

# Precarious Employment in Europe

The objective of the ESOPE project, financed by the European Commission under the 5th Framework Programme, is to understand the European situation in relation to precarious employment. This matter is of great significance at a time when the 'quality of jobs' features among the priorities of the European Employment Strategy. Initial joint research indicates that both the concept and experience of precarious employment varies considerably among the five member states covered. Public policy and collective standards that aim to limit this phenomenon may only be understood and compared internationally by reference to the different social constructions that evolve in relation to job flexibility, quality and security.

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## ESOPE: Understanding Precarious Employment in Europe

ESOPE (European Study of Precarious Employment) is an acronym used by the research collaboration, *Precarious Employment in Europe: A Comparative Study of Labour-Market-Related Risks in Flexible Economies* (see box).

The research focuses on precarious employment, as a phenomenon that relates to the quality of jobs, social exclusion (or marginalisation), and the evolution of European 'social models'. This subject provokes questions concerning relations between the 'economy' and 'society' in different countries, from the points of view of both scientific analysis and the conceptual thinking behind the design of policy.

Thus the aim of the project is to improve our understanding of the existing margins of the labour market so as to be able to manage better the social risks attached to precarious employment in the European Union. The comparison involves the five most populous member states (France, Germany, Italy, Spain and the United Kingdom). The collaboration began by analysing the meaning and implication of 'precarious employment' in the different countries.

New empirical work will be carried out in the five countries in three sectors: domiciliary care for the elderly, the cultural sector and call centres. These three sectors were identified at the outset as being both very dynamic in terms of creating jobs, and problematic in terms of the quality of those jobs. The various business strategies adopted by the producer organisations (not all are enterprises but, for the most part, they are all concerned with supplying services) must contend with product market regulation (sometimes at the EU level). Similarly, the conditions of employment in these sectors will be influenced by the wider labour market reforms in progress in the countries concerned.

Beyond achieving an understanding of the factors giving rise to precarious employment, we also aim to identify examples of innovative practice. From these case studies, we shall seek to understand how initiatives can improve job quality at the heart of sectors prone to precarious employment.

## Key Elements of the Study

The first key element relates to the identification of categories of people at most risk of becoming unemployed. Unemployment experience and precariousness of working livelihood are linked but the relationship between the two is complex. To shed more light on it requires a review of the evidence, especially that derived from individual work history data, on the relation between, on the one hand, the incidence of precarious employment patterns and, on the other hand, personal or household factors, education and training profiles, employment characteristics (e.g. pay,

contractual status), and variations in labour market conditions.

The second element relates to the exploration of economic and labour market conditions likely to generate both precarious jobs and precarious work histories. The financial rewards and other benefits (individual and collective) obtained via employment are, themselves likely to have a bearing on the extent of precarious employment.

The third element of the research explores the suggested linkages between employment experience and employability<sup>1</sup>.

Whatever the general economic conditions, the quality of employing organisations, their human resource management practices and the judiciousness of their general business strategies are likely to influence the quality of jobs and the overall employability of the workforce that are achievable in any given country. Thus, through appropriate human resources policies, businesses can mitigate *a priori* unfavourable characteristics in the labour supply from which they recruit. They can also promote their existing workers' employability, despite unfavourable macro-economic conditions. But the impact on the precariousness of working lives will depend on how these opportunities are distributed among the workforce.

A fourth element of our research relates to perceptions of job security. As international studies demonstrate (OECD, 1997), these perceptions may vary even when conditions are apparently very similar either over time or between different countries: the study will assess previous research on how the attitudes and expectations among the different actors relating to job security vary and how they correspond with labour market reality.

Finally, the comparative approach to precarious jobs involves the analysis of the effects of public policy and of related collective standards. At least three types of policy frameworks are relevant. (i) So-called active labour market policies: partici-

1. This concept does not translate easily into all languages. It refers, essentially, to the capacity of the individual to adapt to changes in the labour market through taking responsibility for his or her own career, subject to being supported with opportunities to engage in appropriate training, to gain effective work experience, and to demonstrate their competencies to potential employers without being subject to discrimination.

pation in training and employment programmes may affect the incidence, form and distribution of precarious employment and may be seen in one context to help to reduce precariousness but in another to exacerbate it. (ii) Labour market regulation: up to a point (OECD, 1999), this can be studied quantitatively, but there is also scope for more qualitative analysis which is the primary focus of the empirical work in this study. (iii) The forms taken by the national systems of social protection and taxation are the third area of policy. The former, for example, can exacerbate or, alternatively, mitigate the effects of certain trends, notably the rising demand for the flexibility of work (Barbier and Nadel, 2000). 'Atypical' forms of employment relations are especially vulnerable to socially undesirable effects that can arise from even the most well-intentioned public interventions.

## Latin Precarious Employment or Continental Precarious Employment?

The first and clearest finding of the research is that social conceptions of precarious employment and related phenomena are extremely heterogeneous across the five countries. For the purpose of measuring 'precarious' employment of one kind or another most of the existing sets of indicators are unsatisfactory despite widespread use in international comparisons (Auer and Cazes, 2000). This accounts for the EC's research aimed at establishing a new job categorisation system (Commission, 2001b; 2002).

Part of the research collaboration has involved trying to find some common ground between the five countries to establish a shared concept of precarious employment. This has taken as a starting point the guidelines of an ILO study (G. and J. Rodgers, eds., 1989) which proposed four dimensions along which to examine precarious employment: job stability and security; working conditions; nature and stability of income; and access to social protection.

This is not to say that a universal definition of precarious employment will be

possible when it manifests itself so differently in France, Germany, Great Britain, Italy and Spain.

Moreover, despite the apparent similarity of the available statistical indicators which relate to some of these dimensions, they are often of doubtful use – the harmonised Eurostat data on limited duration contracts are a case in point.

Schematically, Great Britain stands out from the rest because here the division that matters seems to be less that between precarious and non-precarious jobs, but rather that between ‘bad jobs’ or even ‘dead-end jobs’ and the others. Certain job characteristics (notably, part-time and fixed-term work) appear to be more acceptable than is generally considered on the continent.

For different reasons, the idea of precarious employment in Germany is also less pertinent as such. True, in Germany, unlike in Great Britain, social actors commonly regard certain jobs as precarious, insofar as this may be understood by insecure (*Unsicher*). But precariousness (*Prekarität*) as an explicit concept is not widespread and is used only by specialists. Here, the distinction between ‘*geringfügig*’ (marginal or unimportant) jobs and the others is more relevant.

In contrast, precarious employment is a widespread concept in France, Italy and Spain, though to different degrees. The social actors in the three countries see labour market developments in terms of a socially damaging increase in precarious employment. The concept of precariousness as connected to poverty, historically first appeared in French sociology in the second half of the 1980s, and fairly rapidly became a ‘state category’. This influenced Italian (*precarietà dei posti di lavoro*) and Spanish usages (*precaridad laboral*).

The closeness in meanings and language usages do not rule out significant differences between the three Latin countries. In Spain, social actors appear to be most concerned about precarious employment, which may be explained in part by the evolution of the labour market and policy developments in the 1980s and, above all, in the 1990s which generated a proliferation of contract types that reduced stability (the Spanish rate of non per-

manent contracts is the highest in Europe).

In France, the notion – shared by scientists, political decision-makers, statisticians and the general public – is very comprehensive and carries many different meanings. Here, the concept of precariousness as *such* has been introduced progressively as characterising the state of the whole of society.

Lastly, in Italy, precarious employment is understood to refer to the rapid emergence in the 1990s of a new category of jobs. In 2000 there were around 2 million so-called ‘*parasubordinati*’ workers, i.e. on contracts derogatory to the standard paid work relationship and providing a lesser level of access to social protection.

In Italy as in Spain, 2002 has been marked by significant social movements; it would be an oversimplification to characterise these only as resistance to precarious employment, but they have certainly focused on this social question<sup>2</sup>.

2. We refer here to Article 18 of the Workers’ Statute in Italy (the conflict about the government’s reform of regulations concerning protection against dismissal), and the resistance to labour market and unemployment insurance reforms in Spain.

## Very diverse policies and norms

On the basis of the policy frameworks described above (active labour market policy, employment regulation, tax and social protection systems) empirical comparisons are currently continuing. The exploration of types of policies and norms cannot rely on the hypothesis that there exist specific policies dealing with precarious employment in all the countries. In addition, while it is possible to identify standards throughout, these do not everywhere take the form of public policy *per se*.

Preliminary research findings confirm the central importance of national social protection systems, industrial relations systems and also of the division of various types of labour among the workforce. As in other areas, it is convenient to classify countries according to families of welfare regimes, based on Esping Andersen’s (1990) classic categorisation.

Beyond this, the analysis of differences between countries and their national regimes of public policies and norms suggests that we need to allow for different types of collective norms. At least three major categories present themselves: (i) those that are explicitly formalised in order to combat precarious employment or to promote an acceptable<sup>3</sup> balance in terms

3. The German concept of *zumutbar* is relevant here.

of job flexibility, security and quality; (ii) those which, while not purposely engineered to combat precarious employment (or promote job stability and quality), nevertheless perform this role, or at least mitigate the precariousness of work histories; (iii) lastly, the standards which, in contrast, cause – sometimes intentionally in the name of promoting labour flexibility – increases in precarious, unstable and low quality jobs.

In Great Britain, where precarious employment is not such an explicit issue, debate over the collective standards that should govern special forms of employment status is minimal. Certainly there have been concessions made to regulating this area through recent Labour governments accepting the social protocol of the Maastricht Treaty and introducing a national minimum wage. But the principal thrust of policy has been towards engineering ‘welfare-to-work’ transitions by altering the social security system and by supporting the individual in becoming more ‘employable’ so that work can be found and will be more remunerative than staying on benefit. The aim has thus been to encourage a return to employment by the unemployed (and some of those outside the labour force).

In Germany, the perception of precarious jobs is, in the main, limited to marginal workers, the majority of whom are women, many of whom are considered to be secondary or ‘additional’ wage-earners. Increasing “quasi-self employment” situations are also considered as problematic. But, there is effective mainstream social protection of workers and their dependents. The immediate contemporary debate centres more on the effects of the rigidity of the labour market generated by the high level of protection.<sup>4</sup>

4. This was the focus of the Hartz Commission’s work, named after its chairman Peter Hartz the Human resources director of Volkswagen.

In Spain, precarious employment emerged as an issue in the mid-1980s and became a central theme in the social debate begun in the 1990s with the introduction of rules (laws and social partner agreements) aiming to reduce precarious employment which had spread with the increase in fixed-term contracts (*temporalidad*). In 2001, new policy initiatives, resisted by the unions, seemed to be heading in the opposite direction towards promoting more flexibility.

In Italy, the standard contract still prevails, although it carries different levels of protection for different categories of workers and enterprises. For example, Article 18, protecting employees against unjustified sacking, does not apply to workers in small enterprises. The 'special forms of employment status' (to use more broadly a French concept which has no equivalent in Italy) are more limited in international comparative terms. The main new standard to be introduced in recent years

was the creation of special (inferior) status for the *parasubordinati*. They too are not protected by Article 18.

In France, there is a direct link between the perception of the whole of society as precarious and the institutionalisation of precariousness as a category in public policy. Protection against mass redundancy is subjected to constant modification. At the same time, the 'special forms of employment status' (*formes particulières d'emploi*) increased between 1990 and 2000, from six to ten per cent of the workforce (Galtier and Gautié, 2000). Mainstream social protection provision has been powerless to counter the increase in precarious jobs. In the worst cases, these jobs are associated with a new awareness of a stratum of 'working poor' over-represented among the *formes particulières d'emploi*. Furthermore, paradoxically, precarious employment is also strong in the public sector.

At this stage in our research, each national team is, to a degree, still seeking to understand the different perspectives brought to the project through variations in disciplinary mix of researchers, in the political economy of labour and social security policies in the countries concerned, and in the nature of their political discourses.

One particular issue is being explored at the present time: is it possible to characterise, from among the countries analysed, several 'normative regimes' governing the contrasting national forms of job flexibility, quality and security which would have more generic value in studying precarious employment? If this were the case, it would have particular value in the context of the European Community's reflections following the Commission's communication on the quality of work (Commission, 2001).

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