temporary employment in total employment, with nearly a quarter of all employed detaining involuntarily a temporary contract in 2000. This is not only due to the high incidence of temporary contracts in Spain, but also to the very high share of approximately three quarters of involuntary temporary contracts in all temporary contracts as compared to a third on European average. However, it has to be noted that this share was at an even higher level in the mid 1990s. In contrast, in Germany not only the share of temporary contracts in all employment contracts is comparatively low, but also only one in ten temporary workers declare themselves as involuntary. This situation contrasts the case of Italy, a country where temporary contracts play like in Germany only a minor role (about 5% of all contracts in 2000), but with nearly half of the workers detaining this type of contract involuntarily. The UK ranges at EU average as regards the share of involuntary temporary contracts in all temporary contracts, however, like in Italy and Germany involuntary temporary employment in total employment only plays a minor role as compared to the EU average. Unfortunately, no corresponding LFS data exists for France.

It is important to note, that in the British scientific debate, the argument has been put forward, that the majority of temporary workers do not want permanent jobs (Hogarth et al. 2002, referring to Sly and Stillwell 1997 and LFS data), while in the German debate this kind of arguments are only rarely found (as in the case of concept of “transitional labour markets, see section 2.1). In the British case, it has been argued that at least part-time temporary employment is typically female employment and that those women are often not available for full-time permanent jobs. Furthermore, in contrast in particular to Spain, the structure of temporary employment in the UK differs, as comparatively large proportion of high-skilled workers is reported. Therefore, comparing the extent and characteristics of precarious employment would call for a deeper analysis of short-tenure employment.

In France, Germany and Italy, labour market policy measures consisting in subsidised temporary employment leading to precarious employment are widely debated. Especially, if these policy measures fail to integrate the targeted people into employment, these policy measures can be regarded as precarious employment. In France, the subsidised temporary labour contracts in the public sector (CES and CEC) nearly doubled between 1990 and 2000 with a peak in the mid 1990s. In contrast, in Germany subsidised temporary employment contracts (beschäftigungsschaffende Maßnahmen) decreased between 1994 and 2000 as the transformation process in East Germany goes on. In West Germany, the
volume of subsidised temporary employment has shown to be rather stable over the same period.

Finally, it should be noted that there are a number of serious problems in adding up non-permanent contracts as a measure of employment instability within each country, and even more so when it comes to cross-national comparisons.

To give an example, in France, the national statistics institute INSEE considers, under the term “Formes Particulières d’Emploi”, all those contractual forms which may be associated with lack of security over continuity of employment. It thus sums up fixed-term contracts in the private sector (contrats à durée déterminée), temporary agency contracts (intérim), temporary employment or training schemes (contrats aidés and stages), and apprenticeship contracts (apprentissage). However, the inclusion of the temporary employment and training schemes in the private for profit sector as unstable jobs has been debated. In particular, one of these contracts, the Contrat Initiative Emploi, is very often of indefinite duration, and it has been argued that it should not be considered as a FPE (Barbier, 2001a).1

There are also discrepancies between the French LFS and Eurostat data on non-permanent jobs, as the Eurostat data include public sector non-permanent jobs, whereas INSEE does not. Especially if non-permanent jobs are taken as a measure of instability, it has been argued that including these public sector jobs was inadequate.

**Part-time employment**

Over 1990s, part-time work increased in all the five countries reviewed. But this evolution has been assessed quite differently with regard to precariousness. With regard to the precarious employment issue, part-time employment has to be basically looked at in the organisational dimension (lack of control over the numbers of hours worked), in the economic dimension (lower earnings) and in the social protection dimension (incidence of part-time employment on social protection rights, and above all on their realisation). But part-time employment also might be linked to employment instability.

Independently from the question whether part-time work corresponds to individual choice (organisational dimension), part-time employment seems more connected to “low quality jobs”. According to the Second Survey on the Working conditions2, on the average of the EU countries, proportionally larger numbers of employees on precarious contracts work part-time: 36% of temporary workers and 32% of fixed-term contract workers worked less than 36 hours per week in comparison with 22% of permanent employees (Veronique Letourneux, 1998). The proportion of employees whose contract is temporary and who work part-

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1 More generally, contracts which in France are deemed to be special, are so, only by the fact that the notion of “special” refers to exceptions to the Labour court standard.

2 These findings are confirmed by the Third Survey
time is highest in the UK (57% work less than 36 hours a week, including 23% working between 20 and 30 hours and 20% less than 20 hours a week).

In the Italian case it is striking, that part-time employment accounted roughly for a third of limited duration work in 1999, while it represented only 6% of unlimited duration contracts. Table 3.7 indicates, that short tenures are characterising part-time work also in the other countries under review. Unions are objecting to diffuse part-time work due to different working conditions and career opportunities as compared to full-time work, especially if part-time work is connected to “limited duration work” (see Frey et al. 2002, p. 20).

The analysis of the Third Survey (table 3.7) clearly shows that short tenures (under one year) are more often linked to part-time employment than full-time employment in the five countries under review. Or the other way round: in the EU, 30% of part-time jobs last less than one year. As has been already demonstrated, short tenures are particularly characterising the Spanish labour market. According to the data of the third Survey, 37% of part-timers in Spain had tenures under one year. In the UK and France the share of short-tenure part-time in total part-time employment was about 32%, in Italy the corresponding figure was 29%, while in Germany short-term part-time work accounted only for 27% of total part-time employment.

| Table 3.10 |
| Tenures under one year, in % of part-time and of full-time employed |
|-------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|             | France          | Italy           | Germany         | Spain           | UK              | EU-15           |
| Part-time   | 31.6            | 29.0            | 26.6            | 37.0            | 32.3            | 29.6            |
| Full-time   | 18.7            | 15.8            | 14.8            | 20.9            | 20.1            | 17.5            |

Source: European Foundation, Third Survey Survey on Living and Working Conditions, 2000

In Germany, “marginal” part-time employment (geringfügige Beschäftigung) has been in the centre of the public interest. It has been reported, that there was a considerable increase in marginal employment between 1987 and 1997 (see Düll et al. 2002a). The analysis of marginal employment revealed that the majority of “marginal” employed are not working permanently on this type of contract. On the grounds of the German socio-economic panel it could be demonstrated, that in particular women were repeatedly “marginal” employed. Furthermore, the duration of “marginal” employment was found to be longer for low-skilled than for persons with a high level of general education. Thus, in the German case, marginal employment among specific groups of workers (mainly women with children and low-skilled) can be quoted as precarious employment. However, the German debate is not clear in assessing the precariousness of this type of jobs, as in particular in the case of female employment it has been argued that “marginal” employment often corresponds to an individual choice, the alternative is consisting for a number of women in being out of the labour force. But, as a matter of fact marginal employment is concentrated among low quality jobs with regard to pay and work content, collective representation and social protection. The overview of comparative studies shows that the spread of “marginal” employment is heavily influenced by the regulatory framework (Marshall 1992 refer-
ring in particular the example of the Netherlands and the UK, see Darmon et al., 2002). Thus, the incentive for working a small number of hours or for hiring somebody on this type of part-time work is based on a (partial) exemption or reduction of social security contributions. In the case of Germany, that the alternatives for the marginal employed are not clear: not being economically active or working more hours (Düll et al. 2002).

In the case of Spain, it has been suggested, that in the context of female employment part-time work often matches with other low-skilled work and other characteristics of “bad jobs” (Frade et al., 2002).

At EU-level, there are some indications that “involuntary part-time” and temporary part-time work, as well as in general low tenure jobs are more likely to be classified as “low quality jobs” and thus jobs with a low pay/productivity and / or a low security level and career prospects (European Commission, Employment in Europe 2001, p. 76).

Precarious status: quasi self-employment
It is difficult to assess the share of self-employment that can be regarded as being precarious. It is characterising self-employed that often their working conditions (e.g. number of working hours1) are worse than comparable salaried employees but their job satisfaction is recorded to be significantly higher. The so-called “false” self-employed or quasi self-employed, however, have a low autonomy at work and are regarded in general as being precarious workers with unstable employment conditions. In the case of Germany, the estimated number of quasi self-employed workers ranges between 1% and 4% of total employment.

According to a survey on the Employment Options for the Future carried out by the European Foundation in 1998, about one in five of self-employed workers would prefer a dependent position as employee: this preference was expressed in particular among the lower-educated and older entrepreneurs and workers in the agricultural sector.

Quasi self-employment and freelance work reaches a high volume in particular in Italy. In 2000, nearly 2 million persons were registered as “freelance coordinated workers” (lavoratori coordinati continuativi). The number of those workers has doubled between 1996 and 1998 (Frey et al. 2002). There is some empirical evidence that half of the freelance coordinated work contracts last less than one year with a high proportion lasting not more than six months and some even only a few weeks. Together with occasional work, being classified as self-employment, and profit sharing associations, the freelance coordinated work is regarded as part of “false” self-employment (“quasi-subordinated” work). The “freelance coordinated workers” appear to be a highly heterogeneous group of workers with

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1 In 2000, self-employed in the EU work on average significantly more hours (46.6 hours) than employed workers (36.7 hours a week). 18% of respondents report working part-time, but 23% of part-timers would prefer to work more (source: European Foundation for the Improvement of Living and Working Conditions www.eurofound.eu.int/working/time.htm, 12.09.2001)
regard to gender, geographic areas and occupation. This category of workers encompasses managers and professionals as well as workers with more controlled tasks. The “polyactivities” characteristics is found to be largely present (Frey et al. 2002).

3.2 Organisational dimension / working conditions

Working conditions

In the cross-national debate, bad working conditions and atypical employment were not found to be much interlinked (see Darmon et al., 2002). In general terms it can be stated, that the segmentation line between skilled and low-skilled jobs with regard to working conditions is not evident as in particular stress in jobs with a high responsibility and autonomy at work has found to be on the increase. This finding seems to be confirmed in the French case, as it has been shown that working conditions have also worsened in more protected sectors (Barbier et al. 2002). Also in the UK case, it has been reported that those in temporary jobs are most likely to be employed in managerial, professional and associate professional jobs, there might have a relatively high degree of influence over their work (Hogarth et al., 2002).

In general terms, bad physical job environment and a low degree of autonomy at work as well as a low job content were found to be above EU average in Spain and also higher than in the other four countries under review (Third Survey on Working Conditions 2000).

<table>
<thead>
<tr>
<th>Table 3.11</th>
<th>Working conditions in 2000, in % of surveyed workers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>France</td>
</tr>
<tr>
<td>Bad physical job environment *</td>
<td>28.5</td>
</tr>
<tr>
<td>Low degree of autonomy at work (**)</td>
<td>29.6</td>
</tr>
</tbody>
</table>

* Classified as bad if at least one out of 7 different forms of bad physical job environment were stated.
** The degree of Selbstbestimmung is measured by 3 characteristics: the workers says that he / she is not able to choose or change the order of tasks, method of work and speed of work. It is classified as high when 2 or 3 items are given.

Consequently, in contrast to the other countries, the bad working conditions in general, and extremely high rates of accidents at work in particular are currently at the centre of the debate on precarious employment in Spain. According to Frade et al. (2002): “today this is one of the main causes for concern among unions and public opinion alike; newspaper often report incredibly high figures of fatal accidents at work, usually higher than the previous year, and refer to this phenomenon as a kind of “cancer”. If everyday 3 workers died in Spain as a consequence of fatal accidents at work (Pietro, 1999), today this figure increased to approach 4 fatal accident daily.” It has been shown that these high rates of accidents at work is related to the rotation of jobs and to temporary employment. The sectors most heavily affected are construction, industry and services.

In the UK, there is some evidence that sub-contractors and self-employed experience worse working conditions as they have to act under high pressure to complete tasks within budgets (Hogarth et al. 2002). In general a worsening of working conditions in relation with reward system has been identified (intensification of work), however the data does not show whether workers in atypical employment are more likely to be subject to work intensification related to reward systems.

In the Italian case, bad working conditions (with regard to safety and other bad working conditions) for those working in the hidden economy have been reported (Frey et al. 2002).

In southern Europe, very high percentages of employees on precarious contracts work over 44 hours per week (32% in Italy and 31% in Spain). (Veronique Le-tourneux, the European Foundation, Precarious Employment and Working Conditions in the European Union, 1998). This has been confirmed in the Spanish national report: a general increase in the number of working hours has taken place. Spain may be compared to the UK in this respect: as Spain has, like the UK, comparatively long working days for full-time employed (mainly males) and small number of working hours for part-time work (mainly females) (Frade et al. 2002 referring to the Third Survey on working conditions).

In the German context, it has been argued that also low-skilled “regularly employed” can be regarded as carrying out precarious work. Those carrying out repetitive or “restrictive work” are facing higher unemployment risks (independently from working on a permanent or temporary contract) and are found to work in the low wage segment (Düll et al., 2002).

Also in the French context, it has been argued that working conditions vary according to sectors and occupations. Nevertheless, low skilled and industrial occupations concentrate most of the bad physical working conditions. Occupations traditionally associated with low risks and relatively good working conditions are now more and more exposed to psychological constraints and stress related conditions. Across sectors, and obviously predominantly in industrial situations, blue-collar workers still experience the worst conditions of all (inhaling dust, transporting heavy objects, doing assembly line work and repetitive
tasks in rigid organisation situations and so on). But French surveys show that also employees in the retail trade sector are confronted with similar and sometimes increasingly bad conditions (Barbier et al. 2002a, p. 77 quoting Gollac and Volkoff 2000). Among the sectors, risks follow different patterns: the building sector has certainly remained the worst sector in this respect. Tayloristic industrial organisations are also associated with high industrial risks or bad conditions (and especially where the workforce is predominantly female). Service workers experience at the same time problems of working time length and schedules, as well as constraints due to the expected response to the demand. All indicators – this is indeed the case for the risk of being exposed to industrial accidents – show that there is some correlation between bad working conditions or risky ones and atypical situations (including outsourcing and atypical work contracts (formes particulières d’emploi) (Barbier et al. 2002, p. 77 quoting Gollac and Volkoff 2000).

According to the second European Survey on Working conditions conducted by the Dublin Foundation, the self-employed workers often experience high-speed work, long working hours and shift work (e.g. restaurants). (Letourneux 1998). According to this survey, self-employment is above the European average in Italy (33%) – especially in commerce, hotels and restaurants. The proportion of self-employed craft workers is found to be even higher in the UK and in Germany. Moreover, the UK has a large proportion of self-employed in the service sector and commerce accounts for the lion’s share in Spain. The hardest working conditions combined with the lowest job satisfaction are self-employed workers in the primary sector and, to a lesser extent, workers in the hotel and restaurant sector (Letourneux 1998).

Control over working time
As already mentioned in the previous section, part-time work may be regarded as precarious work if the worker has no control over working hours. Eurostat Data allows for the distinction between voluntary and involuntary part-time. According to the individual choice approach, only involuntary part-time is considered to be precarious. Similarly, the work of the Dublin Foundation on “precarious employment” does not include part-time work as such, but only if it is associated with fixed-term or other atypical contracts.

An analysis of the data of the Third Survey on Working Conditions carried out by the Dublin Foundation, reveals that the share of involuntary part-time is particularly high in France (Table 3.9).

Table 3.12
Share of involuntary part-time* workers in all part-timers, in 2000

<table>
<thead>
<tr>
<th></th>
<th>France</th>
<th>Italy</th>
<th>Germany</th>
<th>Spain</th>
<th>UK</th>
<th>EU 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>(%)</td>
<td>35.8</td>
<td>27.7</td>
<td>14.9</td>
<td>29.0</td>
<td>19.9</td>
<td>22.3</td>
</tr>
</tbody>
</table>

(*) Involuntary part-time as measured by the question: „would you like to work more hours?“
After a significant increase of involuntary part-time employment during the 1990s, involuntary part-time has tended to decrease in France in the recent past in the context of economic recovery. In 2001, still a third of part-time workers stated they were wishing to work more (Barbier et al. 2002, p. 49). Also in Italy and in Spain the shares of part-timers wishing to work more hours are largely above EU average. But it has to be taken into account that in those two countries, part-time employment still is at a comparatively low level. The low share of part-time employment in Italy might be explained by the comparatively low labour market participation rate of women. The UK takes on an intermediate position in regard to involuntary part-time, while in Germany part-time work seems the most to correspond to individual choice, at least in West Germany. In West Germany, the data reveals that involuntary part-time only plays a minor role. However, this is not true for East Germany: according to micro census data, nearly half of East German part-time workers stated to work involuntary part-time, as against 8% of West-German respondents. East German part-timers where also found to work more hours than West German ones, as in particular “marginal” part-time employment is more widespread in West Germany. One of the underlying reasons for this difference can be viewed in the different traditional role and perception of female employment.

3.3 Economic dimension

Wages
In general terms, a link between low-paid jobs and atypical or low-tenure employment could be identified. A wide range of atypical forms of employment and short tenure employment are concentrated in the low-wage sectors and in the low productivity activities. But, it has also been shown in a number of countries that “atypical” employment is not necessarily linked to low pay. Some of the country studies report a dichotomy as regards the typology of “non-standard” employment contracts, as they figure at the bottom of the wage scale as well as in the higher earnings segments (this dichotomy is especially mentioned in the case of the UK, but also to a lesser extent in the case of Germany). This shows again the caveats linked to measuring precarious employment by the type of contracts.

In general, hourly earnings for part-timers are lower than for full-time employees. Large parts of this finding can be explained by the gender pay differential, as part-time work is typical female employment and pay discrimination still is important in most countries (Tables 3.10, 3.11, 3.12).
Table 3.13
Percentage of employees with hourly earnings *below two-thirds of the median*, all employees, men and women, ESES and ECHP, 1995

<table>
<thead>
<tr>
<th></th>
<th>ESES</th>
<th>ECHP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All employees</td>
<td>Men</td>
</tr>
<tr>
<td>France(*)</td>
<td>8.2</td>
<td>5.7</td>
</tr>
<tr>
<td>Italy</td>
<td>3.4</td>
<td>2.2</td>
</tr>
<tr>
<td>Spain</td>
<td>19.3</td>
<td>14.6</td>
</tr>
<tr>
<td>UK</td>
<td>20.0</td>
<td>10.9</td>
</tr>
</tbody>
</table>

(*) 1994 not 1995

Source: Salverda et al. (LoWER), Benchmarking Low-Wage and High-Wage Employment in Europe and the United States (2001)

Table 3.14
Percentage of employees with hourly earnings *below two-thirds of the median*, full-time, part-time, ESES and ECHP, 1995

<table>
<thead>
<tr>
<th></th>
<th>ESES</th>
<th>ECHP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full-time</td>
<td>Part-time</td>
</tr>
<tr>
<td>France</td>
<td>7.2</td>
<td>21.8</td>
</tr>
<tr>
<td>Italy</td>
<td>3.4</td>
<td>9.5</td>
</tr>
<tr>
<td>Spain</td>
<td>18.5</td>
<td>45.7</td>
</tr>
<tr>
<td>UK</td>
<td>13.8</td>
<td>54.9</td>
</tr>
</tbody>
</table>

Source: Salverda et al. (LOWER), Benchmarking Low-Wage and High-Wage Employment in Europe and the United States (2001)

Table 3.15
Composition of low wage employment: employees with hourly earnings below two-thirds of the median and in the bottom decile; by gender and full-time, part-time, Germany, 1995

<table>
<thead>
<tr>
<th></th>
<th>Male full-time</th>
<th>Male part-time</th>
<th>Female full-time</th>
<th>Female part-time</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottom decile</td>
<td>24.1</td>
<td>1.6</td>
<td>34.4</td>
<td>39.9</td>
<td>100</td>
</tr>
<tr>
<td>Below 2/3 of the median</td>
<td>30.7</td>
<td>1.2</td>
<td>38.1</td>
<td>29.9</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Salverda et al. (LOWER Network), 2001 on the basis of the socio-economic panel

Thus, in 1994 in the UK both men and women in permanent part-time and temporary jobs were much more likely to receive hourly earnings in the lowest quartile than individuals with permanent full-time jobs (according to LFS data, Hogarth et al. 2002 quoting Jenkins 2002).

In Germany, in particular “marginal employment” leads to low earnings. The debate on atypical employment and precarious employment has, however, not focused on pay in Germany. In the German context, the public and academic
interest in the recent past has been on labour market policies and social reforms in order to boost the low wage sector.

Also in Italy, there is some empirical evidence, that the annual average wages of workers in irregular employment are markedly lower than regular employment wages (Frey et al., 2002). In particular, the schemes aiming at integrating young people into employment where connected to low wages (e.g. combined training and work contracts) and also other labour market programmes like social utility temporary workers, workships, vocational insertion plans were linked to wages largely lower than those paid to workers with typical contracts for the same jobs. It should be noted in this context, that there is in Italy a problem of substantial territorial differences in the level of effective wages.

Wage inequality, working poor and income mobility

In the UK an increase in cross-sectional earnings inequality has been recorded. Earnings inequality rose markedly since the 1970s, only faltering in the early to mid-1990s (Hogarth et al. 2002, p. 35).

At the same time, earnings mobility decreased over this period, meaning that the rise in cross-sectional earnings was reinforced over time to the point where lifetime earnings inequality also rose (Hogarth et al. 2002 quoting McKnight, 2000).

Whilst there is considerable year-to-year income mobility, it is mostly short range and there is a high level of persistence of people and households found in low incomes. Using the BHPS Gardiner and Hills (1999) work with a five-fold typology of income trajectories: flat, rising, falling, ‘blip’ and others. Averaging over all income levels, 40 per cent of the population have flat trajectories over the four-year period studied so 60 per cent experience significant movement. About 9 per cent are in poverty and remain so throughout the period (i.e. have a ‘flat poor’ trajectory); 12 per cent fall into poverty, ‘blip’ out of poverty and then experience another poverty spell; 14 per cent rise out of poverty, ‘blip’ back in and have a repeated spell. Taken over a longer period using the BHPS data, about 3 per cent of households remained in poverty for eight successive years.

Poverty is not, however, the same as ‘social exclusion’ and with the eventual recognition of the latter term by the policy and scientific communities in the UK, there have been attempts to give it more analytical power by producing statistical measures of its incidence and severity (Atkinson, 1998; Burchardt et al., 1999,2002). Since the much longer-standing technical debate about and indicators of poverty is still running, Hogarth et al. (2002) assume that the embryonic treatments of social exclusion have far to develop too. On the basis of four criteria (income, work, social interaction and political engagement) which together are taken roughly to be the key ingredients in determining a state of social exclusion, only 1.5 per cent or less of the population of working age are deemed to be socially excluded on all dimensions in any one year. Using the same measure, 30 per cent of the working age population are excluded in terms of at least one

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1 Taking women separately, however, their position improved, partly through greater upward mobility
measure in any one year and this rises to 50 per cent in any one year of three and over 60 per cent in any one year of eight.\footnote{This leads Burchardt \textit{et al.} (for example, 2002) to conclude that there is no ‘under class’ in the UK, i.e. a sizeable body of people who are permanently excluded according to all the factors taken into account. At the same time they argue that a majority of the population will experience exclusion at some stage \textit{and in some way}.}

In France, in the context of the debate of precarious ways of living, there is much concern about the working poor (\textit{travailleurs pauvres}). A working poor person is defined by statisticians as having been in employment for more than six months during the survey year and belonging to a household whose income has less than the poverty threshold. According to this definition, in 1996, 1.3 million persons were identified as working poor, corresponding to 6\% of the population in the survey year (Barbier \textit{et al.}, 2002). The working poor rate was about 14\% among self-employed and as well as among those holding an atypical employment contract. Among the self-employed, 50\% worked in agriculture. In absolute terms (270,000 working poor with an atypical work contract), the biggest groups of working poor had fixed-term contracts, were seasonal employees or were in temporary employment and training schemes. Furthermore, among part-timers higher shares of working poor were observed.

In Germany, the problem of “working poor” is less debated, however, in the context of “new poverty” affecting families, the growing share notably of families with children despite labour income has been acknowledged.\footnote{In 1995, according to an evaluation of the socio-economic panel about 1.3 million households with head aged between 25 and 55 years were identified as working poor (Strengmann-Kuhn 1997).} However, it has been stated in the German case, that poverty resulting from low income constitutes more a transitional rather than a permanent problem for most families.

In Spain, a high wage dispersion can be recorded. Real wages grew between 1996 and 2000, but there was no increase of the Minimum Wages in real terms. Anyway, the growth of real wages lacked significantly behind GNP growth. It has been argued, that this discrepancy is due to the expansion of low-productivity jobs and precarious employment (Frade \textit{et al.}, 2002, p. 22).

Training

In general, precarious employment is associated, among other factors, to low skills levels. Furthermore, except for the UK, workers on temporary and fixed-term contracts mostly don’t get in-house training. Also self-employed and “false” self-employed are getting less training than other groups. Furthermore, part-time employment is more likely to lead to less training than full-time employment. A lower level of training engenders bad career opportunities.

In the Italian case, researchers have stated that atypical employment relationships, including hidden work, temporary work, subsidised contracts as well as often freelance coordinated work are linked to a lack of training, retraining and acquiring useful competences. Also in the case of combined training and work
and apprenticeship contracts inadequate training has been reported (Frey et al. 2002).

In contrast, for the UK the picture seems not to be clear-cut. In particular self-employed were identified to be little involved in training (12%), agency workers, part-time workers and casual workers received more training (between 19% and 24% respectively), while a high share of workers on fixed-term contracts and of home workers received training (34% and 38% respectively in 1998/99) (Hogarth et al. 2002).¹ This picture reflects again, that in the British case it can be doubted that fixed-term contracts, with the majority of holders of such contracts being highly qualified, can be classified as precarious employment.

### 3.4. Social rights and social protection

#### Social protection

In general terms social protection is lower in cases of quasi self-employment and in the case of hidden economy. As long as an employment contract exists, the general social protection rules are applied (however, with some exceptions, e.g. special regulations for marginal employed in Germany). In a long-term perspective instable employment with repeatedly spells of unemployment as well as part-time work reduce the individual social security, in particular with regard to pensions in pay-as-you-go systems which link pensions to the working biography.

#### Hidden economy

With regard to social protection and social rights, hidden employment represents the most “precarious” form of employment. For many years, hidden employment has been one of the main aspects in the debate about precarious employment in Spain and Italy.

In Italy, there is a difference while considering illegal employment whether the illegal employment is the main source of income or whether it is second-job-holders or women seeking not to pay social security contribution. In the last cases precariousness is not perceived as constituting a problem for the workers affected but for the financing of the welfare state (Frey et al. 2002).

#### Industrial Relations

Typically, the collective actors are not concerned with marginalised workers. Unions normally represent the core workers. It has also be shown, that the other way round, the spread of precarious employment is linked to a narrowing of the collectively regulated labour market segment or to a decrease in union power. One of the underlying reasons for this trend is that precarious workers are more difficult to unionise as they often only stay for a short time with one employer, or

¹ Recent figures from LFS show that 29% of employees of working age received training in 1999/2000.
because their status does not correspond to a salaried employee. A lack of collective protection and in some cases of collective rights can be identified as a common feature of most forms of precarious employment in the countries reviewed.

3.5 Radar Chart Approach

As part of this ongoing research project, data of the Survey on the Working and Living Conditions carried out in 2000 by the European Foundation for the Improvement of the Working and Living Conditions Measurement of precarious employment have been analysed by using a radar chart approach (Vogler-Ludwig forthcoming). This survey combines individual data for 21,800 cases for all 15 EU countries in a structured sample, and allows for defining various indicators for precariousness.

The target was to develop a common method for measuring the extent of precarious employment in the five EU countries observed. As precarious employment is perceived as a multidimensional phenomenon, eight different indicators were constructed:

- lowest income quartile
- job tenure < 1 year
- fixed term or temporary employment agency contract
- low intellectual job content
- high degree of Fremdbestimmung (heteronomy)
- harassment during the last 12 months
- working unsocial hours
- bad physical job environment

The indicators were combined in radar charts and presented for the total of the labour force, and its subgroups (gender, age, occupation).

The striking result of this data extraction is that precarious jobs are highly concentrated on young persons and on less skilled workers. This can be observed in all countries of the EU. In addition, female workers are more likely to be found in low paid jobs and short-term jobs while men are more likely to be in a job with unfavourable physical job conditions.

Basically, the data reveal that compared to EU average, in particular Spain showed a higher incidence of bad physical job environment, job tenures under one year, fixed-term contracts and a high degree of heteronomy meaning a low degree of work autonomy. In contrast, in Italy and in Germany most indicators proved to remain below EU average, except a slightly higher percentage of Italians reporting a low job content.\(^1\) In France the percentage of respondents indicating a bad physical job environment was slightly higher as compared to EU

\(^1\) Compared to Italy, mobbing was more important in the German case, while, in Italy as compared to Germany, working unsocial hours had more relevance
average, most of the other indicators ranging near EU average. However, less French respondents reported to have a low job content as compared to EU average. Also the British case is not diverging significantly from EU-average but with a higher percentage of persons who experienced mobbing. In general, there might be a problem that these data insufficiently reflect the cases of hidden employment.

The analysis of the data reveals, that on EU average at least one of the 8 indicators applied to 70% of the respondents. In Germany, this share was lower (65%), followed in this ranking by Italy (67%), France and the UK (74%) and finally Spain (79%). However, the respective shares are significantly lower if at least two of the characteristics are valid with the following only slightly modified ranking: Italy (36%), Germany (38%), France (43%), UK (45%) and Spain (52%). Taken “at least 3 indicators valid” as a degree of employment precariousness, the incidence of precariousness again by far lower with both Germany and Italy experiencing the lowest shares (16%), followed by France and the UK (20%) and finally by Spain (30%). It should be added that “at least four indicators valid” were stated by 5 to 6% of the German and Italian respondents, 7 to 8% of the British and French respondents and by 13% of the Spanish ones. 1

The data of the Third survey clearly show that on EU average the chosen indicators are significantly higher for 15 to 23 years old. The data also shows major differences between men and women in all countries. In particular do women in all countries under review situating themselves within the lowest income groups and with the exception of France women are more likely than men to have job tenures below one year. Chapter 5 of this report will look at the distribution of precarious jobs among different groups of workers into more detail.

1 The good Italian performance is somewhat astonishing. One possible explanation would be that in the official economy there is a high degree of stability which contrasts the importance of hidden employment reported by Frey et al. 2002. Furthermore, the survey data may still underestimate the portion of quasi self-employed which can be regarded being in precarious employment, even though the share of persons with tenure under one year is significantly higher according to the survey data as compared to the Eurostat data.
3.6 Is precarious employment on the increase?

Eurostat data give a rough indication whether atypical forms of employment, including part-time employment were on the increase. However, these data don’t tell whether precarious employment has proven to be on the increase, as it is not clear for how much atypical employment forms do reflect individual choice (part-time employment) nor whether the atypical employment form is a long-lasting situation and alternate with periods of unemployment or represents a relatively short transition period to stable employment. In particular does the following table not contain any information on the development of short-tenure employment relationships.

Table 3.16
Share of atypical employment forms in 1988 and 1998 in % all gainfully employed

<table>
<thead>
<tr>
<th></th>
<th>Employment growth rate</th>
<th>self-employed without employees outside the agricultural sector</th>
<th>Part-time</th>
<th>Temporary employed (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>4.5</td>
<td>4.6</td>
<td>4.2</td>
<td>12.0</td>
</tr>
<tr>
<td>Italy</td>
<td>- 3.4</td>
<td>No data</td>
<td>10.2</td>
<td>5.6</td>
</tr>
<tr>
<td>Germany West-Germany</td>
<td>7.7</td>
<td>3.1</td>
<td>4.3</td>
<td>18.3</td>
</tr>
<tr>
<td>Spain</td>
<td>12.4</td>
<td>12.6</td>
<td>11.3</td>
<td>5.4</td>
</tr>
<tr>
<td>UK</td>
<td>4.8</td>
<td>7.8</td>
<td>8.4</td>
<td>21.9</td>
</tr>
<tr>
<td>EU</td>
<td>18.8</td>
<td>8.6</td>
<td>7.1</td>
<td>13.2</td>
</tr>
</tbody>
</table>

(*) including apprentices, trainees etc.
(**) excluding apprentices, workshops, temporary contracts at university, the share of temporary jobs ranges at a level of 5%. In Italy in France the figures are about two percentage points lower in that case. No important differences could be observed for Spain and the UK.

The development and the level of self-employment (including helping family members) in the Southern European countries (as well as partly in France) is strongly influenced by the sectoral shift with regard to the agricultural sector. In Spain and in Italy the share of self-employed still is at a high level (23% and 29% respectively). The development of self-employed without employees outside the agricultural sector, which can be roughly be regarded as an indicator for “false” self-employment was increasing in West-Germany and the UK and (slightly) decreasing in Spain and France (Table 3.13). Frey et al. 2002 are reporting an increase in the case of Italy. Most remarkable are the different levels of presumed “false” self-employment.
With regard to part-time employment, major differences between levels and growth rates can be observed (Table 3.13). During the 1990s, in the UK high levels of part-time employment but low growth rates could be recorded, while the contrary is true for Italy and in particular for Spain. France and Germany are ranging at an intermediate in respect to levels, but experienced also high growth rates.

As regards temporary employment high growth rates could be recorded in Spain and France and Italy, although departing from very different levels (in particular low in Italy and high in Spain).

In France, the “formes particulières d’emploi” (FPE) have increased for the last ten years. Fixed-term contracts nearly doubled between 1990 and 2000 whereas temporary agency work more than doubled. Thus, the number of subsidised temporary work (CES and CEC) nearly doubled over the 1990s with considerable increases in the first half of the 1990s and a declining volume in the second half.

In Italy, atypical employment, as measured by permanent part-time salaried work and limited duration or “temporary” ones, grew from 9.5% of total employees in 1993 to 14.7% in 1999 (Frey et al. 2002). Furthermore, between 1996 and 2000 the number of “freelance coordinated workers” nearly doubled. Between 1998 and 2000 the number of temporary agency workers rose from 50,000 to 400,000 (p. 15).

In Germany, a sharp rise in “marginal employment” (geringfügige Beschäftigung) could be recorded between 1987 and 1997.

The rise of temporary employment in Spain occurred mainly in the 1980s and early 1990s, but at least until 1997 temporary employment was still on the increase (Frade et al. 2002). After the 1997 labour market reforms, temporary employment seems to have stabilised at a level representing more or less a third of the labour force, whereas the volume of new “stable” salaried has grown significantly. Since then, in a context of overall employment growth and after labour law reforms, the volume of “stable” salaried has grown significantly. The second half of the 1990s have seen a decline in youth unemployment. The share of women in temporary employment grew over the last years.

Also in the UK an important rise in temporary employment could be observed between 1993 and 1998 (+28%, Hogarth et al. 2002), however, not only the level but also the composition of temporary employed in Britain seem to differ dramatically from those in the Spanish case, as more high-skilled were temporary employed in the UK.

In contrast to other countries, the UK self-employment and false self-employment was rising during the 1980s. Self-employment remained at its 1990

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1 As measured by the number of new “stable” contracts, which are contracts with reduced career prospects and lower dismissal costs.
peak throughout the 1990s (Hogarth et al. 2002). The country report, referring to Purcell et al. (1999), states that in the UK the proportion of the workforce in temporary jobs remained stable during the 1980s but grew in 1990s reaching a peak in 1997. Workers in the UK now face a greater probability that they will be in fixed-term or temporary employment than in the past – but its incidence remains modest.
4 The dynamics of precarious employment: transitional labour markets versus precarious employment traps.

In order to fully grasp the degree of insecurity and the distribution of labour market risks as well as to assess the implications of precarious employment for the individual and for the society as a whole it is crucial to analyse, whether the employment under consideration might enable the worker to improve its situation in the long-term, especially in regard to employment and income stability.

Thus, the key question is whether precarious employment can be regarded as a transitional phase to enter the “regular” labour market and thus is more characterising the entry process into the labour market or whether it is marking a more durable situation indicating that specific groups of persons have problems to enter the labour market. Rotation between unemployment and employment is than characterising precarious employment, employment instability reflecting a general labour market risk for specific groups of persons. Finally it will be asked whether unstable employment represents a transitional period or whether people are trapped in precarious employment.

With reference to the theory a distinction can thus be made between a deep segmentation of the labour market with no bridges between the labour market segments (“partition model”) and the “queuing model” (Chap 2.2). Precarious employment proves to be a labour market entry problem in the first place in the countries under review. However, the mixes between the different types of labour segmentations differ across countries.

The transition between unemployment, or not being in the labour force (mainly because of childcare or education) and employment can be characterised by a period of “unstable” or “insecure” employment. The problem of precarious employment arises in the event, that this period is relatively long and in case this period is terminated by unemployment or exiting the labour market.
To a lesser extent, precarious employment can also characterise the period of exiting employment, e.g. if in the German case “Kurzarbeit” fails to keep jobs or specific schemes for gradual retirement.

The mobility of workers between unemployment, unstable and stable employment contracts was analysed in the Employment in Europe 2001 and the Employment in Europe 2002 reports of the European Commission on the grounds of the European household panel ECHP. At EU level almost one third of all those employed in temporary contracts in 1995 were in a permanent job after a year, whereas more than 20% left the labour force or became unemployed. Almost half of those in temporary contracts a year ago were still in temporary contracts one year later (see table below). All in all it has been argued by the Commission according to these figures, that employment proved to be quite stable, with 90% of those detaining a permanent contract still did so a year later.

Table 4.1
Transitions out of permanent and temporary jobs 1995/96 and 1995/98 (transition rates in %), EU
<table>
<thead>
<tr>
<th>Job status 1996</th>
<th>Permanent</th>
<th>Temporary</th>
<th>Unemployment</th>
<th>Inactivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent</td>
<td>91.9</td>
<td>29.7</td>
<td>9.7</td>
<td>2.6</td>
</tr>
<tr>
<td>Temporary</td>
<td>2.5</td>
<td>46.6</td>
<td>11.9</td>
<td>1.5</td>
</tr>
<tr>
<td>Unemployment</td>
<td>2.1</td>
<td>14.4</td>
<td>58.3</td>
<td>3.0</td>
</tr>
<tr>
<td>Inactivity</td>
<td>3.4</td>
<td>9.2</td>
<td>20.1</td>
<td>92.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Job status 1998</th>
<th>Permanent</th>
<th>Temporary</th>
<th>Unemployment</th>
<th>Inactivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent</td>
<td>85.3</td>
<td>45.5</td>
<td>19.1</td>
<td>5.2</td>
</tr>
<tr>
<td>Temporary</td>
<td>2.9</td>
<td>29.6</td>
<td>15.0</td>
<td>2.9</td>
</tr>
<tr>
<td>Unemployment</td>
<td>3.8</td>
<td>14.2</td>
<td>40.43</td>
<td>3.3</td>
</tr>
<tr>
<td>Inactivity</td>
<td>8.0</td>
<td>10.8</td>
<td>25.5</td>
<td>88.6</td>
</tr>
</tbody>
</table>


### Table 4.2
**Transition out of dead-end jobs into jobs of different quality, 1997/98**

<table>
<thead>
<tr>
<th>Transition into inactivity</th>
<th>Transition into unemployment</th>
<th>Transition into dead-end jobs</th>
<th>Transition into low-paid jobs</th>
<th>Transition into high quality jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.2</td>
<td>13.7</td>
<td>38.0</td>
<td>12.0</td>
<td>29.2</td>
</tr>
</tbody>
</table>

Source: ECHP, European Commission, Employment in Europe 2002

However, transitions out of temporary work varied considerably across countries. Between 1995 and 1996, about 20% of the Spanish and of the French temporary workers were unemployed one year later (these figures were the highest across Europe), as against more or less 10% in the other three countries, with UK showing the lowest rate. In contrast to Spain, the transition between temporary employment and permanent work was particularly high in Germany and in the UK (with transition rates of about 40% in Germany and slightly less in the UK, as compared to less than 20% in Spain, the other two countries ranging in the middle). The transition rate between temporary employment and inactivity was highest in the UK (nearly 20%), and lowest in Spain and France (with rates amounting to less than 10%).

According to the Employment in Europe 2002, also transition rates from unemployment into employment differ significantly across countries. Persistence in unemployment between two years was particularly marked in France. Transitions back into employment were highest in Spain and the UK, while lowest in Italy. In the UK and in Germany transitions from unemployment into employment are dominated by transitions into permanent jobs as opposed to Spain and France where a large majority of the previously unemployed moves into temporary jobs. However, in the case of the UK it has also been argued, that re-entry to the labour market after a period of unemployment is most likely to take place through low paid temporary work (Hogarth et al. 2002, p. 10 referring to Purcell et al. 1999). Nevertheless, the UK seems to be less deeply segmented than the other labour markets as regards the transition from unstable to stable jobs. In France and Spain a combination of low transitions from temporary to permanent jobs...
and relatively high outflow rates in particular into unemployment leads to unfa-
vourable transition patterns over long periods (European Commission, Employ-
ment in Europe 2002). The case of Germany and Italy, however, show that a
higher year-to-year transition from temporary to permanent jobs, do not neces-
sarily guarantee a favourable evolution over longer periods, because of high
outflows from temporary employment into unemployment. It should be added
that in France, Germany and Spain high outflows from low quality jobs into un-
employment despite relatively high year-to-year quality upward dynamics are
stated in the Employment in Europe 2002 report. In the case of Germany, the
rotation between not being in the labour force and atypical work has has indeed
been demonstrated in the literature in respect to marginal employed women
(Düll et al, 2002).

Our interpretation would be, that temporary employment as a specific form of
unstable employment doesn’t play the same role at the labour market in the
different countries, thus other forms of atypical employment as well as of unsta-
ble employment need to be looked at into more detail.

The relevance of unstable employment relationships to enter the “regular” labour
market has been demonstrated for the French case. Temporary contracts are
only one form of atypical contracts. Encompassing more employment statuses
(formes particulières d’emploi), it has been shown, that 1998, for an unem-
ployed the probability to get an “atypical job” is at the same level than to get a
permanent job (Barbier et al. 2002a). At the beginning of the 1990s, the prob-
ability of moving into a permanent job was found to be higher than into atypical
employment.

Most importantly, in the case of France it has been shown, that the probability to
stay in “atypical” work from one year to the other was about 42% and the prob-
ability for an “atypical” worker to get unemployed was about 24% in 1998 (Bar-
bier et al., 2002a). In the case of Italy, it has been reported that, at the end of
1999, only 20% of “limited duration employees” (15.5% for young people with
combined training and work contracts) detained an unlimited duration employ-
ment contract after three years from the first fixed term job and 36.4% (42.7%
for young people with training/work contracts) after five years. Furthermore, it
has been stated, that beginning to work with an atypical contract can have a
negative impact on future working conditions, in particular with regard to em-
ployment stability and professional perspectives (Frey et al., p. 18). In the case
of Germany it has been shown in the case of the temporary agency workers that
previously employed persons have by far better chances to move into “regular”
employment, than previously unemployed. Those who moved into “regular” em-
ployment stayed on average for a longer period (on average 10 months) with
temporary employment agency as compared to those becoming unemployed or
exiting the labour market (Düll et al.2002).

The risk of unemployment is clearly linked to atypical employment: In France
40,% of persons that became unemployed according to the ILO criteria in 2001,
were previously working on atypical work contracts (fixed-term contracts and
temporary agency work) while 25% became unemployed because of layoffs (Bar-
bier et al. 2002a). Furthermore, the probability to remain unemployed or to rotate between unemployment and short-term contracts was higher for previously “atypical” workers than for previously permanent workers. Also the UK experience seems to confirm these findings, although temporary employment is relatively less widespread than in the other countries. Overall, the research in the UK indicates that the risk of becoming unemployed is greater where the individual is in temporary work and where the job is unskilled. Furthermore, it was found that resignation and reasons like temporary employment accounted for the majority of job separations (Hogarth et al. 2002). In Italy, it has been shown that at the of 1999, 37.8% of “limited duration employees” were found to be unemployed after a period of three years (against the 6.8% of unlimited duration ones) and 30.4% after five years (26.2 for young people with training/work contracts) (Frey et al. 2002).

With regard to involuntary part-time employment, the ECHP data for 1995 and 1996 reveal that on EU average about one third of involuntary part-time workers got a full-time job a year later. The corresponding transition rate amounted only 20% in France, while this rate was at EU average in the UK and slightly above in Italy and Germany, while this transition rate reached nearly 40% in Spain. In the case of Spain, but also of France, involuntary part-time work often led to unemployment (European Commission, Employment in Europe 2001, p. 72).

The research findings of a recent study published by the European Foundation for the Improvement of the Living and Working Conditions reveal, that temporary agency workers in Germany, France, the UK, The Netherlands and Spain are more typically recruited among permanent employees rather than among unemployed (Storrie 2002). This seems to be particularly true for the UK. Thus, 32% of temporary agency workers in the countries under review were detaining an open-ended contract the just before and 17% were already agency workers. About a third of temporary agency workers hold an unlimited contract after one year with a client or another company. In this respect the balance with regard to the inflows and outflows of open-ended contracts is more or less zero. However, it is striking that 36% of interviewed persons still were temporary agency workers one year later. Furthermore, it is interesting that 34% of temporary agency workers were not employed before taking up this job, while the share of those being not employed one year later was only half of it. This finding can be regarded as an indication that temporary agency work may function as a bridge between unemployment and permanent employment.

An analysis of the OECD data on separation rates by reasons for leaving the job in 1993/94, shows the importance of the termination of temporary contracts as a reason for getting unemployed (Table 4.2). However, major differences across the countries can be observed. In Spain, nearly three quarters (73%) of those exiting employment for unemployment, hold a temporary contract, in France and Italy the termination of temporary contracts accounted for more than half of the separations. The UK ranged at an intermediate level, as one in six separations occurred because of the termination of temporary contracts, while in Germany the corresponding share was only about 7%.
Table 4.3
Estimated separation rates by reason for leaving last job (for those currently unemployed or not in the labour force who left jobs within the past 6 months)

<table>
<thead>
<tr>
<th></th>
<th>Layoffs and quits</th>
<th>Layoffs (percent of total employment)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1984/8</td>
<td>1993/9</td>
</tr>
<tr>
<td></td>
<td>1984/8</td>
<td>1993/9</td>
</tr>
<tr>
<td>Layoffs/All</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Quit/All</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Layoffs/Dismissals and redundancies</td>
<td>1.3</td>
<td>1.8</td>
</tr>
<tr>
<td>Temporary contracts</td>
<td>1.4</td>
<td>3.1</td>
</tr>
<tr>
<td>France</td>
<td>3.2</td>
<td>5.9</td>
</tr>
<tr>
<td></td>
<td>2.9</td>
<td>5.0</td>
</tr>
<tr>
<td></td>
<td>1.3</td>
<td>1.8</td>
</tr>
<tr>
<td></td>
<td>1.4</td>
<td>3.1</td>
</tr>
<tr>
<td>Germany</td>
<td>1.6</td>
<td>4.3</td>
</tr>
<tr>
<td></td>
<td>1.1</td>
<td>2.8</td>
</tr>
<tr>
<td></td>
<td>0.7</td>
<td>2.0</td>
</tr>
<tr>
<td></td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Italy</td>
<td>1.5</td>
<td>2.7</td>
</tr>
<tr>
<td></td>
<td>1.4</td>
<td>2.3</td>
</tr>
<tr>
<td></td>
<td>0.5</td>
<td>0.8</td>
</tr>
<tr>
<td></td>
<td>0.8</td>
<td>1.4</td>
</tr>
<tr>
<td>Spain (*)</td>
<td>7.7</td>
<td>14.8</td>
</tr>
<tr>
<td></td>
<td>7.2</td>
<td>12.8</td>
</tr>
<tr>
<td></td>
<td>1.5</td>
<td>1.7</td>
</tr>
<tr>
<td></td>
<td>5.7</td>
<td>10.8</td>
</tr>
<tr>
<td>UK (**)</td>
<td>4.4</td>
<td>4.4</td>
</tr>
<tr>
<td></td>
<td>2.7</td>
<td>2.7</td>
</tr>
<tr>
<td></td>
<td>1.8</td>
<td>1.8</td>
</tr>
<tr>
<td></td>
<td>0.8</td>
<td>0.8</td>
</tr>
</tbody>
</table>

(*) 1987
(**) 1983
Source: OECD 1997, on the basis of the EU Labour Force Survey

In Spain, the data suggest, that a substitution of stable for temporary jobs was carried out during the adjustment process. In particular, high unemployment was found as having substantially contributed to the growth of precarious employment (Frade et al. 2002). In the case of Spain it can be shown, that the groups being the most affected by precarious employment were found to be primarily the same groups experiencing high unemployment (notably young people, elderly, women and immigrants). Unemployment and a comparatively low level of social transfers for the unemployed is putting a pressure to take up an employment under unfavourable conditions.

With regard to the dynamic dimension of precarious employment, the analysis of the individual dynamics of quality in jobs carried out by the European Commission on the grounds of the ECHP is interesting. As already stated, low quality jobs are in the place defined by low or decent pay/productivity, but may also encompass employment security and career prospects. On EU average, more than a third of those employed in “dead-end jobs” or low pay/productivity jobs” in 1995 (see for definitions section 2.3) benefited from improved job quality in 1996. At the same time however, almost 40% of those employed in dead-end jobs did not benefit from improving job quality, and a quarter left employment into either unemployment or inactivity (European Commission, Employment in Europe 2001, p. 77). On EU-average stagnation is more pronounced among low pay/productivity jobs, which is not surprising as a part these jobs are secure by definition, but downwards mobility to unemployment, inactivity or dead-end jobs was still quite important (15%). The cross-country comparison reveals of transi-
tion rates out of dead-end jobs reveals major differences between the UK and Germany on the one hand side and Spain and Italy on the other hand. As already mentioned, there are no data for the measurement of dead-end jobs in France. Thus in the UK and in Germany, roughly half of the workers in dead-end jobs improved their situation between 1995 and 1996. Italy, takes an intermediate position as approximately a third of those in dead-end jobs experienced upward mobility, while in Spain about a quarter did. A further major difference consists in the relative weight of moving either into inactivity or unemployment. While in Spain about 20% of those in dead-end jobs moved into unemployment a year later, in the UK more than 20% moved into inactivity.

5. The supply-side of the labour market: specific groups of workers affected by precarious employment

As has been already demonstrated precarious employment can be primarily be regarded as a labour market entry problem as a common feature of all countries under review. Nevertheless, there seems to exist major differences with regard to the mobility out of precariousness across the five countries under review (Chap 4). Furthermore, there are similarities but also differences between the countries as regards the groups of workers in precarious employment.

5.1 Young people

In general terms, the transition between education and training and stable employment has become increasingly difficult in all countries. The gradual labour market entry constitutes a problem in case of long transition periods and in case the young people do not succeed to get stable jobs.

The problem of youth unemployment is unevenly distributed among the countries (Table 5.1). In Italy and in Spain at least a quarter of young people was unemployed. France and the UK range at an intermediate position, young people bearing more than twice the average risk of unemployment1. In Germany, the problem of young not being able to enter the labour market in stable conditions in the medium-term is less accentuated and is concentrated among the unskilled.

1 According to the British national report, employed people aged 16-19 years are more than five times as likely to enter unemployment as those aged 20 and over. At the same time, young people are three times as likely as someone aged over 29 to hold a temporary job, and are twice as likely to be employed in a partly skilled or unskilled job (p. 8).
Table 5.1
Youth unemployment rates, July 2001

<table>
<thead>
<tr>
<th></th>
<th>Italy</th>
<th>Spain</th>
<th>France</th>
<th>UK</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth unemployment</td>
<td>28.3</td>
<td>25.1</td>
<td>18.5</td>
<td>12.1</td>
<td>7.9</td>
</tr>
<tr>
<td>rate (below age 25)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average unemployment</td>
<td>9.5</td>
<td>13.0</td>
<td>8.5</td>
<td>5.1</td>
<td>9.6</td>
</tr>
<tr>
<td>rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: European Commission, GD Education and Culture 2001

There are also major differences as regards the characteristics of youth temporary employment. In countries with high youth unemployment rates, the shift from temporary employment to permanent jobs appears to be more difficult.

In Italy, temporary work is strongly linked to age: nearly half of workers detaining a fixed-term contract and over 60% of temporary agency workers were aged below 29 years (Frey et al. 2002 referring to the ISTAT labour force survey). However, it should be added, that in the Southern regions this applies also to an important share of young adults (more than 30 years old). The employment schemes targeted at the young especially to those with a low level of general education into the labour market (in particular combined training and work contract) as well as the apprenticeship contracts explain largely this age structure. As has already been stated only a small proportion of the young detaining an apprenticeship contract or a combined training and work contract move into a permanent job. Even after a period of three years only one in four young people formerly employed on a combined training and work contract detained a permanent job. It is important to note, that this sharp segmentation by age holds not true while considering “false” self-employment (as defined by freelance coordinated labour contracts).

In Spain, young people were found to be mainly affected by short employment tenures. It has been stated that increasing temporary employment of young people has significantly contributed to the expansion of short tenures (Frade et al. 2002 quoting Bilbao 1998). Labour Force Survey data show, that the share of workers employed on temporary contracts aged below 24 years was about 53% in 1988 and rose to a share of 73% in 1998. Also in the Spanish case, the evaluation of labour market programmes aimed at integrating the young people into work has shown that they have only limited effect on the employability and prospects of the young people (Frade et al. 2002 quoting Alvarez Aledo, 1996).

In the French case, the dimension of the labour market entry problem of young people is reflected by the fact, that job loss rates for young worker were found to be five times higher than for middle aged groups. Furthermore, almost all new entrants, mainly young workers but also women, are hired on short-term contracts independently from their skills level. They experience higher separation rates: it seems that “French society” has put all the burden of flexibility upon these categories (Barbier et al. 2002a referring to Galtier and Gautié 2000 and Barbier and Nadel 2000). Actually, a third of the young people aged below 25
are working on an atypical contract (*formes particulières d’emploi*) and 29% were working part-time in 1998, half of them involuntarily (Enquete emploi INSEE). It has been reported in the French case, that the period of integration has lengthened considerably during the 1980s and the 1990s and has been widely discussed in the scientific and political arena.

As a feature of the dual system of vocational training, the number of apprenticeship contracts is high in Germany. In Germany, labour market researchers are in general explicitly excluding apprentices while analysing atypical employment. Most importantly, in contrast to Italy, most apprentices get a permanent job after finishing apprenticeship. Furthermore, the German dual system is endowing the apprentices with a tradable qualification at the labour market. Nevertheless, the analysis of the data reveals, that in particular younger with no formal qualification and, to a lesser degree, but still above average, university graduates detain “insecure” employment contracts. With regard to young people without formal qualification, there is a severe problem of integrating them in the labour market. They are most likely to be trapped in “precarious” employment.

In the UK, in particular part-time employment for the 16-19 years old was widespread. However, it has to be taken into account that many of them were still in education.

### Table 5.2

**Incidence of young people being in atypical employment in the five countries**

<table>
<thead>
<tr>
<th></th>
<th>France</th>
<th>Italy</th>
<th>Germany</th>
<th>Spain</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary employment</td>
<td>High</td>
<td>High (mainly education and skills levels(^1))</td>
<td>Low (excluding apprentices)</td>
<td>High</td>
<td>Low (mainly workers aged 16-19)</td>
</tr>
<tr>
<td>All skill levels</td>
<td></td>
<td></td>
<td>Low-skilled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>quasi self-employment, self-employment</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
<td>No data</td>
<td>Low</td>
</tr>
<tr>
<td>Part-time</td>
<td>Medium</td>
<td>High</td>
<td>Medium (mostly marginal employment in relation with education)</td>
<td>No data</td>
<td>Very High (mostly in relation with education)</td>
</tr>
</tbody>
</table>

Finally, it is important to note, that in the UK and in Spain short tenures and temporary work, and in the case of the UK also part-time work is also affecting elderly workers.

\(^1\) However, with deep differences by contract and territorial areas
5.2 Gender

Precarious employment is strongly gendered. Discontinuous working biographies, external constraints on the possibility to take up a job (childcare facilities) are rendering stable employment more difficult for women. Furthermore, the tax and social protection systems are in general designed to lower the incentive for married women to take up a job.

In most of the countries under review, it has been clearly shown that women are more likely to work on temporary contracts and / or to have short tenures. In Spain, women have been tremendously been affected by temporality, even though their situation seems to have slightly improved since the 1997 reform. A great part of female jobs is positioned in the lower strata of the professional structure (Frade et al. 2002 quoting Torns 1999). Female employment in Spain is mainly concentrated in the services sector as well as in the textile and dress making industry. There exists within the female segment of the labour market a considerable difference between public and private employment. Public employment concentrates a great proportion of female stable, qualified employment, while the predominant female employment in the private sector is employment in the service sector characterised by unstable employment conditions (Frade et al. 2002 quoting Recio 1999).

The analysis of British LFS data in 1994 showed, that the majority of women’s temporary jobs was in part-time jobs, while for men they consisted in full-time jobs (Hogarth 2002 referring to Dex and Mc Culloch 1995). In the British case, the analysis of LFS data in 1994 also showed, that the share of women being in atypical employment, including part-time was twice as high for women than for men. Thus, half the employed women were in atypical employment (Dex and Mc Culloch 1995). The same analysis further showed that women had a lower job tenure than men.

In Italy, the women were largely over-represented among fixed-term contracts, as they represented half of the fixed-term employees in 2001 (the share of total female employment being only at of 37%) (Frey et al. 2002).

In contrast in the French case, the rate of atypical employment (excluding part-time work) has been found to be only slightly higher for women than for men.1 Nevertheless in the French case it has been shown, that in contrast to elderly men, women being more than 50 years old were more likely to be trapped in precarious employment (Barbier et al. 2002a).

A common feature to all countries consist in the higher shares of women working part-time. In the Spanish context it has to be noted, that part-time jobs for women are rather new in Spanish labour relations. There are indications that women are often involuntarily working part-time.

1 It should be noted, that atypical employment measured by FPE might underestimate the share of women in atypical employment.
In the case of West-Germany and the UK, it has already been shown that most of part-time work, and in case of the UK also of temporary work did correspond to the choice of the women. However, it has also be argued that an important share of part-time jobs can be classified as “bad” jobs with regard to hourly earnings, collective rights and representation and partly also with regard to social protection. In the German case, it has also been demonstrated that for women the transition from marginal part-time employment into stable employment is more difficult than for men. Discontinuous and marginal female employment generating low life-cycle incomes among women has been intensively debated in Germany, however it is mostly not perceived as a problem of “precarious” employment in the academic debate in the first place. The focus is more on reforming pension system.

Furthermore, at least in the case of Germany and the UK, an interrelationship between bad infrastructure for childcare facilities and voluntary part-time work has been identified (Hogarth et al. 2002, Düll et al. 2002). Except for France, childcare provisions are bad in all countries under review. The problem of involuntary part-time has been addressed in particular in the French case, representing nearly a third of female part-timers in 2001. But also in Spain and Italy involuntary part-time was found to be relatively important. The volume of female part-time employees in these countries and thus the volume of reported involuntary part-time employment is considerably lower than in France.

As we have demonstrated above (Chap 3), more than 30% of part-time jobs in Spain, the UK and in France lasted for less than a year, with the highest figure in the Spanish case.

In the Spanish case it has been reported, that women were to a greater extent threatened by unemployment than men. In contrast, in Germany the expansion of female employment has engendered lower unemployment figures among women than men. In order to assess the gender gap of labour market risks, underemployment and thus focusing on discouraged workers is a more valuable concept.

Actually, the moves from not being in the labour force and precarious employment are of particular relevance for the analysis of female employment. In the UK and in Spain, it has been argued that labour market and product market deregulation and flexibilisation strategies have led to increasing been part-time work, either in relation with temporary work or irregular or illegal forms of work in the informal economy. In both countries, the evidence suggests that although deregulation has led to an increase in non-standard work, overall it is not the registered unemployed who have taken up these new jobs, but the hidden labour supply of married women (Darmon et al. 2002 quoting Cousins, C. 1994). Also in Germany, the interrelationship between “marginal employment” (geringfügige Beschäftigung) and not being in the labour force has been underlined. In Italy, women are more often not in the labour force.

In France, female workers in industrial sectors experience the worst situations, which are also combined with lower pay (Barbier et al. 2002a quoting Gollac and
Bad working conditions have also been reported in a range of service sector activities and retail trade. Also in the other countries, women might be particularly exposed to bad working conditions.

### Table 5.3
Atypical and short-tenure employment by gender

<table>
<thead>
<tr>
<th></th>
<th>France</th>
<th>Italy</th>
<th>Germany</th>
<th>Spain</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part-time employment</td>
<td>Women</td>
<td>Women</td>
<td>Women</td>
<td>Women</td>
<td>Women</td>
</tr>
<tr>
<td>Fixed-term contracts /</td>
<td>No gender difference (slightly more women)</td>
<td>Women</td>
<td>No gender difference (slightly more men)</td>
<td>Women</td>
<td>Women</td>
</tr>
<tr>
<td>short tenures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary Agency work</td>
<td>Men</td>
<td>No gender difference</td>
<td>Men</td>
<td>No data</td>
<td>No data</td>
</tr>
<tr>
<td>quasi self-employment,</td>
<td>No data</td>
<td>Men</td>
<td>Men</td>
<td>No data</td>
<td>Men</td>
</tr>
<tr>
<td>self-employment</td>
<td></td>
<td>(quasi self-employment)</td>
<td>(self-employment)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

However, not all forms of atypical employment are typically female employment. In general, self-employment is a domain for men. Especially, in Italy it has been reported that around three quarters of quasi self-employed (parasubordinati) were men (according to ISTAT data of 1999). Also in the UK self-employment is a domain of men, but women are over-represented among the low earning self-employed (Hogarth et al. 2002 referring to Meager et al. 1994). In Germany, in particular temporary agency work constitutes a typical domain for men.

### 5.3 Low-skilled

In general terms, a clear correlation between a low skills level and precarious employment can be observed. However, it is also important to note, that in some countries also highly skilled workers are over-represented among some forms of atypical employment.

Low-skilled are facing a higher unemployment risk and have in general more difficulties to integrate into the labour market. In Germany, the unemployment rate for people without a vocational training has more than tripled between 1980 and 1995 (from 9.5% to 20%) in West Germany, and there was a further increase up to 1997. In East Germany, the labour market dichotomy between unskilled and graduates were even more accentuated (German report, p. 26). In France the problem of unskilled not finding an employment seems to be less accentuated than in Germany. In 2001 in France, 14% of the unskilled were underemployed (Barbier et al. 2002a quoting INSEE première 2001).
In France, nearly one in six unskilled workers were detaining an atypical work contract (*formes particulières d’emploi*, excluding part-time). In particular, their share increased significantly since the beginning of the 1990s. The growth of labour market programmes targeting those considered least employable have been one of the main causes for the stabilising and then increasing part of low skilled jobs in the economy. Especially, part-time employment and involuntary part-time employment is widespread among the low-skilled. Women are largely over-represented among the low-skilled employees.

In Germany, the correlation between the formal qualification level of a person and “insecure” employment (*unsichere Beschäftigung*), as defined by temporary employment including subsidised employment contracts, temporary agency work, “marginal” employment, freelance is less evident as for unemployment (Schreyer 2000). Especially, in West Germany a polarisation of workers with “insecure” employment relationships can be observed with regard to the skills level. Though, “insecure” employment is particularly widespread among workers with no qualifications, the share of graduates from universities detaining an “insecure” employment contract lies also above average (Schreyer 2000). Also in France, the share of professional and high level managers among the fixed-term contracts rose over the 1990s representing 15% of all fixed-term contracts in 2000, but the majority of those detaining a fixed-term contracts still were blue-collar workers. In Italy as well, an increasing number of persons with a university degree are temporary employed. The sharpest rise in temporary employment in Italy could be observed among the unskilled (Frey et al. 2002 referring to ISTAT data). However, in contrast to Germany and France, in Italy temporary employment showed higher growth rates among workers with an intermediate qualification level (except for skilled blue-collar workers) than for highly skilled workers.

In contrast to the continental European countries, in the UK temporary employment is concentrated amongst the higher level occupations (managers, professionals, associate professionals). This basically different structure of temporary employment in the UK can be explained by the high share of short-tenure jobs and thus temporary employment fulfils another function in the context of a flexible labour market.

At the European level, the problem of precarious workers being overqualified for their job has been addressed. Thus, more temporary and fixed-term contract workers feel overqualified for the job as compared to permanent contracts (Veronique Letourneux 1998). In the case of Germany, this finding has been confirmed for quasi self-employed (*Scheinselfständigkeit*) (Dietrich 1998). In the case of Italy, temporary workers are presumed to be often overqualified for their jobs (Frey et al. 2002).

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1 Most importantly for our analysis, the of graduates from a (polytechnic) university are over-represented among false self-employed
5.4 Immigrants

As a common feature in all five countries immigrants are more likely to be in precarious employment than nationals. In particular, those groups of immigrants who anyway face more difficulties to integrate into the labour market are more likely to be in precarious employment and to be trapped in precariousness. Precariousness is in particular linked to the country of origin, the immigrant status and the phase of immigration.

As in Germany, the educational and skills level of immigrants of the second and third generation is still far below the average for German nationals, their labour market risks are still above average reflected in higher unemployment rates. Nonetheless, new employment opportunities for non-nationals and in particular for the new immigration groups have arisen in the low-skilled service sector segment. The share of non-nationals working with an “insecure” employment contract\(^1\) amounted to at least 18% as against 11% among German nationals (according to a survey which might underestimate the share of foreigners, Schreyer 2000). Moreover, it can be assumed that in Germany non-nationals coming from outside the EU, in particular from the Central and East European Countries, are working in the hidden economy, as they are often working without detaining a work permit. In particular temporary migrants are found to work in the low-wage sector and precarious employment among (new) immigrants is reported to be on the increase (Schulz 1999).

In France, immigrant workers\(^2\) do face higher labour market risks than the overall population but this fact mainly stems from the positions they hold: as for sectors, they are employed in sectors that are most exposed to employment precariousness: the construction trade for men and the “service aux particuliers” for women. As for positions, they are more often low-skilled: 65.5% of the immigrants are industrial or clerical workers (as against 56% for the overall population). Therefore, they are more often exposed to atypical jobs: 13% have fixed-term job contracts and 11% work in temporary work agencies. 42.3% of immigrant women work part-time as against 31.7% of all active women. They are also more exposed to unemployment: in 1999, 500,000 immigrants were unemployed, representing 15% of the unemployed, whereas they represent only 8.6% of the population. Although, their higher risks are mainly accounted for by the positions held, data show for France that all other things equal, their unemployment risk is higher than the overall population. In 1999, the unemployment rate for industrial and clerical workers was 21% for immigrants whereas it was 14% in general (Barbier et al. 2002a).

In Italy, the focus of the debate has been on the growing number of immigrants in the hidden economy (Frey et al. 2002 quoting Censis 1978, Calvanese 1983, 1986).

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1 Temporary employment, temporary agency work, “marginal” employment and freelance

2 Comparisons, in particular with Germany are difficult, as second and third generation of formerly immigrants are more likely to have adopted the French nationality. On the other hand, All persons living in France and born abroad are considered immigrants, whether they are still foreign citizens or have obtained French citizenship

Also in Spain immigrants are severely affected by precarious employment. Immigration, which remained for many years at a comparatively low level, was rising in particular since the mid 1990s. Their employment concentrated on the low-skilled and low-wage labour market segments. The concentration process in some sectors (domestic services, agriculture, hotels and restaurants, construction, and retail trade) and labour market segments follows rather strict specialisation patterns based on gender and nationality or geographical origin (Frade et al. quoting Cachón, 1997).

Like in the other countries, in the UK a concentration of immigrants across sectors has been reported. But unlike the other countries, a large number of immigrants are employed in the health sector but also in IT, management and administrative occupations, although immigrants are over-represented in manual jobs. Thus, in contrast to the four continental European countries immigrant workers were found to be generally more skilled than UK workers. The employment situation of immigrants heavily depends on the country of origin and the English speaking fluency. But it has been stated in the British case, that other things being equal, the employment position of ethnic minority groups is more precarious than the majority white ethnic group (Hogarth et al. 2002).

5.5 Disabled
The disabled have in general to face a higher unemployment risks and tend to be discriminated at the labour market.¹

In the UK, disabled people are highly represented in the self-employed category (Hogarth et al. 2002). Also in France, disabled individuals are more often self-employed than the average of persons in employment (Barbier et al. 2002a). Furthermore, in France a high share of disabled working part-time would like to work more hours.

¹ To give an example, in the UK, disabled earn one quarter less than those who are non-disabled.
6. The demand side of the labour market: sectors and type of companies

6.1. Sectors

On EU average, non-permanent jobs are concentrated in the primary sector, hotels, restaurants and construction (precarious employment accounting for 35.6%, 26.7% and 16% respectively of all paid employment) – there are high levels of seasonal work in all these sectors (Veronique Letourneux, 1998).

The focus of atypical and short-tenure employment is concentrated in the service sector in all the five countries. According to Labour Force data, temporary employment is concentrated in personal services in all five countries, and in particular in Italy and in the UK (Table 6.1). In general tenures have found to be shorter in the service industries than in the manufacturing sector (Table 6.2). Especially, personal services are characterised by temporary employment and short-tenure work. In most countries further typical service sector sub-branches with a high share of precarious workers are: hotels and restaurants, retail trade as well as private households. But as the analysis of skill structure (Chap 3) suggests, temporary employment is concentrated in the low-skilled sectors, but in most countries an increasing share of highly skilled temporary workers could be identified. The cultural industries in particular in France, but also in Germany and the UK are reported to have high shares of peripheral forms of employment (including self-employment). It will have to be analysed in our further research work to what extent they can be classified as precarious. Temporary employment is also on the increase in the public sector in the UK (in particular education and health sector), Spain, France, Germany. Furthermore, some of the national reports identify a concentration of atypical work in retail trade (Italy, Germany with regard to “marginal” employment, UK with regard to part-time with variable hours and temporary employment).
Table 6.1
Temporary employment by sector, 1999
Ratio of incidence of temporary employment in each sector to average incidence for all sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>France</th>
<th>Germany</th>
<th>Italy</th>
<th>Spain</th>
<th>UK</th>
<th>Incidence in % all sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>0.89</td>
<td>0.76</td>
<td>0.63</td>
<td>0.87</td>
<td>0.60</td>
<td>14.0</td>
</tr>
<tr>
<td>Electricity, gas, and water supply</td>
<td>0.52</td>
<td>0.83</td>
<td>0.50</td>
<td>0.44</td>
<td>1.07</td>
<td>9.0</td>
</tr>
<tr>
<td>Construction</td>
<td>1.16</td>
<td>1.19</td>
<td>1.40</td>
<td>1.88</td>
<td>1.00</td>
<td>12.7</td>
</tr>
<tr>
<td>Producer services</td>
<td>0.83</td>
<td>0.85</td>
<td>0.86</td>
<td>0.76</td>
<td>0.98</td>
<td>12.4</td>
</tr>
<tr>
<td>Distributor services</td>
<td>0.80</td>
<td>0.87</td>
<td>0.87</td>
<td>0.92</td>
<td>0.60</td>
<td>12.3</td>
</tr>
<tr>
<td>Personal services</td>
<td>1.21</td>
<td>1.36</td>
<td>1.88</td>
<td>1.22</td>
<td>1.57</td>
<td>12.3</td>
</tr>
<tr>
<td>Social services</td>
<td>1.18</td>
<td>1.20</td>
<td>0.93</td>
<td>0.66</td>
<td>1.42</td>
<td>12.3</td>
</tr>
<tr>
<td>Incidence in % all sectors</td>
<td>14.0</td>
<td>12.7</td>
<td>9.9</td>
<td>32.7</td>
<td>6.8</td>
<td></td>
</tr>
</tbody>
</table>


Table 6.2
Sectoral differences in average job tenure, 1999
Ratio of incidence of average job tenure for each sector to average tenure for all sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>France</th>
<th>Germany</th>
<th>Italy</th>
<th>Spain</th>
<th>UK</th>
<th>Incidence in % all sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>1.09</td>
<td>1.11</td>
<td>0.93</td>
<td>1.08</td>
<td>1.11</td>
<td>11.2</td>
</tr>
<tr>
<td>Electricity, gas, and water supply</td>
<td>1.44</td>
<td>1.38</td>
<td>1.28</td>
<td>1.48</td>
<td>1.46</td>
<td>10.3</td>
</tr>
<tr>
<td>Construction</td>
<td>0.90</td>
<td>0.83</td>
<td>0.85</td>
<td>0.62</td>
<td>1.15</td>
<td>12.1</td>
</tr>
<tr>
<td>Producer services</td>
<td>0.87</td>
<td>0.88</td>
<td>0.93</td>
<td>0.91</td>
<td>0.85</td>
<td>12.2</td>
</tr>
<tr>
<td>Distributor services</td>
<td>0.92</td>
<td>0.94</td>
<td>1.01</td>
<td>0.97</td>
<td>0.87</td>
<td>12.3</td>
</tr>
<tr>
<td>Personal services</td>
<td>0.63</td>
<td>0.69</td>
<td>0.76</td>
<td>0.70</td>
<td>0.68</td>
<td>12.3</td>
</tr>
<tr>
<td>Social services</td>
<td>1.12</td>
<td>1.08</td>
<td>1.16</td>
<td>1.23</td>
<td>1.12</td>
<td>10.1</td>
</tr>
<tr>
<td>Incidence in % all sectors</td>
<td>11.2</td>
<td>10.3</td>
<td>12.1</td>
<td>10.1</td>
<td>8.3</td>
<td></td>
</tr>
</tbody>
</table>


In the four continental European countries a concentration in the construction sector could be observed. In Italy and presumably in Spain, temporary work was particularly widespread in the agricultural sector. Furthermore, in Italy “hidden” work is concentrated in the agricultural sector and in the construction industry (Frey et al. 2002). Also in the case of France, atypical employment is widespread in agriculture.

According to an evaluation of the European labour force survey carried out by the OECD, a concentration of temporary employment could be observed in the construction industry in the four continental European countries (Table 6.1). In particular, a comparatively high incidence of temporary employment was characterising the Spanish and (though to a lesser extent) the Italian construction industry. In the German case, the concentration of temporary work in the construction tends to be higher than reflected in the data as illegal temporary work is quite common. Furthermore, a particularity of the German construction industry consists in the use of quasi self-employed.
In all five countries, temporary employment was found to be less widespread in the manufacturing sector than on the average of the economy. This might be partly due to the fact, that the manufacturing is traditionally more regulated by the collective actors than other sectors. Furthermore, except in Italy, the job tenures tend to be longer in the manufacturing sector than on average of the economy (Table 6.2). However, in the Italian case it has been argued, that including quasi self-employed (freelance coordinated workers, *parasubordinati*), the incidence of temporary employment tends to be higher in the manufacturing industries and much lower in agricultural sector (Frey et al. 2002).

However, there are differences in regard to special manufacturing sub-sectors. In France, a relatively high incidence of temporary agency work (*intérim*) was found in the car manufacturing industry. Those findings contrast sharply to other countries, in particular Germany, where the car manufacturing industry is presumed to be a sector with a high share of “regular” employment. But these differences may be due to statistical problems in comparative terms (in particular attribution of suppliers to branches). According to a study carried out on behalf of the Dublin Foundation, in the case of the Italian car industry the extensive use of non-permanent contracts and the use of combined work and training contracts could be observed (Goudswaard, Nanteuil 2000). Furthermore, a comparative study on outsourcing and industrial relations in the motor manufacturing industry reveals that the working conditions in all five countries worsened at the bottom of the of subcontracting pyramid and pay gaps widened (European Industrial Relations Observatory). A link between low value added production as well as high flexibility requirements and the use of temporary employment and in extreme cases use of “false self-employed” workers as well as the use of illegal clandestine employment can be observed.

Although there is an obvious concentration of “precarious employment” in low-skilled and value-added branches of the economy, not only unskilled workers are found to work under precarious conditions, as has been already stated (Chap 3, 4). To give an example, in Germany the majority of the quasi self-employed carry out white-collar jobs (Dietrich 1998, p. 172). According to empirical studies, among blue-collar workers, the “false self-employed” are often employed in occupations of the construction and annexed services and are skilled workers. But also electricians and architects are represented among false self-employed (Buch 1999).
6.2. Enterprise size

The argument that in particular small enterprises need to be more flexible than larger ones and therefore offer less stable employment conditions is quite popular. Actually, on the EU average small enterprises (1 to 9 employees) make greater use of precarious employment than larger ones (21% of non-permanent contracts in comparison with 11% in enterprises with 500 or more employees) (European Foundation for the Improvement of the living and working conditions).

However, the analysis of our five countries shows that the link between small enterprises and precarious employment is far from obvious. In Spain, the link between large companies and stability and security of employment seems to have disappeared. In France, the total rate of fixed-term contracts and temporary agency work was found to be highest for the medium sized firms. In contrast to France, “peripheral” employees (temporary workers, occasional workers, freelancer and temporary agency workers) can be identified in micro firms and small enterprises. With regard to temporary agency work, this predominance of small enterprises is even more obvious. The most stable type of enterprises in regard to peripheral employees were medium sized companies employing between 100 and 999 employees. Large companies show a tendency to make more use of peripheral employees. Also in Italy a concentration of fixed-term work and part-time employees, freelance coordinated workers and of hidden employment in small enterprises and microfirms, mainly in the service sector, can be observed. But it has also been demonstrated in the Italian case, that firms employing more than 200 employees have a high tendency to demand temporary workers (including apprentices, combined training and work employees and agency temporary workers). A different situation would appear with regard to part-time work which is clearly concentrating in firms employing less than 50 workers. On the contrary in the UK, a tendency for the number of part-time employees and temporary staff to increase in line with the number of employees at an establishment could be observed. Large proportions of part-timers were employed at multi-site organisations that incorporated several small establishments (retail, financial services sectors, hospitals). Subcontracting was used by a wide range of British establishments irrespective of size.

The differences in the structure of economic sectors by company size may explain part of the differences in the use of atypical employment across countries as well as sector specific business strategies. To give an example, the retail sector is characterised by a concentration in large companies in the British case, while in Italy comparatively more small enterprises are acting at the market.

6.3. Regional dimension

The reported regional disparities are linked to different regional production models and structural shifts. In Italy, the strong presence of the agricultural sector and the structural weakness in the building, manufacturing and service sectors in the South and in Germany the transformation process of the East-German economy are at the roots of regional disparities. In Italy, precarious work is rela-
tively more present in the Southern regions. In particular, is the hidden economy by far more important in Southern Italy than in the other parts of Italy (except for temporary agency work which is more widespread in the Northern industrialised regions, Frey et al. 2002). In Germany, the regional dichotomy between East and West seems less clear cut and is still shaped by the transformation process. Although, East-German workers face higher labour market risks reflected in higher unemployment rates, they are less likely to be in “atypical” employment than the West-German workers. But, in East Germany subsidised temporary employment contracts are more widespread than in West Germany and also involuntary employment is more important.

Also in Spain, employment presents very employment regional differences. According to the last report on employment of the Spanish union CC.OO, temporary employment rates are much higher in the regions located in the South of Spain than those located in the North. Thus, temporality rates in Andalucia are more than double those of Madrid, which can partly be explained by the comparatively higher weight of the South of sectors with the highest rates of temporality such as construction and agriculture (CC.OO 2002).

7. The correlates of precarious employment at the macro level: the national regulatory framework, policy and economic context

7.1. Interaction between the political system and precarious employment

In general, the debate on precariousness in the national context is strongly linked to the expectations of the society from the welfare state.1 In France, this is leading the scientific debate to make wide use of the notion of precariousness, addressing the question whether the whole society is precarious. In contrast, in the UK the problem of precariousness and of precarious employment is not addressed as such. In Germany, the debate on precarious employment is strongly linked to the discussions on reforming the social security systems. Precarious employment can be regarded in this respect as a distributional problem.

Social protection system

The different systems of the social protection systems lead to diverging approaches for combining income security and employment insecurity.

In the Germany case it has been stated that marginal employed, and in the Italian case with regard to “irregular” workers detaining contracts with less or no social protection, might be in some cases covered by the social protection system, namely the dual jobholders, housewives, retired workers and students.

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1 The interaction between the political system and precarious employment has been analysed in more detail in a comparative policy report within the ESOPE project (Barbier et al. forthcoming)
In the Italian case it has been argued that the social protection system determined the diffusion of various kinds of atypical employment. Not only the size of hidden employment depends on this structure but also the spread of combined training and work contracts and of several other forms of atypical employment partly induced by social security contributions being lower than those charged on standard employment. Furthermore, research in this field underlines that the very low social charges applied to freelance coordinated work has had a strong impact on the rapid spread of this form of atypical employment.

The design of the social protection system is setting incentives or disincentives for taking up employment under unfavourable conditions. Thus, in the UK, where individuals lose their jobs, there are strong financial incentives for them to re-enter the labour market because payments from Jobseekers' Allowance and/or Income support (means tested social security) are low relative to wage levels (Hogarth et al. 2002). In the same way in Spain, low coverage and low unemployment benefits entails intensified pressure for accepting precarious and temporary employment. (Frade et al. 2002). Also in Italy the level of social benefits is comparatively low.

In the German public debate, the link between the comparatively generous social protection system and unemployment has retained much attention in the recent past. It is asked whether the unemployment benefits and the social assistance regime are discouraging people from working ("social assistance trap"). The presently debated reform of the social protection system allowing a combination of work and benefiting from a lower social assistance rate would imply that atypical forms and precarious forms of employment could be much higher (Düll et al. 2002).

In comparative terms, not only Germany but also France has set up a relatively generous social protection system. In contrast to Germany, however, the public debate is concentrating on solidarity (Chap 2.1).

**Labour market policy**

The previous chapters clearly demonstrated, that in the case of France, Italy and Germany an important share of fixed-term employment contracts are policy driven in the context of wage subsidies. The labour market effects of the wage subsidies are rather questionable, often these labour market policy measures fail to integrate people into the “regular” labour market.

**Labour market regulation**

The level of regulation seems also to play an important role. Thus, Spain has a particularly high share of atypical, especially temporary employment while the contrary is true for the UK. The reasons for this difference seems to lie in the level of employment protection. Companies in Spain are obviously trying to escape employment protection linked to permanent contracts. In order to deregulate the Spanish labour market, a number of legal provisions have been made to allow for a wide use of temporary contracts. There have been around 10 to 12 kinds of legal contracts at any moment in the last fifteen years, and 14 in some
periods. However, in the UK workers feel their job more insecure. This may be an indicator, that in the UK precarious employment does less stick to the non-standard employment forms but that more “regular jobs” are at risk.

Especially, in the Spanish and the Italian context it has been argued that rigid labour markets are generating the spread of precarious employment. However, the link between the degree of labour market regulation taken for itself does not explain differences in the levels of precarious employment (e.g. see diverging levels of precarious employment in Italy and Spain, despite a high degree of labour market regulation in both countries, but see also the case of France and Germany).

Another strand of arguments explaining the spread of precarious employment refers to the decline in union power in a number of countries. Actually, the spread of precarious employment takes more place in sectors where union density has never been high (e.g. catering) as well as among groups of workers who have never been sufficiently targeted by the unions (women, low-skilled, younger worker, etc.). In particular, in the Spanish case it has been argued that the lack of union power explains largely the spread of precarious employment (Frade et al. 2002). However, it has to be noted that the industrial relations systems as well as the level of union power vary significantly across European countries (Düll 1995).

Thus, in Italy the recourse to atypical employment was seen as a way of reducing the influence of powerful trade unions. This interpretation appears to be consistent with the fact that a relevant part of federal unions contrasts the further spread of limited duration employment, tends to limit the share of it by means of collective bargaining and attempts to create some forms of union organisation in the field of atypical employment (Frey et al. 2002 referring to Altieri e Oteri, 1999; Carriere e Leonardi, 2000; Cisl, 1999; Orecchio, 2000; Vettor, 1999, concerning, in particular, the free-lance coordinated work). Furthermore, in Italy and in Germany flexibility tends to be collectively negotiated.

Moreover, in the German context, besides the analysis of the decline of union power, unions still hold a great deal of power which has led some authors to explain the relative low level of precarious employment by the relatively high level of union power (Vogler-Ludwig 2002). Deriving from an insider-outsider model one can argue that the outsiders are in Germany are more typically unemployed rather than in precarious employment.

Training system
There appears to be a link between the vocational training system of a country and the extent of the labour market entry problem for the young people. As has

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1 The contractual modalities are considered in the literature as “de jure” precarious employment, that is precarious employment created through legislation (Frade et al. 2002).
already been argued, the German “dual” system of vocational training seems to be comparatively successful in bringing young people into permanent employment (Düll et al. 2002). The tradability of qualifications at the external labour market may also lower the risk of being trapped in precarious employment when (re-)entering the labour market. In France, several qualification programmes have been initiated by the State in order to enhance the skills level mainly of young workers like training schemes in the public sectors (Barbier et al. 2002a). We can also observe a rise of “contrats de qualification” which follows the model of “dual” vocational training in Germany (but still at a low level).

In the UK, the evidence points to certain sections of the population failing to acquire the most basic skills required to function in the labour market. This has been seen by some as a system failure which recognises that the deficiencies of the compulsory education system are such that post-16 vocational education and training is unable to compensate for them. Related to this is the ‘low skill equilibrium’ analysis that speculatively suggests that the supply and demand for skills has reached equilibrium at a sub-optimal level in relation to productivity.

In the case of Italy, it has been argued that, on the basis of available information, limited duration employment and other contracts with low firings costs has been utilised by employers as a mean of workforce selection given the unsatisfactory quality of skills provided by basic and vocational education.

### 7.2. Macroeconomic performance and precarious employment

The cyclical character of precarious employment has been acknowledged in a number of country reports. However, it is not evident in all cases to what extent precarious employment has led to employment creation and on the contrary, to what extent the permanent jobs have been substituted by atypical employment (see also Chap 4 on individual trajectories and Chapter 2.2.8 on the strategy’s of firms). As we have seen from the analysis at the enterprise level, precarious employment may increase in order to overcome short-term labour demand, but may also be increasingly used in cyclical downturns (subsidised fixed-term contracts, fear to hire permanent staff). Furthermore, it has to be kept in mind, that precarious employment has not only a cyclical component but might also represent an element of the overall flexibility strategy of firms and thus has also a structural component.

Also the European Commission demonstrates in its latest Employment in Europe 2002 report that differences exist in the role of temporary contracts between countries. According to their findings in Spain (until the mid 1990s) and France, the share of temporary employment increases over the business cycle with GDP. By contrast, the share of temporary contracts seems anticyclical in Germany, in the UK and in Spain after 1995). In its further analysis, the the report of the European Commission shows that the elasticity of employment to GDP over
business cycle is higher for those countries where the long-term share of temporary jobs is higher. It could also be recorded that in some countries a substitution between permanent and temporary employment takes place over the business cycle (employment in Europe 2002), enhancing the “structural component” of precarious employment.

In Spain, although existing data sources are inadequate to study the substitution effect between precarious employment and stable employment, many scientific studies claim that there has indeed been a substitution of stable for temporary employment (Frade et al. 2002 referring to Poveda & Santos 1998, p. 26). While the number of employees declined over this period the volume temporary workers remained unchanged. The context has considerably changed in the second half of the nineties with continuous high economic growth and relevant labour reforms (mainly in 1997).\(^1\) The impact of the spread of precarious employment on the unemployment level is not clear cut, but it seems that there has been little effect. Both unemployment and precarious employment are still largely above EU average. While unemployment decreased over the last years the volume of precarious employment has not changed significantly (Frade et al. 2002).

In the Italian case, the analysis of 1999 data is showing a parallel rise in typical and atypical employees. Thus, it can be argued that the availability of atypical contracts not only determined displacement effects against typical work but also made possible the creation of some additive jobs otherwise not feasible (Frey et al. 2002 quoting the Ministero del Lavoro e della Previdenza Sociale, 2000). Consequently, it has been argued in the Italian context, that precarious employment tends to reduce the segmentation between employment and unemployment\(^2\) but at the same time it deepens the segmentation within the core-periphery model. Also in the French case, a clear link between job creation, expansion and mean levels of “formes particulières d’emploi” (atypical contracts) has been identified (Barbier et al. 2002).

In the UK it has been reported that when the economy is buoyant, the share of precarious employment tends to fall.\(^3\) (Hogarth et al. 2002).

The expansion of precarious employment appears to be only a valuable strategy in the context of a low productivity production model allowing for an extensive

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\(^1\) From 1994 to 2001 the number of people working has increased by 3.1 millions, of which 2.4 were stable workers (which amounts to 27% of people at work and 42% of stable workers). From the point of view of access to stable employment, 30% of the new stable contracts were officially registered between 1997 and 2000 as coming from former temporary contracts in the same firm. And there are surely other cases of people with temporary contracts and in unemployment which became new stable workers during this period. From this point of view, these covert contracts represent only one in ten temporary workers as average for the last five years. It would thus seem that there is indeed a queue; however, it is a queue so long and the prospects of leaving it so meagre, that it hardly matches a life” (Frade et al., 2002, p. 37).

\(^2\) In particular, youth unemployment decreased

\(^3\) Note, however, that in the British case the notion of precariousness is used in rather restrictive way by the authors
use of numerical flexibility (Chap 2.2). Thus, Spain and the UK show the highest figures of short tenures. In countries with high-wage high-productivity strategies there is a stronger interest in stable employment relationships, as instability is linked to costs like the loss of firm-specific skills. In particular in Germany it has been argued that a high skills level and stable employment relationships constitute the basis its high wage – high productivity strategy (Düll et al. 2002). It appears that the same can be stated for the case of France. In contrast in the UK and in Spain precarious employment needs to be placed in the context of the poor productivity performance in the economy of both of these two countries but in particular in Spain. In the case of Italy, such kind of general statements encounter the problem of the very high dichotomy between Northern and Southern Italy. Nevertheless, it seems that the general link between the “productive” model of a country or a region (and linked to it to the flexibility strategies adopted by companies) and the incidence of precarious employment could also be in the case of Italy. The analysis of flexibility strategies in particular sectors\(^2\) will shed light on the question whether there is a general link between the productivity level, the maturity of the sector as well as the type of flexibility strategy adopted and the spread of precarious employment.

Most country reports elaborated within this research project are demonstrating the danger that precarious employment has a bad impact on the accumulation of human capital. Thus, in particular in the Italian case, the “queuing” of young people has to be viewed rather critically. In the continental European countries, a labour market segmentation is being identified with regard to training (lack of in-house training for precarious workers). A further problem in regard to precarious employment can arise from the fact that workers are often carrying out tasks not corresponding to their skills. This leads to a devaluation of human capital. In a more general view, there may be less incentives to invest in training as the duration of job decreases and as insecurity rises, (OECD 1997 referring to: Burchell (1996): The unequal Distribution of Job Insecurity”, University of Cambridge, mimeo.).

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1 In contrast to the regional differences between East and West Germany, Northern and Southern Italy show significantly differences in both the productivity level of the regional economies as well as in the relative incidence of precarious employment.

2 The analysis of precarious employment in the social care sector, cultural industries and call centres is part of the ESOPE research project.
8. Conclusions

The comparison of precarious employment has demonstrated that the different levels of analysis - criteria of the job, of the jobholders including trajectories, and contextual factors like the strategies of firms and the overall national regulatory and economic context - are determining all together the incidence, structure and trends of precarious employment. Furthermore, unstable forms of employment and “insecure” employment play specific roles in the different national context.

The difficulty with assessing the extent of precarious employment in an international comparison lies in the different forms of employment relationships which can be considered as precarious in the national context. They are strongly influenced by labour market policy (especially employment subsidies and the level of unemployment benefits) labour market regulation (e.g. employment protection, see in particular UK vs. Spain) and social values (see volume of involuntary part-time employment).

Incidence and trends of precarious employment as a characteristic of the job
Furthermore, precarious employment has proved difficult to assess as it doesn’t represent a statistical category and as the different indicator used have to be treated with caution. The table below shall give an overview of the most typical forms and dimension of precarious employment in each country. Of course all forms and dimensions do exist and are debated at the national level, however with a varying incidence and scope.

Table 8.1
Incidence and relevance of different forms and dimensions of precarious employment in the national context

<table>
<thead>
<tr>
<th></th>
<th>France</th>
<th>Italy</th>
<th>Germany</th>
<th>Spain</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short tenures</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Fixed-term contracts</td>
<td>Medium</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Temporary agency work</td>
<td>Medium</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>part-time</td>
<td>Medium</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>


The basic findings of the comparative research on the incidence and structure of the different dimensions of precarious employment or functional equivalents of precarious employment can be summarised as follows:

- Precarious employment is characterised by short tenures in Spain and to a lesser degree in the UK. In comparison with the other countries it is


<table>
<thead>
<tr>
<th>Involuntary part-time</th>
<th>High</th>
<th>High</th>
<th>Low (High only in East Germany)</th>
<th>High</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quasi self-employment, freelance</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Medium, (but high in the cultural industry)</td>
</tr>
<tr>
<td>Bad working conditions for “atypical workers”</td>
<td>No data (Correlation between bad working conditions and atypical emp)</td>
<td>High in the hidden economy and in general for the low educated and skilled workers operating in the Southern regions</td>
<td>No data (In general low-skilled)</td>
<td>High</td>
<td>High (work intensification, subcontractor)</td>
</tr>
<tr>
<td>Working poor</td>
<td>Medium (But high relevance in the debate)</td>
<td>Medium (low-paid work is mostly linked to “atypical work” but may also occur in standard employment)</td>
<td>Low</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Hidden economy</td>
<td>Medium (*)</td>
<td>High</td>
<td>Medium (*)</td>
<td>High</td>
<td>Medium (*)</td>
</tr>
<tr>
<td>Little / no collective rights and representation of above groups</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>

(*) According a comparative study on share of hidden economy in GDP, F. Schneider, Schattenwirtschaft – Tatbestand, Ursachen, Auswirkungen, Vortrag auf der Tagung “Die Arbeitswelt im Wandel” in Mönchengladbach, April 2000
striking that in Spain a high share of contracts even lasts less than six months. In contrast to the UK, where employment protection is low, in Spain in the context of high level of employment protection short tenures are realised through fixed-term contracts and temporary agency work. In Italy, temporary employment and short tenures as measured by the Eurostat data are at a low despite the high degree of labour market regulation. However, the temporal dimension might be underestimated in the case of Italy as the high volume of quasi self-employed are likely to be not adequately reflected in the data. Nevertheless, it appears that there is no Southern European model with regard to temporal dimension of precarious employment.

- Interestingly, in France and Germany temporary employment is widespread either in the public sector or as a form of subsidised labour and or thus State induced.

- Involuntary part-time has proved to range at a high level in the Latin countries France, Italy and Spain. Voluntary part-time employment is typically high in West-Germany and in the UK. In the case of these two countries, it has been argued that due to the lack of childcare facilities women are somewhat obliged to take on part-time jobs on a voluntary basis. In the case of Italy and Spain, where also a dramatic lack of childcare facilities can be observed, the low levels of voluntary part-time employment reflect that less women try to combine work and family lives.

- Quasi self-employment and freelance work plays a major role in Italy, but also in Spain.

- Also hidden employment is important in these two Southern countries.

- The working poor phenomenon is reported to be high in Spain and in the UK (in the British context the high level of wage inequality needs to be stressed), but retains also much attention in France and in Italy although the problem is less pronounced. In the case of Italy it has been underlined that the incidence of low-paid employees appears generally much higher at the end of the 1990s than at the mid 1990s. In Spain low wages are strongly correlated with temporary work, while in other countries the link between low wages and contract forms seem to be less clear cut.

- Bad working conditions seems to be a main feature of precarious employment.

Although, the concept of precarious employment makes a quantification of “precarious employment” difficult, as contextual factors seem to be quite decisive, an attempt has been undertaken by the analysis of the data of the Third Survey on the Working and Living Conditions carried out in 2000. The identified degrees of employment precariousness depend heavily on how many of the indicators of the different dimensions have to be fulfilled at the same time. Interestingly the data showed a clear ranking among the countries with Germany and Italy proving to have the lowest shares in all different “degrees” of precarious employment, France and the UK taking a middle field position and Spain ranging far behind the other four countries.

According to the concept of “low quality jobs” of the European Commission, one quarter of all jobs in the European Union can be considered as low quality jobs
(Employment in Europe 2001, see also section 2.3). Of these, roughly a third of those jobs are jobs without employment security or employer provided-training. The Commission describe these jobs as “precarious jobs without any career prospects”. The other two thirds of jobs of lower quality are low pay/productivity jobs but offer at least some job security or career prospects.\(^1\) Unsurprisingly, in 1996 the share of dead-end jobs was particularly high in Spain (about a quarter of all jobs). Together with jobs of low pay/low productivity, the share of “low quality jobs” in Spain amounted to about 40%. In Italy, the UK and Germany the share of “low quality jobs” was roughly at EU average. Especially in the UK and in Germany the bulk of them were low pay/low productivity jobs (approximately 20% of all jobs in these countries). There are no comparable data for France in the Employment in Europe 2001 report.

The comparison of these two approaches to precarious jobs and to bad jobs shows how difficult a quantification of the phenomenon is.

In most countries precarious employment or at least atypical employment has increased over the last two decades. However, with the exception of Spain, where it has been reported that precarious employment has become a structural feature of Spanish labour market, this growth, mostly departing from a low level, has not abolished permanent full-time jobs as the global employment norm. In Spain, a stabilisation and even low decrease of precarious employment over the recent past can be recorded, however, precarious employment still remains at a high level in this country.

In Spain the growth in precarious employment over the last two decades was driven in particular by the rise in temporary work, however not in the recent past (see above). In Italy, the rise in the number of quasi self-employed (parasubordinati) needs to be stressed, in France a rise in atypical employment (formes particulières d’emploi) has been recorded and in Germany marginal part-time employment (gerinfügige Beschäftigung) grew until the end of the 1990s. It should be added that in Spain and France also a rise in involuntary part-time employment was recorded, while in France it stabilised and even slightly decreased.\(^2\)

Despite the rise of precarious employment in all countries since the mid 1980s, the data of the Survey on the working and living conditions carried out by the European Foundation in Dublin suggest that on the whole atypical employment has not grown at least between 1995 and 2000 and that the standard employment form prevails on the European labour markets.

**Sectors and types of companies**

The focus of atypical and short-tenure employment is concentrated in the service sector in all the five countries. According to Labour Force data, temporary emp-

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\(^1\) Share of employed in low pay/productivity jobs: 17%; dead-end: 8% of which 3% with low pay/productivity and the other 5% with decent pay/productivity. This data rest on the evaluation of ECHP, wave 3 (1996)

\(^2\) It should be noted, however, that there is a discrepancy between growth rates and levels.
ployment is concentrated in personal services in all five countries, and in particular in Italy and in the UK. Furthermore, in all five countries, temporary employment was found to be less widespread in the manufacturing sector than on the average of the economy. This might be partly due to the fact, that the manufacturing sector is traditionally more regulated by the collective actors than other sectors. Furthermore, except in Italy, the job tenures tend to be longer in the manufacturing sector than on average of the economy.\textsuperscript{1} Especially, personal services are characterised by temporary employment and short-tenure work. In most countries further typical service sector sub-branches with a high share of precarious workers are: hotels and restaurants, retail trade as well as private households. Temporary employment is also on the increase in the public sector in the UK, Spain, France, Germany, Italy.

The analysis of skill structure suggests, temporary employment is concentrated in the low-skilled sectors, but in most countries an increasing share of highly skilled temporary workers could be identified. The cultural industries in particular in France, but also in Germany and the UK are reported to have high shares of peripheral forms of employment (including self-employment). It will have to be analysed in our further research work to what extent they can be classified as precarious.

Furthermore, the analysis of our five countries shows that the link between enterprise size and precarious employment is far from obvious. The differences in the structure of economic sectors by company size may explain part of the differences in the use of atypical employment across countries as well as sector specific business strategies. To give an example, the retail sector is characterised by a concentration in large companies in the British case, while in Italy comparatively more small enterprises are acting at the market.

Structure of jobholders
As regards the structure of low quality jobs in the European Union, it can be stated in general terms that the gender gap is quite important. Furthermore, there is a higher and - with the exception of Germany even a markedly higher - probability for young people to be in jobs with low pay and insecure jobs with bad career prospects. A low skills level also leads to an above average probability to be in precarious employment. These findings are also confirmed by the employment in Europe 2001 report presented by the European Commission. Furthermore, our research work has demonstrated that immigrants are particularly likely to be in precarious employment.

Trajectories

\textsuperscript{1} However, in the Italian case it has been argued, that including quasi self-employed (freelance coordinated workers, \textit{parasubordinati}), the incidence of temporary employment tends to be higher in the manufacturing industries and much lower in agricultural sector (Frey et al. 2002).
The Spanish labour market can be described as being highly segmented. Of all the five countries under review, the Spanish labour market seems to be strongest following the “partition” model, rather than the queuing model. Age plays a major role in the segmentation of labour markets in precarious and non-precarious employment in Spain. But also other groups are reported to be strongly affected, in particular women and immigrants. The transition rates are the poorest in the EU, and only for a minority of workers do precarious forms of employment constitute a transitional period. Precarious employment has thus become a structural feature of the Spanish labour market, although the flows are important. However, it has to be noted, that transition rates may have significantly changed in the late nineties due to the growth of stable employment (Frade et al. 2002).

In contrast to the Spanish example, the case of the UK seems less clear cut. The British flexible labour market might be less deeply segmented than the Spanish one. Although in the case of the UK it has been reported that the risk of unemployment is greater where the individual is in temporary work and where the job is unskilled. Furthermore, one of the findings is, that income mobility has decreased over time. Whilst there is considerable year-to year income mobility, it is mostly short range and there is a high level of persistence of people and households found in low incomes. According to the data derived from the ECHP in the UK (and in Germany) more workers in dead-end-jobs experienced upwards mobility than in Italy especially in Spain (European Commission 2001). However, it should be noted that in the UK 20% of those in a dead-end-job moved into inactivity a year later, while in Spain 20% of those in dead-en-jobs moved into unemployment.

In France, age plays a crucial role in defining the outsiders (i.e. those who hold a temporary job). This would mean that the “labour queue model” prevails. But for some categories, defined by more permanent characteristics (unskilled women for example), their situation refers more to the “partition model”; they seem to be trapped in secondary jobs. Barbier et al. (2002a) conclude that there would seem that there are various types of outsiders: short-term, long term and even permanent ones. Notwithstanding the influence of economic cycles, the French labour market seems to have moved away from the “labour queue” model and got nearer to the “partition” model during the last twenty years. They presume in the case of France that the pool of “permanent” outsiders, i.e. those who will remain in the “secondary” sector throughout their active life cycle, has increased, especially among the less skilled workers. This may partly explain why precarious employment has retained so much attention in France in relation to its incidence.

Italy, the picture is more diffuse as regional differences are important. Local areas, in particular in Southern regions characterized by a less integrated and weaker productive structure show a higher incidence of the work which would appear most exposed to the dimensions of precarious employment, such as hidden employment and temporarily created employment to meet unemployment problems. At the same time these regions show a lower incidence of what could be called “dynamic types” of atypical work, like parasubordinati (freelance coordinated work) and temporary agency work. In these regions the question
transition is more clear-cut than in Northern regions. Thus local areas characterised by an articulated and dynamic productive structure, with a large presence of small and micro enterprises alongside medium sized enterprises show a higher presence of “regular” atypical work. Furthermore the parasubordinati, which account for a large part of the “regular” atypical work represent a highly heterogeneous group. Nevertheless, some researchers underline the presence of a “precariousness trap” in Italy. In this light the companies’ behaviour with regard to training or retraining strategies on the job appears to be a crucial aspect in many types of atypical contracts. Especially young are often to be found in the same precarious employment situation after five years. It has been advocated in the case of Italy, that a way to overcome the “precariousness trap” in the context of atypical contracts in the strongest local productive systems would consist in implementing learning strategies.

In comparative terms, the incidence the precarious employment in Germany appears to be low. Although a more important share of persons in unstable employment experience upwards mobility with regard to their employment situation than in other continental European countries, some groups of workers are likely to be trapped in precarious employment: foreigners, low-skilled, in some cases women-returner and especially in the case of cumulative labour market risks (f.ex. unskilled, female and foreigner). Thus, for those excluded from the “regular” labour market, instable and insecure forms of employment do not represent a bridge to permanent employment. The German labour market is shaped by its dual structure, with insiders retaining a great deal of power and benefiting from a high degree of employment stability and “outsiders” who must bear the bulk of numerical flexibility and who are not collectively represented. Most of them are unemployed, some of them working under “insecure” conditions. However, it is important to stress that in contrast to many European countries, for the vast majority of young people (in case they are not belonging to the low-skilled), atypical employment is more likely to represent a transitional phase between education and training and permanent employment.

More than in other countries the regional division of Italy in two completely different types of economies is reflected in differences in the incidence and the nature of precarious employment. These fundamental differences could not be found in the case of Germany, despite important discrepancies between East and West German economies and labour market situations. This might be linked to the particularities of the transformation process and the very strong tradition of regular employment relationships in the ex-GDR. The incidence of atypical employment might be lower in East than in West Germany, however, East Germans are more likely to be trapped in it due to the high regional unemployment figures.

The comparative analysis suggests, that the segmentation lines have deepened with no bridge to stable employment for the groups of workers who have anyway to face higher unemployment risks (low or “wrong” skills, immigrants, elderly worker) in a number of countries. Nevertheless, the analysis also shows that for
some groups of workers precarious jobs may represent a transitional phase to stable employment (mainly young skilled workers, skilled women returner). Furthermore, there might be differences with regard to the sector in which precarious jobs is offered. Further sectoral research work will tackle this question.

**Contextual factors**

The hypothesis could be formulated that there might be a trade-off between unemployment and precarious employment. Although, there are good arguments supporting that there is a link between labour market deregulation and the growth of “bad job” (see again example of the UK, but also the growth of temporary employment in Spain linked to labour market flexibilisation, high level of unemployment but low level of precarious employment in Germany), the literature shows that the interlinkage is not clear cut. In the case of Spain it has been argued, that the expansion of precarious employment until the mid 1990s has substituted stable jobs rather than lowered unemployment. Other factors might be decisive. In the case of Italy, it has been suggested that both effects of precarious employment, a substitution and an employment creation take place.

The expansion of precarious employment proves to be only a valuable strategy in the context of a low productivity production model allowing for an extensive use of numerical flexibility. Thus, Spain and the UK show the highest figures of short tenures. In countries with high-wage high-productivity strategies there is a stronger interest in stable employment relationships, as instability is linked to costs like firm-specific skills. It seems that other flexibility strategies like the functional flexibility or even the flexibilisation of working time have gained importance in these countries. The Italian case represents a particular situation as “freelance coordinated workers” are found to be one of the most important groups of precarious workers. This finding applies not only to low-skilled work with a low degree of autonomy but also to high-skilled workers. However, also in the case of Italy this specific form of precarious employment might be explained by a regional production model which is characterised by a high number of small flexible firms. The volume of external flexibility is smaller in France and Germany, but also tends to be more differentiated, as high-skilled might also experience unstable employment. In a context of a flexible labour market and a low level of labour market regulation this tendency can also be found in the UK. The business strategies vary not only across countries but also across sectors. It further needs to be investigated what types of flexibility strategies are implemented in different sectors and what impact this has on precarious employment.

Although, the rise of precarious employment has been pushed by the need for more flexibility, the use of a high volume of precarious employment is likely to engender negative effects on the competitive stance of the economy. In particular it has been argued, that the investment in human capital might fall at a sub-optimal level.

Furthermore, it has been demonstrated that high levels of social protection might be combined with low level of precarious employment, and high level of precarious employment combined with low level of social protection. Thus, in
countries with a low level of social benefits individuals are more likely to take up jobs of a bad quality. This has opened the debate about the working poor. In the case of Spain, it has been argued that families play a major role in bearing the costs of precarious employment and in this context it has been referred to a model of integrated precariousness (Laparra 2000). In contrast of the concern of a growing number of working poor in a number of countries, in Germany the debate focuses on how a low-wage sector could be developed in connection with social policy reforms that would force people into work but at the same time avoid the working poor phenomenon.

To conclude, the hypothesis could be formulated that a countries’ or regions’ production model and linked to it the major flexibility strategies pursued as well as the social security system are determining to a large extent the incidence of precarious employment or its functional equivalent, while the degree of labour market regulation has a greater impact on the specific shape of precarious employment takes in the national context (e.g. low tenures, atypical forms of employment).

Perception of precarious employment at the national level
The perception and the weight of the debate on precarious employment at national level do not necessarily reflect the incidence of precariousness. Thus, in comparative terms the incidence of precarious employment in France seems to stay at a low or middle field position while France is probably the country where precarious employment has retained the highest interest in the academic and in the public debate. In contrast, the data suggest that in the UK the incidence of precarious employment (or functional equivalents) is higher than in France, the question of precarious employments not addressed as such. Contextual factors are once again decisive (tradition of a strong state vs. liberalism and individualistic approach). In Italy the debate is highly politicised and ranges in the tradition of macro-regulation by the collective actors. Also in Germany we have seen that the debate about precarious employment stems from the concern about collective labour market regulation and the power of the trade-unions to do so. However, in Germany a second approach towards precarious employment is evolving, as academics and politicians are advocating for enhancing precarious employment and enlarging transitional labour markets in order to reduce unemployment and to respond to the flexibility needs of the workforce. Finally, in Spain precarious employment has entered the academic debate like in Germany only at the end of the 1980s. Despite the very high incidence of precarious employment, the debate on hidden employment and unemployment in Spain still outweights the debate on precarious employment. The Spanish academic debate departs from a segmentation theory approach and focuses on power relationship. The public debate seems to be dominated by the deregulation and flexibility debate, although the shift in the balance of power is addressed.
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