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# 6

## Insecurity and the Peripheral Workforce

*Vanessa Gash and Hande Inanc*

### Introduction

Policies of labour market flexibilization, brought in by many European countries from the 1980s, have resulted in an increasing share of workers employed in non-standard employment contracts, particularly part-time and temporary work. Even during periods of economic growth, this led to a concern that such flexibilized employment relations were producing a polarized workforce, divided into a protected core and a disadvantaged periphery. The core workforce was described as highly skilled with higher pay, high job security, and favourable working conditions, while the peripheral workforce was described as holding non-standard employment contracts, with poor work conditions and considerable job insecurity.

Previous research has confirmed the poor quality of many atypical contracts (Kalleberg et al. ; Polavieja 2001) . Temporary employees are subject to lower pay, high risk of job loss, subsequent spells of precarious employment, and poorer opportunities for job-related training (for a review of findings see Inanc 2010) . There have been contrasting views about the implications of temporary work for long-term career trajectories: whether it is a steppingstone to better jobs or a source of entrapment. Some have argued that temporary jobs serve as entry ports to the labour market, which then enable the employee to get a stable job in the primary market. In contrast, others underline the negative effects of temporary work on future career outcomes, in particular due to the limited opportunities it provides for training and acquiring human capital.

Similarly, part-time work is also associated with poorer employment quality, as well as career outcomes. According to the OECD, part-time employees face a penalty compared with full-time workers in terms of pay, job security, training, and promotion. Part-time workers are also more likely

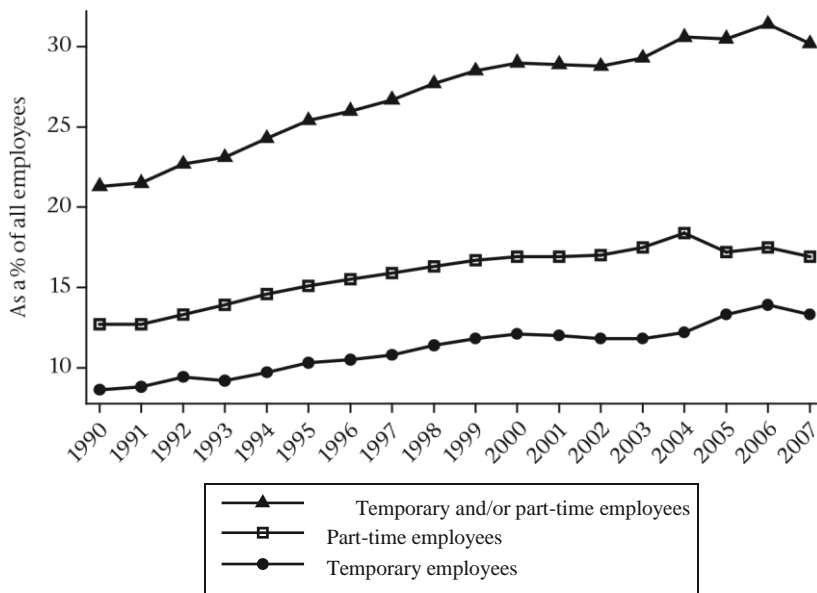
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to be poor and are less likely to have access to unemployment benefits or re-employment assistance if they become unemployed (OECD 2010) . The bulk of part-time work is done by women, even though male shares have increased since the early 1980s. The difficulties faced by women in parttime work have been convincingly outlined in recent research (Gregory and Connolly 2008) . Relative to women who

work full-time, those employed part-time give up more than income in return for reduced hours. Part-time workers' hourly pay is less than both men's pay and women full-time workers' pay (e.g. Bardasi and Gornick 2008 ; Manning and Petrongolo 2008) . Part-time employment tends to be concentrated in low-skilled occupations; this means women who switch to part-time jobs from full-time employment can often only do so if they accept a job of inferior occupational worth. This problem is aggravated by the fact that women in part-time jobs tend to get less training, with employers often reluctant to invest in a workforce regarded as peripheral (OECD 1999).

The current economic crisis accentuates concerns of a deepening labour market dualism between those on a standard employment contract (in fulltime and permanent jobs) and those on atypical (reduced hours or temporary) contracts. Two essential questions emerge: Has the economic crisis resulted in an increase in the peripheral workforce? And have the inequalities between core and peripheral workers grown?

This chapter investigates these questions empirically to reveal the impact of the global economic crisis on the atypical workforce across Europe, inquiring whether or not those on non-standard contracts have disproportionately borne the cost of the crisis. It does so by first examining the changes in the workforce structure using the European Union Labour Force Survey (EULFS), which provides time series data on the changing shares of standard and atypical work, as well as on the extent to which this work is voluntary or involuntary. Second, the chapter aims to reveal whether peripheral workers have been disproportionately exposed to degradation in their working conditions in the form of increased employment insecurity. We conceptualize employment insecurity as a broad, multifaceted phenomenon. We examine (1) fear of job loss, (2) entrapment, that is working in positions that have no opportunities for advancement, as well as (3) changes in the financial security of workers. In this section we use the European Social Survey (ESS) which in 2010 asked a series of questions on job insecurity that replicate questions asked in its second round of data collection in 2004, allowing analyses of *changes* in job insecurity over the period. Third, we analyse variation by regime, since different countries had varying levels of exposure to the recession and diverged in policy response to macro-economic pressures. Therefore the insecurities experienced by workers, and in particular by peripheral workers, are expected to differ in severity between different types of regime.



**Figure 6.1.** Growth of atypical work in Europe 1990–2007

Source: Eurostat Employment and Unemployment Database, covering 20–64 age group.

### Growth of Atypical Work in Europe Prior to the Economic Crisis

The majority of EU countries have sought to deregulate components of their employment law allowing employers to hire workers on atypical contracts more easily. The share of atypical work in the EU has grown substantially. Between 1990 and the start of the economic recession of 2008, the share of temporary workers among all employees increased by five percentage points, constituting one-seventh of the workforce in 2007. Similarly, the proportion of part-time employees grew from 12.7 per cent to 17 per cent within the same period. By 2007 one-third of employees were working in at least one sort of atypical job (Figure 6.1).

There are, however, differences between European countries with respect to how labour market flexibilization took place. Southern countries such as Spain and Italy, as well as France, followed a ‘partial and targeted deregulation’ (Esping-Andersen and Regini 2000) which was age-targeted and deregulated the working conditions for new entrants and/or young individuals. Germany and other Continental European countries followed a ‘partial reform strategy’ (OECD 2006) which focused on the skill divide in the workforce (skilled-protected vs. unskilled-deregulated workers).<sup>1</sup> The

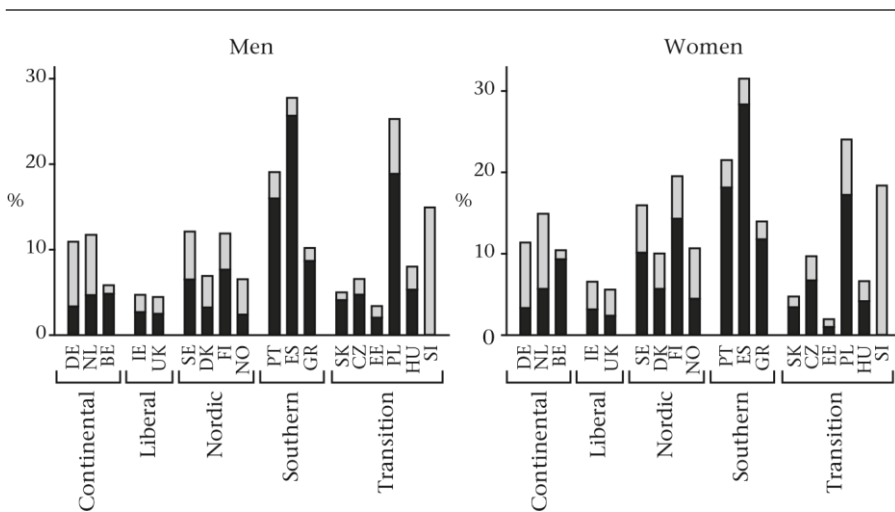
<sup>1</sup> For a detailed record of emergence and trends of non-standard employment in various EU countries see Barbieri (2007).

result of both of these strategies has been the creation of a dualistic and segmented workforce. Employees in the primary segment enjoy job protection and social benefits attached to their permanent contracts, whilst employees in the secondary segment hold temporary contracts which offer lower wages, lower training and skill-investment opportunity, as well as less social protection. In these countries, labour market flexibilization came at the cost of increasing social inequality between standard and non-standard workers as well as the risk of social and economic marginalization of the secondary segment.

Among the Nordic countries Denmark followed a 'flexicurity' strategy which allowed it to combine high degrees of flexibility in the labour market with high levels of social protection. Temporary work in the Danish system often takes the form of a job rotation system, with unemployed workers replacing employees who are on leave for training, further education, or to take care of children (Barbieri 2007). This scheme provides flexibility for employers, and provides unemployed workers with training opportunities, which, in turn, increases their employability. Denmark has become as productive as the liberal Anglo-Saxon countries, yet has been seen to minimize the social costs and negative externalities of flexibilization.

Finally in liberal regimes, such as the United Kingdom, while labour market flexibilization further deregulated an already weak system of employment protection, the share of temporary contracts increased only marginally and remained flat at around 4.6 per cent of all employment between 1984 and 1990 (Robinson 2000: 32). In the mid-1990s, the share of temporary work grew to a level of 6–7 per cent, affecting all industries.

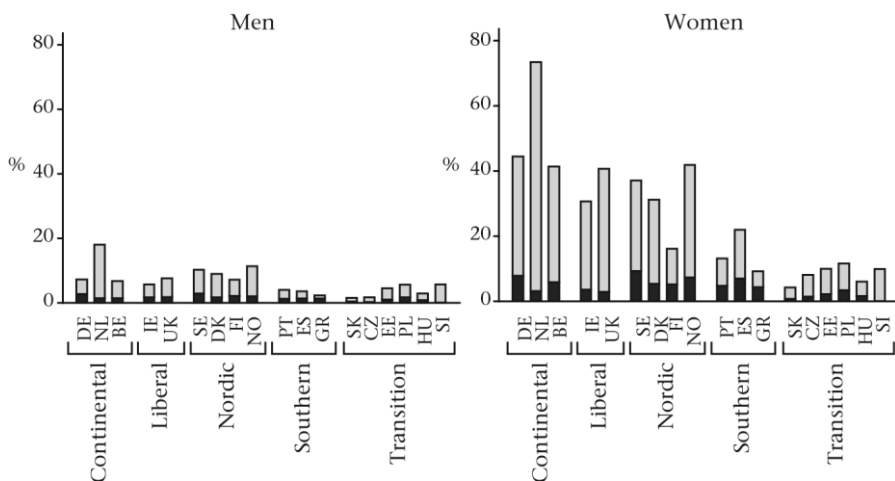
Due to these different paths of deregulation and flexibilization there are significant dissimilarities across European countries regarding the size of the atypical workforce and the implications of atypical employment for job quality. Figures 6.2 and 6.3 show the proportion of temporary and part-time employees, respectively, in European countries between 2004 and 2010. The figures also reveal the share of those who are employed in atypical work *involuntarily*. There are remarkable differences among and within country groups in terms of the proportion of temporary employees. While in Liberal and most of the Transition countries the share of temporary workers is very small, the workforce in Spain, Portugal, and Poland has comparatively large shares of temporary workers making up over 20 per cent of the workforce. Almost universally, temporary contracts constitute a larger share of female employees than they do of male employees. In most of the Southern and Transitional countries, as well as in Belgium and Finland, a large proportion of temporary workers have these jobs involuntarily. Involuntary temporary workers are those who accepted a temporary job because they could not find a permanent job rather than through choice. Especially in Germany and Belgium, but also



**Figure 6.2.** Temporary and involuntary temporary work among employees 2004–2010

Source: Authors' calculations from pooled EULFS, weighted frequencies for 20–64 age group.

Notes: 1. Temporary work is self-defined, referring to having a fixed-term contract or a job which will terminate after the completion of an objective. 2. Dark grey bars represent the proportion of involuntary temporary employees as of all employees. 3. Information on involuntary temporary work for Slovenia is not available.



**Figure 6.3.** Part-time and involuntary part-time work among employees 2004–2010

Source: Authors' calculations from pooled EULFS, weighted frequencies for 20–64 age group.

Notes: 1. Part-time work is self-defined, with the exceptions of the Netherlands, Iceland, and Norway where part-time is determined based on actual working hours with the criterion of working fewer than 35 hours per week. 2. Dark grey bars represent the proportion of involuntary temporary employees as of all employees. 3. Information on involuntary temporary work for Slovenia is not available.

in Liberal countries and Norway and Denmark, temporary jobs do not take a predominantly involuntary form, reflecting the integrative nature of temporary work in these countries.

There are also differences between countries in terms of incidence of part-time work, with Southern and Transitional regimes situated at the lower end of the distribution and the Continental regime at the upper end. The most notable feature of part-time work, however, is its gendered nature. In all countries combined, the share of part-timers among the female workforce is considerably higher than it is among the male workforce, with an average of 34 per cent of female and 7 per cent of male employees (Figure 6.3). Additionally, there are fewer part-time workers than temporary workers who self-describe as involuntary, suggesting that many part-time workers are content with the reduced hours they work. Involuntary part-time work is defined as working part-time because one cannot find a full-time job, as opposed to working part-time due to reasons such as education, disability, and caring for dependants. Around a third of male part-timers in Germany, Spain, Ireland, Poland, and Portugal work in their jobs involuntarily, whereas 60 per cent of male Greek part-timers state that they could not find a full-time job. Among women, only in the Southern countries and Finland are over a third of them involuntary part-time employees.

## Atypical Work and Economic Crisis

### *Issues*

A central question is whether the economic crisis led to an increase in structural insecurity in the workforce, by increasing the relative size of the atypical sector. Temporary employment has long been recognized as a means for employers to manage cyclical and seasonal fluctuations in demand whilst simultaneously liberalizing wage and labour costs. The generation of temporary employment has been presented as a means, for employers, of transferring the risks associated with volatile markets to employees. But there could be different expectations about the implications of this for the effects of the crisis for workforce structure. One possibility is that there would be an increase in inflow into temporary jobs. Employers may be more inclined to offer temporary contracts to new hires whereas labour market entrants, who lost bargaining power against employers due to uncertainty and high unemployment, are more likely to accept temporary contracts to avoid unemployment. Temporary employment is also a means of decreasing the costs of labour: temporary workers are 'cheaper' than standard contract workers

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as they tend not to be entitled to redundancy payments and they are likely to be more malleable than standard contract workers since they are less protected by trade unions. But, in contrast to such arguments, there is also a possibility that economic crisis reduced the size of the atypical workforce. Countervailing greater incentives for

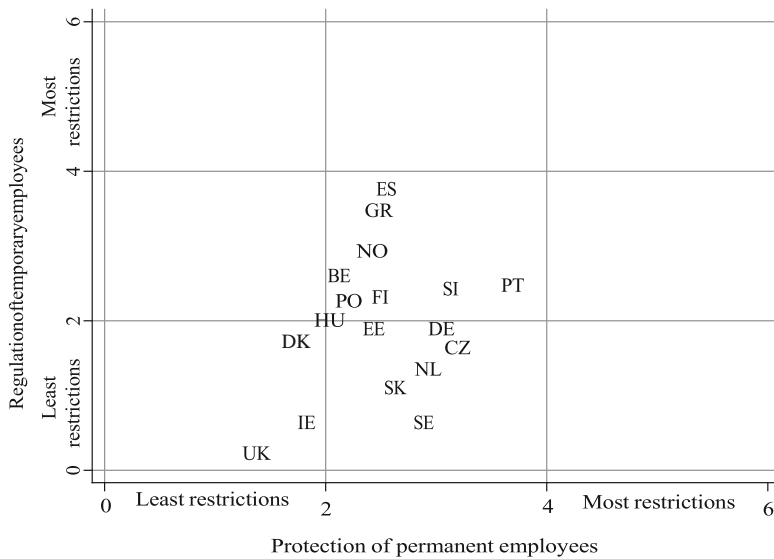
recruitment, temporary workers also may have borne disproportionately the burden of workforce reductions. The costs of firing temporary workers are clearly lower than they are for permanent workers. Thus, after the economic crisis a large outflow from the temporary workforce might be expected.

A second question is whether the economic crisis led employers to reduce employees' working hours involuntarily, encouraged by public and private initiatives to sustain labour demand. It has been suggested that this played an important role in preserving jobs in the crisis (OECD 2010). When employers and employees encounter a trade-off between reducing the numbers employed and reducing working hours, an increase in the proportion of part-timers could be expected.

Finally it is possible that the labour market outcomes of atypical workers as a result of the economic crisis varied by institutional context. There are several pivotal institutions that structure atypical workers' outcomes. The first of these is the extent to which employment protection legislation is applied equally to both standard contract and atypical workers. Countries which have engaged in so-called partial deregulation, that is allowing for the generation of atypical contracts whilst leaving legislation for standard contract workers untouched, are expected to have the highest rates of atypical employment and the greatest disparity in the quality of employment between standard contract workers and atypical contract workers. According to the OECD's 2008 Employment Protection Indicators, countries with higher rates of employment protection of standard contract workers and lower rates of regulation of atypical contract workers include Slovakia, the Czech Republic, Sweden, and the Netherlands (Figure 6.4). We expect segmentation between typical and atypical employees to grow greater in these countries after the economic crisis. In contrast, in countries where a low level of protection of permanent workers is combined with lower levels of regulation of temporary employment, such as in the UK and in Ireland, we predict little change in the level of polarization between the core and periphery, since hiring and firing of permanent and temporary employees are equally easy.

Other expectations can be drawn from the literature on 'production regimes' (Soskice 1999; Hall and Soskice 2001) and 'employment regimes' (Gallie 2011). The production regimes literature distinguishes between liberal market economies and coordinated economies. Liberal economies (typified by the UK) have employers with preferences for low levels of employment protection (Wood 2001). In these economies we expect there to be lower





**Figure 6.4.** Level of employment protection in OECD and selected non-OECD countries 2008  
 Source: OECD w [www.oecd.org/employment/protection](http://www.oecd.org/employment/protection) . Note: For France and Portugal, data refer to 2009. Scale from 0 (least restrictions) to 6 (most restrictions).

levels of segmentation between atypical and standard employees and little tendency to polarization. Coordinated economies (typified by Germany) tend to have more extensive employment protection, as a means of securing the commitment of employees who have invested in extensive skills training. We therefore expect the economic crisis to lead to greater polarization between the protected core and unprotected peripheral workforce in coordinated market economies. The employment regime literature distinguishes between employment systems in terms of their degree of inclusiveness. It would lead to the expectation that tendencies to dualism would be relatively weak in countries with an ‘inclusive regime’ (the Nordic countries) and particularly strong in those with dualistic employment structures (the Continental and Southern countries).

*Economic crisis and polarization in workforce structure?*

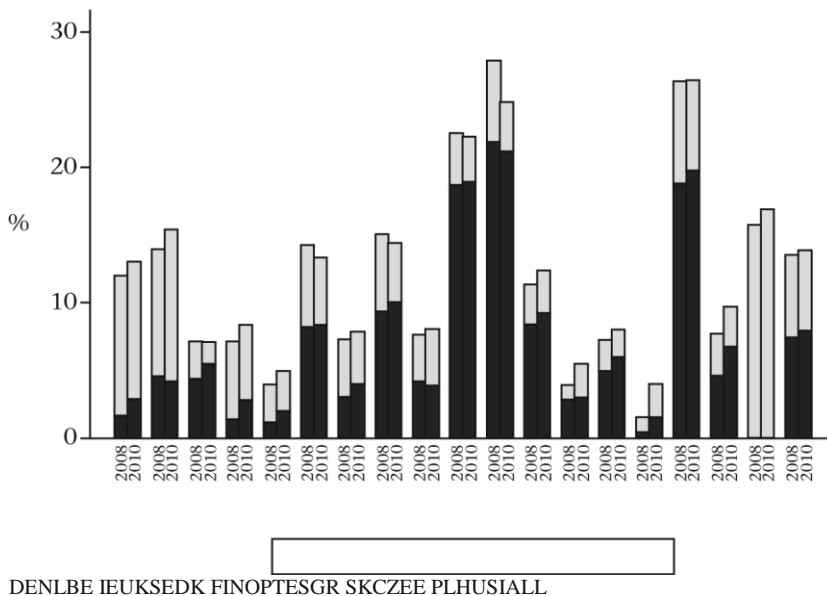
The period between 2008 and 2010 was marked by a reduction in the size of the ‘core workforce’ in Europe.<sup>2</sup> On average, the proportion of fulltime permanent employees dropped from 69 per cent to 67 per cent, with notable variation across individual countries. Estonia experienced the sharpest decline, with seven percentage points, in its core workforce, followed by Ireland, Denmark, Hungary, and the UK. Conversely, in

<sup>2</sup> Authors’ calculations from EULFS.

some countries there has been a slight growth in core workforce size, namely in Spain, Sweden, and Norway.

The proportion of temporary employees and involuntary temporary employees in the springs of 2008 and 2010 are shown in Figure 6.5, providing a snapshot of the situation at the start and (for most countries) after the recession. The average share of temporary employees in the overall groups of selected European countries has barely changed, but there were remarkable differences in the trend across countries. In Liberal and Transition countries (except for Poland), the share of temporary employees increased between 1 and 3 per cent and also to a lesser extent in Germany, the Netherlands, Denmark, and Norway. In contrast, in Sweden, Finland, Portugal, and particularly in Spain, there has been a decline in the share of temporary employment. Among temporary employees in most countries the share of those who work in these jobs involuntarily, or out of constraint, changed proportionately, with a few exceptions. For example, in the Netherlands and Norway, even though temporary employees constituted a larger part of employment in 2010 than in 2008, the level of involuntariness decreased. Conversely, in





**Figure 6.5.** Change in the proportion of temporary employees 2008–2010  
*Source:* Authors’ calculations from pooled EULFS, weighted frequencies for 20–64 age group.

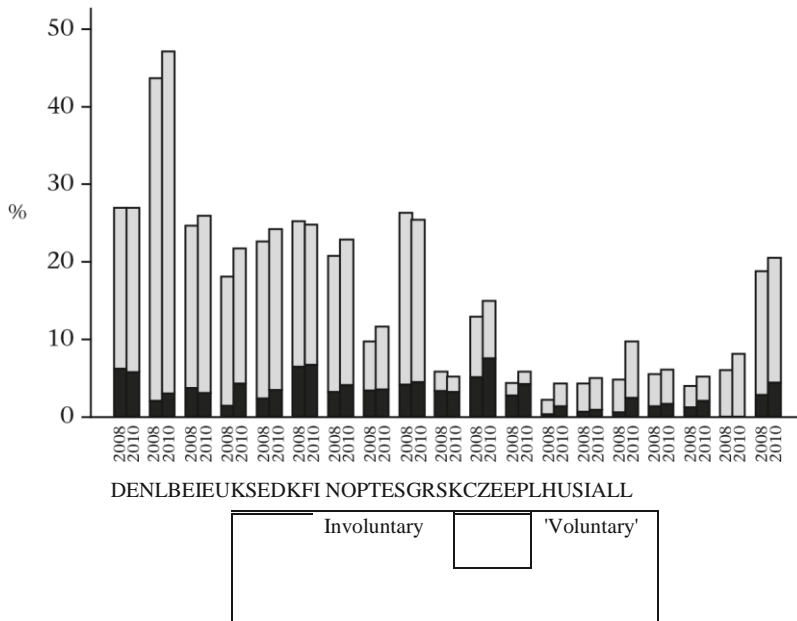
*Notes:* 1. Temporary work is self-defined, referring to having a fixed-term contract or a job which will terminate after the completion of an objective. 2. Information on involuntary temporary work for Slovenia is not available.

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Finland and Portugal, despite the drop in temporary employment, the level of involuntariness increased.

On average, part-time work amongst employees also increased 2 per cent between 2008 and 2010, but there were fewer cross-national differences (Figure 6.6). Except for Germany, Sweden, Norway, and Portugal, where the part-time rate has either stayed constant or dropped 1 per cent, the share of part-time employees increased, with the Netherlands, Ireland, and especially Estonia exhibiting the largest increase. Involuntary part-time work also increased in most countries, parallel to the rise in part-time work.

Changes in the proportion of the atypical workforce at the country level might be a reflection of compositional changes within the workforce. For instance, the increase in part-timers could be a consequence of an inflow of women into the workforce. Therefore, it is important to investigate whether or not one’s risk of working in atypical jobs has increased irrespective of demographic factors such as education level, occupational group, age, gender, partnership status, and migrant status. The results (see Table 6.1) indicate that workers in the Continental and the Transition regimes have experienced an increased risk of constraint in terms of contract type. In these regimes, except for Slovakia, the chances of working involuntarily as a temporary



**Figure 6.6.** Change in the proportion of part-time employees 2008–2010

Source: Authors' calculations from pooled EULFS, weighted frequencies for 20–64 age group.

Notes: 1. Part-time work is self-defined, with the exceptions of the Netherlands, Iceland, and Norway where part-time is determined based on actual working hours with the criterion of working fewer than 35 hours per week. 2. Information on involuntary temporary work for Slovenia is not available.

**Table 6.1.** Recession and probability of involuntary atypical work (odds ratios)

	Reference year	Risk of involuntary temporary work vs. permanent work				Risk of involuntary part-time work vs. part time work			
		2008	2009	2010	N	2008	2009	2010	N
<i>Continental</i>									
Belgium	2 008	–	1.11	1.31 ***	2 2883	–	0.84	0.93	21916
Germany	2 008	–	2.42***	2.77***	9 185	–	0.98	0.92	9144
Netherlands	2 008	–	1.22**	1.02		2 4854	1.78***	1.84***	18440
<i>Liberal</i>									
Ireland	2 007	1.80***	2.35***	3.67***	85233	0.78 **	2.17***	2.76***	93069
UK	2 007	0.69**	0.85	1.15	5 8718	N/A	1.53***	1.49***	48180
<i>Nordic</i>									
Denmark	2 008	–	1.11	1.28 **	2 9920	–	1.26*	1.38***	27659
Finland	2 008	–	1.1	0.99	7000	–	0.98	1.24	7802
Norway	2 008	–	0.99	0.98	7605	–	1	1.01	6661
Sweden	2 007	0.98	0.96	0.99	115365	0.98	1.05	1.07	108709
<i>Southern</i>									
Spain	2 007	1.03	0.94	1.03	28730	1.23*	1.48***	1.94***	34995
Greece	2 008	–	0.99	1.10*	4 7915	–	1.26***	1.48***	7 7933
Portugal	2 008	–	0.95	1.06	3 5779	–	0.9	1.01	4 4279
<i>Transition</i>									
Czech Rep.	2 008	–	0.94	1.24 ***	5 3784	–	1.1	1.36*	6 3304
Estonia	2 007	0.66	1.44	2.63**	6836	0.66	3.30***	2.26*	7114
Hungary	2 007	1.02	1.1	1.51***	75629	1.06	1.49***	1.78***	86078
Poland	2 008	–	1.03	1.11 **	5 1277	–	1.12	1.17	68943
Slovakia	2 008	–	0.99	1.01	2 4456	–	3.15***	5.56***	28614

Source: EULFS spring edition (weighted to control for bias in response rates and to ensure equal national proportions). Education level, occupational group, age, gender, partnership status, and migrant status are controlled for. Reasons for working part-time not available for UK in 2008. Sig = \*\*\* = <0.001.

employee increased significantly after the recession, although the risk only rose in Transition countries in 2010. The country where involuntary temporary work risk increased the most is Ireland: the odds of working with a temporary contract involuntarily in 2008 were 1.8 times as large as the odds in 2007, 2.4 times as large in 2009, and 3.7 times as large in 2010. Conversely, in the UK, the risk of involuntary temporary work declined. Among the Nordic countries there was no change in risk, except for an increase in Denmark.

The increase in the risk of involuntary part-time work is even more visible than for

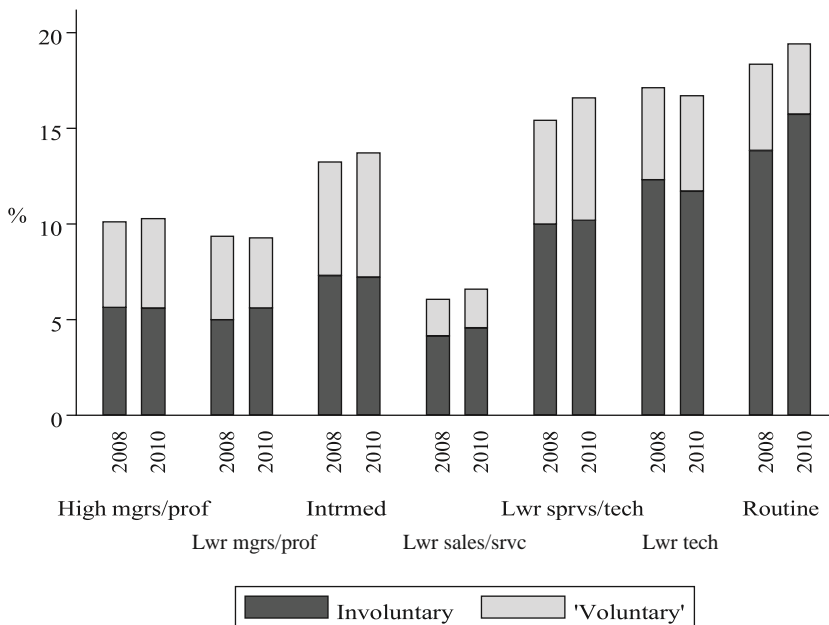
involuntary temporary work. With a few exceptions, in the Liberal, Southern, and the Transition regimes the probability of working part-time involuntarily increased remarkably. In the coordinated and Nordic countries (with the exception of an increase in the Netherlands and Denmark) the likelihood of involuntary part-time work remained stable over the period. 152

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*Upskilling or deskilling of the atypical workforce?*

Two contradictory predictions can be made with respect to the changing skill structure of the atypical workforce after the economic crisis. It could be argued that an overall upskilling is likely to have taken place since employees from lower-skilled occupations are more vulnerable to lay-offs due to their low skill levels, leading to a change in the occupational distribution of atypical work. But there are also reasons why deskilling of the atypical workforce could be expected. As permanent and full-time jobs become scarce, the lowskilled will increasingly be concentrated in atypical jobs, resulting in deskilling of the atypical workforce.

Figures 6.7 and 6.8 display, within each occupational class, the share of temporary and part-time employees, respectively. There is a marginal increase in the proportion of temporary employees within ‘Lower managerial/professional’, ‘Lower sales/services’, ‘Lower supervisory/technical’, and ‘Routine’ occupations. This does not provide evidence for either an upskilling or deskilling of the temporary workforce. As for part-time employees, their share within each occupation increased slightly, except for the ‘Lower technical’ group, meaning that the skill structure of the part-time workforce also remained broadly the same after the recession.



**Figure 6.7.** Share of temporary employees among occupational classes 2008–2010

Source: Authors' calculations from pooled EULFS for the 18 European countries, weighted frequencies for 20–64 age group. Note: Temporary work is self-defined, referring to having a fixed-term contract or a job which will terminate after the completion of an objective.

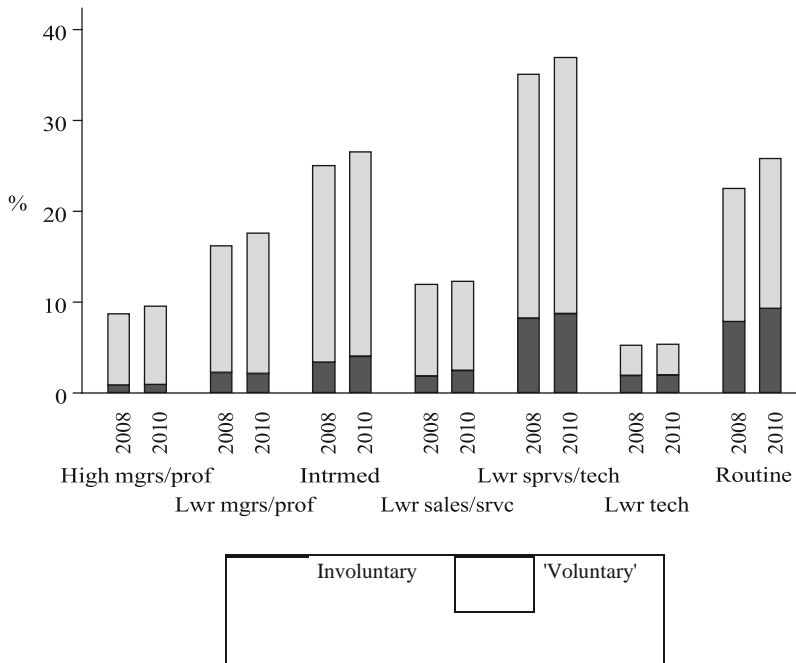


Figure 6.8. Share of part-time employees among occupational classes 2008–2010

Source: Authors' calculations from pooled EULFS, weighted frequencies for 20–64 age group. Note: Part-time work is self-defined, with the exceptions of the Netherlands, Iceland, and Norway where part-time is determined based on actual working hours with the criteria of working fewer than 35 hours per week.

### Economic crisis and gender differences in atypical work

There might be different expectations about whether male or female atypical workers were most affected by the crisis. Since a larger share of females is in atypical work, one also might expect many more women finding themselves in non-standard jobs involuntarily. Counter to this, with standard jobs becoming scarcer, increasingly more men might have to accept temporary or part-time jobs out of constraint. Table 6.2 shows the results from a set of multivariate analyses where the period, gender, and the *interaction* of the two are included, as well as socio-demographic control variables. In Nordic, Southern, and Transition countries women are more likely than men to work involuntarily in temporary jobs (main effect). The interaction effect showing the change in the relative risks by sex over the period is only significant in the Transition countries, where women's risk of working involuntarily in temporary jobs was reduced relative to men's in 2009 and 2010.

As to part-time work, again, the probability of women working part-time involuntarily is greater than that of men (main effect). However, in the Nordic and Liberal countries, as

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well as in European countries considered together, men's risks of getting part-time jobs increased more than women's over the period of the crisis. The interaction effect indicates that, as a result of

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**Table 6.2.** Involuntary atypical work: gender and period interactions (odds ratios)

Involuntary temporary work vs. permanent work						
	Nordic	Continental	Liberal	Southern	Transition	ALL
2009 vs. 2008	1.01	1.73 ***	1.18	0.98	1.11**	1.11**
2010 vs. 2008	1.1	1.67 ***	1.71**	1.09	1.22***	1.20***
women	1.64***	0.91	0.71	1.16*	1.24***	1.27***
women*2009	1.04	0.81	1.07	0.88	0.88*	0.91
women*2010	0.91	0.99	0.96	0.87	0.90*	0.92
N	132864	56923	81517	105240	204708	581252

Involuntary part-time work vs. full-time work						
	Nordic	Continental	Liberal	Southern	Transition	ALL
2009 vs. 2008	1.26*	1.2	1.266***	1.49*	1.48**	1.79***
2010 vs. 2008	1.23*	1.3	1.427***	1.78***	1.59***	2.01***
women	4.26***	6.86***	1.92***	5.49***	3.50***	4.81***
women*2009	0.79*	0.78	1.26	0.76	0.79	0.73**
women*2010	0.9	0.62*	0.95	0.81	0.84	0.67***
N	537046	112598	41914	69764	106053	206717

Source: EULFS data, spring edition (weighted to control for bias in response rates and to ensure equal national proportions). Education level, partnership status, age, and migrant status are controlled for. Sig = \*\*\* = <0.001.

economic crisis, men find it harder to find standard jobs, and take up atypical jobs in the absence of the availability of standard jobs.

### *Use of atypical work as a response to economic crisis*

The economic crisis affected European countries to differing degrees. Moreover, in order to combat high unemployment, countries followed different strategies, partly due to the level of existing employment protection of the atypical workforce and partly due to the severity of the impact of the recession. Therefore, in this section we investigate further the relationship between unemployment and temporary work in each country setting, with the purpose of illuminating how atypical work has been used to buffer the potential unemployment shock.

The ideal analysis for this purpose would have been to compare the changes in job loss rates of standard and non-standard employees before and after the recession. This would have shown whether atypical workers moved into unemployment at a higher rate than did typical employees. However, neither of our datasets provides information on respondents' contract type the year before, which prevents us from constructing flow charts from standard and non-standard employment into unemployment. Thus, we use other available indicators to examine the extent to which temporary workers have been exposed to job losses in each country. We start with the distribution of reasons for job loss in each group of countries in the period between 2007 and

2010. EULFS asks non-employed respondents the reasons for leaving their last employment, with options such as dismissal, termination of job contract, illness, disability, family responsibilities, and retirement. We restrict the analysis to job losses that took place within the last twelve months. Table 6.3 shows that the percentage of job losses due to dismissals increased remarkably between the springs of 2007/8 and springs of 2008/9. On average only 20 per cent lost their jobs because of dismissals in 2008, whereas this figure jumped to 36 per cent in 2010. This pattern persists in each regime, with particularly remarkable increases in the Liberal, Nordic, and Transition countries.

The second part of the table presents the share of those who lost their jobs because their job contract ended. Note that these individuals are not employed at the time of the interview. Here, we potentially capture temporary employees whose contracts were not renewed, and since then remained jobless. On average, 25 per cent of job separations were caused by termination of job contract in 2008 and 2009, and this increased to 30 per cent in 2010. It is crucial to note that there is one-year gap between when dismissals and job terminations peak. Job separations due to dismissal increased suddenly in 2009 while separations due to ending of job contracts increased in 2010. The relative ease of dismissing temporary workers at the end of the contract may have made employers more willing to wait than in the case of permanent employees where the costs would not change. Also note that potentially some temporary workers were dismissed anyhow. Hence, the

**Table 6.3.** Job loss by reason 2008–2010

All job separations in the last 12 months because of . . .

	2 007/8	2008/9	2009/10
. . . dismissal or redundancy			
<i>All countries</i>	19.57	35.6	33.15
Continental	1 9.41	28.84	2 5.89
Liberal	2 1.96	59.14	5 5.1
Nordic	1 3.96	31.16	2 7.15
Southern	1 6.06	25.65	2 5.34
Transition	2 3.11	40.28	3 8.16
. . . termination of a job of limited duration			
<i>All countries</i>	25.63	25.76	30.47
Continental	1 9.41	21.23	1 9.46
Liberal	1 4.51	10.69	1 2.48
Nordic	3 3.38	28.48	3 3.74
Southern	4 3.63	44.18	4 6.07
Transition	1 4.37	13.67	2 2.82

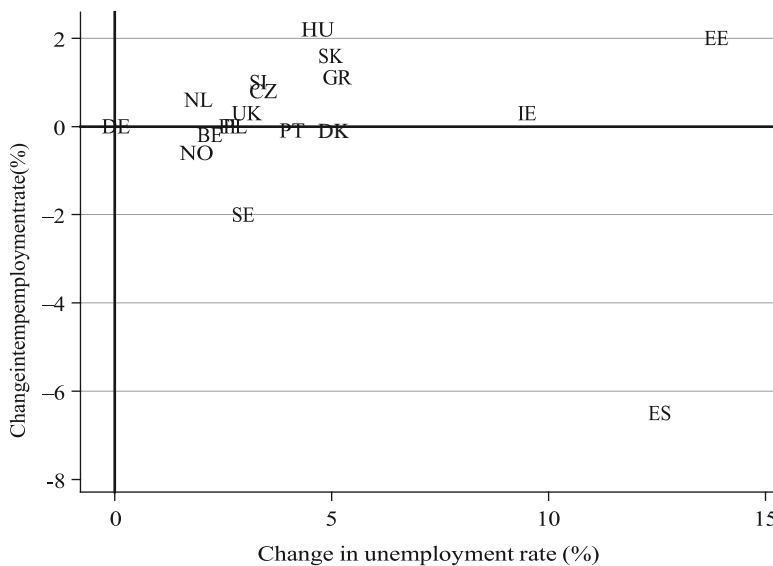
Source: Authors' calculations from EULFS spring edition, weighted frequencies.

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increase in contract terminations is a conservative estimate of the increased flows from temporary work into joblessness.

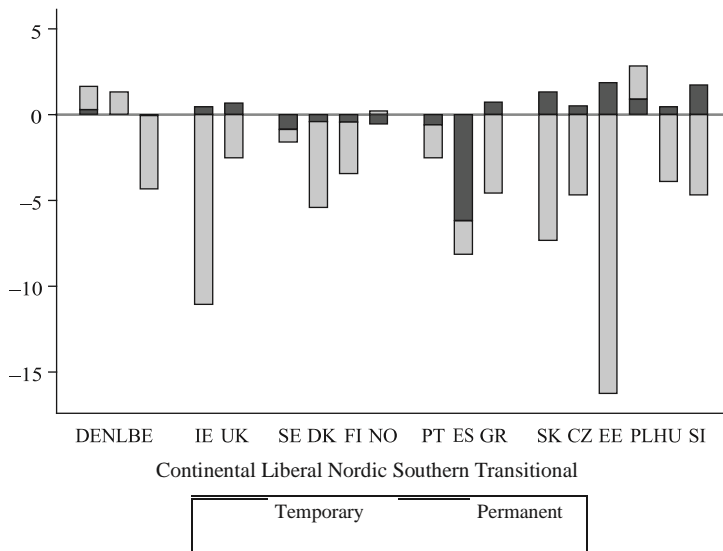
Next, we look at the association between changes between 2008 and 2010 in the unemployment rate and in the share of temporary work for each country. There was no simple relationship between the severity of the crisis and the change in the proportion of temporary employees. As Figure 6.9 shows, almost all countries experienced an increase in unemployment—with the exception of Germany; however, this increase was not accompanied by a similar rise in the share of temporary employment. Moreover, in many countries, the share of temporary employees fell in 2010, which, again, suggests that temporary workers were particularly vulnerable in situations of economic crisis. Taking the countries where the crisis was the most severe, Spain experienced a 7 per cent decrease in the proportion of temporary employees, implying that Spanish atypical workers were disproportionately affected. But Ireland and Estonia also experienced a substantial enlargement in the share of the unemployed. However, there was an increase in the share of temporary workers in Estonia, while the proportion remained more or less stable in Ireland after the economic crisis.

Next we look at the changes in the employment rate in each country, decomposing it in terms of contract type as well as work hours. Figure 6.10 shows how much of the change in the employment rate in each country



**Figure 6.9.** Change in unemployment and temporary employment 2008–2010

Source: Eurostat Employment and Unemployment Database. Note: For IE, UK, EE, SE, HU, ES spring 2007 data are used; for others spring 2008 data are used.

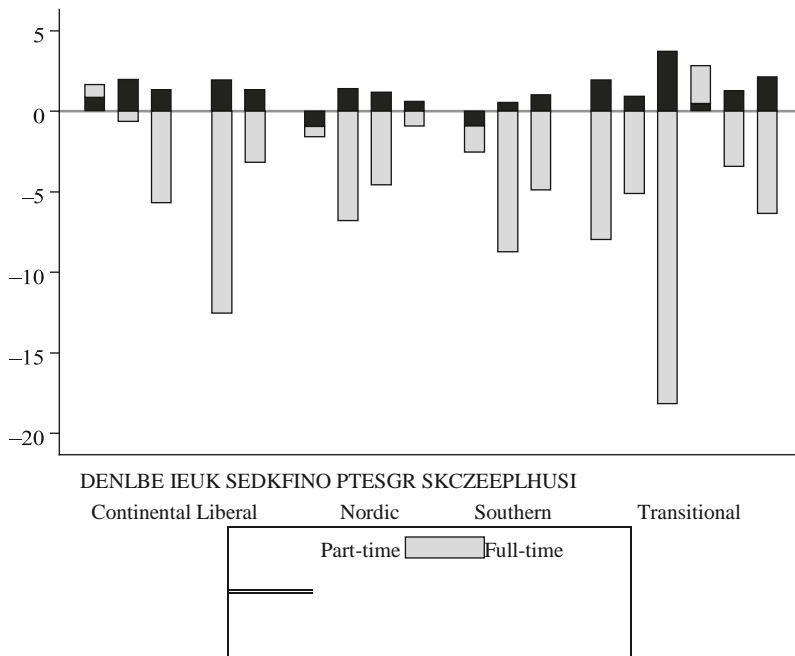


**Figure 6.10.** Decomposition of employment change by contract type 2008–2010 *Source:* Authors' calculations from Eurostat Employment and Unemployment Database.

resulted from the change in the share of temporary and permanent employees. The overall change in employment rate for each country is the sum of the changes in temporary and permanent jobs. For example, in Greece the percentage change in the employment rate attributable to permanent employees is  $-4.6$ , whereas for temporary employees it is  $0.7$ , which means a  $3.9$  point fall in total employment rate.

In all countries, except for Germany, the Netherlands, and Poland, there has been a decline in employment rates between 2008 and 2010. Spain, Ireland, and Estonia again stand out as the countries experiencing the largest drops. In most countries, the largest share of the drop has been accounted for by the decline in permanent jobs. Only in Sweden and Spain did temporary jobs contribute a greater share to employment decline. Another striking pattern is that, in Liberal and Transition countries (except for Poland), the share of temporary employees grew during the economic crisis, whereas there was a sharp drop in permanent employment. This suggests that in these countries, temporary work has been increasingly used by employers in the context of increased uncertainty, as is partially expected from the low level of regulation of temporary employment in these countries.

Decomposition of employment growth/decline by part- and full-time jobs indicates that in most countries there was a growth in part-time jobs between 2008 and 2010 as opposed to a decline in full-time jobs (Figure 6.11). The dissimilarities between the trends in temporary and part-time work within



**Figure 6.11.** Decomposition employment change by work hours 2008–2010 *Source:* Authors’ calculations from Eurostat Employment and Unemployment Database.

countries are noteworthy. For example, in the Netherlands, although there was no growth in temporary employment, the new jobs after the recession were mostly part-time. In Belgium, Denmark, Finland, Portugal, and Spain, where temporary employment dropped with the economic crisis, there was also an increase in part-time jobs. New jobs in Liberal and Transition countries have been in atypical forms, as the share of both temporary and parttime jobs increased as opposed to declining standard employment (with the exception of Poland). It can be summarized that, in general, a larger share of temporary employees in Europe experienced cuts than did part-time employees, whereas most of the employment growth was accounted for by the growth in part-time work.

### Economic Crisis and Polarization in Insecurity

While attitudinal and other so-called ‘soft’ subjective data are frequently marginalized in empirical analysis of market dynamics there has been a recent resurgence of interest in these variables (e.g. G ash et al. 2012 ). Today an increasingly broad range of social scientists defend the analysis of subjective indicators as crucial for a holistic understanding of social phenomena (e.g. Veenhoven 2002b). This section reviews atypical workers’ *experience* of their



peripheralized status. It does so by examining whether they fear job loss as well as examining whether the insecurity of their position is mediated by the lure of career advancement, with atypical jobs often seen as a stepping-stone to a more secure employment contract. This section also reviews whether the working conditions of atypical workers have deteriorated during this economic crisis through an analysis of wage change and its implications. The empirical analyses compare the situation for temporary and part-time workers relative to workers in permanent and full-time employment (which is frequently understood to be the standard employment contract). Additionally, we make a distinction by gender to examine the extent to which labour markets are highly gendered in their structure.<sup>3</sup>

### *Subjective job insecurity*

Previous research has underscored the strong relationship between workers' fears of job loss and both (1) national unemployment rates as well as (2) negative changes in their working conditions (Green 2003, 2009). This leads us to expect a strong increase in job insecurity for many workers as a result of the current economic crisis. We can also expect atypical workers to have a more pronounced fear of job loss as a result of their peripheralized status. Temporary workers' contracts are by their nature short-term, with the risk of unemployment a real possibility for many, and part-time workers may also feel at greater risk given their reduced hours. Research on insecurity has been consistent, revealing that *fears* of job loss can result in similar levels of stress as experienced by individuals who actually experience job loss (Burchell 1994; Dekker and Schaufeli 1995; Bohle et al. 2001; Paugam and Zhou 2007).

Moreover, it has been shown that threats to job security have adverse effects on health which are related neither to self-selection nor to health-related behaviour (Ferrie et al. 1998). In their Whitehall study, Marmot et al. (1991) examined London-based office staff over time. During this period a subsample of workers were privatized which resulted in significant job losses. The study showed how the anticipated job losses due to privatization had a negative effect on employees' self-reported health status two to three years prior to the event. Gash et al. (2007) analysed the health effects of contract type in Germany and Spain. Adopting a change model, they examined the health effects of leaving unemployment for permanent and temporary work. They found that while returning to work restored health, those who obtained a temporary contract had much lower positive health effects suggesting that the job insecurity surrounding the short-term nature of temporary contracts has notable negative effects. Burchell (1994) as well as Bohle et al. (2001) also find a negative relationship between job insecurity and physical and psychological well-being. They attribute the mechanism behind the relationship to people's need to plan and control

<sup>3</sup> Note we focus our analysis on temporary workers in full-time positions, and only look at part-time employment for women. We do this because the number of men working in part-time jobs is quite low, making some of the multivariate analysis difficult to interpret.

their lives. If one is employed on a short-term contract or is fearful of job loss as a result of a struggling economy, it is clearly difficult to plan one's life in the longer term.

Nonetheless, the risks and fears associated with unstable positions are sometimes mediated by the lure of future career progression. Many researchers have identified a probationary element within temporary jobs, with some workers seen to progress to the standard employment contract with the same employer once they have proved their worth (e.g. Gash 2008a). We also know that while part-time workers tend to exhibit less subjective job insecurity, they also tend to have reduced opportunities for career progression (Gash 2008b). So it remains important to examine both the element of insecurity within atypical contracts as well as the possibility that these contracts act as a stepping-stone to the standard employment contract.

### *Financial insecurity*

Insecurity is also associated with adverse outcomes for individuals' living standards and their job quality (Inanc 2012). Many workers kept their jobs in the economic crisis in exchange for inferior working conditions, one of the more problematic of these being decreased pay. Social scientific research has confirmed the negative relationship between financial insecurity and wellbeing (see Chapter 9). Both actual and anticipated financial insecurity have been found to decrease well-being (Jackson and Warr 1984). For instance, research from the US examined the financial implications of unemployment and found that financial strain (which was measured as difficulties in buying food, clothes, and medical care) explained a large part of the anxiety experienced by unemployed workers. Another study on living standards during unemployment showed that the well-being of the unemployed was affected by the ratio of savings to debt, with a decreasing ratio having adverse consequences on one's psychological well-being (Heady and Smyth 1989). The adverse consequences of financial problems are not limited to unemployed individuals. Inanc (2012) found that self-reported financial difficulty predicted decreased life satisfaction and well-being and an increase in the probability of depression among British couples. She also found that women who reported financial difficulties had decreased satisfaction in their personal relationships. An additional aim of this section will be to reveal the extent to which atypical workers have experienced degradation in working conditions as well as the extent to which these changes have led to financial difficulties.

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We analyse trends in insecurity using the ESS and measure it using a combination of variables. We begin with an analysis of fear of job loss, with such fears expected to be exacerbated by the recent recession. Fear of job loss is proxied using a variable that asks respondents if their job is secure (in the sense of an actual or implied promise/likelihood of continued employment) with those who claim that their job is not at all secure classified as subjectively insecure. This variable was asked of respondents in both 2004 and 2010 allowing an assessment of change. We also examine whether atypical workers are trapped in their jobs, as well as the extent to which the recession



may have increased their entrapment using a question asked in both the 2004 and 2010 ESS data. The question asks: ‘Thinking about your current job, how much do you agree or disagree that [your] opportunities for advancement are good?’, with respondents who disagreed or disagreed strongly classified as trapped in their jobs.

Our analysis of objective degradation in working conditions uses retrospective questions asked of respondents in the 2010 European Social Survey. Respondents were asked: ‘Please tell me whether or not each of the following has happened to you in the last three years: . . . had to take a reduction in pay and . . . had to work shorter hours’. Finally, we supplement our analysis of degraded working conditions by an assessment of the implications of reduced pay for atypical workers’ households. This section uses a variable which asked: ‘Which of the descriptions comes closest to how you feel about your household’s income nowadays? Living comfortably on present income, Coping on present income, Finding it difficult on present income, Finding it very difficult on present income’, with the last two categories taken as evidence of financial insecurity.

### *Findings: employment security for peripheral workers*

Previous work has revealed a strong relationship in the UK between poor macro-economic conditions and workers’ fears of job loss (Green 2009). We could therefore expect an increase in subjective feelings of job insecurity for workers as a result of the recent recession. Table 6.4 reveals that regimes differ considerably from one another in job insecurity levels, with Nordic countries having the smallest share of insecure employees while Southern and Transition regimes have the largest share in both 2004 and 2010. It also indicates a marginal increase in the proportion of workers who are insecure in their jobs in 2010 relative to 2004. We find 15 per cent of employees claim to be insecure in their jobs in 2010 relative to 14 per cent in 2004. This small effect at the mean, however, masks strong differences between regimes. We find workers in Liberal, Southern, and to a lesser extent, Transition regimes to be significantly more insecure in 2010 relative to 2004, where almost one

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in four workers identify their jobs as insecure. Meanwhile we find a decrease in insecurity in Nordic and Continental regimes. Table 6.4 also reveals the extent to which the outcomes of atypical workers differ from those of standard contract workers; we have placed male permanent workers working fulltime hours as the reference category. We find temporary workers, both male and female, to have considerably more job insecurity than permanent workers and also find workers in temporary jobs to be considerably more insecure. It is interesting to note that part-time working women in permanent positions tend to be less insecure than male standard contract workers, though this is only found to be the case in Liberal and Transition regimes. Finally, Table 6.4 examines whether temporary workers and part-time workers have become more exposed to insecurity in 2010 relative to standard contract workers. We find no evidence that this is the case, with the one exception of temporary workers in Liberal

regimes. Here we find clear evidence that temporary workers have experienced a disproportionate increase in insecurity since the recession.

Table 6.4 also presents results that reveal changes in entrapment for atypical workers pre- and post-2008. Entrapment was operationalized using ESS data which asked respondents whether they have opportunities for advancement in their jobs, with those who claim not to have such opportunities classified as trapped in their jobs. This analysis is vital to any assessment of atypical jobs, as one of the qualifiers of these precarious positions is that they tend to be stepping-stones or stopgaps for workers on their way to more secure employment. We find our results to be very strongly gendered, that is that they are very different for men and women. We find no difference between male full-time workers by contract type, suggesting that many men regard their temporary positions as bridges to further and better employment. Women temporary workers, however, and indeed even women working in permanent but part-time jobs, regard their positions as dead-end jobs. We examined whether the recession increased workers' sense of entrapment, but find no evidence this was the case; additionally, we find no evidence that temporary and part-time workers faced an increased risk in 2010.

Table 6.5 reveals the proportions of workers who, rather than accept job loss, have accepted austerity measures that have brought in adverse changes to their working conditions. One of the more challenging changes in working conditions that has occurred has been a decrease in workers' take-home pay, with many workers accepting pay cuts in exchange for continued employment. The table makes a distinction between workers who have accepted an outright pay cut with no commensurate decrease in working time, and workers who have also experienced a decrease in working time in the face of their reduced pay. Table 6.5 uses retrospective questions from the European Social

Survey which ask respondents whether their job content has changed in the

**Table 6.4.** Changes in subjective job insecurity and entrapment

	All	Nordic Regime	Continental Regime	Liberal Regime	Southern Regime	Transition Regime
<b>JOB INSECURITY</b>						
		0.1				
2004	0.14		0.14	0.09	0.16	0.19
2010	0.15	0.08	0.12	0.18	0.21	0.2
(ref: Male, Permanent Full-time)						
Temporary Fulltime, Male	0.982***			1.074***		
		1.428***	1.104 ***		1.306 ***	0.464***
Temporary Fulltime, Female	1.278***	2.103***	1.486 ***	1.180***	1.328 ***	0.806***
Temporary Parttime, Female	1.155***	2.084***	1.149 ***	1.069***	1.840 ***	
Permanent Parttime, Female	-0.290**			-0.467[*]		-0.566*
(ref: 2004)						
Increased Risk in 2010	0.140**	-0.274*		0.895***	0.434 ***	
Increased Risk for Temporary since 2004				0.630*		
Increased Risk for Part-time since 2004		0.04				
<b>ENTRAPMENT</b>						
2004	0.44	0.45	0.35	0.3	0.4	0.57
2010	0.4	0.42	0.33	0.33	0.37	0.45
(ref: Male, Permanent Full-time)						
Temporary Full-time, Male						
Temporary Full-time, Female		0.564***	0.749 ***	0.354[*]	0.804 ***	0.445***
Temporary Part-time, Female			0.557**	0.887 ***	1.390***	
Permanent Part-time, Female	0.254[*]	0.531***	0.717 **	0.746***		
(ref: 2004)						
Increased Risk in 2010	-0.22***	-0.173**				-0.473***
Increased Risk for Temporary since 2004						
Increased Risk for Part-time since 2004						

Note: These logistic regressions use ESS data from 2004 and 2010 and are weighted. The regressions control for: working time, gender, partnership status, presence of children in the home, educational level, age, and occupational class. The regressions are weighted to control for bias in response rates and to ensure equal national proportions. The table only shows statistically significant coefficients. Sig = \*\*\* = <0.001.

**Table 6.5.** Changes in the working conditions of atypical workers. Dependent variable: Had to take a pay cut

During the last three years have you:	ALL	Nordic Regime	Continental Regime	Liberal Regime	Southern Regime	Transition Regime
... had to take a pay cut (with <i>no decrease</i> in hours)	17%	12%	9%	24%	21%	21%
... had to take a pay cut (with <i>a decrease</i> in hours)	8%	6%	6%	11%	7%	8%

... had to take a pay cut (with *no decrease* in hours)

(Ref: Permanent Full-time, Male)

Temporary Fulltime, Male	0.508***	0.483[*]	1.077***		0.861***	
Temporary Fulltime, Female	0.586***	1.012***	0.856 **	0.439[*]	0.596 *	
Temporary Parttime, Female				-0.771*		
Permanent Parttime, Female	-0.469***		-0.467[*]	-0.563 *		-0.643[*]

... had to take a pay cut (with *a decrease* in hours)

(Ref: Permanent Full-time, Male)

Temporary Fulltime, Male	0.783***	1.043**	0.803 *	0.888**	0.926 **	
Temporary Fulltime, Female	0.747***	1.028**	1.754 ***			0.493[*]
Temporary Parttime, Female	1.442***	1.477**	1.271 **	1.584***	1.773 ***	1.152*
Permanent Parttime, Female	0.690***	1.136***	0.549[*]		0.805[*]	0.732*

*Note:* These logistic regressions use ESS data from 2010 only and are weighted. The regressions also control for: partnership status, presence of children in the home, educational level, age, and occupational class. Weighted to control for bias in response rates and to ensure equal national proportions. The reference category is male employees in permanent jobs working full-time hours. The table only shows statistically significant associations. Sig = \*\*\* = <0.001.

past three years, providing a reference point similar to that used in the analyses using the EULFS data. We find that employees in the Liberal, Southern, and Transition regimes are most likely to have experienced pay cuts in the past three years, and note that the proportions that experience pay cuts are quite high: representing 24 per cent of all employees in Liberal countries and

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21 per cent of all employees in Southern and Transition countries. Similarly, Liberal countries have the highest rates of decreased pay combined with a decrease in hours (11 per cent).

Table 6.5 also reveals whether temporary workers and part-time workers are disproportionately exposed to negative changes in their working conditions relative to a male standard contract worker, allowing us to examine whether concerns about atypical workers' polarization continue to have relevance. We find that temporary workers working full-time hours, both male and female, have been disproportionately exposed to outright pay cuts as well as pay cuts tempered by a decrease in hours. The situation for women in part-time posts is rather different, however. We find part-timers, irrespective of contract type, less exposed to outright pay cuts; they are, however, more exposed to wage cuts combined with reduced hours (echoing the rise in involuntary part-time work in earlier analyses). The tendencies are similar across regimes in general and broadly suggest that the current economic crisis has seen a degradation in the working conditions of workers and that non-standard contract workers have borne the brunt of these changes. It is worth noting nonetheless that full-time temporary workers in Southern, Continental, and to a lesser extent Nordic regimes, have experienced the brunt of outright pay cuts.

Given the extent to which workers have experienced a degradation in their working conditions in the form of outright pay cuts in all the regimes analysed, Table 6.6 tries to assess the implications of these pay cuts for workers. We do this by analysing the relationship between respondents who have experienced pay cuts and those who have found it difficult to live on their household income. Unsurprisingly, we find a strong relationship between pay cuts and the financial security of households. We find that workers who have experienced both outright pay cuts and pay cuts tempered by decreased hours are more likely to suffer from financial insecurity overall and for each regime (with the one exception of workers who have experienced an outright pay cut in Liberal regimes). We go on to examine whether workers employed outside of the standard employment contract remain more exposed to financial insecurity even after controlling for a degradation in wages. At an aggregate level, across all the countries analysed, we find all non-standard contract workers to suffer from financial insecurity in their households when compared to the standard contract worker. Nonetheless, we do note important differences between different types of worker. We find that male temporary workers on full-time contracts appear to fare better than women on similar contracts, being no different in their financial insecurity risk than the standard contract worker in Liberal, Southern, and Transition regimes. We also note that part-time workers in permanent contracts are also more exposed to financial insecurity than the

male standard contract worker. These findings challenge a popular misconception that temporary and part-time workers'

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**Table 6.6.** Risks of financial insecurity, national variations. Dependent variable: Difficult to live on household income nowadays

	ALL	Nordic Regime	Continental Regime	Liberal Regime	Southern Regime	Transition Regime
... had to take a pay cut	0.855***	0.800**	1.141***		0.600***	0.804***
(with <i>no decrease</i> in hours)						
... had to take a pay cut	0.996***	1.386***	0.508[*]	0.925***	0.908***	1.003***
(with a <i>decrease</i> in hours)						
Permanent Full-time, Male (reference)						
Temporary Full-time, Male	0.440***	0.681[*]	0.835**			
Temporary Full-time, Female	0.587***		0.849*	1.051**	0.732**	
Temporary Part-time, Female	0.570***	1.271*		1.011**		0.941**
Permanent Part-time, Female	0.245*		0.381[*]	0.626*		

Note: Logistic regressions use pooled ESS data from 2010 only, which are weighted. The regressions also control for: partnership status, presence of children in the home, educational level, as well as age. Weighted to control for bias in response rates and to ensure equal national proportions. Sig = \*\*\* = <0.001.

wages are predominantly of secondary importance to household income. The assumption is that many atypical workers accept their precarious positions in the knowledge that their wages are not an important source of household income. Were that the case temporary workers and part-time workers would not find themselves in households experiencing financial difficulties.

## Conclusion

This chapter sought to examine the implications of the global economic crisis on atypical workers, that is, workers on temporary and/or part-time hour contracts, in a selected set of European countries. One of its aims was to reveal whether these workers were becoming further peripheralized in the labour market as has been predicted by earlier researchers in the field. The chapter looked at how the crisis may have changed the size and composition of the atypical workforce, as well as how it may have been disproportionately exposed to job and employment insecurity. It also sought to identify whether the institutional structure of different employment regimes shaped the outcomes of atypical workers. Based on the varying level of employment protection legislation in our countries, as well as on employment regime classifications outlined by Gallie (2011), we predicted an increased segmentation between the core and

peripheral workers in the Continental and Southern regimes whereas we anticipated little polarization in the Liberal countries.

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Our investigation of workforce changes since the recession revealed an increased exposure to involuntary atypical work between 2008 and 2010 in most countries. We found that men became more exposed to accepting temporary and part-time jobs out of constraint with full-time permanent jobs more scarce after the economic crisis. Our analysis revealed that countries responded to the macro-economic pressure differently. There was a remarkable reduction in temporary employment in Spain as well as in Portugal and the Nordic countries. While Liberal and Transition countries used temporary contracts more frequently after the recession, due to lower levels of regulation on temporary employment.

Our analysis of the working experience of atypical workers revealed conflicting results. While we found an increase in subjective feelings of insecurity overall and also found atypical workers to be disproportionately exposed to fears of job loss, we did not find atypical workers to be relatively more exposed to insecurity since the recession compared to those on standard contracts. We also found differences between atypical workers in their experience of insecurity. Women in part-time permanent contracts were generally less exposed to fears of job loss than men on the standard employment contract. Additionally, we examined whether atypical workers found themselves in dead-end jobs with few opportunities for advancement. We found atypical workers generally more likely to regard their positions to have reduced opportunities, but noted that men in temporary full-time jobs tended to regard their positions similarly to standard contract workers, underscoring the extent to which many temporary contracts are regarded as stepping-stones to better jobs by many workers.

Our analysis of the implications of the economic crisis for atypical workers' working conditions revealed a very clear and worrying tendency for a peripheralization of atypical workers' jobs relative to standard contract workers. We found atypical workers were much more likely to have experienced a pay cut, and these pay cuts in turn were found to have negative repercussions at the household level with many atypical workers finding it difficult to make ends meet even after we controlled for exposure to pay cuts.

We presented our analyses by regime type, with an expectation that Nordic countries would be more inclusive towards atypical workers while countries with dualistic employment structures (the Continental and Southern countries) would suffer greater inequalities between atypical and standard contract workers. What we actually found was a shared tendency across regime types in the peripheralization of atypical workers. That we also revealed an increased share in the workforce employed in atypical contracts suggests that early fears concerning the impact of flexibilization policies on market polarization remain relevant.

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## Insecurity and the Peripheral Workforce

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