

The rise of the dual labour market: fighting precarious employment through industrial relations

PRECARIR – VS/2014/0534

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Overview: the rise of precarious work

- ▶ **1. Project objectives**
- ▶ **2. Discuss trends in precarious employment**
 - Distinguish non-standard and precarious work
 - Developments across countries and sectors
- ▶ **3. Conclusion**
 - Varieties of dualizations across countries

Project objectives

▶ Aim

- Role of industrial relations in addressing precarious work in 10 countries
 - Since 2008

▶ Various institutional arrangements (Bohle and Greskovits, 2012)

- Neo-liberal economies: Lv, Lt + special type: Ro, Croatia (Hr)
- Embedded liberal market economies: Cz, Hu, Pl, Sk
- Neo-corporatist market economy: Slovenia (Sl)
- State-centred market economy: Greece (Gr)

▶ 5 Sectors

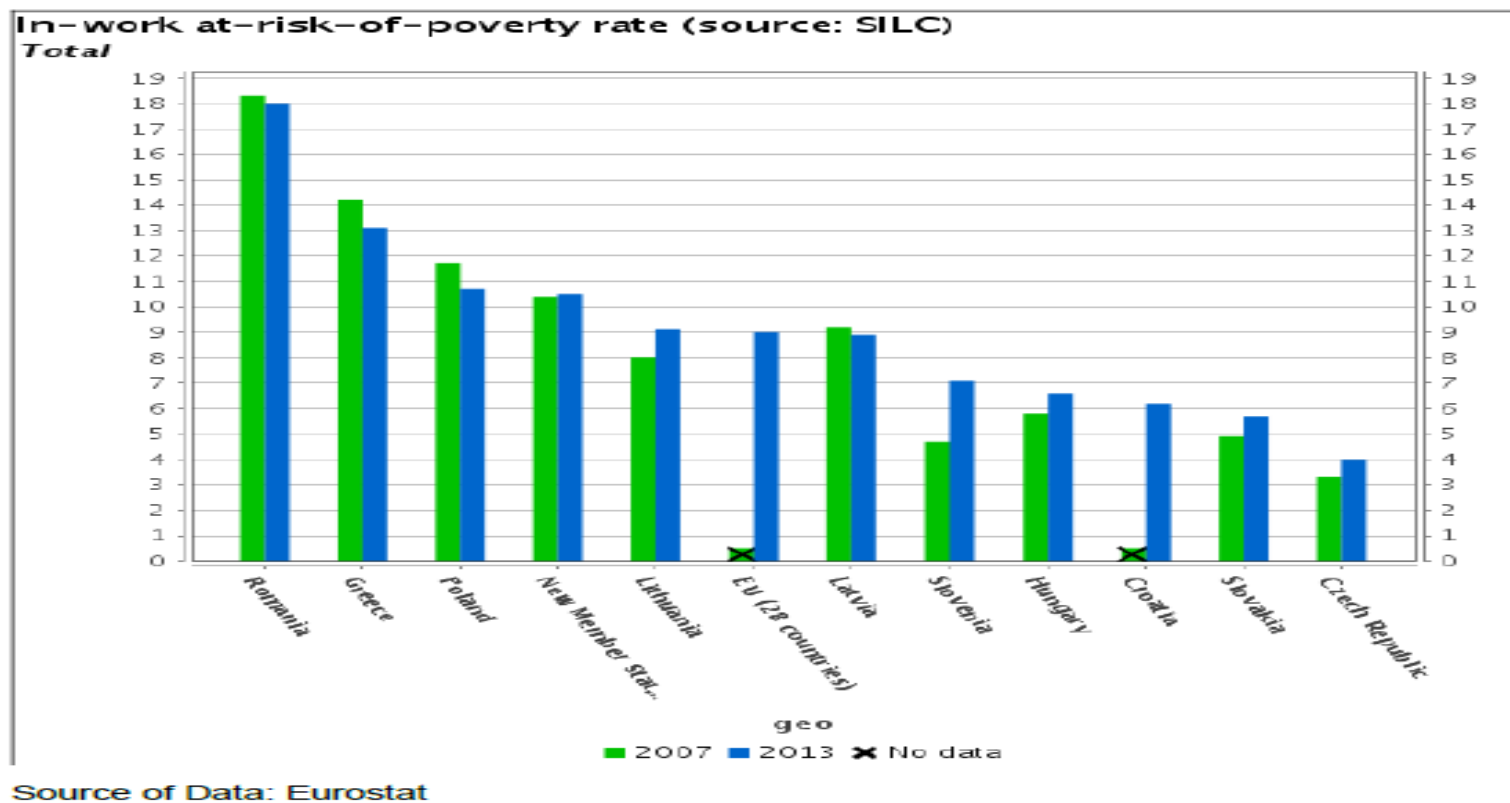
- Private sectors
 - Construction, metal, retail & temporary agency work (TAW)
- Public sector
 - healthcare/hospitals

▶ Primary data: interviews key informants (2015)

Why focus on fighting precarious employment in the new EU member states?

- Existing trends + crisis

Risk-of-poverty threshold = under 60% of the national median equivalised disposable income

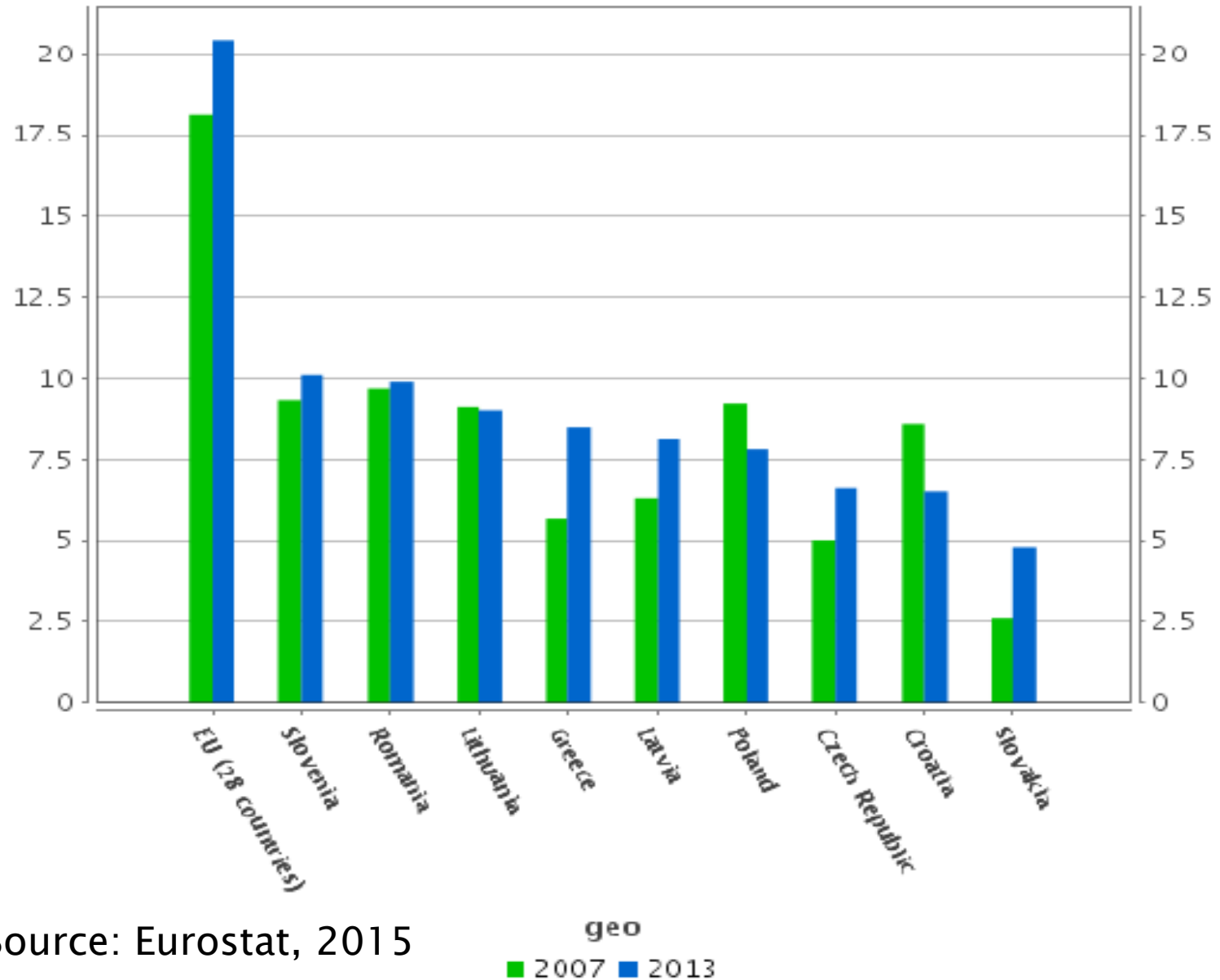


– limited knowledge & research in the new EU member states

Persons employed part-time - Total

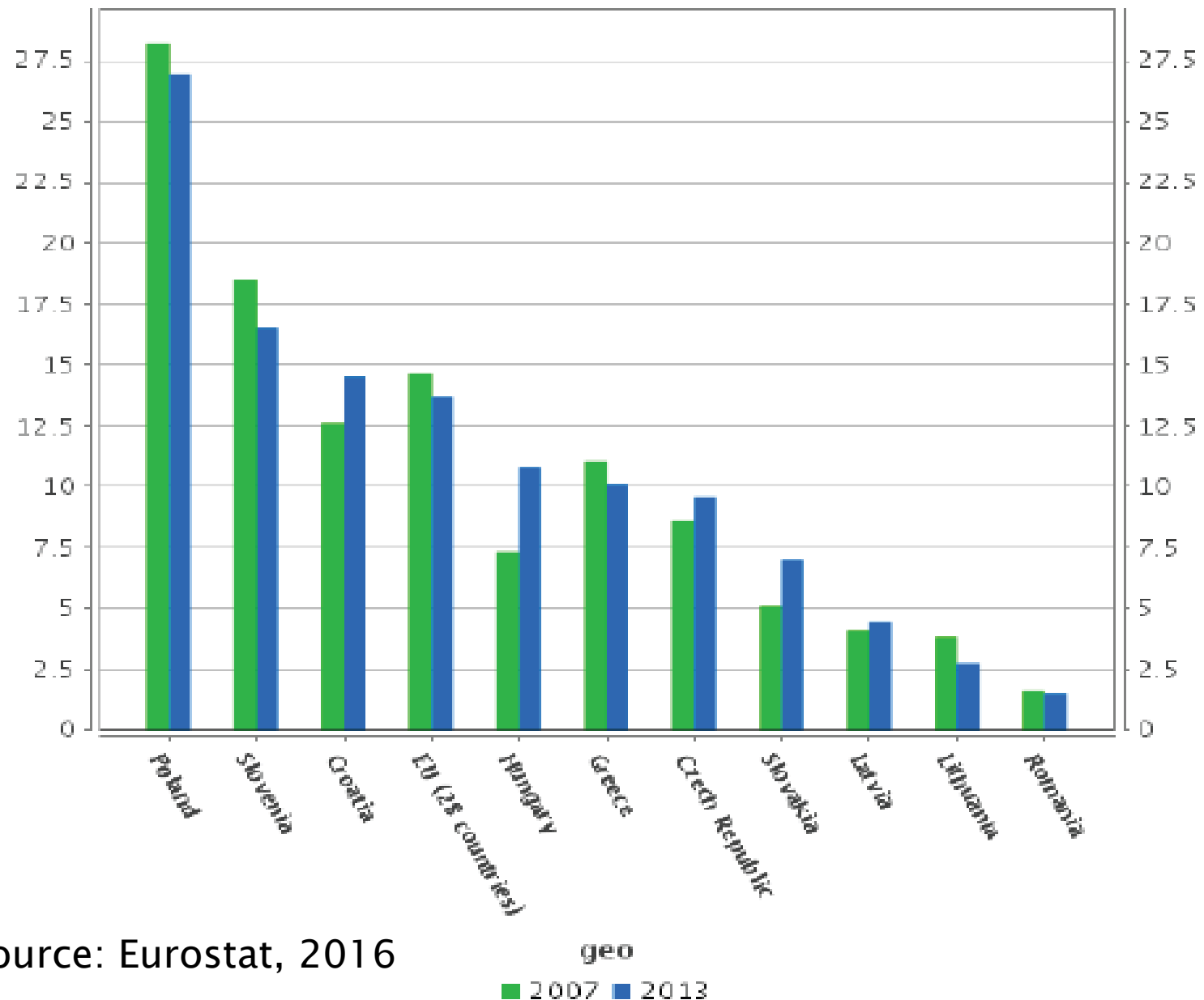
% of total employment

Total



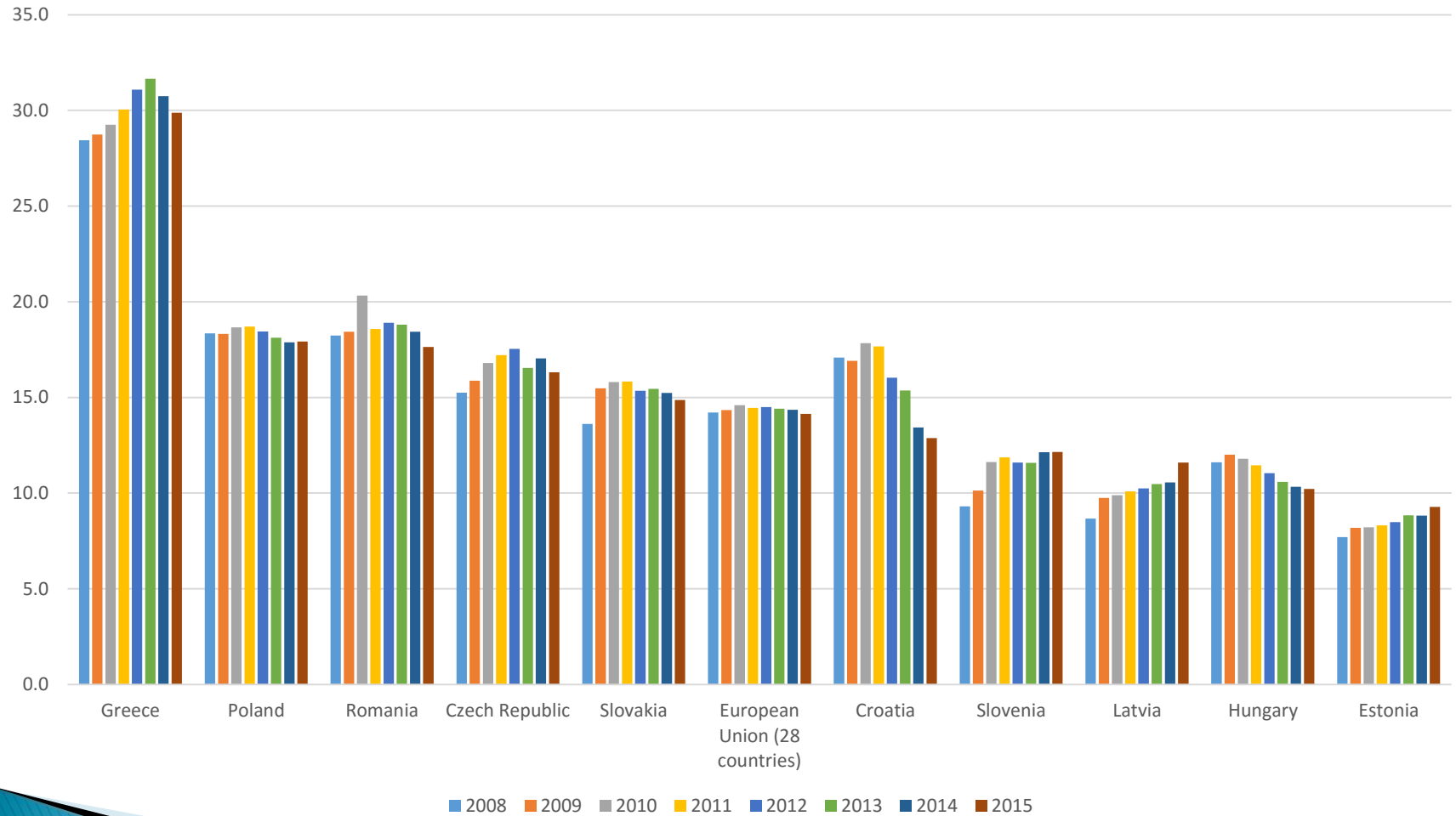
Source: Eurostat, 2015

Employees with a contract of limited duration (annual average) % of total number of employees

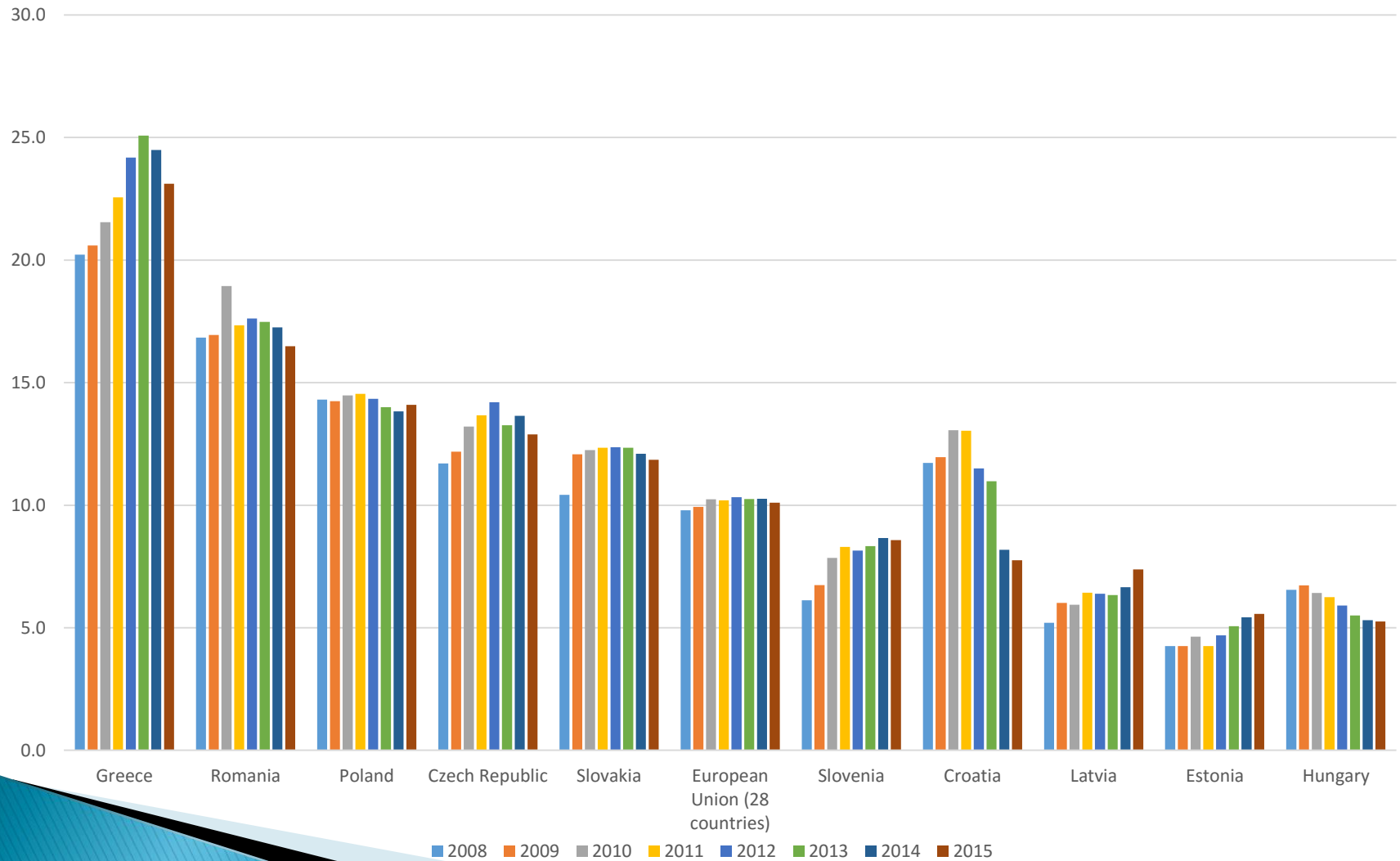


Source: Eurostat, 2016

Self-employed % of total employment (2008–2015)



Self-employed without employees (2008–2015) % of total employment



Operationalising precarious work (1)

- ▶ Distinguish precarious work and non-standard work (Keller and Seifert 2013)
- ▶ Legal forms of precarious work
- ▶ Focus on legal + institutional determinants of precariousness

Operationalising precarious work (2)

		Quality of working conditions dimension					
Regulated by:			Wages	Working time	Job security	Social security	Representation (voice)
The formal employment status dimension	Labour Code	FT open-ended contract					
		Fixed-term contract					
		Part-time contract					
		Work agreements					
		TAW					
	Non Labour Code	Self-employment, bogus self-employment					
		Civil contracts					
		Business contracts					
		Others					

PRECARIR operationalisation of precarious work

- ▶ Distinguish precarious work and non-standard work

(1) Non-standard employment

- two dimensions (or more) below standard employment

(2) Standard employment

- on minimum wage

(3) Any type of work

- with at least a job quality dimension outside the legal range

Incidence of precarious work in CEECs + Greece

(1) Non-standard employment

- Dependent self-employed
 - Low job and social security + no union representation
- Increase use of subcontracting, outsourcing + TAW to reduce wages

(2) Standard employment

- Low wages and irregular working time/unpaid overtime + no voice
 - % LF on minimum wage increased + decreased union representation

(3) Any work form outside the legal range

- No contract/employer no paying payroll taxes
- 'envelope payments' + working time outside the legal range
- Any other abuse of standard or non-standard contracts

Incidence of precarious work across sectors

(1) Non-standard employment

- Dependent self-empl & part-time (Construction and Retail)
 - Low wages & social security + unsocial working time + no union representation
- Fixed-Term (Retail, Metal)
 - Low job security + limited unions representation + irregular working-time

(2) Standard employment

- Low wages + irregular working time/unpaid overtime + limited voice
 - Low wages (Retail)
 - Irregular working-time (Construction, Metal, Healthcare)

(3) Any work form

- No contract/employer not paying payroll taxes (Construction, Retail)
- 'envelope payments' + working time outside the legal range (all)
- Rise of subcontr/outsourcing + TAW to reduce wages (Metal)

Incidence of precarious work across sectors (2)

(1) Highest incidence of precarious work

- Retail and Construction
 - New contracts after 2008 mostly atypical + low wages
 - High incidence of illegal work

(2) Moderate incidence precarious work

- Metal: sub-contracting/outsourcing + TAW to reduce wages
- Healthcare: Low wages + irregular working time/unpaid overtime

(3) Variable incidence of precarious work: TAW

- Lt: higher wages than standard work
- The same or lower in the other countries

Key structural factors affecting the rise in precarization of working conditions

Structural factors	Employers more likely to use precarious work	Employers less likely to use precarious work
Supply and demand of labour	High unemployment lowering unemployment rate implies increasing share of precarious work and vice versa (Bembic & Stanojevic, 2016) Immigrants	Labour shortages Low unemployment High emigration
Level of skills	Low skills	High skills
Size of company	Small	Large, but more likely to subcontract work

Key institutional factors affecting the rise in precarization of working conditions

Drivers deregulation of the labour market	Enablers of precarious work	Inhibitors of precarious work
IR actors	Lobby for deregulation by employers Weak social partners Subcontr/outsourcing/TAW by MNCs	Unions opposition Unionization=> collective bargaining Social partners joint interests in reducing precarious work
State policies	Undermining employment rights Weak law enforcement	Strengthening employment rights Unions + Employers bipartite actions Labour inspectors
International policies	Troika preconditions for financial assistance during crisis EU accession process (deregulation of working time) EU legitimizing non-standard forms	State and social partners policies to protect employment standards EU accession -> 'voice' for non-unionized equal treatment for non-standard contracts ILO support

Varieties of dualization in CEEs + Greece since 2008

Level of dualization

(1) Reduced by erosion of standard employment (Gr, Ro, Slo & Hu)

- (a) Standard: relaxing EPL + reduction in joint regulation
- (b) Non-standard: easier to use of fix-term contracts/TAW + subcontracting

(2) Limited change (Lv and Lt)

- (a) Standard: relaxing EPL + limited joint regulation
- (b) Non-standard: strengthening protection

(3) Increased by expansion of atypical contracts (Hr, Cz & Sk & Pl)

- Aiming to boost employment

- (a) Standard: mostly unchanged EPL + limited decline in joint regulation
- (b) Non-standard: liberalized => high % of new non-standard contracts

Implications of rising precarious work in CEEs + Greece (1)

- **For employees**

- (a) Standard employment

- lower wages by increasing workload (i.e. HC);
 - irregular working time/unpaid overtime (Retail, Con, TAW)
 - increase job insecurity (+ subcontr) for lower skilled workers

- (b) Non-standard employment

- Lower wages (lower CB coverage, delays in payments i.e. Con)
 - Working time: more irregular/informal practices
 - Low job security: many become unemployed during crisis

Implications of rising precarious work in CEEs + Greece (2)

- **For employers**

- High labour turnover
- Increased emigration of skilled workers in all sectors
- Increase unfair competition (informal/grey work forms)

- **For social partners**

- Reduction in the role and influence IR institutions => convergent trend to low influence
- Legislation: double edge-sword
 - Increase EPL => **perception** of lower need for joint regulations
 - **BUT not necessary vice versa**