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Nonstandard Work in Developed Economies: Causes and Consequences

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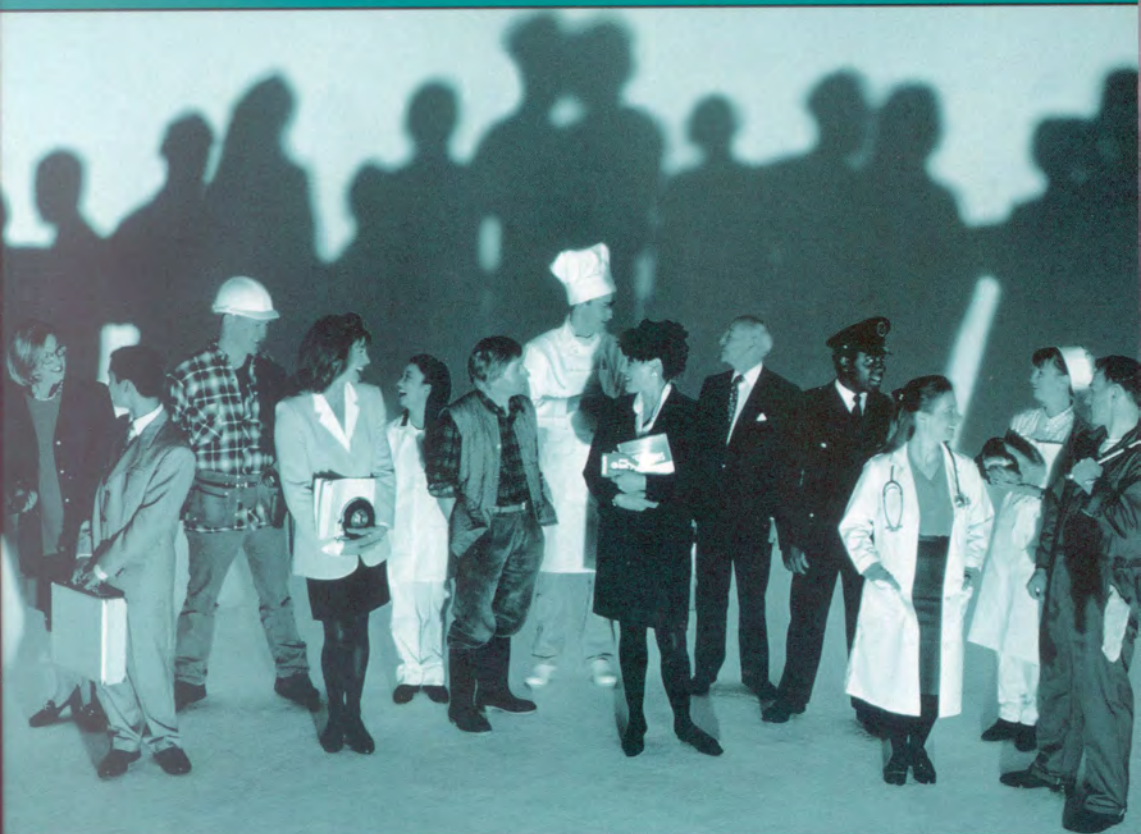
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Causes and Consequences



Susan Houseman and Machiko Osawa
Editors

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And
Machiko Osawa
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1

Introduction

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W.E. Upjohn Institute for Employment Research

Machiko Osawa

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The full-time, permanent job historically has been the norm in Japan, the United States, and European countries. Yet in virtually all of these countries, the fraction who are in part-time, temporary, or other nonstandard positions has increased in recent years, in some countries dramatically so. The papers in this volume use an interdisciplinary and cross-country comparative framework to understand why nonstandard work has grown in so many countries and its implications for workers.

These papers were originally presented at a conference sponsored by the Japan Foundation and the W.E. Upjohn Institute for Employment Research in August 2000. The conference brought together leading scholars in the fields of economics, sociology, and labor law from Japan, the United States, and Europe to address a common set of questions. All of the papers written for the volume explicitly compare the experiences among countries or were paired with papers that address a similar set of questions for other countries. There is considerable variation in the levels of and growth in various nonstandard work arrangements among countries. Authors exploit cross-country variation in economic conditions and institutional arrangements to better understand why certain arrangements have been growing faster in some countries than in others and what this means for workers.

In addition, the papers in this volume examine a broad set of employment arrangements. In this way, they provide a reasonably complete picture of how the nature of the employment relationship is changing within and among countries. Moreover, because responses to economic or institutional pressures may manifest themselves in different ways in different countries, the inclusion of a broad set of arrangements is important in cross-country analysis. For instance, businesses may respond to competitive pressures to reduce labor costs and

increase employment flexibility primarily by increasing fixed-term contracts in one country, increasing part-time employment in another, and subcontracting out work to self-employed individuals in a third. Thus, the research in this volume is able to capture important cross-country dynamics that might have been missed had we focused on just one or a limited set of employment arrangements.

The first set of papers in the book compares the development of nonstandard employment in selected countries, examining the causes of different patterns and trends among countries and the implications for workers. Hoffmann and Walwei compare the more rapid growth of nonstandard employment, particularly part-time and fixed-term contract employment, in Germany relative to Denmark. Fagan and Ward examine the Netherlands, which experienced rapid growth in part-time and temporary employment, and Britain, which experienced much slower growth in nonstandard employment. Cebrián, Moreno, Samek, Semenza, and Toharia study the situation in Italy and Spain, two countries with high unemployment and rigid labor markets but quite different patterns of nonstandard employment. The chapters by Carré and by Houseman and Osawa compare the rather limited growth of nonstandard employment in the United States with the much more rapid development in France and Japan, respectively. Gustafsson, Kenjoh, and Wetzels cover the developments in four European countries with diverse experiences: Britain, Germany, the Netherlands, and Sweden.

Women are disproportionately represented in nonstandard employment arrangements (particularly part-time and temporary employment) in all countries, and several papers provide a special emphasis on women in nonstandard employment. Gustafsson, Kenjoh, and Wetzels provide an extensive discussion of the interaction of female labor force participation, government policies affecting women—including child care and maternity leave laws—and the development of nonstandard employment in European countries. Nagase and Cassirer provide similar analyses for Japan and the United States, respectively.

Employment and related laws play a complex but crucial role in the development of nonstandard employment within countries. Two papers in this volume provide essential background and analysis of laws pertaining to nonstandard employment. Schömann and Schömann discuss the laws in the European countries covered in the volume and related directives passed by the European Union, while Kojima and

Fujikawa compare and contrast relevant employment law in Japan and the United States.

The volume concludes with a paper by Kalleberg and Reynolds examining the attitudes of workers in nonstandard employment in all of the countries represented in the book. The chapter goes beyond the documentation of differences in the wages, benefits, and job security of workers in nonstandard arrangements relative to those in regular full-time positions, and considers how workers feel about these differences and whether their attitudes affect their productivity.

NONSTANDARD WORK ARRANGEMENTS: SOME DEFINITIONS

Nonstandard work arrangements are perhaps most easily defined by what they are not: full-time dependent employment with a contract of indefinite duration, or what is generally considered the “standard” work arrangement. Most papers in this volume focus on part-time and various types of temporary employment. Though the precise definition varies among countries, part-time employees typically work fewer hours per week than full-time employees. In Japan, however, many part-time workers work the same (or almost the same) number of hours as their full-time counterparts (see Houseman and Osawa). Within the category of temporary employment, the distinction is made between *direct-hire temporaries*, who are hired directly by the employer for a temporary period of time or on a fixed-term contract, and *temporary agency workers*, who are employees of a temporary help agency that subcontracts out its employees to clients on a short-term basis. Temporary agency workers may be temporary employees of the agency or, in some countries, may have regular, permanent contracts with the agency. Several chapters also consider the development of self-employment, especially the dependent self-employed or independent contractors, who perform work for a particular client and have few or no employees of their own.

The precise definitions of various nonstandard work arrangements can differ among countries, and authors of the individual chapters in this volume are careful to point out these often subtle but important dif-

ferences. In many cases, differences in the definitions of nonstandard arrangements reflect, as Hoffmann and Walwei point out, the fact that the standard employment arrangement can mean quite different things in different countries. For instance, regular, full-time employees in the United States have far less protection against dismissal than their counterparts in many European countries and Japan. Statistics specifically on fixed-term contracts have not been collected in the United States, as they typically are in other countries, arguably because these types of contracts are not widely used owing to the ease of dismissing regular workers; in turn, temporary employment is more broadly defined in U.S. statistics than in other countries. Similarly, the fact that many of those designated as part-time in Japan work the same hours as full-time workers reflects a part-time/full-time distinction in Japan that denotes a difference in status, in which regular full-time workers typically enjoy greater job security, benefits, and wages.

OVERVIEW OF NONSTANDARD EMPLOYMENT IN JAPAN, THE UNITED STATES, AND EUROPE

Table 1.1 shows trends in part-time, temporary, and self-employment in the countries covered in this volume.¹ Although the levels of and trends in part-time and temporary help employment vary considerably among countries, most countries experienced some growth in the share of one or both of these forms of employment. Especially notable is the growth of part-time employment in France, Germany, the Netherlands, and Japan, and the growth of temporary employment in Spain and France. The figures on self-employment in Table 1.1 break out agricultural and nonagricultural self-employment. Self-employment in many countries declined sharply because of a steep decline in agricultural employment. Movements in self-employment in nonagricultural industries are more likely to reflect shifts in the use of independent contractors.² The fraction in nonagricultural self-employment increased modestly in several European countries, including Germany, Denmark, the Netherlands, and Britain. Countries with high initial levels, such as Italy, Spain, and Japan, experienced declines in the share in nonagricultural self-employment, probably reflecting the decline in

Table 1.1 Trends in Nonstandard Work in the 1990s in Japan, the United States, and Selected European Countries (percentage of total employment)

	Total employment		Self-employment ^a							
	(000)		Agricultural		Nonagricultural		Part-time ^b		Temporary ^c	
	1988	1998	1988	1998	1988	1999	1988	1998	1988	1998
Japan ^d	60,502	67,003	3.5	2.3	11.5	9.5	10.8	15.4	9.1	9.7
United States ^e	117,342	133,488	1.2	1.0	7.3	6.6	18.7 ^f	17.4	N.A.	3.6
Denmark	2,683	2,679	2.1	1.0	2.5	3.1	23.7	22.3	5.6	5.8
Germany	26,999	35,537	1.3	0.6	3.1	4.3	13.2	18.3	5.0	5.6
France	21,503	22,469	3.6	2.0	4.6	4.2	12.0	17.3	4.6	10.3
Italy	21,085	20,357	4.7	1.8	18.9	10.2	5.6	7.4	3.3	4.2
Netherlands	5,903	7,402	1.6	1.3	4.9	5.5	30.2	38.7	7.0	11.1
Spain	11,709	13,161	6.5	3.6	12.6	11.3	5.4	8.1	15.3	24.3
Sweden	4,375	3,979	1.8	1.1	5.4	5.2	27.1	26.3	10.6	13.9
United Kingdom	25,660	26,883	0.8	0.6	7.8	8.4	21.9	24.9	5.0	5.8

^a In the European countries, self-employment excludes self-employed with employees.

^b *Part-time employment* is defined as usual hours of work less than 35 hours per week in the United States and Sweden. In Japan and other European countries, individuals identify themselves as part-time.

^c In Japan and European countries, *temporary workers* are typically defined as those with fixed-term contracts. Japanese data include day laborers; the European data include apprentices. In the United States, temporary workers are those with a job that is expected to be of temporary duration.

^d Data for Japan are for the years 1987 and 1997.

^e Data for the United States are for the years 1989 and 1999.

^f Figure adjusted to take into account discontinuity in U.S. data on part-time employment (see Houseman and Osawa, note 3).

N.A. = data not available.

SOURCE: Authors' tabulations from the Employment Status Survey for Japan and from the Current Population Survey for the United States. Siv Gustafsson supplied tabulations from the Swedish Labor Force Survey. Edeltraud Hoffmann and Ulrich Walwei supplied tabulations from the European Union Labor Force Survey for the other European countries.

small family businesses. The employment share in temporary help agencies (not reported) still represents a relatively small fraction of total employment in all countries. Nevertheless, it has grown rapidly in Japan, the United States, and most European countries in recent years (Fagan and Ward; Houseman and Osawa).

The importance of the growth in nonstandard work arrangements is even more striking when viewed in terms of its contribution to job growth. For instance, Fagan and Ward report that 70 percent of all new jobs in European Union countries were fixed-term contracts in 1997, up from 50 percent just five years previously. The Dutch economy of the 1990s is often admired for its spectacular job growth and decline in unemployment, but most of its net employment growth was accounted for by the growth in nonstandard employment, primarily part-time employment. Similarly, in Japan, part-time employment accounted for 77 percent of the growth in paid employment from 1992 to 1997. Even in the United States, which experienced little growth in most forms of nonstandard employment, the growth in temporary help employment accounted for 10 percent of net employment growth in the 1990s.

FACTORS INFLUENCING THE SIZE AND GROWTH OF NONSTANDARD WORK ARRANGEMENTS

Many of the chapters in this volume address why nonstandard work grew in recent years and why the levels and growth of various arrangements are so much greater in some countries than in others. A logical factor to explore is whether growth in nonstandard work reflects simple shifts in the demographic or industry composition of workers and jobs. For instance, if the composition of the workforce shifted toward demographic groups who needed more flexible work schedules, this might result in an increase in the supply of workers seeking part-time and temporary positions. Similarly, if the composition of employment shifted toward industries with an above-average use of part-time shifts or temporary positions, we would expect an increase in employer demand for these types of arrangements. Gustafsson, Kenjoh, and Wetzels argue that an increase in the labor force participation of women may explain some of the dramatic increase in part-

time employment in the Netherlands. However, for the most part, these simple supply and demand shifts cannot explain the growth of non-standard employment. Hoffmann and Walwei, for instance, show that none of the growth in part-time or temporary employment in Germany or Denmark may be explained by changes in the demographic composition of the workforce or by industry shifts. Similarly, simple demographic and industry shifts cannot explain changes in part-time employment in Japan and the United States. Nagase notes that there has been some increase in the number of Japanese women desiring part-time employment, owing to the precipitous decline of family and self-employment opportunities there, but argues that because involuntary part-time employment has grown among Japanese women over age 35, their choice of part-time employment is often a constrained one.

Instead of simple demographic and industry shifts, a complex set of factors related to economic conditions and to government taxes, regulations, and other policies helps explain much of the growth and cross-country differences in growth of nonstandard work. Countries with relatively high unemployment and low employment growth, such as France, Japan, Germany, and Spain, generally experienced more growth in the share in nonstandard arrangements than countries with relatively low unemployment and high employment growth, such as Denmark and the United States (Carré; Houseman and Osawa; Hoffmann and Walwei; Cebrián et al.) There are a couple of reasons why this correlation may occur. Hoffmann and Walwei suggest that non-standard work arrangements are less desirable for most workers, and so such arrangements grow when the economy is weak and workers have little choice. In addition, as Schömann and Schömann point out, governments often promoted fixed-term employment contracts, part-time employment, and self-employment as a solution to high unemployment. Of course, to the extent that policies promoting nonstandard work succeeded, over time the growth in nonstandard work arrangements might be associated with high employment growth and low unemployment rates, rather than the reverse. Arguably, the Netherlands is a case in point, where rapid growth of part-time and temporary employment—fostered partly by public policy—was associated with high employment growth and low unemployment.

Government tax policies and regulations of benefits may greatly affect employers' incentives to use various nonstandard arrangements. For instance, the circumvention of taxes is an important reason for the high and rapidly expanding levels of part-time employment in Japan (Nagase; Houseman and Osawa; Kojima and Fujikawa). Similarly, U.S. employers may avoid paying expensive benefits by using part-time, temporary, or contract workers (Houseman and Osawa). By EU mandate, European countries have passed laws to generally require equal pay, benefits, and other protections of workers in nonstandard arrangements, and consequently, lower wages, benefits, and taxes usually have been less important as factors underlying the growth of part-time and temporary employment there. Nevertheless, there are still some labor cost advantages to using nonstandard work arrangements in European countries. For instance, Hoffmann and Walwei note that in Germany and Denmark, the avoidance of taxes and other social protections may underlie the growth in low-hours, part-time workers, who are not covered by laws requiring equal treatment. Moreover, as with independent contractors in the United States, such factors likely contributed to the growth in self-employment (with no employees) in certain European countries, such as Germany.

A relatively more important set of factors encouraging employers in many European countries to use nonstandard work arrangements is the circumvention of dismissal laws. All European countries regulate the terms of layoff, typically requiring advance notice and some severance payment, though the stringency of the regulation varies greatly from country to country. To inhibit employers from circumventing these regulations by hiring employees on fixed-term contracts (which could be terminated without consequence to the employer at the end of the contract and which could be repeatedly renewed), governments typically regulate their use, though, again, the stringency of regulations governing fixed-term contracts varies greatly. Fagan and Ward point out that European countries with the highest levels of temporary employment tend to be the countries with strong obstacles to firing coupled with few restrictions on the use of temporary contracts. For instance, the huge increase in temporary employment in the 1980s in Spain is generally credited to stringent dismissal laws and the relaxation of restrictions on fixed-term contracts (Cebrián et al.). Similarly, restrictions on dismissals for economic and noneconomic reasons are

one factor underlying France's growth in temporary help and fixed-term contract positions, which are used as a screening device, especially for youth and women entering the workforce, and as a buffer for regular employees (Carré). Hoffmann and Walwei argue that the more stringent regulation of layoff in Germany compared with Denmark is at least partly responsible for its higher level of fixed-term contracts. Restrictions on dismissal of regular employees in Japan, coupled with implied commitment of lifetime employment for regular employees, has stimulated the growth of part-time employment, especially part-time employment on temporary contract (Houseman and Osawa). In addition, against the backdrop of a prolonged recession and the need to cut costs, Japanese employers successfully lobbied to liberalize laws governing the use of temporary agency workers, spurring the recent rapid growth in this form of employment (Kojima and Fujikawa). In contrast to the situation in many European countries and Japan, Britain and the United States have relatively few restrictions on dismissal, and thus avoidance of such restrictions is relatively unimportant in spurring the growth of nonstandard employment (Fagan and Ward; Houseman and Osawa).

Competitive pressures on companies to increase workforce flexibility coupled with the relaxation of government regulations on work hours has been another important impetus for the growth in nonstandard work in many countries. For instance, in several European countries, the relaxation of work hour regulations was associated with widespread expansion of operating hours by businesses, allowing more intensive use of capital and providing more responsive, flexible delivery and service times. The expansion of hours of operation has resulted in increased demand for part-time and other nonstandard work arrangements to cover irregular work hours. Companies have also sought to use more part-time and other nonstandard arrangements to provide a closer correspondence between actual staffing needs and staffing levels at any point in time. In addition, employers may increase part-time workers' hours without incurring overtime costs (Carré; Fagan and Ward).

Although some government policies effectively increase employer demand for part-time workers, others effectively increase the supply of workers desiring part-time employment. As noted above, most European countries have passed laws mandating equality in the pay and

treatment of part-time and other workers in nonstandard arrangements, thus making part-time employment more attractive to workers (Schömann and Schömann; Fagan and Ward). Some European countries, most notably the Netherlands, have given workers certain rights to reduce their hours of employment (Gustafsson, Kenjoh, and Wetzels). Tax structures in some countries, notably Japan and Denmark, have effectively increased the desirability of working part-time, especially for married women (Kojima and Fujikawa; Nagase; Houseman and Osawa; Hoffmann and Walwei).

WOMEN IN NONSTANDARD EMPLOYMENT

Women in all of the countries studied are disproportionately represented in part-time and temporary employment. Several chapters uncover interesting cross-country differences in trends in nonstandard employment among women and the links between marriage, childbirth, and nonstandard employment. For instance, Nagase, writing on Japanese women, and Cassirer, writing on U.S. women, show that work patterns following marriage and childbirth are quite different in these two countries. Japanese women are much more likely than U.S. women to drop out of the labor force following marriage or childbirth. Interestingly, Japanese women do not tend to use part-time employment when their children are young as a bridge to full-time employment when their children are grown, as is common in the United States and other countries. Rather, in large part because of the low wages associated with part-time employment, it is more typically selected by Japanese women with older children who do not need to pay for child care.

Cross-country differences in the ways women combine marriage, work, and family are also manifested in different trends in part-time employment. Although the rate of part-time employment among women was increasing rapidly in countries such as the Netherlands, Germany, and Japan, it was declining in Sweden, Germany, and the United States. Several chapters relate cross-country differences in the incidence of and trends in part-time employment to differences in government policy and the availability of child care. For instance, Gustafsson, Kenjoh, and Wetzels posit that the rapid growth of part-time work

in the 1990s in the Netherlands is partly related to the fact that only recently have Dutch women combined work and family. In contrast, part-time work in Sweden grew rapidly in the 1970s as many homemakers entered the labor force on a part-time basis. Gustafsson, Kenjoh, and Wetzels hypothesize that the fall in part-time employment among Swedish women is related to laws that treat full-time work for both men and women as the norm, but allow for generous leaves (so that parents may combine work and family) and give parents the right to shorten work hours until their child is age 8. The lack of child care in countries such as Japan and Germany makes it difficult for women to work full-time, and hence may have contributed to the growth of part-time employment in these countries. In contrast, the greater access to child care in countries such as the United States and Denmark may have contributed to the decline in part-time employment among women in those countries (Houseman and Osawa; Hoffmann and Walwei).

The tax structure also influences women's choices between part-time and full-time employment. For instance, Hoffmann and Walwei link the growth of full-time employment among married Danish women to the favorable treatment of second incomes in the Danish income tax structure. In contrast, the rapid growth of part-time employment among Japanese women has been linked to a tax structure with strong financial incentives for married women to keep their earnings below certain thresholds (Nagase; Kojima and Fujikawa; Houseman and Osawa).

Finally, the strength of antidiscrimination laws may influence women's choices between part-time and full-time jobs, with the latter generally being better paid than the former. For instance, Nagase notes that although Japan's Equal Employment Opportunity Law and Child Care Leave Law of 1986 should have promoted more full-time regular employment among women, it has had little apparent effect thus far, a fact she attributes to the law's weakness.

Although most research on women in nonstandard employment focuses on part-time work, the growth of female labor force participation has been offered as an explanation for the growth of various types of temporary employment in a number of countries. Women will more likely prefer temporary employment, it is reasoned, in order to accommodate family demands. However, evidence presented by Cassirer

casts doubt on this hypothesis. She concludes that in the United States, temporary agency and direct-hire temporary jobs are not particularly attractive to women with children. Few American women use temporary or other nonstandard work for extended periods of time, and most use it as a transition to full-time work.

THE IMPLICATIONS OF NONSTANDARD EMPLOYMENT FOR WORKERS

It is commonly believed that workers in nonstandard employment arrangements receive lower pay, fewer benefits, and less job security than comparable workers in full-time regular positions. In principle, any adverse effects of nonstandard employment should be less in European countries than in the United States and Japan. As Schömann and Schömann note, there has been a legal movement within the European Union to guarantee the same protections for workers in nonstandard arrangements as in regular full-time positions. Laws often mandate parity in wages and benefits, rights to works council or union representation, and limits on the time individuals may be in fixed-term contracts. Japan and the United States, for the most part, lack such protective legislation (Kojima and Fujikawa).

Careful statistical studies generally show that part-time and other workers in nonstandard arrangements earn less and receive fewer benefits than comparable full-time workers in Japan and the United States (Nagase; Houseman and Osawa). Despite parity laws, the results from studies comparing wages of workers in nonstandard arrangements to those in regular full-time employment in European countries are mixed. Controlling for worker characteristics, workers on fixed-term contracts earn similar wages to those in permanent positions in Spain (Cebrián et al.). Controlling for demographic, occupational, and industry characteristics, part-time and full-time workers earn similar pay in Sweden and the Netherlands, but part-time workers earn substantially less in West Germany and Britain (Gustafsson, Kenjoh, and Wetzels). Fagan and Ward suggest one reason for the continued discrepancy between the wages of workers in nonstandard arrangements and those in regular full-time arrangements in countries such as Britain is the

weakness of parity laws in these countries. Carré and Gustafsson, Kenjoh, and Wetzels also point out that employers can circumvent parity regulations by segregating part-time and full-time workers into different occupations; for the government to enforce parity regulations, firms must have classified nonstandard and regular full-time workers in the same occupations. Gustafsson, Kenjoh, and Wetzels note that although part-time work is found in a broad spectrum of occupations, including high-skilled occupations in the Netherlands and Sweden, part-time work is concentrated in low-skilled occupations in West Germany and Britain. They offer these patterns as an explanation for the wage parity found in the former two countries and its absence in the latter two countries.

By definition, workers in temporary positions have less job security than permanent workers. Indeed, the ability to circumvent dismissal laws or to otherwise reduce the cost of dismissal is an important reason employers in all countries use fixed-term contracts or temporary help agencies. Concern that workers may become trapped in temporary positions with little job security is greatest for countries, such as Japan and Spain, that have strong protections against dismissing regular workers but have little regulation of temporary contracts. Indeed, there is little mobility between nonregular and regular positions in Japan (Houseman and Osawa). Interestingly, however, Cebrián and colleagues assert that concern over job instability for temporary workers is exaggerated in Spain, where the fraction of paid employees on fixed-term contract is roughly one-third. They argue that previous studies showing little movement of temporary workers to permanent positions are based on data with a relatively short time horizon. Over longer time frames, temporary workers typically appear to settle into permanent jobs.

Although workers in part-time and temporary positions often are concentrated in low-skilled, low-paying jobs and have little job security, Kalleberg and Reynolds find little evidence that this negatively affects their attitudes toward work. Using data from the International Social Survey Program for the countries covered in this volume, they find that part-time workers in most countries have attitudes that are as positive or more positive toward their job than those of full-time workers. Part-time workers also report less job stress. Kalleberg and Reynolds argue that part-time workers may be generally satisfied with their

job because the job rewards generally match the values they place on job rewards. For instance, people who value high pay typically do not work part-time. Sweden is a notable exception. The negative attitudes expressed by Swedish part-time workers may reflect that country's poor economic conditions during the survey period, with many part-time workers desiring full-time employment.

Workers on fixed-term contracts also generally do not display more negative attitudes and behaviors toward work, in spite of the fact that those on fixed-term contracts do not seem to value job rewards less than full-time workers. Kalleberg and Reynolds speculate that, although those on fixed-term contracts often would prefer permanent employment, they do not display negative work attitudes because they are trying to gain a permanent job with the employer. In so much as worker attitudes affect worker productivity, Kalleberg and Reynolds uncover no adverse consequences for employers from hiring workers on a part-time or temporary basis.

Notes

1. Note that figures on nonstandard employment presented in Table 1.1 may differ slightly from figures presented in subsequent chapters in this volume (for instance, if they are derived from a different survey). Also, in Table 1.1, nonstandard employment is expressed as a percentage of total employment rather than as a percentage of wage and salary employment, as is done in several chapters.
2. Self-employment figures for European countries exclude the self-employed with dependent employees, whereas figures for the United States and Japan include all self-employed. Figures on nonagricultural self-employed without dependent employees are especially likely to reflect movements in independent contract employment. Unfortunately, it is not possible to report comparable figures for Japan and the United States.

2

The Change in Work Arrangements in Denmark and Germany

Erosion or Renaissance of Standards?

Edeltraud Hoffmann and Ulrich Walwei
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In all industrial countries, the composition of work arrangements is in a state of flux (Delsen 1995; Meulders, Plasman, and Plasman 1996; de Grip, Hoevenberg, and Willems 1997). Supply and demand in the labor market can be managed in different ways. In addition to the typical employment relationship, work can be contracted out to (nominally) self-employed persons. The duration of employment can be unlimited or on a fixed-term basis. Individual working hours can vary considerably. Moreover, there can be complex contractual relations between employer and employee, as in the case of temporary work agencies, for example.

To assess the impact of the various work arrangements, a reference point is needed, and in this chapter, we use the dominant work arrangement in quantitative terms. The “standard work arrangement” is based on a permanent, full-time employee-employer relationship subject to basic social security contributions.

In many countries, the growing number of work arrangements that diverge from the “standard work arrangement” continues to cause fierce controversy. Depending on one’s point of view, either hopes or fears are articulated over the mainly female part-time workforce, who are socially protected to varying degrees; or over the many new staff who are employed only on a fixed-term basis; or over the trend of eliminating employment risks by using temporary agency workers or by contracting out work to (nominally) self-employed people. In view of the growing variety of work arrangements and changes in workers’ preferences, it is, however, no longer easy to assess which work arrangements are associated with which opportunities and risks for

society and for the individual. On the one hand, nonstandard work arrangements are considered less regulated than the typical employment relationship and, therefore, also have less protection from a legal point of view. On the other hand, they represent transitional forms or bridges to the standard work arrangement.

This chapter does not aim to assess the various implications of nonstandard work arrangements for the labor market or individuals in terms of “pros” and “cons,” or “good” and “bad.” Such issues would preferably be analyzed using longitudinal data on career development and processes of mobility (see, e.g., other chapters in this book). Instead, our chapter regards such arrangements as outcomes of different forces and looks specifically to the reasons for this ongoing development. Unfortunately, knowledge about the determinants of change is still rather limited. We know more about what is not the cause than of what is the cause of the changes in the composition of work arrangements. In particular, shift-share analyses have shown that, irrespective of the sector-specific and gender-specific changes in employment, nonstandard work arrangements would have increased and to roughly the same extent (see Smith, Fagan, and Rubery 1998; Hoffmann and Walwei 1999). Furthermore, analyses suggest that behavior of employers and employees has changed over time within certain sectors as well as within certain demographic groups. One possible reason could be the newly available options for employers and employees. The choice of work arrangements for both sides of the market depends, not in the least, on which alternatives they have at their disposal. The labor market performance, as well as the institutional setting, particularly influences the scope of action.

The relevance of labor market performance to the composition of work arrangements is obvious from an employee viewpoint. For the majority of employees, nonstandard work arrangements are an inferior good, and the least preferable if better options are available. The institutional framework may also influence costs and benefits of various work alternatives. For example, an institutional setting that imposes high costs for employers can make full-time arrangements less attractive for employers and reduce their prevalence. To deal with this set of questions, it makes sense to look beyond national borders. International comparisons allow us to integrate the relative importance of

labor market performance and institutional settings as possible explanatory factors.

This chapter begins by describing changes to the composition of work arrangements in Western Europe. We outline in which countries the tendency of erosion is already visible and the speed of change. In the next section, the analysis focuses on Germany and Denmark, where the development of work arrangements took different directions. In Germany, nonstandard work arrangements grew in importance, while the opposite occurred in Denmark. In Germany, the question is how far the growth in nonstandard work arrangements can be considered a process of catching up with other countries, such as the Netherlands, the United Kingdom, and Spain, in the diversity of employment relationships. In Denmark, the question is whether the decline in nonstandard work arrangements indicates a renaissance of “normal employment.” We conclude by asking whether the changes lead to more diversity in work arrangements or to newly defined standards.

WORK ARRANGEMENTS IN WESTERN EUROPE

Overall Trends

The diversity of work arrangements is greater than official labor market statistics suggest. There is, for example, a considerable lack of internationally comparable data on temporary work agencies, home work, on-call work, or freelancers. At best, only national data are available. The European Labor Force Survey (ELFS) offers at least detailed information about self-employment, part-time employment, and temporary employment.¹ Table 2.1 provides an overview of such work arrangements and their development over time.

Nonstandard work arrangements covered by the ELFS play a quite different role in European Union (EU) countries. In 1998, the highest share of self-employed (including family workers) could be found in southern European countries such as Greece, Italy, Portugal, and Spain. In contrast, self-employment was comparatively low in Luxembourg, Denmark, and Germany. In all countries, self-employment decreased.² The picture is quite the opposite concerning part-time and temporary

Table 2.1 Selected Work Arrangements in Europe, 1988 and 1998 (% of total employment)

Member states	Total employment (in thousands)		Self-employment (incl. family workers)		Part-time employment		Temporary employment ^a	
	1988	1998	1988	1998	1988	1998	1988	1998
Denmark	2,683	2,679	11.0	9.7	23.7	22.3	10.2	9.1
Germany		35,537	—	11.0	—	18.3	—	10.9
West	26,999	29,077	11.5	11.5	13.2	20.0	10.1	10.0
East		6,459	—	8.5	—	12.0	—	17.0
Austria		3,626	—	13.8	—	15.8	—	6.8
Belgium	3,483	3,857	18.0	17.4	9.8	15.7	4.5	6.4
Spain	11,709	13,161	29.1	23.0	5.4	8.1	15.8	25.3
Finland		2,179	—	14.6	—	11.7	—	15.1
France	21,503	22,469	16.2	12.5	12.0	17.3	6.6	12.2
Greece	3,651	3,967	49.5	43.4	5.5	6.0	8.8	7.4
Ireland	1,090	1,496	25.3	20.2	8.0	16.7	6.8	6.1
Italy	21,085	20,357	29.5	28.7	5.6	7.4	4.1	6.1
Luxembourg	152	171	11.2	9.4	6.6	9.4	3.3	2.4
Netherlands	5,903	7,402	12.1	11.6	30.3	38.8	7.7	11.2
Portugal	4,427	4,764	30.9	28.2	6.5	11.1	12.6	12.4
Sweden		3,946		11.4		23.9		11.4
United Kingdom	25,660	26,883	12.7	12.5	21.9	24.9	5.2	6.1
European Union	128,345	152,494	19.1	16.6	13.2	17.4	7.8	10.6

NOTE: — = data were unavailable.

^a Temporary employees include apprentices, trainees, research assistants, etc.

SOURCE: Eurostat Labor Force Survey.

employment. In most of the EU countries, both types of employment grew, but at different rates. The ELFS data show high part-time employment rates in the Netherlands, the United Kingdom, Sweden, and Denmark. Low rates are found in Greece, Italy, Spain, and Luxembourg. In the case of temporary employment, Spain, Finland, Portugal, and France ranked highest, whereas Luxembourg, Italy, Ireland, and the United Kingdom ranked lowest.

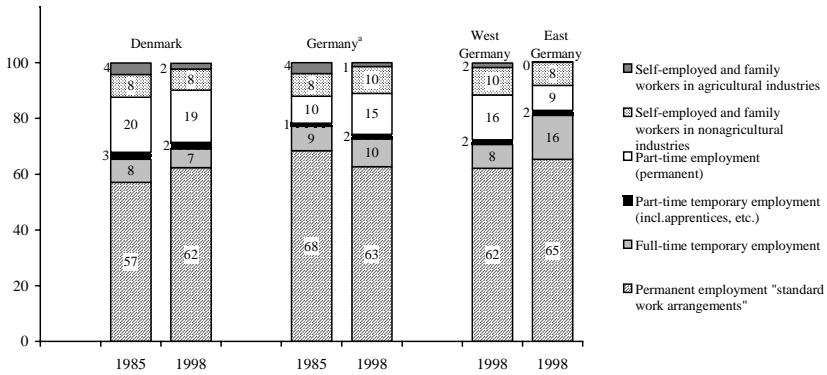
Table 2.1 is a useful overview of the importance of different work arrangements in EU countries. For several reasons, however, such indicators offer only a superficial impression. First, nonstandard work arrangements covered by the ELFS are not clear-cut. Double counting is possible. For example, the self-employed can either work full-time or part-time. In addition, part-time and temporary employment can be arranged simultaneously. Moreover, the definitions of such types of employment are not precise (Lemaitre, Pascal, and Bastelaer 1997). Temporary workers in the ELFS may include apprentices, agency workers, or even participants of active labor market measures, such as job-creation schemes. Part-time work consists of a wide range of employment relationships, including the extremes of marginal employment (few hours of work) and jobs with working hours just below the full-time level. The proportion of self-employment among total employed also varies significantly, not the least because the agricultural sector plays a different role in the countries surveyed. In addition, self-employment rates include self-employed workers with or without employees. Even permanent, full-time working relationships may include unique employment statuses, such as civil servants who enjoy life-long tenure.

Although a more detailed study of work arrangements in different countries would be helpful, the complexity and effort make such a study difficult in many countries. Therefore, it is more practical to concentrate the analyses on countries with an exemplary character. Of special interest are countries in which developments moved in different directions, as in Denmark and Germany.

Work Arrangements in Germany and Denmark

Figure 2.1 shows the development of work arrangements in Denmark and Germany. The percentages for two years, 1985 and 1998,

**Figure 2.1 Change in Work Arrangements in Denmark and Germany
(% total employment in 1985 and 1998)**



^a 1985 West Germany; 1998 includes the new German Länder.

SOURCE: Eurostat Labor Force Survey; Mikrozensus.

represent the share of particular work arrangements as a portion of total employment.

Germany

In Germany, the proportion of standard work arrangements (i.e., permanent full-time employment relationships) declined in the last decade compared with other forms of employment.³ Although the overall self-employment rate (including family workers) declined slightly, the rate of self-employment grew in the sectors outside agriculture. Temporary employment (including apprentices) increased slightly over time. The work arrangement showing the fastest growth was part-time employment on a permanent basis, with an increase of 5 percentage points.

In 1998, the composition of work arrangements in eastern Germany still differed considerably from those in western Germany. This partly reflects the ongoing process of radical structural change and transformation of the eastern German economy (see below, Determinants of Change section). In the new Länder, standard work arrangements still carried greater weight. The difference in the proportion of standard work arrangements between eastern and western Germany in 1998 was 3 percentage points.

Denmark

Interestingly, the proportion of standard work arrangements in Denmark was similar to that in Germany in 1998 (see Figure 2.1). But unlike Germany, the share of standard work arrangements increased by 5 percentage points between 1985 and 1998. In addition, the composition of work arrangements differs between Denmark and Germany. In Denmark, the proportion (as a fraction of total employment) of part-time employment was higher, and the shares of self-employed and temporary workers were lower in 1998.

Also in Denmark, the overall self-employment rate, which in 1998 was lower than in Germany, decreased slightly. However, unlike in Germany, the proportion of self-employed outside the agricultural sector stagnated. In the case of temporary employment and part-time work, the picture is different, too. The decline of temporary employment is largely associated with fewer apprenticeships (with fixed-term contracts) in Denmark. The proportion of part-time employment decreased by 2 percentage points, which includes both permanent and temporary work.

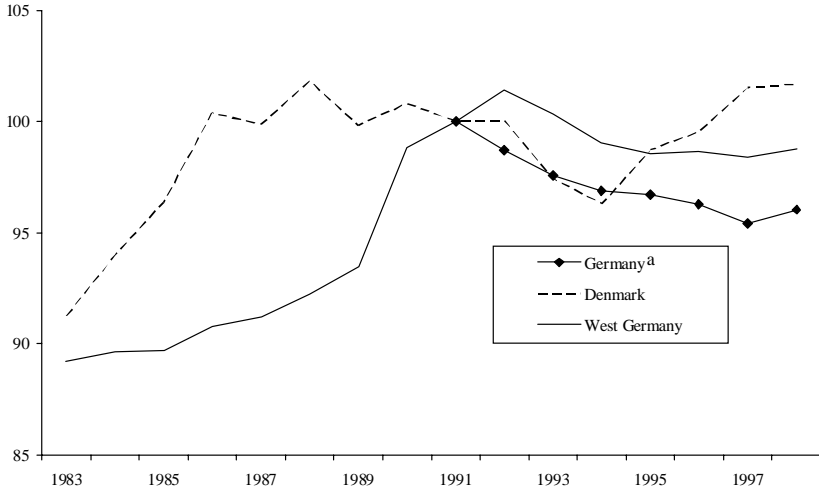
DETERMINANTS OF CHANGE

Labor Market Performance

With regard to nonstandard work arrangements, a lack of employment opportunities and high unemployment must be regarded as a “push factor.” In this respect, labor markets in Denmark and Germany reveal remarkable differences. The differences refer to the level, development, and composition of employment as well as unemployment.

For decades, Denmark has had one of the highest labor force participation rates in the Western world. In 1998, the labor force participation rate reached 79 percent. The corresponding German rate stood at 71 percent. The difference is even greater if one compares employment rates in both countries. Whereas 75 percent of the Danish working population was employed in 1998, in Germany, 64 percent was employed. After a recession in the early 1990s, Denmark saw a considerable employment boom. This positive development can be attributed to sev-

Figure 2.2 Employment Indexes in Denmark and Germany 1983–98
 (Index: 1991 = 100)



^a 1983–90 are figures for West Germany; 1990–98 are figures for unified Germany.
 SOURCE: Eurostat Labor Force; Survey West Germany—Mikrozensus.

eral factors, such as sustained economic improvement, fiscal impulses through tax cuts, and changes in active and passive labor market policies that targeted the unemployed as well as imposed sanctions (PLS Consult and Peter Jensen 1997; Madsen 1999).

Between 1983 and 1998, the German figures show a rather mixed picture. For western Germany, the rate of employment growth was almost as high as in Denmark (10.7 percent vs. 11.4 percent). Employment indexes in the early 1990s indicate much greater development than in Denmark. The picture changes, however, if one considers employment indexes in unified Germany. In contrast to the Danish development, unified Germany experienced a slow economic and labor market recovery in the 1990s (see Figure 2.2), mainly because of the unification of West and East Germany in 1990. At first (especially because of the emergence of new markets in East Germany), the

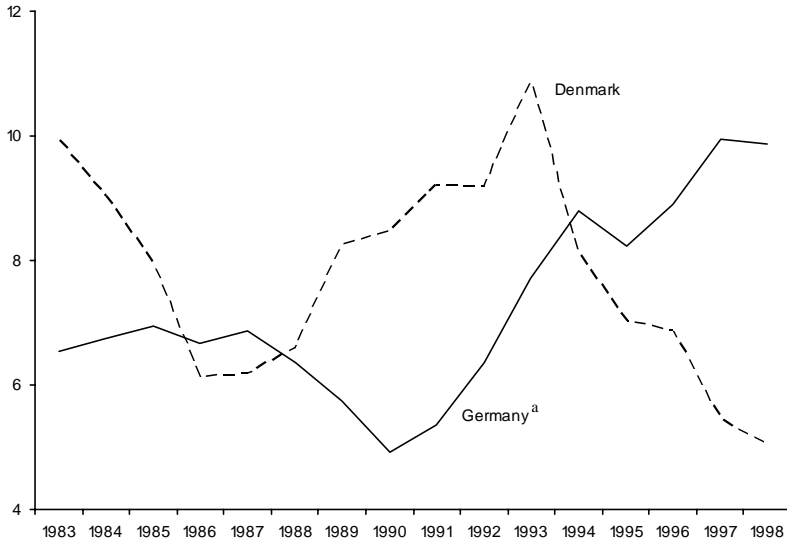
former West Germany experienced a considerable economic and employment boom. However, the recovery process in eastern Germany took more time than most experts and politicians predicted. For this reason, eastern Germany still depends on massive financial transfers from western Germany. Therefore, unification has certainly made it more difficult to find convincing solutions to the employment crisis. It would, however, be insufficient to blame only German unification in this context (Blau et al. 1997). Several structural deficiencies in Germany are also responsible, such as the high burden of taxes and of social security contributions, too few employment-oriented wage agreements, and a lack of progress in increasing labor market flexibility.

In Denmark, the high employment rate gives less competitive workers more opportunities to enter the labor market. All age groups, all qualification levels, and both sexes have higher participation rates than in Germany. That means that women, young people, older workers, and even those with low skills were able to profit, at least in part, from high levels of employment.

Not surprisingly, differences in the level and the development of unemployment between Denmark and Germany are also evident. Figure 2.3 shows lower unemployment rates in Denmark than in Germany since 1994. Whereas in Denmark, unemployment has decreased continuously since 1993, improvements in Germany began only recently. In Germany, the very recent (since 1996) and slight reduction in the unemployment rate can be attributed only in part to more employment; the shrinking labor supply, owing to demographic changes, also played a part. The positive employment development in Denmark, together with an intensive use of active labor market policies (especially the high number of short-term measures), has lowered the proportion of long-term unemployed (as part of the total unemployed) from 39 percent in 1985 to 29 percent in 1998, and lowered the youth (up to age 25) unemployment rate from 11 percent to 7 percent. In the same period, the proportion of long-term unemployment in Germany rose from 48 percent to 52 percent, and the unemployment rate of young people ages 15–24 remained at about 10 percent.

Unemployment represents only a part of total underemployment (Schmidt 1997; Stille 1998). Using the Organization for Economic Cooperation and Development (OECD) concept of “broad unemploy-

Figure 2.3 Unemployment Rates in Germany and Denmark, 1983–98
(percentage share of labor force)



^a 1983–90 are figures for West Germany; 1990–98 are figures for unified Germany.
SOURCE: Eurostat Labor Force Survey.

ment” in assessing underemployment, the corresponding rate in 1996 for Germany was 22 percent (the standardized unemployment rate in 1996 was 9.6 percent) and for Denmark, 20.5 percent (the standardized unemployment in 1996 was 6.9 percent). The definition of broad unemployment includes registered unemployed, participants in active labor measures (such as training, job creation schemes, and short-time work), those in early retirement, and persons in paid leave schemes (such as child care or training). However, recent Danish studies show that the standardized unemployment rate, as well as the broad unemployment rate, decreased in the second half of the 1990s, indicating a “real” improvement in the labor market situation (Madsen 1999).

Institutional Setting

The choice of work arrangements depends on which options employers and employees have at their disposal. The institutional

framework defines the labor market actors' scope of action. Regulations influence costs and benefits of various alternatives. Although it is impossible to offer a comprehensive overview of institutions in the two countries, we focus on those regulations that are of particular importance to the composition and development of different work arrangements. These include the social security systems and certain incentives or disincentives resulting from them, the type of income taxation, the provision of child care facilities, the level and the significance of active labor market measures, the existence of particular institutions facilitating the school-to-work transition, and the strictness of employment protection regulations.

The Danish social security system provides a generous social protection (e.g., in the case of unemployment). It is mainly financed by general tax revenues (European Commission 1999). In 1997, the share of social security contributions amounted to only 10 percent of the labor costs (defined as gross salary plus social security contributions paid by the employer), the lowest in the EU. The corresponding share for Germany was much higher at 34 percent. Because of German unification, the burden of social security contributions has risen significantly. This has led to an increase in labor costs of employment relationships covered by social insurance. As a consequence, the substitution of labor through capital was stimulated, and gainful activities were at least in part pushed from the regular to the underground market. On the supply side of the labor market, higher social security contributions have increased the tax wedge between gross and net wages. The lower the advantages of rising social security contributions for employees, the greater the disincentives to work in jobs covered by social insurance. As a result, work arrangements that are not subject to social security contributions (e.g., marginal employment or work given to nominally self-employed workers) become more attractive (Buch 1999).

In addition to financing, the design of the Danish and German social security systems is also quite different. The pension system in Denmark consists of a basic pension for all citizens, financed by general revenue taxes, and a supplementary pension, financed mainly by employer contributions. In contrast, pension insurance in Germany is mandatory for all wage and salary earners and is (apart from taxes) predominantly financed by payroll taxes, to be paid almost equally by

employer and employee contributions. The German compulsory pension insurance scheme was introduced to ensure that all workers enjoy an adequate old age pension. The level of old age pensions in Germany largely depends on the range and duration of such payments. Unlike in Denmark, this leads to a situation in Germany in which less stable career histories bear considerable risks in terms of social insurance.

Of particular interest in this context are regulations that act as an incentive for marginal employment. Such regulations, in particular threshold levels, can refer to the income as well as to the number of working hours. The new German regulation, which has been valid since April 1999, relates to the monthly income as well as to the weekly working hours. Monthly wages below DM 630 are subject to restricted social insurance (normally no benefits and employer contributions only) if the person is not a multiple job holder and the weekly working time is fewer than 15 hours. The prior regulation did not require any compulsory social insurance, whether the person was a multiple job holder or not, but employers were obliged to pay a payroll tax, which was nearly as high as the employer's social security contributions. Similar to Germany, regulations in Denmark also create incentives for marginal employment. To claim unemployment insurance benefits, an employee must work a minimum of 16 hours per week. For part-time employment of no more than 39 hours per month, no contributions to the supplementary pension system are due.

The type of income taxation may also influence the magnitude of labor supply and the associated choice concerning certain wage arrangements. Whereas Germany has joint income taxation, Denmark taxes individuals separately (see Dingeldey 2000). Joint taxation can discourage secondary wage earners from working. In particular, married women who work at home are, under joint taxation, taxed at the high marginal tax rate of their husband. Joint taxation, therefore, creates another incentive among secondary earners to find tax-free marginal employment. In contrast, individual taxation has the opposite effect. The low wage of a part-time working spouse is taxed at a correspondingly low rate.

In addition to the type of income taxation, the employment rates of women are positively related to the provision of child care facilities. The availability of publicly funded child care varies sharply between countries. Denmark is one of the countries with the largest provision of

care facilities for children up to age 3 (see Thenner 2000). Although there are no severe limitations concerning kindergarten placements (for children ages 3–6 years) in Germany, many are part-time placements, and children usually return home at lunchtime. This situation may cause a considerable obstacle to full-time work for German women, or even regular part-time work.

According to OECD data, Denmark spends the most on active and passive labor market policies among countries in the western world. In 1998, the share of total expenditure on labor market policies amounted to 5.63 percent of the gross domestic product (GDP). (In Germany, it was 3.56 percent.) Both countries spent twice as much on passive policies as on active programs. Of particular interest in this context are schemes that enable unemployed individuals to start new businesses or, in the case of job-creation schemes, that are associated with fixed-term contracts. Leave programs (e.g., for training or child care) can favor fixed-term contracts because such measures often lead to a temporary replacement. Table 2.2 gives an overview of the quantitative importance of labor market programs in both countries in terms of full-time equivalencies or annual averages.

Both countries changed the emphasis of labor market policies in the 1990s. The Danish reform in 1993 initiated a considerable swing in labor market policies. One part of the reform was additional measures to reduce labor supply (e.g., early retirement, sabbaticals, and paid leave arrangements). The number of participants in labor market programs and the composition of expenditure in Denmark reveal a shift in recent years from demand-side measures (especially wage subsidies) to supply-side measures (mostly training programs). In Germany, the shift of labor market policies took place later. Since 1998, labor market measures have aimed more at improving job matching by concentrating on targeted programs for hard-to-place individuals. The policies are either implemented within firms or should, as much as possible, meet the requirements of firms in order to build a bridge toward standard employment.

In many countries, a close relationship exists between standard labor market programs for youth and institutions facilitating the school-to-work transition. The latter are particularly relevant for Denmark and Germany. The Danish vocational education and training programs are sandwich-type programs, in which a separate theoretical

Table 2.2 Participation^a in Labor Market Programs in Denmark and Germany, 1994 and 1998 (% of civil employment)

	Denmark		Germany	
	1994	1998	1994	1998
Subsidized employment (direct job creation, short-time work, job training, enterprise subsidies, etc.)	2.4	1.7	2.0	1.8
Training measures (adult education/training, except educational leave)	0.9	1.0	1.4	1.1
Other activation programs ^b (specially arranged activation, experiments)	0.1	0.2		
Labor market programs (except leave and early retirement)	3.4	2.9	3.4	2.9
Leave/job rotation of which:	2.0	1.6		
educational leave	0.5	0.9		
Civil employment in thousands	2,508	2,659	35,892	35,715

^a Full-time equivalents and annual averages.

^b Activation programs link payment of cash benefits to the participation in active labor market programs.

SOURCE: Denmark: Danmarks Statistisk; Germany: Amtliche Nachrichten der Bundesanstalt für Arbeit—Arbeitsmarkt 1998; Calculations of Institute for Employment Research (Section 2) Civil Employment: OECD Labor Force Statistics.

education at a vocational school (one-third of total duration) alternates with practical training on a full-time or part-time basis in a business enterprise (two-thirds of total duration). The German apprenticeship system combines part-time education with workplace occupational training. A characteristic feature of the two systems is fixed-term contracts between the young employees and the employers offering practical or occupational training (in Denmark, excluding vocational schools, and in Germany, including vocational schools). Nevertheless, in both countries, the existing institutions fail to reach all school leavers to whom standard labor market programs are offered.

Finally, employment protection regulations may also influence the composition of work arrangements. The stricter the dismissal protection, the more it can act as an incentive for enterprises to select those forms of employment with little or no dismissal protection (e.g., fixed-term contracts, use of temporary agency workers, or contracting out

work to self-employed workers). Based on OECD indicators of the strictness of employment protection regulations in 26 countries in the Western world, Denmark ranks sixth and Germany ranks twentieth (OECD 1999). A higher ranking implies more legal restrictions. The indicator includes regulations concerning individual and mass dismissal as well as temporary employment (e.g., fixed-term contracts and the use of temporary agency workers). The OECD analysis shows a considerable trend toward deregulation in the 1990s. Amid deregulation, two trends emerged: changes in the law either provided for a change in the protective rights of regular employment, or they extended the possibilities of arranging nonstandard work. Regarding the choice of work arrangements, the two reform trends must be assessed differently. If regular employment relationships are deregulated—as in the case of a change in law on protection against dismissal—evasive reactions (e.g., an increased use of fixed-term employment) are less likely. If, on the other hand, deregulation is geared toward an extended use of nonstandard work arrangements, one must ask whether the additional flexibility is needed and whether it is used by the parties involved.

The already flexible Danish labor market in the 1980s was further deregulated in the early 1990s by an almost complete liberalization of the use of temporary workers. If one takes the relatively strict employment protection regulations into account, previous deregulation initiatives in Germany were quite moderate. Significant changes in the regulation of German employment protection mainly apply to temporary employment. Since 1985, a justification for using fixed-term contracts for fewer than 18 months is no longer required. The duration was extended further in 1996, to 24 months. Within the maximum duration of 24 months, the contract can be extended three times. Since 2001, the use of fixed-term contracts without justification is limited to new recruitments only, which prevents employers from using such flexible fixed-term contracts as a means to extend other fixed-term contracts that require justification (e.g., in the case of fixed-term contracts lasting more than 24 months). Similarly, the duration for which employers can use temporary agency workers (which is still not allowed in construction) was also extended in the 1990s and, since 1997, can now last for 12 months.

To summarize, a comparison of the two countries reveals certain similarities as well as considerable differences. Denmark and Germany are both welfare states with high wages and low wage differentiation by qualification. Apart from the size of the two countries, remarkable differences exist in the level and development of employment, labor market flexibility, financing and design of the social security system, institutional incentives for female employment, and the significance of active labor market programs.

SPECIFIC WORK ARRANGEMENTS IN DETAIL: DEVELOPMENTS AND THEIR CAUSES IN DENMARK AND GERMANY

Self-Employment

In 1998, Luxembourg, Denmark, and Germany had the lowest percentage of self-employed persons in the EU. The extent of self-employment is influenced by demand-side, supply-side, and institutional determinants (Noorderhaven et al. 1999; Bogai and Gotthard 1999). A first argument relates to structural change. Agrarian-dominated societies are generally characterized by a high degree of self-employment. In more developed countries, industrialization and a higher share of services limit self-employment. Industrialization leads to increased capital accumulation and business concentration, whereas a higher share of services leads to business start-ups.

The level of self-employment also depends on the level of prosperity. The share of self-employment is high in countries with low average incomes, while self-employment rates are comparably lower in countries with a high living standard. Greater productivity resulting from a growing capital stock induces relative improvements to wages compared with incomes from self-employment. Higher levels of economic development offer more alternatives to earn a living. Incentives to become self-employed are hence reduced.

The size and composition of the labor force may also influence the level of self-employment. If we assume the same density of self-employed (i.e., the number of self-employed related to the working

population) in two countries or at two points of time, the self-employment rate (as part of total employment) will decrease with a higher, or growing, employment rate. This is because higher employment is generally accompanied by greater labor force participation of women, who in turn are less likely to be self-employed (Blanchflower 1998; Huijgen 1999).

The labor market and labor market institutions can also play a role in self-employment. Both aspects are considered "push factors." High unemployment rates induce more individuals to become self-employed owing to a lack of jobs in dependent employment. Self-employment programs aimed at reintegrating the unemployed can reinforce such a development. Push factors can also come into play with strict employment protection, high social security contributions, and deregulated product markets with low barriers to entry.

High living standards, on the one hand, and structural change disfavoring the agricultural sector, on the other hand, offer a plausible explanation for the comparatively low self-employment rates in Denmark and Germany. The particularly low share of self-employed and family workers in Danish employment may also be attributed to several additional factors, such as a higher participation rate of both married and single women, a more favorable labor market since 1994, less emphasis on programs promoting business start-ups, and less strict labor market regulations. The reason for the still comparatively small proportion of self-employed and family workers in eastern Germany (8.5 percent compared with 11.5 percent in western Germany) likely stems from the slow adjustment process in that economy, with its uncertain prospects and lack of capital. Similarities between Denmark and Germany on self-employment are also obvious if one compares the composition and patterns of development.

Figures 2.4 and 2.5 reveal that self-employment rates fell in both countries from 1983 to 1998. The development, however, is largely influenced by the closing of small agricultural businesses, and thus reducing the numbers of self-employed workers. Outside the agricultural sector, the opposite has occurred. Self-employment rates in Germany remained relatively constant in the 1980s and increased in the 1990s. The increase was interrupted shortly as a result of German unification, given that self-employment rates were and still are quite low in the new Länder. In Denmark, the decline in self-employed (not

Figure 2.4 Denmark: Self-Employed and Family Workers, 1983–98
(percentage share of total employment)



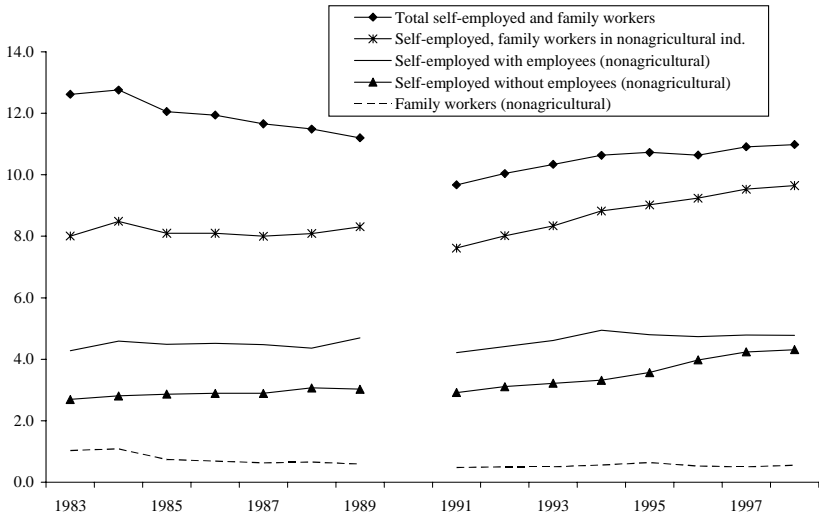
SOURCE: Eurostat Labor Force Survey.

including agriculture) has abated since the mid 1980s (Figure 2.4). As a consequence, in both countries, extrapolations show increasing levels of self-employment (especially outside agriculture).

In Denmark and Germany, the share of self-employed with employees was higher than the share of self-employed without employees in 1998. Differences between the two rates, however, diminished with time. In both countries, the increase of self-employment without employees was above average. A possible explanation for the increase of one-person businesses may be that market entries became more feasible for small enterprises because of the rapid diffusion of information and communication technologies. Stronger international competition and increasing labor cost pressure, more intensive contracting out, and concepts of “lean management” may also have contributed to this development.

Among the self-employed without employees, there is also assumed to be an increase in so-called “nominal self-employed.” In Germany, nominal self-employment may have emerged from the con-

Figure 2.5 Germany^a: Self-Employed and Family Workers, 1983–98
(percentage share of total employment)



^a 1983–90 are figures for West Germany; 1990–98 are figures for unified Germany.

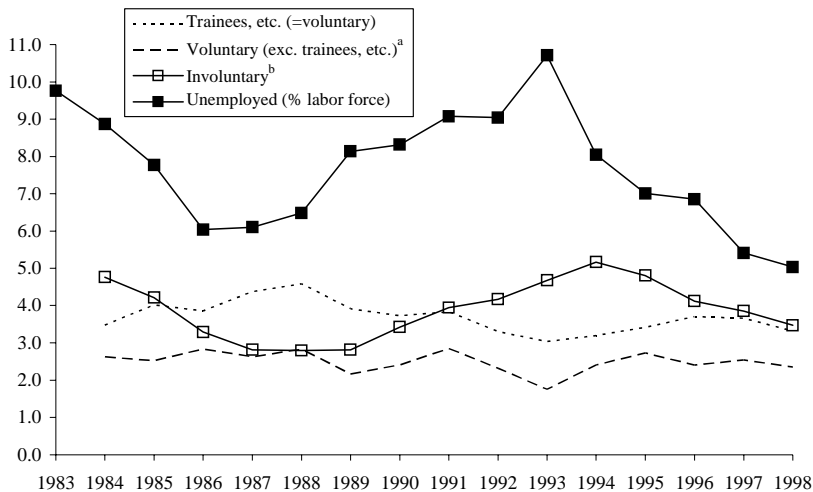
tinuously poor labor market in the 1990s and rising social security contributions that disfavored work arrangements within an employee status. According to Dietrich (1996), the number of nominal self-employed in 1995 was between 179,000 and 431,000, or between 0.6 percent and 1.3 percent of total employment.⁴ The legislature in Germany responded to the increase in one-person businesses, first in 1999 and then again in 2000, by defining the demarcation line between dependent employment and self-employment.⁵ The new regulation aims to reduce the circumvention of labor and social protection laws. However, it also hampers the initiation of new firms. Individuals starting a new business often do not employ additional workers and deal early on with one or only a few clients.

Temporary Employment

In a European comparison, temporary employment rates in Denmark and Germany are ranked somewhere in the middle of the spectrum. In both countries, trainees and apprentices contribute to

temporary employment to a considerable extent, although in Denmark with a declining tendency (see Figures 2.6 and 2.7). Temporary employment is, in many cases, associated with part-time work. In Denmark, this is more often the case than in Germany. There were no significant changes to Danish temporary employment rates during the last decade, while Germany saw a moderate upward trend. However, temporary employment rates in Denmark and Germany are similar. On the one hand, this might stem from the fact that the noted restrictions on the use of fixed-term contracts are only slightly lower in Denmark than in Germany. On the other hand, dismissal protection in Germany is much more strict, which can, therefore, cause circumvention by temporary employment. Thus, lower temporary employment rates (excluding apprentices) would be expected in Denmark. Possible explanations for this counterintuitive result may be identified by looking at structural features of temporary employment, labor market performance, and institutional issues.

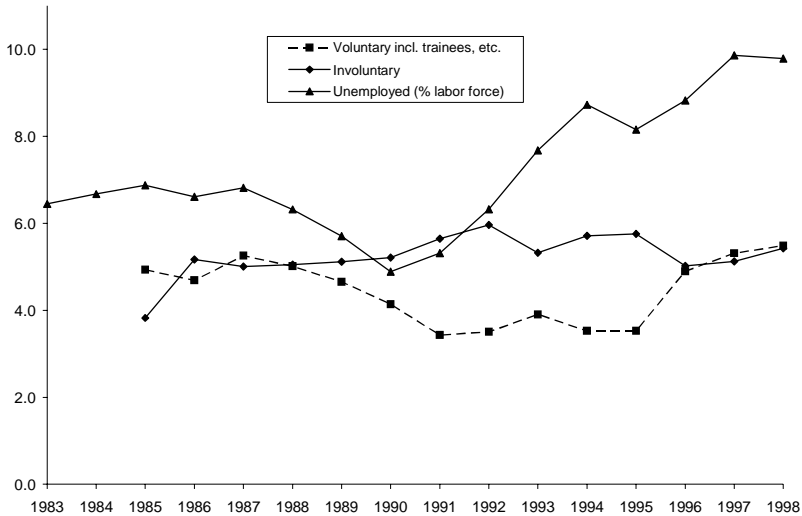
Figure 2.6 Temporary Employment in Denmark, 1984–98 (percentage of total employed)



^a Voluntary: “did not want a permanent job.”

^b Involuntary: “could not find a permanent job”; “no reason given”; “contract for a probationary period.”

SOURCE: Eurostat Labor Force Survey.

Figure 2.7 Temporary Employment in Germany,^a 1985–98 (percentage of total employment)

^a 1983–90 are figures for West Germany; 1990–98 are figures for unified Germany.
SOURCE: Eurostat Labor Force Survey.

Temporary work arrangements are, in general, not the first choice for the majority of workers employed on a fixed-term basis. According to the ELFS, permanent work would be preferred if available. “Voluntary” temporary employment plays only a small role in Germany, with 0.2 percent of all employed, while in Denmark, this type of employment is more significant, with 2.4 percent employed in voluntary temporary employment. Permanent contracts are not necessarily the first choice for employees who are less concerned about the disadvantages of a temporary contract (e.g., the higher risk of being jobless after the contract expires). This group could include, for example, individuals uninterested in a permanent job (pupils or students) or those who were planning to leave dependent employment (e.g., because of retirement or the start of a business). The high figures of voluntary temporary contracts in Denmark correspond to the multitude of marginal work carried out by pupils and students.

The business cycle is one of the possible determinants of changes in temporary employment rates. The relationship between unemployment and temporary employment, however, can be cyclical as well as countercyclical. Rising unemployment may promote the diffusion of temporary contracts; falling unemployment may reduce the number of temporary contracts (as in Denmark, see Figure 2.6). An opposite relationship might be expected when temporary employment is used as an employment buffer, which is expanded in cyclical upswings and reduced in cyclical downswings (as in Germany, possibly).

As noted above, since 1985, fixed-term employment contracts lasting up to 18 months (and since October 1996, up to 24 months) no longer required justification. Firms have made wide use of the new regulation (see Bielenski 1997). However, neither the high hopes (e.g., encouraging additional hiring due to a substitution of overtime work) nor the fears (e.g., the replacement of permanent employment by fixed-term employment) has been confirmed. The relatively constant rates of temporary employment in Germany during the last decade suggest that the new options offered by deregulation and the actual use of such options are two different things. The reality in German firms is obviously not yet characterized by a regime of “hiring and firing,” and the advantages of stable employment relationships (internal flexibility, willingness to invest in human capital) obviously still prevail. This is true even in eastern Germany. The greater proportion of temporary employment there can be almost fully attributed to active labor market programs (especially large-scale job creation schemes).

In Denmark, neither employment protection regulations nor temporary employment rates has changed significantly. The relatively high temporary employment rate in Denmark—even though employment protection regulations are less strict than in Germany—can likely be attributed to two factors: the comparatively high volume of voluntary temporary employment and the still considerable level of active labor market policy programs (e.g., subsidized employment and paid leave arrangements).

Finally, regulations on temporary work agencies may also influence the use of temporary employment. Agency workers are a potential alternative to permanent or fixed-term employees. Contracts for temporary agency workers are also often signed for a fixed duration only. Until 1995 in Germany, fixed-term contracts with agency workers were

allowed only on the request of the employee. Since then, at least the first deployment of a temporary agency worker can be on a fixed-term basis. In Denmark, all regulations on temporary work agencies were abolished in 1990. Therefore, the duration of the employment contract depends on the individual agreement between agency and temporary agency worker. Consistent information about the extent of agency work in the EU countries is unavailable. Estimates by the World Federation of Temporary Work show that the importance of temporary work agencies is relatively low in Denmark (0.3 percent of dependent employment) and in Germany (0.7 percent of dependent employment) compared, for example, with the Netherlands (4.6 percent) and France (2.2 percent) (see Klös 2000; de Koning et al. 1999). Despite substantial deregulation, the spread of agency work is still limited in Denmark. However, in Germany, agency work has gained in importance even though regulations are relatively strict. Nevertheless, the development of temporary agency work in both countries must again be seen in the context of different labor market performances and the availability of other flexibility options.

Recent studies illustrate that temporary work arrangements are used as a complement to the core workforce as a way to reduce adjustment costs (e.g., to business fluctuations) through more flexibility (see Rudolph and Schröder 1997). Furthermore, using temporary employment during a probationary period (without any obligation) is attractive to employers because it allows them to improve staff selection (see Farber 1999; Rogowski and Schömann 1996). From this point of view, relatively constant rates of temporary employment are compatible with high levels of fluctuation in temporary work arrangements.

Part-Time Employment

The Netherlands has the highest percentage of part-time workers in the EU, at 40 percent in 1998. Beyond the Netherlands, three countries report percentages over 20 percent: the United Kingdom, Sweden, and Denmark. In Germany, the share of part-time employment is less than 20 percent. However, as a percentage of the workforce, only Denmark has seen a decline whereas an upward trend can be observed in Germany and in the majority of EU countries (Figures 2.8 and 2.9).

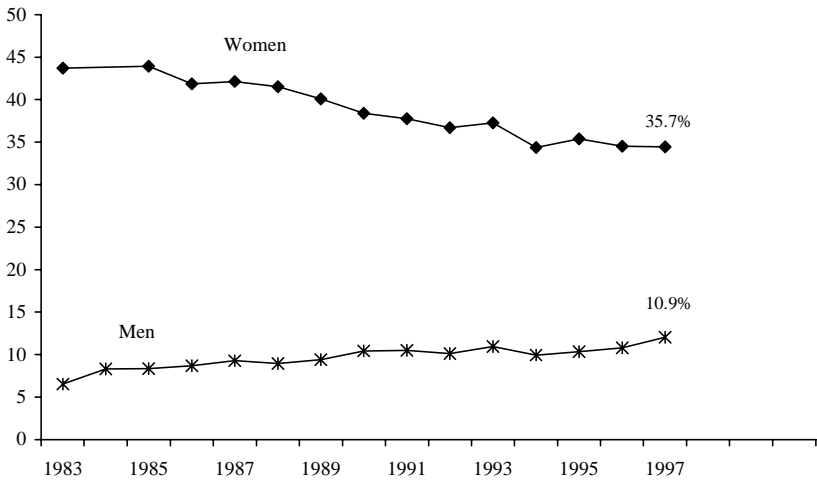
A comparison of part-time work in Denmark and Germany by demographic characteristics reveals remarkable differences. Figures 2.8 and 2.9 show that the differences in the percentage of part-time workers can largely be attributed to the higher share of Danish men who work part-time. The share of women in part-time work is nearly identical in both countries.

There are also considerable differences by age. Danes between the ages of 15 and 24 are more likely to work part-time than their German counterparts. Further, this trend does not hold for those age 25 and older, highlighting the importance of this difference. Part-time employment rates in Germany for those age 25 and older were 19 percent (4 percent for men and 39 percent for women) and 17 percent in Denmark (6 percent for men and 31 percent for women). The comparatively high share of young part-time workers may be surprising for a country such as Denmark, with high participation rates in education.⁶ There are two reasons for this situation. First, part-time work (or, alternatively, full-time work) may be an integral part of the Danish vocational system, where young persons alternate between education and learning at a workplace. Second, part-time work is often done by pupils or students to improve their standard of living with marginal employment.⁷

The ELFS and a recent survey by Infratest provide information about the reasons why workers choose to work only part-time. The ELFS data show that the number of female part-time workers in Denmark decreased mainly because fewer women work part-time on a voluntary basis. In contrast, voluntary, and to some extent involuntary, part-time work has increased in Germany. The Infratest survey suggests that a considerable proportion of German female part-time workers choose this type of employment because they want or need more time with their children (which reflects the low provision of child care facilities in Germany). This motive is obviously less relevant in Denmark, where young people more often combine part-time work with education (see Table 2.3).

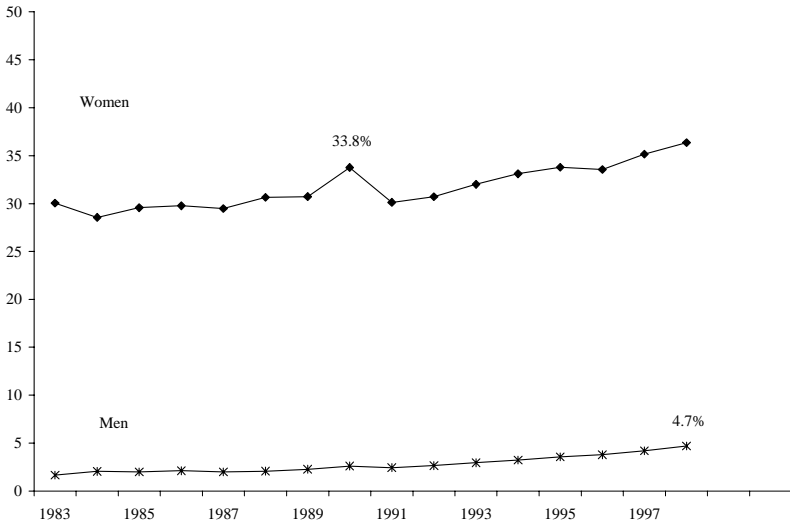
Data on the demand for part-time work are available from the IAB Establishment Panel (see Düll and Ellguth 1999). Until 1996, part-time work had been growing in western Germany, independent of firm size. Since then, more differentiation between companies has taken place. Large companies used part-time work to a lesser degree than did small firms. Compared with western Germany, there is still a part-time work

Figure 2.8 Part-Time Rates by Gender in Denmark, 1983–98



SOURCE: Eurostat Labor Force Survey.

Figure 2.9 Part-Time Rates by Gender in Germany,^a 1983–98



^a 1983–90 are figures for West Germany; 1990–98 are figures for unified Germany.

SOURCE: Eurostat Labor Force Survey.

“gap” in the new Länder, although part-time work has expanded within firms of all sizes. Multivariate analyses also show that in the old Länder, in particular, the extensive use of part-time work is associated with a certain segment of small and young enterprises. Innovation in these firms is less developed than in firms with a lower share of part-time work. Marginal part-time work (fewer than 14 hours a week) can be found in firms with lower qualification levels and those without works councils. Comparable data do not exist for Denmark. A study by Bielski and colleagues (1994) shows that Danish and German firms share similar views on the advantages of part-time work. In both countries, flexibility and increased competitiveness were the main reasons for using part-time work. In contrast, lower wage costs or lower social security contributions played only a minor role.

In Denmark and Germany, there are certain institutional incentives for part-time work, and, as noted, the incentives apply to part-time work with few hours. Therefore, it is not surprising that marginal part-time work plays a significant role in both countries. In Denmark, 8.1 percent of the employed (9.9 percent of women; 6.5 percent of men) worked fewer than 15 hours per week in 1998. In Germany, 5.9 percent (10.7 percent of women and 2.2 percent of men) worked fewer than 15 hours a week. Data from the ELFS also show an increase of marginal part-time work in both countries. Whereas in Germany, part-time work with low as well as long hours contributed to the expansion of part-time work, this is not the case in Denmark, where part-time work with long hours (more than 14 hours a week) declined.

The decline of part-time work during the last decade in Denmark was mainly driven by declines among women and is concentrated among voluntary employment contracts with an average work week of between 15 and 35 hours. However, the decline in female part-time employment in Denmark is not a new phenomenon. The development was already evident in the 1980s, albeit more hidden. At that time, the downward trend was compensated for by an increase in part-time work among men. However, in the 1990s, the increase flattened out, with male part-time work remaining relatively constant. The continued decline of part-time work among Danish women seems to be largely associated with an institutional setting that favors female employment, with such benefits as comprehensive child care facilities and separate income taxation. The reduction of involuntary part-time employment

Table 2.3 Reasons for Working Part-Time in Denmark and Germany, 1998

	Denmark	Germany
All part-time workers	<i>N</i> = 186	<i>N</i> = 371
Involuntary part-time work (could not find full-time job)	11%	2%
Is student	31%	14%
Is ill/disabled	5%	3%
Wants/needs enough time for children	25%	44%
Wants/needs enough time to care for elderly, ill, or disabled persons in the family	3%	4%
Other domestic commitments	1%	3%
Wants enough time for own activities (e.g., hobbies, political or cultural activities)	12%	3%
Earns enough working part-time, no need to earn money	3%	1%
Other reasons for voluntary part-time	3%	1%
No answer	6%	7%
Total	100%	100%
Female part-time workers	<i>N</i> = 148	<i>N</i> = 291
Involuntary part-time work (could not find full-time job)	13%	19%
Is student	22%	8%
Is ill/disabled	5%	2%
Wants/needs enough time for children	28%	51%
Wants/needs enough time to care for elderly, ill, or disabled persons in the family	4%	4%
Other domestic commitments	1%	3%
Wants enough time for own activities (e.g., hobbies, political or cultural activities)	14%	3%
Earns enough working part-time, no need to earn money	3%	2%
Other reasons for voluntary part-time	2%	1%
No answer	7%	8%
Total (base: employed persons who declare themselves part-time)	100%	100%

NOTE: Answers to survey questions, "I would like to ask you why you work part-time rather than full-time. Is it because"; and "Why don't you want a full-time job? Is it because". . . were recoded and multiple responses were eliminated (rank order as above; i.e., respondents were only counted in the first of the categories listed above that applied).

SOURCE: *Employment Options of the Future Survey*, carried out by Infratest Burke Sozialforschung, Munich, on behalf of the European Foundation for the Improvement of Living and Working Conditions, Dublin.

during the upswing in Denmark contributed to the general decline in part-time work and is associated with improving labor market conditions.

In Germany, part-time employment took a different direction. Voluntary and involuntary part-time work increased continuously in the 1980s and 1990s. This increase occurred amid high unemployment, low labor force participation (not the least due to a lack of child care facilities), and measures to improve work flexibility at the beginning and the end of working life (e.g., policies to promote partial retirement). The fact that part-time employment has gained relatively little acceptance in eastern Germany can largely be attributed to, among other things, the lower income associated with it. The share of part-time employment may expand further in the future, given new regulations in 2001 concerning this part-time employment. Full-time employees now have a legal right to opt for part-time employment.⁸

CONCLUSION: MORE DIVERSITY OR NEW STANDARDS?

Analyses on the basis of the ELFS have shown that during 1985–1998, the proportion of standard work arrangements declined in Germany and increased in Denmark. In Germany, work arrangements have shifted toward part-time dependent employment and self-employment. Moreover, differentiation is more visible among nonstandard work arrangements (e.g., more sole proprietorships or marginal part-time employment). The renaissance of standard work arrangements in Denmark results from a decline in part-time employment, a small decline in self-employment, and a nearly stagnant level of temporary employment.

Despite diverging trends in Denmark and Germany, the two countries both find that young employees are more affected by these forms of employment (see Table 2.4). In Germany, the increase of nonstandard work arrangements was more pronounced among young employees than all employees. In Denmark, and counter to the nationwide trend, nonstandard work arrangements are increasing among young employees. Nonstandard work arrangements obviously play an increasing role as a bridge to standard work, mainly because they can reduce hurdles

to subsequent integration into the labor market. In addition, this trend of increasing levels of nonstandard work among young employees reflects their frequent combination of education and work (e.g., apprenticeships and other types of learning at the workplace, as well as marginal employment, which acts as a supplement to study grants). Overall, there are no hints in Denmark or Germany that young employees may be socially excluded because of the growing number of nonstandard work arrangements.

Trends suggest that the decline in standard work arrangements in Germany and the increase in Denmark may continue because of the important role of part-time employment trends (see Figures 2.8 and 2.9). However, a warning against determinism in the development of work arrangements is warranted. Two factors—normally not explicitly considered in trend extrapolations—are relevant to the direction and even strength of certain changes in the composition of work arrangements: labor market performance and institutional incentives.

The change in work arrangements, particularly the diverging trends in Denmark and Germany, reflects different labor market performances in each country. Whereas in Denmark—a country with traditionally high labor market participation—unemployment has declined since 1994, in Germany—a country with significantly lower labor market participation—there was a severe labor market crisis between 1993 and 1998. The continuing decline in female part-time employment among those working 15 to 35 hours a week in Denmark can, at least in part, be seen as an exploitation of already scarce human resources. Supply-side restrictions did not exist to a large extent because of comprehensive child care facilities and significant incentives to work inherent in the system of separate income taxation. Moreover, there was almost no increase in self-employment (especially outside the agricultural sector) since 1995 because of the high and increasing employment rate (especially for women with less tendency to become self-employed). Nearly the opposite is the case in Germany, where self-employment is a state-sponsored option for leaving the unemployment rolls. In addition, high unemployment must be regarded as a “push factor” toward nonstandard work arrangements. Nevertheless, compared with unemployment, temporary employment and even involuntary part-time employment are better alternatives than no job at all.

Table 2.4 Trends in Work Arrangements in Denmark and Germany^a among Ages 15 to 24 Years

Work arrangements	Denmark				Germany			
	1985	1990	1991	1998	1985	1990	1991	1998
Population age 15 to 24 years ^b	780	755	748	643	9,575	8,345	9,911	8,733
Total employment ^b	521	491	484	428	5,039	4,831	5,661	3,939
Total employed in % of population	66.8	65.0	64.7	66.6	52.6	57.9	57.1	45.1
Self-employed and family workers (% of total employment)	1.2	1.0	1.2	1.2	2.4	1.9	2.0	2.0
Family workers	0.2	0.0	0.0	0.5	1.2	0.8	0.6	0.7
Self-employed	1.0	1.0	1.2	0.7	1.3	1.1	1.5	1.2
With employees	0.4	0.2	0.4	0.2	0.6	0.4	0.5	0.3
Without employees	0.6	0.8	0.8	0.5	0.7	0.7	1.0	0.9
Self-employed and family workers working part-time	0.2	0.2	0.2	0.5	0.5	0.7	0.5	0.9
Total dependent employment (% of total employment)	98.8	98.8	99.2	98.8	94.6	98.1	98.0	98.1
Employees working full time	68.9	59.5	60.3	50.7	94.6	93.5	93.6	88.5
Permanent employment	42.2	36.7	35.7	29.0	64.8	60.4	63.3	39.5
Standard work arrangements								
Temporary employment	26.7	22.8	24.6	21.7	28.7	31.4	28.6	48.6
Apprentices, trainees, etc.	18.6	18.1	19.0	16.1	24.6	23.2	20.9	39.9

Other persons on fixed-term contracts	8.1	4.7	5.6	5.6	4.1	8.2	7.8	8.7
No response					1.1	1.7	1.7	0.4
Employees working part-time (% of total employment)	29.9	39.3	38.8	47.9	3.0	4.5	44.4	9.6
Permanent employment	20.9	32.6	30.8	42.8	2.2	2.8	2.9	7.1
Temporary employment	6.5	6.7	8.1	5.4	0.7	1.3	1.1	2.2
Apprentices, trainees, etc.				0.2				
Other persons on fixed-term contracts	6.5	6.7	8.1	5.1	0.7	1.2	1.1	1.8
No response					0.1	0.5	0.4	0.3

^a Data from 1985 and 1990 represent West Germany, while 1991 and 1998 represent unified Germany.

SOURCE: Eurostat Labor Force Survey.

The institutional setting seems to be at least an equally important explanation for the diverging trends in the two countries. However, we must emphasize that standard work arrangements in Denmark and Germany are not comparable in qualitative terms; standard work arrangements are different types of employment in the two countries. The standard work arrangement in Denmark is not as burdened by social security contributions and strict regulations as in Germany. Therefore, the present erosion of standard work arrangements in Germany need not necessarily lead to future diversity in work arrangements. The erosion may also indicate the need for reforms of the standard work arrangement.

Notes

We thank the European Foundation for the Improvement of Living and Working Conditions in Dublin for providing us with data from the recent survey "Employment Options of the Future" covering all EU member states and Norway. We also thank, particularly, David Autor from the National Bureau of Economic Research (NBER) and the editor, Susan Houseman, for commenting on an earlier version of the paper.

1. The data used in this chapter are taken from special tabulations of the ELFS for the years 1983 to 1998 provided by Eurostat. See the appendix for more information on the data and definitions of certain wage arrangements.
2. Without taking into account family workers, the share of self-employed increased in the Netherlands and Germany by almost 1 percentage point in the period under investigation.
3. The term *standard work arrangements* is used here in a broad sense and still consists of heterogeneous types of employment. It includes manual and nonmanual employees as well as civil servants and career military personnel. In this respect, one must take into account that, e.g., in Germany, civil servants do actually have a permanent tenure and cannot easily be dismissed.
4. The figure is based on a survey from 1994. The ELFS does not include any criteria on the distinction in labor law terms between worker status and self-employed status and therefore on the definition of nominally self-employed workers.
5. A self-employed person is regarded as dependent employed if the following characteristics are fulfilled: he or she mainly depends on a single client, does not have his or her own business premises and tools, does not employ regular employees, and his or her activities are not typical for an entrepreneur.
6. In Denmark, 71.9 percent of persons between ages 15 and 25 were in education in 1998 (in Germany, 68.4 percent).
7. Youth account for 74 percent of marginal employment in Denmark (part-time employment between 1 and 9 hours per week). This is also due to the fact that stu-

dents at a higher educational level are allowed to earn only a certain amount of money every year. Full-time work would definitely cause a loss of their study grant. However, the grant itself makes some supplementary income necessary for most students.

8. The right cannot be enforced in companies with fewer than 15 workers or in larger companies if proven reasons prevent the use of (more) part-time workers.

Appendix

The Eurostat Labor Force Survey (ELFS)

The Eurostat Labor Force Survey is carried out annually in the spring (in Germany within the scope of the sample survey *Mikrozensus*). The survey gathers information on labor force characteristics of individuals during a particular reference week. (Germany uses a fixed reference week; Denmark uses evenly distributed reference weeks.) The survey covers the resident population living in private households. Persons living in collective households (homes, boarding schools, hospitals, etc.), and persons performing compulsory military service are excluded.

Definitions and Explanatory Notes

Standard work arrangements are based on a permanent, full-time relationship in an employee status that is subject to basic social security. Included are manual and nonmanual employees and civil servants, including career military personnel. In this respect, employment relationships of German civil servants and those of other employees are not completely comparable. Special labor laws apply to civil servants; for example, they have permanent tenure and cannot easily be dismissed.

Permanency of the job. This question is addressed only to employees. The termination of a fixed-term job or work contract is determined by objective conditions (e.g., reaching a certain date, completion of an assignment, return of another employee who has been temporarily replaced). Included are persons with a contract covering a period of training, such as apprentices, trainees, research assistants, and so forth, or for a probationary period, and persons with a seasonal job.

Active labor market programs (e.g., job creation in eastern Germany, job rotation in Denmark) influence the number of temporary employees. ELFS data do not allow for distinguishing the participants in these programs from other temporary employees. Also, temporary agency workers are not defined in the ELFS. In addition, individuals engaged by an employment agency may have a work contract of unlimited duration.

Full-time versus part-time. The determination of full-time and part-time work is made based on a spontaneous answer given by the respondent. Comparing the answers with the number of “hours usually worked” reveals that, in both Denmark and Germany, “part-time” rarely exceeds 35 hours, while “full-time” usually begins at about 35 hours.

Self-employed are subdivided between employers who employ at least one other person, and those without other employees.

Comparability between the Results of Successive Surveys

The unification of West and East Germany in 1990 caused a break in the time series. Data prior to 1991 refer to West Germany before unification; from 1991, data refer to a unified Germany, including the new German Länder. Developments before and after unification are not comparable. The subdivision of all German data into western and eastern Germany for 1998 is based on the national survey, *Mikrozensus*.

Comparability over time may also be affected by changes in the questionnaire. In Germany, the increase in part-time employment is due, in part, to additional questions referring to employment status (1990 and 1996). Nevertheless, the number of “marginal part-time jobs” (fewer than 15 hours per week) in Germany is still assumed to be underestimated. Because of the design of the ELFS, persons who regularly do marginal part-time work are more likely to be registered, whereas persons who do such an activity only occasionally are underrecorded.

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3

Regulatory Convergence?

Nonstandard Work in the United Kingdom and the Netherlands

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Nonstandard work in Europe is not a new phenomenon (see, e.g., Ricca 1982).¹ Neither are attempts to measure and to regulate the employment conditions attached to it. For example, over 30 years have passed since the European Commission issued a draft directive on temporary work. Although this issue was revisited during the 1980s and 1990s, when directives regulating the working conditions of part-time and fixed-contract work were introduced, workers placed through a temporary work agency remain unregulated at the European level (Income Data Services 2000; EIROline 2000a).

This regulatory situation has evolved in the context of a series of changes in the employment structure of the European Union (EU) and, in particular, the efforts of nation states to re-regulate their labor markets in the face of a series of economic, social, and political changes. On one hand, the last three decades have witnessed the increased use of nonstandard employment contracts across the EU, as the move toward ever more “flexible” labor markets has become a political objective of all governments. On the other hand, the extent and quality of nonstandard work that has developed differs across countries owing to the structuring influence of the specific national institutional context. Thus, it is necessary to examine the national regulatory structures that operate within the EU framework regulations. This chapter does this by answering two questions. First, why is nonstandard employment increasing in the EU, and where is this growth concentrated? Second, what are the implications of this growth for workers in nonstandard employment? Our argument is developed through an analytical focus on the Netherlands and the United Kingdom.

The second section of this chapter defines the different types of nonstandard employment, focusing specifically on two types of temporary employment—fixed-term contract and temporary agency work—and part-time employment. It summarizes the reasons for the emergence of nonstandard work arrangements and reviews the trends in the rates of part-time and temporary employment. In the third section we discuss the differences in the recent evolution of the national regulatory frameworks and the discourses within which employment and labor market policy reforms are currently situated in the United Kingdom and the Netherlands. Although the United Kingdom has moved closer to Esping-Andersen's (1990) "liberal" welfare regime, with labor market deregulation and a "residual" welfare state, the Netherlands has kept in place a "Janus-headed welfare regime, combining both social democratic and conservative attributes" (Esping-Andersen 1999, p. 86). This comparison illustrates the different ways that EU employment and labor regulatory reform are developed at the national level, depending on the political and societal context of individual nation states. In the fourth and fifth sections of the chapter, we compare the economic profile of nonstandard employment, the segments of the economy in which nonstandard work is increasing, and the characteristics of the workforce who occupy these jobs in both countries. In conclusion, we consider the development trajectory of the regulation of nonstandard employment in both countries and the EU more broadly.

DEFINING AND MAPPING NONSTANDARD WORK IN THE UNITED KINGDOM AND THE NETHERLANDS

Nonstandard work arrangements deviate from the full-time, open-ended "standard" employee contract. Part-time work is one form of nonstandard work, and is broadly defined as less than full-time hours, although in a few European countries, a specified hour threshold is used in some official definitions.² The average hours worked by part-timers vary between countries, but then so do average hours for full-timers (Rubery, Smith, and Fagan 1998).

Temporary work is the other main type of nonstandard work. There are a variety of forms of temporary work, and different categories are

used among countries to refer to the same sets of workers (Income Data Services 2000, pp. 16–17). Temporary contracts include employees hired directly by the company and those hired through the intermediary of temporary work agencies.³ In this chapter, we use the term “temporary work agency” to mean an organization that “provides client firms with workers on an as-needed basis” (Segal and Sullivan 1999, p. 117).⁴ We examine the trends in fixed-term contracts and temporary agency work (see Figure 3.1 for a glossary of terms) to explore the dynamics of change within the temporary employment sector.

In this chapter, we focus on part-time work and temporary contracts, but a third type of nonstandard work should also be noted—the emergence of new forms of self-employment associated with employers’ use of subcontracting. This includes the independent self-employed plus other forms of self-employment that can be considered to be more akin to temporary employee contractual relationships, such as contract workers, dependent self-employed, and freelance workers.⁵

Employers’ labor use practices in any area of production are shaped by the market conditions, labor regulations, industrial relations, and other institutional factors. In Europe, the expansion of nonstandard work arrangements has largely been driven by employers’ demands for greater workforce flexibility in the context of heightened international competition and product market uncertainty. Their ability to pursue this restructuring has been facilitated by their increased bargaining muscle

Figure 3.1 Definitions of Different Terms Related to Temporary Employment

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- Temporary work agency (TWA): An organization whose employees work at a range of client organizations for an often unspecified period of time.
 - Temporary agency worker: An employee of a TWA who works at a client organization.
 - Directly employed temporary worker: An employee employed directly by the organization at which he or she works.
 - Fixed-term contract: A delimited contract under which an employee is either directly employed or employed through a TWA.
 - Temporary worker: An employee in one of a range of nonpermanent contracts.
-

in industrial relations from the mid-1970s as high unemployment rates emerged and trade union density declined.

Bosch (1995) identifies three related pressures behind the growth of nonstandard work arrangements and working-time restructuring that are found in varying degrees in companies across all sectors and member states in the EU. First, operating and opening hours are being extended to make more intensive use of capital equipment and to provide more responsive and flexible delivery and service times. Often this has been stimulated by statutory deregulation of limits on operating hours. Second, working-time schedules and employment contracts are being reorganized to achieve a closer match between staff levels and both predictable and unpredictable variations in labor demand at different times of the day, week, and year to reduce the volume of labor purchased. Third, the reorganization of schedules and contracts is also about reducing the unit cost of labor by minimizing overtime or “unsocial hours” premia (weekend and night work). This reorganization may also permit cheaper pools of workers to be recruited, further reducing unit labor costs. The result is a reorganization of work for standard employees and increased deployment of part-time and temporary employees. There is mounting evidence that this flexibility drive has intensified work during the 1990s in Europe (European Foundation 1998; Green 2000).⁶

Additional reasons related to labor supply issues lie behind the expansion of part-time work. Employers began to create this form of employment in some countries with labor market shortages in the 1960s as a specific tool to recruit married women with domestic responsibilities. Subsequently, part-time work has also been encouraged by “work-family” public policy in some countries to increase women’s labor market participation rates. State policy to facilitate a market-led expansion of part-time work, for example by removing fiscal disincentives or labor law restrictions, is one element of this, but the work-family public policy has a wider agenda. This includes improving the quality of part-time work through equal treatment in terms and conditions and, in some countries, legislation or collective agreements also provide employees with certain entitlements to reduce their hours to part-time in their existing job. This is an established part of the Swedish parental leave system, for example, and the public sector working-time policy in France, and the policy has recently been

introduced into Dutch labor law (see below). Thus, in many European countries, the origins of part-time work are rooted in a modification of the “male breadwinner” arrangement of the gender division of labor, in response to either labor shortages or equal opportunity policies. Rather than women withdrawing from the labor market upon marriage or childbirth, part-time work offered one means of combining paid and unpaid work, particularly where alternative sources of child care were scarce, costly, or socially unacceptable (O’Reilly and Fagan 1998).

In a recent review of European research, the main company-level factors that contribute to the use of part-time contracts in Organization for Economic Cooperation and Development (OECD) countries were identified (Delsen 1998). The research shows that workload variations over the day, week, or year are important, but they do not determine whether companies use part-time contracts because alternative solutions, such as full-time shifts, can be used. This is the usual solution in manufacturing and transportation, where the workforce is largely male. Workload variations are influential, but part-time jobs are the most prevalent in companies that operate in the service sector and that rely on women to fill jobs that have few or no formal human capital entry requirements. An additional incentive for the use of part-time work is when the cost structure of production is dominated by labor costs and employers perceive that the fixed costs and hourly labor costs of part-time employees are cheaper than hiring full-time staff (hourly wages, fringe benefits, social security costs, and recruitment and training costs). However, direct cost savings are not a major consideration in all companies or sectors. For example, a European survey of companies that used part-time contracts found that the main reasons employers gave for using part-time contracts were to enhance the competitiveness and quality of the service or product by extending opening hours or covering workload peaks, improving recruitment and retention to overcome labor or skill shortages, and higher productivity. These reasons were mentioned more often than direct savings on hourly labor costs (European Foundation 1994).

A range of factors lies behind the use of temporary workers by companies (see Atkinson, Morris, and Williams 1999; Davis-Blake and Uzzi 1993). In some contexts, the recruitment of temporary workers is believed to offer various advantages. These include lower labor costs because of the flexibility to cover variable staffing requirements and

fewer, if any, entitlements to fringe benefits and occupational pensions; a buffer to protect the employment security of the core workforce; a source of rapid recruitment or access to specialist skills; or a screening period prior to appointment on an open-ended contract. The potential disadvantages are often the flip side of many of these advantages, such as the costs of recruitment and training; high turnover; the administrative burden; lower levels of skill, reliability, and commitment; and a negative effect on the morale of the core workforce. Temporary work agencies operating as “intermediaries” offer the potential to overcome some of the recruitment, training, and administrative costs, but companies are still faced with problems of lower organizational commitment among their temporary workforce and the effects on morale of their core workforce (Allen and Henry 1996, 1997; Ward et al. 2001).

Table 3.1 presents data on the prevalence of part-time and fixed-term work in the EU. By 1999, 18 percent of all employed persons in the EU-15 were in part-time jobs, and 13 percent of employees had a fixed-term contract. Part-time work has been increasing for a number of years in most member states, and since the early 1980s, most of the net job growth in the EU has been in part-time work for both women and men (Rubery, Smith, and Fagan 1998, pp. 29–39; European Commission 1996, p. 17; European Commission 1999a, p. 20). The expansion in the rate of temporary work contracts has been more recent. Most of the additional jobs created in the economic recovery in the early 1990s were both part-time and temporary, and the increasing rate of fixed-term contracts has continued subsequently.⁷ There is a degree of overlap between these two categories because the rate of part-time work is higher for those in fixed-term contracts than those in open-ended contracts in most member states (Rubery, Fagan, and Smith 1995, pp. 185–188). Further expansion in both forms of nonstandard work can be expected in many countries based on these trends.

Within the broad category of temporary workers, the particular issue of temporary agency work is the subject of current policy and academic debate in Europe (Michon 2000), mirroring concern about this form of employment restructuring in the United States (Barker and Christensen 1998; Peck and Theodore 2001). A recent European-wide overview of temporary agency work found rapid growth over the last 10 years across Europe, although this form of engagement still represents a small proportion of total employment (Michon 2000).

Table 3.1 Trends in Part-Time and Fixed-Term Employment in the European Union, 1985–99

	1985	1990	1995	1999
Employed: % who work part-time				
Netherlands	23	32	37	39
United Kingdom	21	22	24	25
EU-15	11	14	16	18
Employees: % with fixed-term contracts				
Netherlands	8	8	11	12
UK	7	5	7	7
EU-15	9	10	12	13

NOTE: Part-time work is based on the individual's self-assessment of his or her full- or part-time status. Employees with fixed-term contracts include the following categories in the European Labor Force Survey: employee hired for a job that ends on a specific date, completion of a task, or the return of another employee who has been temporarily replaced; persons engaged by an agency or employment exchange and hired to a third party to perform a specific task (note that persons with a written work contract of unlimited duration with the agency or employment exchange are *not* counted as temporary employees); seasonal employees; and persons with specific training contracts.

SOURCE: European Labor Force Survey. Data for 1985–96 extracted from European Commission *Employment in Europe*, 1996 and 1997 editions. Data for 1999 is from the European Labor Force Survey published results, Tables 28 and 34.

Shift-share analysis (Smith, Fagan, and Rubery 1998; Walwei 1998) shows that there is a diffusion occurring in the use of part-time work across economic sectors in the EU. Temporary employment also appears to be spreading owing to a change in employers' practices and not simply to the expansion of industrial sectors or occupations with existing high levels of usage or as a cautious response to economic recovery in the business cycle. For example, shift-share analysis has shown diffusion across sectors to be the dominant component of the expansion in temporary employment in the United Kingdom during the 1990s (Casey, Metcalf, and Willwards 1997, Table 2.6). However, the bulk of nonstandard jobs remains concentrated in a narrow range of low-status, low-paid service jobs, as we will see below.

As a result of these trends, both part-time and temporary employment have become a more common route into employment in Europe as economies restructure following the 1990s recession. For example, in 1997, 70 percent of the men and women who entered employment did so via fixed-term contracts, up from 50 percent in 1994. Forty percent of the women who found employment took part-time jobs, as did almost 14 percent of men (European Commission, 1999a, pp. 44–48). The growing significance of temporary contracts as a route into employment is evident even in countries with relatively low overall rates of fixed-term contracts, such as the United Kingdom (Sly and Stillwell 1997).

These trends in the expansion of nonstandard work have occurred across both peaks and troughs in the business cycle, and signal ongoing structural changes in European labor markets and employers' recruitment practices (European Commission 1999a, p. 47). Yet within the EU, there are national differences in the rates of nonstandard work arrangements. The highest rate of part-time work in the EU is in the Netherlands, and part-time work is also particularly common in the United Kingdom, Sweden, and Denmark. Taken together, the Netherlands and the United Kingdom account for just over one-third of all part-time workers in the EU-15. There are also national differences in the incidence of temporary work contracts, but to a lesser degree than in the case of part-time work. The highest levels of temporary employment tend to exist in countries where labor laws permit (and even encourage) this form of contract and where regulations make it difficult and costly to dismiss employees with open-ended contracts (Rogowski and Schömann 1996). This form of employment is particularly prevalent in Spain (for further discussion see Cebrián et al., this volume). The rate of fixed-term contracts in the Netherlands is close to the EU average, while the rate is notably lower in the United Kingdom, given the weak regulatory governance of the labor market that offers only limited employment protection for any employee with less than one year's tenure with the company.

National studies in the Netherlands and the United Kingdom—the two countries that are the focus of this chapter—show that the use of part-time workers and, at a lower incidence, temporary workers, is spreading at the company level. By 1998, 84 percent of all U.K. workplaces with 25 or more employees used part-time employees, and 58

percent had at least 10 percent of their workforce on part-time contracts (Cully et al. 1999, p. 32). In the Netherlands, more than 70 percent of all companies use part-time contracts (Hesselink et al. 1999, Table 2.3). Despite the relatively low rate of temporary work in the United Kingdom, fixed-term contracts are now used in 44 percent of workplaces, temporary agency workers in one-quarter of workplaces, and freelancers in 13 percent of workplaces.⁸ Indeed, although in the last two years the size of the United Kingdom temporary employment sector as a whole has remained stable, temporary agency work has continued to increase (Forde and Slater 2001). Comparative research shows that managers use these contracts for similar reasons in both countries, although with some difference in emphasis in relation to part-time work. In both countries, managers explain that part-time work offers competitive gains, work scheduling, and recruitment advantages, but those in the United Kingdom place more emphasis on direct labor cost savings than in the Netherlands (European Foundation 1994). With regard to the use of fixed-term and temporary agency workers, managers in both countries point to similar benefits; namely, short-term coverage (e.g., maternity leave), coping with seasonal fluctuations, obtaining specialist skills needed on a short-term basis or which are only obtainable on a short-term basis, or screening staff for permanent jobs (Casey, Metcalf, and Willwards 1997; Cully et al. 1999; Hesselink et al. 1999; Sly and Stillwell 1997). In the next section, we discuss the regulatory frameworks guiding nonstandard work contracts in the Netherlands and the United Kingdom.

REGULATORY FRAMEWORKS FOR NONSTANDARD EMPLOYMENT IN THE NETHERLANDS AND THE UNITED KINGDOM

The expansion of nonstandard work arrangements has occurred among all EU member states. However, each nation's regulatory framework and the policy context out of which the regulations emerge have produced differences in the extent, the form, and the relative quality of nonstandard employment in each country. These national differences persist even when comparisons are made at the sector level to

allow for contrasting industrial structures within national economies. This diversity between countries emerges from a number of different institutional arrangements. In this section, we set out the recent developments in the EU regulatory framework and then explore how, in both the Netherlands and the United Kingdom, these wider regulatory changes combine with those introduced by each nation-state to produce quite different terms and conditions of employment.

Within the EU, a developing body of framework legislation (EU directives) and economic policy circumscribe the actions of member states. EU directives set the minimum regulatory requirement, and any related national regulations must be compatible with this European-level law. In the last 30 years, a number of directives have been adopted that have established a regulatory floor for the working conditions in nonstandard employment. In the 1970s, a series of directives introduced equal treatment for women and men in matters of equal pay for work of equal value, recruitment, training, and social security. These directives were also used successfully in litigation to extend some elements of equal treatment to part-time employees using the principal of indirect discrimination on the basis that most part-time employees are women. In the 1990s, directives were also introduced to guarantee minimum maternity leave and parental leave entitlements. Three other directives introduced in the 1990s deal directly with the regulation of working time and the use of nonstandard workers: the 1993 Working Time Directive, the 1997 Equal Treatment of Part-Time Workers Directive, and the 1999 directive on Fixed-Term Work (European Commission 1999b). The latter has yet to be introduced into all member states. See Figure 3.2 for the main revisions of the directives. And an EU Directive on Temporary Agency Work is due to be announced in early 2003.

As these directives were being drawn up, individual nations were also reforming their own employment systems in the context of rising unemployment and economic stagnation, which had become a feature of most European labor markets since the late 1970s. The Netherlands and the United Kingdom are good examples of regulatory divergence within the EU in response to these problems.

Figure 3.2 Main Provisions of the EU Directives Regulating Working Time and Nonstandard Work Conditions

1993 Working Time Directive

A maximum average 48-hour week

Limits on the number of hours worked at night

Daily and weekly rest periods

Four weeks annual paid leave

Encourages the social partners (employers' associations and trade unions) to negotiate working-time arrangements that promote the reconciliation of work and family life

Certain sectors and occupations are exempt (this is currently under review at the European level).

1997 Equal Treatment for Part-Time Workers

Equal hourly pay to comparable full-timers, including overtime pay for hours in excess of normal full-time hours

Pro rata entitlements to sick pay and maternity pay

Equal treatment for holidays, maternity leave, parental leave, career breaks, redundancy provisions, pension schemes, and training

Encourages the social partners to remove obstacles that limit opportunities for the expansion of part-time work

1999 Fixed-Contract Work

Equal treatment: Fixed-term contract workers should be treated no less favorably than equivalent permanent colleagues within the same undertaking, or similar jobs elsewhere

Prevention of abuse: Employers should be prohibited from abusing this form of employment by concluding a series of contracts without justification, thereby denying workers their rights

SOURCE: Author's compilation of legislation listed at The Portal to European Union Law which is available at: <http://europa.eu.int/eur-lex/en/index.html>.

In the United Kingdom, under the successive conservative governments of the 1980s and 1990s, labor market deregulation was actively pursued as a means of job creation and economic growth through the reduction of workers' rights, marginalization of the trade unions, and the creation of "neoliberal" labor market institutions (Beatson 1995; Jones 1999; Peck 1996). United Kingdom governments pursued labor market policies akin to those introduced in the United States, and generally sought to circumvent European directives on employment regulation. During this period trade union power to negotiate working

conditions was undermined by the combination of new legal restrictions and falling membership, particularly outside the public sector and in private service-sector companies. Less than half of the United Kingdom's workforce is now covered by collective agreements (Cully et al. 1999). Although overt hostility to progressive employment reform has dissipated since the election of two labor governments in 1997 and 2001, the U.K. labor market remains one of the most deregulated in the EU.

In contrast to the United Kingdom, the Netherlands has a social democratic political tradition of more regulated employment conditions. This is achieved through statute and comprehensive collective agreements that encompass the majority of the workforce.⁹ In this context, a different path was taken to stimulate economic growth and job creation, the linchpin of which was a social pact between the trade unions and employers—the 1982 Wassenaar Agreement—supplemented by a number of government measures. This introduced wage constraint, partly compensated by tax reductions introduced by the state, and a commitment from employers to introduce working-time reductions that were “cost neutral” (reductions in full-time hours were to be paid for either by productivity gains or by a proportionate reduction in the weekly wage so that hourly rates of pay did not rise). This social pact was reaffirmed and extended in 1993. In parallel, the Dutch government actively promoted the expansion of part-time work as a means to job-intensive growth beginning in the 1980s through a combination of subsidies and public employment policies, information campaigns, and legislation to extend equal treatment to part-time employees. Support for part-time work with treatment equal to full-time employees also came from three other constituencies: employers, trade unions, and women workers. The employers saw part-time work as a means of diluting pressures for collective reductions in full-time hours. The trade unions were adapting their policies to represent the growing constituency of women who were demanding more opportunities for quality part-time work. A major influence in the growing demand for part-time work among women in the Netherlands was their relatively recent entry into the labor force compared with international standards and the still influential traditional “housewife” model of gender relations (Visser 1999; Visser and Hemerijck 1997).

Initially, marginal part-time employees working short hours (12 hours or fewer) received less favorable treatment than other part-time workers in the Netherlands. This was redressed in a series of reforms in the early 1990s, that extended the statutory minimum wage to all part-timers (1993), mandated equal treatment in labor law (1996), and outlawed hours thresholds for membership in company pension schemes (Delsen 1998). The latest development, the Part-Time Employment Act (2000), awards employees the right to request a reduction in their hours to part-time work, or an increase to full-time work, as part of a broader drive to facilitate the reconciliation of employment and family care responsibilities. Employers are only allowed to refuse these requests on the grounds of specific conflicting business interests (EIROline 2000c). This builds on earlier developments in collective bargaining agreements (Van den Burg and Passchier 1999). In comparison with other employees in collective agreements, part-time employees with short hours still fare worse. However, the general regulatory trend in the Netherlands is extending equal treatment and developing part-time work as an integrated, rather than marginal, form of employment (Plantenga 1997; Visser and Hemerijck 1997).

Part-time employees in the United Kingdom, on the other hand, have relied on cases by individual employees and trade unions under European Community law for improvements in their terms and conditions. Following a series of legal rulings in the mid-1990s over the equal treatment of part-time employees in company pension schemes, equal treatment in statutory employment protection was implemented in 1995 (Dickens 1995). Since 1997, regulatory reforms have helped to improve the terms and conditions of part-time employment. In 1999, a statutory hourly minimum wage for all workers was introduced, and the qualifying period for employment protection was reduced from two years to a single year's service for all employees working eight or more hours per week.¹⁰ Maternity and parental leave entitlements have also been extended to all workers, again driven by EU regulatory reforms. The latest extension of these parental rights, which came into effect in April 2003, includes giving parents of children under 6 and children with disabilities under 18 the right to apply to work flexibly, which might be interpreted to include working part-time instead of full-time hours. Earlier proposals that would have given parents the right to request part-time hours, similar to the entitlement introduced into

Dutch law discussed above, were dropped in response to lobbying from employers' associations. Under this new law employers have a duty to consider such requests for flexible working, although they do not have to justify their opposition in the same detail as is required in the Dutch law. The Trades Union Congress and other critics argue that this new right will have little effect in Britain, particularly since there is no union representation in many private-sector companies (Ward 2003). Finally, the Equal Treatment Directive became effective in July 2000 and will further improve conditions for some part-time workers. Despite these gains, however, the criteria set by the government for the full-time comparator for equal treatment is someone employed by the same employer under the same type of contract and doing broadly similar work. It is estimated that only one million of the six million part-time workers in the United Kingdom have a comparator based on these criteria and will therefore gain from the equal treatment regulation (EIROline, 2000d). To date, the government has rejected trade union calls for this limitation to be redressed.

Regulatory divergence is also evident in how each nation deals with those in temporary employment. Dutch labor law was reassessed in 1997 in light of concern over the increased flexibility and fragmentation of its labor market. Building on an agreement reached in 1996 between the employers and trade unions at the bipartite Labor Foundation (*Stichting van de Arbeid*), the aim was to uphold both corporate flexibility and employee security by relaxing dismissal laws and generating a minimum level of security for employees in flexible jobs, so-called "flexicurity." It was proposed that if an employee had worked for his or her employer for three months (weekly, or at least 20 hours a month), the law would assume a contract of employment (EIROline 1997a). Where the hours were unspecified, the hours worked by the employee over the previous three months would be taken as the contracted hours. The responsibility lies with the employer to provide evidence that the hours worked during the period are either longer or shorter than the hours normally worked by the employee. This contract has the same terms and conditions as a permanent one. The probationary period—during which time both the employer and the employee are free to terminate the contract—remained at two months for fixed-term contracts. It was, however, shortened for "short-term contracts" that specify a term of employment. The aim was to encourage the use

of longer-term fixed-term contracts and end the use by companies of the “revolving door” (EIROline 1997b). Where three of these contracts were run together, prior notification of termination was required. If the total length of time of the contracts extended beyond three years, the contract automatically became a contract for an indefinite period.

As the flexicurity¹¹ bill was being debated in the Netherlands, there was also an attempt to reform legislation on temporary work agencies. Temporary workers employed by a temporary work agency for more than a year received a three-month contract. The agency was required to pay the employee wages during this period even if he or she did not work, so long as the employee remained available for work (EIROline 1997a). There was originally no transitional period. After protracted negotiations, the General Union of Temporary Employment Agencies (*Algemene Bond van Uitzendbureaus*) and the unions agreed to a transitional framework, which allowed the concerns of both parties to be met. The Flexicurity Act (*Wet Flexibiliteit en Zekerheid*) took effect January 1, 1999, while the new act governing temporary work agencies went into effect six months earlier. The combined effect of these two acts has substantially modified Dutch labor law (see Figure 3.3) (EIROline 1999a, 1999b), with both employers’ organizations and unions at pains to point to the combined successes of the acts.

In contrast, the United Kingdom has seen more limited improvements in the conditions of fixed-term work. Workers have gained equal

Figure 3.3 Reform of Dutch Labor Law: The “Flexicurity” Act

Companies can use temporary employment contracts more than they could in the past;

A series of temporary employment contracts will, under certain conditions, lead to a permanent contract;

Agreements between employees and temporary work agencies will now be considered as employment contracts;

Notice periods are shortened and simplified;

Procedures for dismissal on economic, technical, and organizational grounds are shortened;

Unemployment benefits are reduced if the employer awards severance pay.

SOURCE: EIROline (1999a).

rights to statutory holidays, sick pay, and maternity leave as part of the general reform of labor law, and these rights to equal treatment were strengthened by the adoption of the directive on fixed-contract work into national law in April 2001. Now, after four years of “consecutive” fixed-term contracts workers became permanent employees. Moves to regulate temporary agency work have been slower. In 1999, the government proposed the first substantial change in the regulation of temporary agency work since the early 1970s (Department of Trade and Industry, 1999). The precise nature of this re-regulation is still subject to consultation. Existing regulation has been in place since 1976, with the Conduct of Employment Agencies and Employment Businesses Regulations Act. This act only allowed temporary employment agencies to be established under license from the Secretary of State. In 1994, this act was repealed by the then-Conservative government and replaced in 1995 with the Deregulation and Contracting Out Act, designed to facilitate subcontracting, including the use of temporary agency work. No attempt was made to connect the regulation of this type of nonstandard employment to the rest of the labor market, as had occurred in the Netherlands. More specifically, the U.K. reforms of temporary agency work shy away from offering workers a permanent contract under any circumstances, again in contrast to the Dutch reforms.

Given these differences in the regulatory frameworks in the Netherlands and the United Kingdom, we explore in the next section how the quality of nonstandard work in both countries compares.

NONSTANDARD WORKERS IN THE NETHERLANDS AND THE UNITED KINGDOM

In both countries, the age and gender profile of nonstandard workers is similar and mirrors the picture found in other EU member states. The majority of part-time workers are women (Table 3.2), a pattern that is replicated in every member state. The gender composition of fixed-term contract work is more even, but women are overrepresented in this form of employment relative to their share of all employment. Women hold just under half of the fixed-term contracts in the EU-15,

Table 3.2 Gender Composition of Part-Time and Fixed-Term Employment, 1999

	Part-time % women	Fixed-term contracts % women
Netherlands	74	56
United Kingdom	80	52
EU-15	80	49

SOURCE: European Labor Force Survey, Tables 30 and 36.

and more than half of these contracts in some member states, including the Netherlands and the United Kingdom.

The rate of fixed-term contracts and part-time work is higher for women than men in every age group (Table 3.3). Fixed-term contracts tend to be concentrated among young workers because of probation and training periods and the shortage of open-ended vacancies for new entrants. The higher rates of fixed-term work among women suggest that they are less able to secure open-ended contracts than are men. Perhaps this is because they are segregated into more insecure segments of the labor market, or are reentering the labor market after an absence for child-rearing and may only be able to obtain temporary employment. Women may also opt for temporary employment owing to child care constraints.

Male part-time employment is largely confined to students and other young labor market entrants or older workers nearing retirement age (Table 3.3). In recent years, men's involvement in part-time work has increased sharply, and it appears to be dispersing somewhat into the middle-age range (Delsen 1998). The Netherlands leads the way in the growth of part-time work among men in EU countries. Nonetheless, part-time work remains rare for men in their core working years. In contrast, large proportions of employed women work part-time at this stage in their life, often associated with the onset of motherhood when part-time jobs provide a means for women to combine employment with domestic responsibilities.

There are significant national differences in the extent to which mothers of young children are employed on a full-time or part-time basis in the different member states, and these international comparisons reinforce the similarity observed between the Netherlands and the

Table 3.3 The Rate of Part-Time and Fixed-Term Contracts by Age Group and Gender in the Netherlands and the United Kingdom, 1999

	Employed men, by age					Employed women, by age				
	15–24	25–49	50–64	65+	All	15–24	25–49	50–64	65+	All
Percent who work part-time										
Netherlands	54	10	17	72	18	67	68	75	91	69
United Kingdom	25	4	10	67	9	41	42	51	88	44
EU-15	16	4	6	42	6	30	33	38	60	34
Percent with fixed-term contracts										
Netherlands	5	3	1	*	9	6	7	2	—	15
United Kingdom	2	3	1	*	6	2	4	1	*	7
EU-15	5	6	1	*	12	5	8	1	*	14

NOTE: Fixed-term is determined by asking employees whether their contract has a fixed rather than open-ended duration due to either a specified date, the completion of a task or assignment, or the return of another employee.

— indicates data unreliable due to sample size. * indicates less than 0.5%.

SOURCE: European Labor Force Survey 1999, Tables 28 and 34.

United Kingdom. In both countries, maternal employment is predominantly part-time, in contrast to most other member states (Rubery, Smith, and Fagan 1998). In the Netherlands and the United Kingdom, labor market participation increased for mothers beginning in the 1970s, largely through part-time employment. This occurred in the context of limited public provision of child care services (in contrast to a number of the other member states, such as the Nordic countries or France) and in cultural climates that did not favor full-time employment for mothers (O'Reilly and Fagan, 1998). These institutional contexts have played an important role in shaping women's labor supply, and it is only in recent years that the Dutch and U.K. governments have begun to increase the public resources allocated to child care services.

Overall, in the EU-15, 11 percent of part-time employees are students or trainees, 17 percent work part-time because they were unable to find full-time work, and 60 percent had chosen part-time work over full-time work (Table 3.4). Among those who work part-time, women are more likely than men to have selected this in preference to full-time work, and are less likely to be working part-time on an involuntary basis or because they are in education or training. This tendency is even more pronounced among women in the Netherlands and the United Kingdom. As we discussed above, this reflects the fact that part-time employment has become the established practice for mothers with young children in both countries. The main difference between part-time employees in the Netherlands and the United Kingdom is found among men. In the Netherlands, nearly half of the men employed part-time have selected this arrangement in preference to full-time work, and only 7 percent are working part-time because they could not find full-time employment. In contrast, 21 percent of the men employed part-time in the United Kingdom are doing so on an involuntary basis, mirroring the wider pattern in the EU-15.

Not surprisingly, a higher proportion of fixed-term contracts are involuntary compared with part-time contracts. Nearly two in five employees with fixed-term contracts in the EU-15 are in this situation because they could not find permanent employment, and one quarter are on training or probation contracts. Only 9 percent said that they did not want a permanent job. There is little difference by gender in the reasons for holding fixed-term contracts at the EU-15 level. The profile of fixed-term contract workers in the Netherlands and the United King-

Table 3.4 Individual Explanations for Working in Part-Time or Fixed-Term Jobs, 1999

	All	EU-15		NL			UK		
		Men	Women	All	Men	Women	All	Men	Women
Reason for working part-time (%)									
Could not find full-time job	17	24	15	4	7	4	10	21	8
Did not want full-time job	60	36	65	72	50	80	73	42	80
Education/training	11	25	8	19	35	13	15	33	10
Illness/disability	2	5	2	4	8	3	2	3	1
Other or no reason	10	9	10	—	—	—	—	—	—
Reason for having a fixed-term contract (%)									
Training or probation	25	27	25	3	2	1	6	6	5
Could not find permanent job	39	40	37	46	49	44	38	45	33
Did not want permanent job	9	7	11	47	44	51	29	22	35
No reason	27	26	27	4	5	4	27	27	27

NOTE: Columns may not sum to 100 due to rounding.

— indicates data unreliable due to sample size.

SOURCE: European Labor Force Survey 1999, derived from Tables 29, 32, and 38.

dom diverges somewhat from that of the EU-15 as a whole because it is comparatively rare for this type of contract to be used as a formal means of training or probation in either country. Instead, those with fixed-term contracts fall fairly evenly between two categories: those who could not find permanent employment and those who are not looking for permanent employment. In both countries, women were notably more likely than men to say that they did not want a permanent job. This may be because they have selected temporary employment because it affords them some flexibility to schedule their time around domestic commitments. For example, in a recent U.K. study, 70 percent of temporary workers said that there were certain advantages to this type of employment. Of this group, men were more likely to list pay and benefits while women were more likely to list the convenience of working-time arrangements (Tremlett and Collins 1999).

Overall, the age and gender profile of part-time and temporary workers in the Netherlands and the United Kingdom is similar; however, there are two differences of note. First, nonstandard work is even more widespread in the Netherlands than in the United Kingdom, particularly part-time work. The rate of part-time work in the Netherlands is such that it is the only member state in which the majority of employed women and a sizable minority of men are now working part-time in their core working years, and with relatively few doing so on an involuntary basis. Furthermore, there is widespread support among the Dutch workforce for a further expansion of part-time working, with a higher share of both men and women stating that their preferred working hours are part-time than in any other member state (Fagan and European Foundation 2001). The Dutch workforce has negotiated a sustained reduction in full-time working hours since the mid 1980s, from a norm of 40 hours a week to the current 36-hour week for more than half of the workforce. Second, compared with the United Kingdom, a larger proportion of temporary workers in the Netherlands have selected this work option over permanent employment, again suggesting a greater degree of employee choice. In the following section, we review in which sectors part-time and temporary work is being performed in both countries.

NONSTANDARD JOBS IN THE NETHERLANDS AND THE UNITED KINGDOM

The industrial and occupational structure of employment in the United Kingdom and the Netherlands is very similar, and is dominated by service-sector activities (Table 3.5). The main difference between the two countries is that a higher proportion of employment in the Netherlands is concentrated in professional and related occupations.

There are also similarities between both countries in the patterns of nonstandard work. The highest rates of part-time work in both countries are in the service sectors, particularly in hotels and catering, retail, and “other services” (see table note for definition), and exceed the use of temporary work contracts in each sector. Another similarity is the contractual composition of temporary employment (Table 3.6). Temporary agency work accounts for a similarly small proportion of all temporary work in both countries, but it is this category that has seen the greatest growth over the last decade. For example, in the United Kingdom, temporary agency workers as a proportion of total temporary employment doubled between 1992 and 1996 (Forde and Slater 2001; Sly and Stillwell 1997).

There are also some salient differences in the economic profile of nonstandard work in both countries as shown in Table 3.5. First, there are several indications that nonstandard work contracts are more dispersed across the economy in the Netherlands than in the United Kingdom, which suggests relatively more integration with standard contracts rather than being segregated into particular activities. The rate of temporary employment is broadly similar in many service sectors in the Netherlands, at between 8 and 10 percent, dipping to lower rates in construction, hotels, and public administration. In contrast, temporary employment is a particularly common feature of hotels and “other services” in the United Kingdom. Rates of part-time work are disproportionately high in “other services” and hotels and catering in both countries, but part-time work is dispersed across the other sectors to a greater extent in the Netherlands, and is quite prevalent in transportation and manufacturing, for example. Occupational comparisons show that in both countries, part-time workers are disproportionately found in service, sales, clerical, and elementary jobs—a pattern that

Table 3.5 The Industrial and Occupational Structure of Employment and Rates of Part-Time and Temporary Work in the Netherlands and the United Kingdom, 1999

	Structure of employment (%)		% of nonstandard work in each sector and occupational group			
			Part-time work		Temporary work	
	NL	UK	NL	UK	NL	UK
Industrial structure						
Agriculture	3	2	30	18	10	5
Manufacturing and extraction	15	19	20	8	8	4
Construction	6	7	11	6	4	4
Transport and communications	6	7	27	1	8	5
Financial/business services	15	15	30	19	8	6
Hotels and restaurants	3	4	60	50	5	9
Wholesale and retail	16	16	42	38	10	3
Other services	24	25	60	40	9	10
Public administration	7	6	25	15	6	6
No response	5	*	—	—	—	—
Occupational structure						
Legislators and managers	12	15	17	9	2	2
Professionals and associates	36	25	38	19	7	8
Clerks	12	17	52	33	14	7
Service and sales	12	15	66	56	17	7
Agriculture and fisheries	2	1	42	14	19	3
Craft and related trades	11	12	13	5	7	3
Plant/machine operatives	7	7	21	8	10	5
Elementary occupations	8	8	61	48	24	9
Overall incidence	—	—	39	25	12	7

NOTE: NACE industrial classification is the NACE one-digit level. "Other services" include education, health, and social work; other private-sector and public-sector social services such as sanitation and leisure, and personal services (domestic cleaners, child care assistants outside education, hairdressing, laundry, etc.). ISCO occupational classification. Civilian workforce only. The percentages may not sum to 100% due to rounding.

* indicates figure less than 0.5%; — indicates not applicable.

Table 3.6 Type of Temporary Employment in the United Kingdom and the Netherlands

United Kingdom (%)	
Fixed-term contracts	46
Casual or seasonal	33
Agency temping	16
Other (includes home and zero-hour contracted workers)	5
Netherlands (%)	
Fixed-term contracts	48
Demand, and on-call contracts	37
Temporary agency contracts	11
Other contracts	4

NOTE: Demand/call contracts in the Netherlands include permanent labor contracts that include this element of variability.

SOURCE: For the United Kingdom, Income Data Services (2000) derived from Table 1; for the Netherlands, Hesselink et al. (1999), Table 2.1.

exists in the EU as a whole (Organization for Economic Cooperation and Development 1994; Smith, Fagan, and Rubery 1998). However, part-time contracts are better represented among the higher-level managerial and professional occupations in the Netherlands than in the United Kingdom, both in absolute terms and relative to the overall rates of part-time work in each economy. Finally, fixed-term contracts are most prevalent in elementary, clerical, and service jobs (and skilled agricultural jobs in the Netherlands), but the relative use in professional areas differs although the absolute rate is similar. The rate of temporary work among professionals is lower than the overall rate in the Netherlands but is on a par with the overall rate in the United Kingdom. In the United Kingdom, 60 percent of professionals with temporary contracts are teachers and contract researchers in the education sector, where public-sector collective agreements provide a higher degree of job security for those on open-ended contracts than exists in many other sectors (Sly and Stillwell 1997).

A second important difference between the two countries is in the relative treatment of standard and nonstandard workers in statutory regulations on employment conditions and the social protection offered by welfare state policies (Esping-Andersen 1990). As discussed in the previous section, the Dutch system provides more extensive protection

and a greater degree of equal treatment between standard and non-standard workers. There are few labor cost differentials for employers between standard and nonstandard workers as a result. The implications for the quality of nonstandard work have been demonstrated in a number of studies using the example of part-time work. In the Netherlands, there is little difference in the average hourly pay of full-time and part-time workers (Tijdens 1997; Plantenga 1997). Legislation and collective agreements have largely established *pro rata* treatment, combined with statutory minimum wage protection for all workers. The expansion of part-time employment in some of the higher-paying jobs, underwritten by the recently introduced rights of employees to request part-time hours, has also helped to prevent part-time work from becoming entirely segregated into the low-paid sectors of the economy. In contrast, part-time workers in the United Kingdom have lower average hourly rates of pay than full-time workers. In 1999, female part-time workers earned 61 percent of the average hourly pay of full-time male employees (excluding overtime); the comparable ratio was 69 percent for male part-time workers (National Statistics 2001, derived from tables F33, F34, and A13). The introduction of a minimum wage has raised the wage rates in low-paid jobs, where part-time employees are disproportionately represented, and thus helped to reduce—but not eliminate—the pay penalty of working part-time. This is because although *pro rata* pay is largely established in company practices, part-time jobs are heavily concentrated in the lowest-paid sectors of the economy. In addition, many part-time workers in the United Kingdom are still excluded from pension and sick pay arrangements in some companies (despite labor laws); have fewer opportunities for promotion or training; may be more vulnerable to redundancy; and have more limited paid leave entitlements (House of Commons 1999; Neathey and Hurstfield 1995). Employers gain further cost advantages in social security payments if they use short-hour, part-time arrangements to maintain the employee's earnings below a low earnings threshold (which equates to approximately 15 hours of work per week).

The Dutch social security and pension systems are also more compatible with periods of part-time work or interrupted service associated with temporary contracts than in the United Kingdom. In the Dutch social security system, *pro rata* contributions are made by employer and employee for *pro rata* benefits. Pension entitlements are based on

citizenship rather than the amount of lifetime employment and earnings, and thus workers with periods of employment on nonstandard contracts fare better (Ginn and Arber 1998).

CONCLUSION AND THE FUTURE OF NONSTANDARD WORK IN THE UNITED KINGDOM AND THE NETHERLANDS

The incidence of part-time and temporary employment continues to increase across the EU. Temporary work, with the exception of a few countries, remains relatively rare across the EU-15. Nonetheless, temporary agency work is growing, creating a new line of emphasis in the restructuring of particular parts of the labor market. In particular, the complex nature of the “triangular” employment relationship between the worker, the agency, and the firm in which the worker is placed has caught the attention of national and EU unions (EIROline 2000a).

As this chapter has charted, EU labor law has gradually extended equal treatment to part-time and fixed-term contract workers. Temporary agency work reform is on the horizon as well (EIROline 2000a, 2000b), although the form that this will take remains unclear and is still subject to negotiation between the social partners. This common framework of EU legislation creates some pressures of convergence across the member states, but these reforms are played out in national arenas with different regulatory systems, political alliances, and economic conditions. In part, these societal contexts are products of previous rounds of national and EU regulation. The articulation between EU and national-level policies produces persistent differences in outcomes between countries, including the quality of nonstandard work.

The path taken in the Netherlands was the result of the political dominance of social democratic values and institutions. These produced legislation and collective agreements that encouraged the expansion of nonstandard work—particularly part-time work—with a concurrent commitment to regulating equal treatment among standard and nonstandard work contracts. By comparison, the United Kingdom has been driven by a neoliberal regime of limited regulation, shifting

only moderately in emphasis under “New Labor” when they succeeded in ejecting the Conservative party from government. Thus, for example, the narrow definition of a comparator for equal treatment of part-time and full-time workers has been retained despite lobbying by trade unions, while the proposed re-regulation of the temporary industry has been watered down after months of lobbying by the Recruitment and Employment Confederation.

The example of the Netherlands demonstrates how nonstandard work conditions need not be “contingent” in the sense of precarious contracts and uncertain volumes of work. Most part-time work in the Netherlands involves a permanent contract with a fixed number of hours, and the recent flexicurity reforms extend the contractual obligations between employers and workers hired through temporary work agencies. Statute and widespread coverage of collective agreements place effective regulations on employment conditions and equal treatment, curtailing the penalties associated with nonstandard work, in contrast to those of the less-regulated U.K. context. Even more favorable integrated forms of part-time work develop in “reduced hour” arrangements, in which workers have switched from full-time to part-time hours in their current job. Greater employee rights to obtain this form of part-time work have been introduced in the Netherlands, and established examples can also be found in some of the other member states, for example the Swedish parental leave system and the French public sector.

The expansion of nonstandard work in the Netherlands has contributed to the so-called “Dutch Miracle,” a 20-year period of job-intensive employment growth (even when expressed as full-time equivalents) and nearly full employment, albeit with low participation rates among the older workforce (Visser and Hemerijck 1997, Visser 1999). However, this model of labor market reform was dependent on a number of specific and favorable economic and political conditions, including an inclusive welfare state regime, centrally institutionalized collective bargaining mechanisms involving a powerful trade union movement, high wage and productivity levels, and a large pool of available women outside the labor market. The Dutch model cannot be simply uprooted from these conditions and exported wholesale to other countries, but it provides useful policy lessons that can be adapted to other societal contexts.

Furthermore, although the situation for nonstandard workers is much rosier in the Netherlands relative to the United Kingdom and many other countries, it is not perfect. For example, the extension of equal treatment to marginal part-time workers (fewer than 12 hours per week) has been slower than that for other part-time workers, and part-time work is still mainly a female undertaking, thus reinforcing gender segregation of the labor market and men's lower involvement in parenting and other time-consuming care work (Plantenga 1997). Policies are needed to develop part-time work as a gender-neutral option for the work-life balance rather than a female-dominated segment of employment. Temporary contract work is still an inferior and involuntary option for a large proportion of this segment of the workforce, and better trend data are required to monitor the impact of different forms of nonstandard work on employment trajectories and advancement over different periods, particularly in the projected future downturns in the business cycle (Walker 2001).

Thus, there is now a substantial framework of EU law to normalize nonstandard work through the principle of equal treatment and other protective measures. However, there is still much work to be done to effectively implement and develop this form of work in many member states. Furthermore, these regulatory developments in labor law coexist with welfare state regimes that still remain for the most part organized around the norm of full-time standard employment, penalizing those with periods of nonstandard work in their employment histories (Grimshaw and Rubery 1997; Rubery, Smith, and Fagan 1998). As the EU plays an ever-greater role in setting the parameters for individual nations' regulation of their own labor markets as part of the wider economic agenda then the political pressures toward convergence will continue. However, this is likely to coexist with a continued divergence between those countries such as the Netherlands whose employment law reform often prefigures that at the EU level, and the United Kingdom, whose government, at best, seeks to manage the effects of EU reform, and at worse, seeks to oppose it.

Notes

1. To give a sense of the circularity of some current debates, over two decades ago Sergio Ricca wrote about temporary work: “[It] has been one of the most hotly debated topics of recent years. So spectacular has been its development that politicians and legislators have been forced to come to grips with it even before economists and sociologists have had time to explain the phenomenon” (1982, p. 141).
2. For example, a 30-hour threshold is used in official statistics in the United Kingdom, while a 35-hour threshold is used in Sweden.
3. In the case of temporary work, there is no standard European definition (Michon 2000; Goudswaard and de Nanteuil 2000). Instead, each member country has its own categorization method for work arrangements that fall under the definition of “temporary work” (see the third section of this chapter). In an analysis of temporary employment in Britain, Casey (1988, p. 3) provides 11 definitions. (1) consultants or freelancers; (2) labor-only subcontractors; (3) casual workers; (4) seasonal workers; (5) fixed-term contract workers; (6) workers with a contract dischargeable by performance; (7) workers on training contracts; (8) temporary workers on indefinite contracts; (9) agency workers; (10) employees of works contractors; and (11) participants in special programs for the unemployed.
4. This, however, is only one term used. For example, in referring to the industry Mangum, Mayell, and Nelson (1985) refer to the “temporary help industry”; Peck and Theodore (2001) prefer “temp industry,” while Segal and Sullivan (1999) use the term “temporary services industry.” The organization is variously referred to as: “temporary work agency” (Michon 2000); “temporary employment agency” (Forde 1997); “labor market intermediaries” (Mangum, Mayell, and Nelson 1985); “temporary work organization” (Ricca 1982); and “private employment services” (Walwei 1998).
5. The self-employed use their own tools and capital to supply goods and services. A distinction can be made between the genuine and the “dependent,” “notional,” or “controlled self-employed.” This latter group of “dependent self-employment” has no employees and largely relies on selling their own labor, perhaps with some limited capital input in the form of tools. Often, this group regularly works for a limited number of companies in relationships that are similar to that of employees but that avoid many of the regulations on employers. This form of self-employment is common for construction workers and hairdressers in the United Kingdom, for example. Another, similar term commonly used in the United States is “independent contract work,” in which the workers supply their labor but no tools or capital. “Freelance workers” have a contract to provide services to a firm rather than an employment contract, and the term is largely associated with professional services. In the EU-15, self-employment in services accounted for 9 percent of all employment in 1998, and self-employment in industry accounted for another 3 percent of all employment. Some proportion of this will be in new forms of self-employment, but it is difficult to identify different forms of self-employment in most existing survey series.

6. Employers' interests in the extension of working-time flexibility to meet production requirements are quite distinct from employees' interests in obtaining more flexibility in how they organize their working time through "time sovereignty" or "time autonomy."
7. The question about open-ended, fixed-term contracts is only asked of the employed who state that they are employees. It will fail to pick up people who are regularly employed on short fixed-term contracts (either with the same or different employers) but who were not employed in the reference week.
8. In addition, 90 percent of U.K. workplaces subcontract one or more services, mainly for building maintenance, cleaning, security, transport, and training (Cully et al. 1999).
9. The Dutch "polder" model of economic and civic life encourages tripartite ways of negotiation. Policy and legislation are developed in discussion between government, national employers' associations, and trade unions. These regulations are then worked out in more detail at the sector level and in specific detail at the enterprise level.
10. It is estimated that the 11 percent of part-time employees (2–3 percent of all employees) that are excluded by the eight-hour threshold are mostly students (Hepple and Hakim 1997, p. 670).
11. For a review of the term, see Wilthagen (1998).

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4

Nonstandard Work in Italy and Spain

The Quest for Flexibility at the Margin in Two Supposedly Rigid Labor Markets

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Italy and Spain are two countries with very rigid labor markets, as defined by various indicators, such as direct firing costs, procedural restrictions to workforce adjustment, and other employment protection features (see, e.g., Grubb and Welles 1993; Barnard, Clark, and Lewis 1995; OECD 1999). They also share the “Mediterranean” lifestyle, with its extended families and low female work participation rates, as well as significant regional differences between the more developed northern regions and the more underdeveloped southern ones (although this duality is more striking in Italy). These two countries have also recently undergone deregulation, although to varying degrees and timing (for an earlier analysis, see Adam and Canziani 1998). In both countries, the pressing force for changes has been unemployment. It is doubtful, however, that this deregulation has ameliorated unemployment problems in these countries. Rather, dual labor market structures

have tended to develop, most notably in Spain, although it is unclear that what drives their current stability is institutional.

The purpose of this chapter is to compare the development of “nonstandard” work in Italy and Spain. Section 2 describes the main features of the Italian and Spanish labor markets. Section 3 discusses the notion of nonstandard work, while section 4 briefly describes the move toward nonstandard work in both countries. Section 5 begins the empirical part of the chapter by quantifying the size and evolution of nonstandard work, and section 6 analyzes the key characteristics of the main groups of nonstandard workers. Section 7 turns to the welfare of these workers, in terms of income, poverty, and job satisfaction. Finally, section 8 reflects on the role of nonstandard work as a weapon against unemployment.

BASIC FEATURES OF THE ITALIAN AND SPANISH LABOR MARKETS

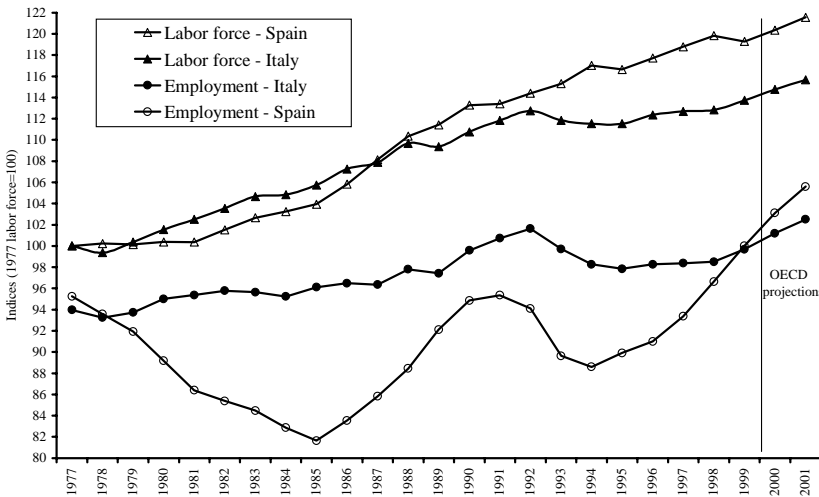
Figure 4.1 plots the evolution of employment in Italy and Spain since 1977¹ (all numbers are expressed as indices of the 1977 labor force to facilitate the comparisons). Labor force participation increased by 14 percent between 1977 and 2000 in Italy, and by 20 percent in Spain, with the main divergence between the two countries occurring in the 1990s. This faster growth in Spain, however, is deceptive, given the greater unemployment in Spain depicted in Figure 4.2. Of more importance is the way in which employment evolved in both countries. Thus, while in Italy, employment has increased more or less steadily (although it suffered a crisis in the early 1990s), in Spain, employment has experienced significant shifts. The first shift was a sharp downturn between 1977 and 1985, which reflects an adjustment from a pre-democratic, autarchic economy to the new competition within the European community. The second shift (1985–1991) occurred when the economy recovered at an unprecedented pace, helped by various factors, including entry into the European Union, lower oil prices, high profits achieved in the previous recession, and labor market reform that eased the use of fixed-term contracts. In the early 1990s, the European-wide crisis also affected Spain significantly. Finally, since 1994, and

more strongly since 1997, employment in Spain rose again at very high rates. Therefore, although in relative terms, employment has always been lower in Spain than in Italy throughout the period considered, by 1999, the two countries had reached similar levels.

Figure 4.2 plots unemployment, the flip side of Figure 4.1. Although the story in Italy is one of a slowly rising unemployment, driven by the inability of employment to expand as fast as the labor supply, in Spain, the labor supply has tended to be absorbed by the strong employment surges of the late 1980s and late 1990s. Thus, while unemployment in Spain was twice as great as in Italy in 1985 and again in 1994, the unemployment and employment data in the two figures both tend to converge in the 1990s.

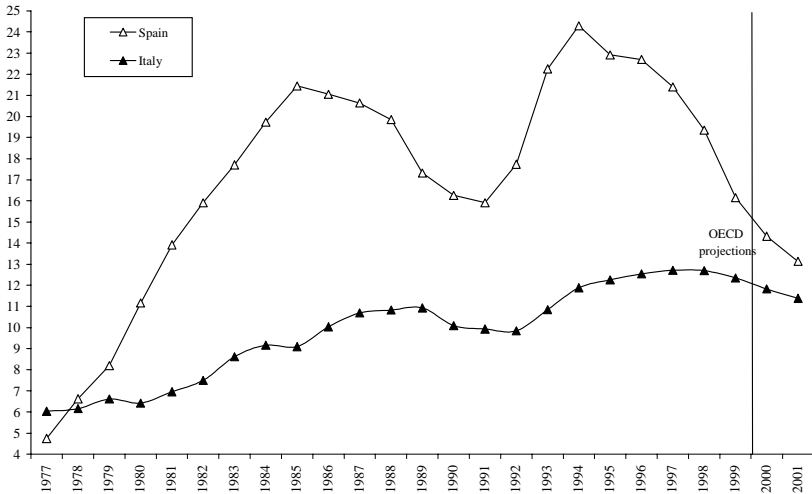
Figures 4.1 and 4.2 also include the Organization for Economic Cooperation and Development (OECD) projected evolution of labor force, which sees employment and unemployment rising until 2001. This is of interest for two reasons. First, the data more clearly reveal

Figure 4.1 Employment and the Labor Force in Italy and Spain, 1977–2001



SOURCE: OECD and European Labor Force Survey data.

Figure 4.2 Unemployment Rate in Italy and Spain, 1977–2001 (% of labor force)

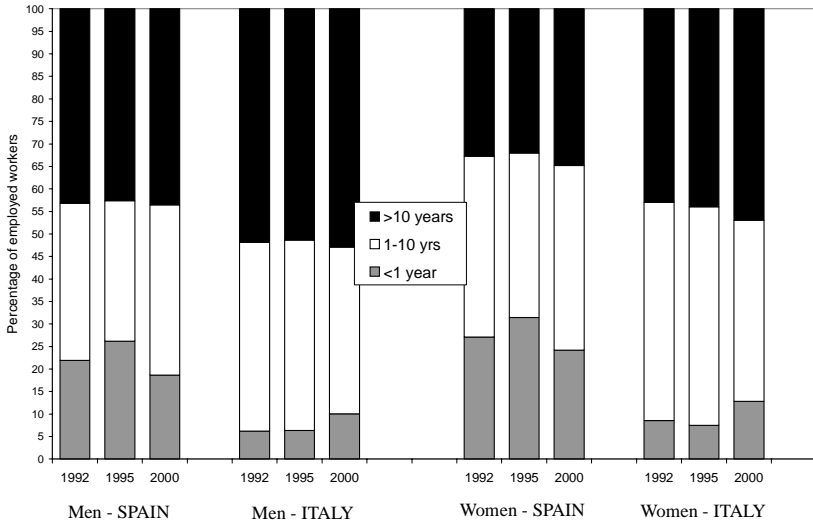


SOURCE: OECD and European Labor Force Survey data.

the process of employment recovery that has begun in Italy, suggesting an upsurge for the first time in ten years, similar to that observed in 1989–1991. Second, they pinpoint the strength of the Spanish employment growth, which despite the continuing rise in labor supply drives down unemployment to 13 percent, thus getting closer to Italy.

It is also worth considering the degree of labor mobility in both countries, given that this is an important element of labor market instability. Figure 4.3 shows the distribution of male and female employees in Italy and Spain in 1992, 1995, and 2000 by tenure in their current job.² The Spanish labor market has substantially higher mobility. In 1992 and 1995, the proportion of those with job tenure less than a year was more than 20 percent.³ In Italy, it was roughly 5 percent in 1991 and 1994. The gap narrowed between the two countries in 2000, but Spain continued to have more workers with short tenures.

Figure 4.3 Distribution of Employed Population by Tenure with the Current Employer, Spain and Italy, 1992, 1995, and 2000



SOURCE: European Labor Force Survey.

INSTITUTIONAL DEFINITIONS OF STANDARD WORK ARRANGEMENTS

Before moving on to the analysis of nonstandard work in the two countries, it is useful to analyze how standard work is defined. As in most countries, the “standard” work arrangement in Italy and Spain is a dependent, full-time, permanent (or “open-ended”) labor contract. Appendix A details the regulation of labor contracts in both countries.

In Italy, the standard contract was progressively expanded during the twentieth century with trade union action, the development of large industrial firms, and the rise of the welfare state. Both the 1947 Italian Constitution and the 1970 Workers’ Statute provide special rights only to permanent employees, then considered the weakest segment of overall employment in terms of social protection and working conditions. During the 1970s, both labor legislation and collective bargaining

focused specifically on “job security” (workplace stability), considered a public good under the “male bread-winner model” (Fagan and Rubery 1996), which characterizes the Italian social system. This political and social strategy led to a fairly strict limitation of employers’ power and practices, especially concerning firing and hiring in large firms, and provided several measures of employment protection. From a legislative and contractual point of view, “job security” became much more relevant than in the past.

More specifically, individual dismissals had to be justified, either as misconduct by the employee or an objective reason relating to the enterprise (Boeri 1997; Samek Lodovici 2000). An employee can challenge a dismissal by filing a written statement within 60 days. The case is heard by a special judge (*pretore del lavoro*) who decides whether the employer has demonstrated a justified motive. If the judge rules against the employer, the dismissal is void and the employer must compensate the worker for damage and reinstate him or her.⁴

In addition, standard workers also enjoy greater access to fringe benefits and unemployment benefits, although these tend to be more related to tenure than to the contract itself. For example, access to mobility benefits,⁵ which are much more generous than unemployment benefits, requires two years of consecutive employment. Needless to say, self-employed workers are ineligible for any form of unemployment insurance and benefits (Dell’Aringa and Samek Lodovici 1997).

In Spain, 40 years of political dictatorship, with fairly paternalistic labor laws and rigid employment regulations (compensated for by a highly flexible wage system), was followed by a short experience of democracy in the late 1970s with sharp economic turmoil⁶ and downturns. On the heels of this period, the 1980 Workers’ Statute created the main labor market regulations that currently exist and clearly established a preference for the open-ended contract as the “normal” labor contract.⁷ Dismissals were severely restricted, and in many instances required prior administrative approval. Economic difficulties, for example, were not considered a fair cause for individual dismissal.⁸ Nevertheless, the new regulations made it possible for firms to fire at will, provided they resorted to a more expensive, but easier and more certain, unfair dismissal procedure.⁹ The situation changed in 1994, when the dismissal procedures were eased somewhat,¹⁰ and again in 1997 when a special open-ended contract, with somewhat lower sever-

ance pay, was introduced. On the whole, however, it is still fair to say that employers can fire Spanish employees with an open-ended contract at will, but with a cost, which is generally deemed “high” by European standards.¹¹

Other benefits, for example fringe benefits or unemployment insurance, are related more to seniority than to the contract itself. Needless to say, nonstandard dependent workers are bound to experience shorter employment spells and hence to have less access to those benefits, to the extent that these are not vested (which they are in many instances, especially when publicly provided); however, this lack of access is fundamentally unrelated to their contract status. For example, workers under fixed-term contracts in Spain may, on the surface, have no access to unemployment benefits. However, if they work six months under six different one-month contracts for six different employers, they will become eligible for benefits, regardless of whether the six months of work were consecutive or interspersed with spells of unemployment.

Thus, both in Italy and Spain, standard workers enjoy substantial protection from arbitrary action by firms. By most international comparisons (albeit with the inherent difficulties in such comparisons), the two countries rank high in terms of legal employment protection. This is the most significant difference, and it is against this that the situation of nonstandard workers must be judged.

THE MOVE TOWARD NONSTANDARD WORK

Despite the preference for standard work arrangements in both Italy and Spain, both countries, urged on by unemployment, have tried to circumvent the rigidities in open-ended labor contracts. In both cases, the changes have not attempted to alter the nature of the core labor market, but rather have aimed at creating fringes in the labor market with less restrictive hiring and firing conditions. One of the early responses of the economy to the initial restrictive regulation was a flourishing underground economy and independent work, especially in Italy, and one of the side effects of the move toward nonstandard work has been the emergence of such activities, especially in Spain.

In Italy, the strict regulation of the labor market has been undergoing a transformation for some years (De Luca and Bruni 1993; Paci 1998). It is not an overall coherent reform, but rather, a series of incremental interventions and decrees that have modified the system as a whole. One of the most important changes in Italy in recent years is the diversification of employment contracts, leading to an expansion of temporary employment (including seasonal employment contracts, youth work-training, and apprenticeship contracts) and of “independent contractors,” those workers midway between dependent and independent work, and defined in the sociological literature as “second generation” self-employment (Bologna and Fumagalli 1997).

In recent years, this new form of self-employment (including freelance work, independent contractors,¹² “co-workers,” etc.) has increased rapidly, especially in northern Italy and in certain sectors (Semenza 2000). Much of the flexibility provided by work relations that depart from the standard model in Italy is to be attributed to these middle positions between wage work and self-employment. These new forms of employment are the result of both outsourcing on the demand side and a different way of conceiving work on the supply side, where work choices may be functionally linked to the workers’ life cycle (Bassanini and Donati 2001). Recent reforms, although with stricter eligibility rules, are substantially changing the working status of the new independent workers (e.g., they receive the same tax treatment as the dependent workers, a gradual increase of the pension contributions rate, and extension of some social assistance benefits such as coverage for hospitalization, family allowances, maternity leave). Although for dependent, nonstandard workers, there is a mild shift toward less regulation, the opposite is true for independent contractors. For this group, greater regulation offers some employment protection.

Dependent work has seen changes as well, although none are radical departures from recent policies. Changes have included the introduction of mobility procedures and benefits in collective layoffs; the abolition of the obligation to employ from official employment office waiting lists (1991); the introduction of various youth temporary employment contracts and the relaunching of apprenticeship schemes (1984, 1997); new rules and incentives for fixed-term and part-time work (1997, 2000); the introduction of temporary agency employment and the end of the public monopoly on job placement (1997); the intro-

duction of “graduality contracts” between companies and unions to encourage undeclared and irregular work;¹³ and the decentralization of employment services at the local level (1997). An important element also introduced in 1997 (in the Treu package) was the substitution of a monetary penalty for automatically converting fixed-term workers into permanent ones when work extended (up to 30 days) beyond the official expiry date with the possibility to renew the contract once.

In Spain, the 1980 Workers’ Statute left the door open to exceptions to the normal, open-ended labor contract. These were established for clearly temporary activities, for which temporary contracts were allowed, as well as for initial contracts for youth (accepting what was already set up since 1978). In addition, the law allowed government to introduce other instances for using temporary contracts, even for performing the normal activities of firms (which would break the so-called “causality principle” for temporary hiring), as an “employment promotion measure.” This possibility was used for the first time in 1982, although the new contract was subject to various restrictions. The situation changed quite dramatically when the Socialist government, elected in late 1982, reformed the Workers’ Statute in 1984 by expanding the possibilities for using temporary contracts (mostly through the so-called “new line of business” contract) as well as maintaining the noncausal, fixed-term contract as a measure of employment promotion. This latter measure was made permanent, whereas in the past, it was removed when the employment situation improved.¹⁴ In principle, the 1984 reform established two types of contracts: temporary contracts, to be used for temporary tasks, and fixed-term contracts, which could also be used to perform the “normal” activities of firms. This amendment to the Workers’ Statute, which also included other measures such as the regulation of part-time work, has been the cornerstone of labor market reform in Spain in the last 20 years (see, e.g., Malo and Toharia 2000).

Further reforms were introduced throughout the 1990s. In 1992, the fixed-term contract was restricted and unemployment benefits curtailed, and then again in 1994, amid a wholesale refurbishing of the statute, further efforts were made to foster part-time work, and the fixed-term contract was further restricted (limiting its use to specific groups). In 1995, temporary help agencies were legalized, and the monopoly of the public employment services was suspended. In 1997,

the fixed-term contract was altogether abolished, and a new open-ended contract was introduced. In 1998, part-time work was again reformed, and finally, in 2001, the 1998 reform of the part-time contract was reversed (in a move to make it more flexible), and the coverage of the new open-ended contract was expanded. These changes throughout the 1990s did not reduce the number of contracts signed; in fact, they increased. Firms, forced to move away from fixed-term contracts (as they were simply being eliminated), resorted to temporary contracts, thus somewhat paradoxically gaining flexibility given that the temporary contracts were less regulated and allowed much more flexible time spans.

Thus, in Italy, moves toward dependent, nonstandard work have been much milder than in Spain and have been introduced just recently (Samek Lodovici and Semenza 2001). For example, fixed-term work has been restricted to clearly temporary tasks and to youth labor market integration policies, and part-time work has been regulated based on the proportionality principle. The flip side of the situation is the growth of very flexible independent contractors, for whom some regulation has been introduced in recent years. The impression is that further moves could be undertaken should the labor market situation worsen in the next few years (something that at present does not seem plausible, at least in the short term). In Spain, on the other hand, the situation is inverse. Social agents believe that the move toward nonstandard work, especially regarding temporary or fixed-term work, has gone too far. However, the successive measures adopted to reduce the extent of temporary work (most notably in 1997)¹⁵ have met with failure generally, and the issue remains alive.

QUANTIFYING NONSTANDARD WORK IN ITALY AND SPAIN

We now present data on nonstandard work arrangements in Italy and Spain. The data come mainly from the European Community Household Panel (ECHP) and correspond to 1996.¹⁶ This source offers the ability to make comparisons across categories, defined on a common statistical basis, and will also be the source for the welfare analysis below.

Table 4.1 presents data for the following categories: full-time permanent employees; part-time permanent employees; full-time temporary employees; part-time temporary employees; paid apprentices and trainees under special schemes; self-employed; and unpaid family workers.

It could be argued that all but full-time permanent employees represent the extent of nonstandard work, given that they depart from the standard defined above. However, it could be argued that, for various reasons, part-time permanent employees, paid apprentices and trainees, self-employed, and unpaid family workers could also be considered special categories. Part-time permanent employees fall very near the standard, apprentices and trainees are, by definition, in transitory positions, and self-employed and unpaid family workers depart from the usual "labor market," especially in Italy and Spain, where they tend to represent the past rather than the future, linked, as they are, to such traditional activities as agriculture and trade and hotels and restaurants.

Table 4.1 The Extent of Nonstandard Work in Italy and Spain (%), 1996

	All		Males		Females	
	Spain	Italy	Spain	Italy	Spain	Italy
Permanent full-time employees	44.6	56.4	47.5	57.0	39.3	55.1
Permanent part-time employees	1.6	4.3	0.5	1.4	3.7	10.0
Temporary full-time employees	23.6	6.8	23.7	6.5	23.4	7.3
Temporary part-time employees	3.0	1.6	1.1	0.9	6.7	2.8
Paid apprentices and trainees	1.2	1.3	1.3	1.3	1.0	1.5
Self-employed	21.0	25.0	23.2	29.1	16.7	1.3
Unpaid family workers	2.4	2.7	1.8	2.3	3.6	3.6
Unknown	2.5	1.8	0.9	1.6	5.6	2.3
Total	100	100	100	100	100	100

SOURCE: European Community Household Panel, third wave.

However, as already noted, there has been a growing trend in Italy for a specific category of self-employed workers. Despite these caveats, the following analysis will focus on full-time temporary, part-time temporary, and self-employed workers (including in some instances family workers).

It should be stressed that this classification derives from standard statistical classification criteria; that is, it is based on the respondents' own description of their contract situation. Thus, temporary work is a general expression that refers to any kind of contract that is of limited duration,¹⁷ even though its precise limits may not be known (this occurs when the contract is signed for the duration of a certain task, which may be uncertain). On the other hand, part-time work is not defined by any legal arrangement; rather, the ECHP considers work fewer than 30 hours a week to be part-time, unless workers claim they work full-time when asked the reason for working less than this threshold.¹⁸ This method and definition follows the usual Eurostat criterion generally used in the European Labor Force Survey.

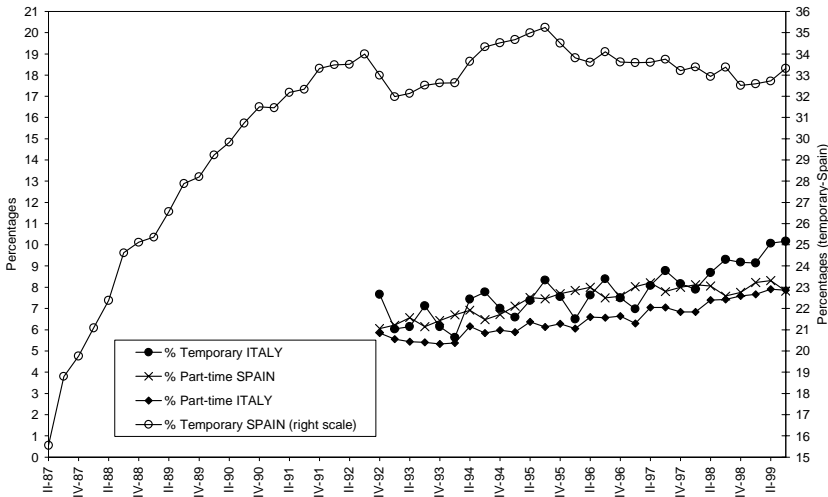
It should also be mentioned that other forms of nonstandard work are emerging in both countries, mainly "independent" workers, freelancers, and other forms that generally fall outside the realm of labor law. This is especially true in Italy, where the "second generation" self-employed, who make up an estimated one-third of the measured self-employed, have become the second most common form of employment after the standard open-ended contract (Bologna and Fumagalli 1997). This group of self-employed is mainly professional, skilled workers.¹⁹ In Spain, the trend applies to the construction and personal and business services sectors, but no detailed information exists on its evolution and significance within the labor market.

The data in Table 4.1 show significantly more nonstandard work in Spain than in Italy. Under its broad definition, 55.4 percent of all employed individuals in Spain work under nonstandard arrangements, a proportion that could challenge the qualifier "standard." In Italy, 41.7 percent work in nonstandard arrangements, clearly below the 50 percent cutoff. Under the narrower criterion noted above that limits nonstandard work to temporary, full-, and part-time workers, however, 26.6 percent of Spain's employed population would be considered nonstandard, while only 8.4 percent of Italian workers fall in this category.

There are two main differences between the two countries: the share of full-time temporary workers in Spain is much larger than in Italy: 24 percent versus 7 percent, while self-employment is more common in Italy than in Spain. Part-time work composes a relatively small share of nonstandard work, although somewhat higher in Italy than in Spain owing mainly to the number of permanent part-time workers. The picture changes slightly by gender. Female part-time workers represent nearly 13 percent of total female employment in Italy and approximately 10 percent in Spain, the main difference again stemming from the number of permanent part-time workers. In any case, these numbers are far lower than those observed in other European countries.

Figure 4.4 shows the evolution of nonstandard work in Italy and Spain, as indicated by changing trends in part-time and temporary work among total employed. Figure 4.4 is based on ELFS data, which differ somewhat from those presented above. The series dates from the early 1990s, with the exception of temporary work in Spain, which dates from 1987 (the first year for which information is available).

Figure 4.4 The Share of Part-Time and Temporary Employees in Italy and Spain, 1987–99



SOURCE: European Labor Force Survey.

There are three striking trends in Figure 4.4. The first is the rapidly rising share of temporary work in Spain in the late 1980s and early 1990s. However, since 1992, the proportion has remained stable; it would seem that the Spanish economy had reached some “steady state” in terms of the proportion of temporary work.

The second clear trend is the rise, albeit more modest, in temporary work in Italy, with clear seasonal patterns. The more recent data show some acceleration in the rise of temporary work, as well as a diminishment in seasonal patterns, which may result from the 1997 Treu Act (see above). Nevertheless, the rate of variation is modest compared with Spain in the late 1980s (the two scales used for both series are the same).

The third trend is the modest rise in the share of part-time work in both countries, from roughly 6 percent in the early 1990s to approximately 8 percent in the late 1990s. It appears that both firms and workers have preferred different ways of achieving flexibility, involving higher, albeit maybe more unstable, hours and earnings. Still, the share of part-time work in female employment is close to 20 percent in Spain. Very little information is available on the other forms of non-standard work, including the underground economy, probably because they are still a new, and small, part of the economy.

We now present the characteristics of the three main groups of nonstandard workers: temporary workers, part-time workers, and self-employed. Table 4.2 compares the main characteristics of temporary workers and permanent workers in both countries as of April–May 1999. More women than men both in Italy²⁰ and in Spain work in temporary employment, although the differences are slightly higher in Italy. Temporary workers tend to be younger in both countries (but more so in Spain) than permanent workers.²¹ It is striking that, despite being younger, temporary workers have lower educational attainment levels, especially in Spain and also for Italian males. This trend toward relatively unskilled work is confirmed by the data on occupations. Thus, temporary workers tend to be concentrated in elementary occupations, as well as service and sales occupations.

In any case, the differences are larger in Spain. On average, there is a 7 percentage point difference between Spanish male temporary and permanent workers across the various occupations, and only a 4.3 percentage point difference among Italian men. For females, the differences are also somewhat higher in Spain: 4.6 percentage points on

Table 4.2 Characteristics of Temporary and Permanent Employees, Italy and Spain, 1999 (%)

	ITALY				SPAIN			
	Men (60.1)		Women (39.9)		Men (62.1)		Women (37.9)	
	Permanent (90.5)	Temp (9.5)	Permanent (86.8)	Temp (13.2)	Permanent (68.6)	Temp (31.4)	Permanent (65.1)	Temp (34.9)
Age group								
15–29 years	19.9	47.3	22.9	46.7	16.7	52.3	21.3	55.7
30–39 years	32.0	27.5	33.8	31.3	28.7	24.5	32.3	25.5
40–49 years	29.1	13.6	28.6	14.7	29.2	14.3	28.7	12.8
50–64 years	19.0	11.6	14.8	7.4	25.4	8.9	17.6	6.0
Level of education								
No education/primary school	12.0	16.4	8.0	10.9	28.3	30.4	20.9	18.9
Lower secondary level	40.8	41.4	28.3	28.4	30.8	43.2	27.9	37.8
Upper secondary level	37.1	34.1	48.9	44.1	22.5	16.9	22.3	21.3
University	10.1	8.1	14.8	16.6	18.4	9.5	29.0	22.0
Occupational groups (1 digit ISCO-88)								
Managers	2.8	1.1	0.9	0.3	3.8	0.6	1.2	0.2
Professionals	6.2	5.9	9.1	9.6	11.7	6.0	19.9	12.6
Technicians	18.0	12.3	31.1	23.0	11.7	5.2	11.8	7.4
Clerks	12.6	9.1	21.0	16.8	9.7	3.7	20.6	14.8
Services and sales workers	9.8	10.1	14.4	17.1	11.9	8.7	19.8	27.1
Crafts/skilled blue collars	24.4	28.2	7.5	7.8	24.4	35.4	3.1	5.4

(continued)

Table 4.2 (continued)

	ITALY				SPAIN			
	Men (60.1)		Women (39.9)		Men (62.1)		Women (37.9)	
	Permanent (90.5)	Temp (9.5)	Permanent (86.8)	Temp (13.2)	Permanent (68.6)	Temp (31.4)	Permanent (65.1)	Temp (34.9)
Plant and machine operators	15.2	10.0	6.6	4.1	16.1	12.8	4.2	5.9
Elementary occupations	8.5	22.3	9.5	21.4	9.5	27.0	19.4	26.6
Industries								
Agriculture	2.4	11.8	1.3	9.6	2.9	8.4	0.9	4.9
Mining and energy	2.2	1.0	0.5	0.2	2.4	1.0	0.5	0.3
Manufacturing	31.9	20.3	22.7	14.3	28.7	21.4	12.4	14.2
Construction	9.5	16.5	1.1	1.2	8.9	32.3	1.1	1.2
Wholesale and retail, repairs	9.4	10.2	11.0	10.6	12.9	10.2	14.5	18.3
Hotels and restaurants	2.1	4.5	2.9	6.3	3.7	5.2	5.1	9.9
Transportation, communications	8.4	5.4	3.6	2.5	7.8	4.9	3.6	2.8
Financial services	4.4	0.8	4.1	2.3	4.5	0.6	3.3	1.9
Business services	3.5	4.8	6.4	7.6	5.4	4.8	9.5	8.6
Public administration	13.5	11.1	10.4	11.7	10.2	3.8	10.2	4.5
Education, health	9.4	8.4	29.8	23.0	8.4	4.6	26.7	18.8
Other services	3.3	5.19	6.2	10.8	4.1	2.7	12.3	14.6
Work status								
Full-time	98.7	76.1	87.5	59.8	99.0	93.2	87.4	72.4
Part-time	1.3	23.9	12.5	40.2	1.0	6.8	12.6	27.6

SOURCE: European Labor Force Survey.

average versus 3.8 percentage points for Italy. Temporary work tends to be concentrated in more volatile sectors, such as agriculture, construction, and tourism. Again, the differences are larger in Spain, although only for males, a result attributable to the differences in the construction sector.

On the whole, temporary workers tend to be concentrated, both in Spain and in Italy, in relatively less-skilled occupations; in addition, individuals who hold these jobs are relatively young. This is interesting, especially given the rather high proportion of temporary workers in Spain, because it implies that rather than opening the labor market as a whole, the move toward nonstandard work has catered to special segments of labor demand, where transitory work needs are more prevalent. Despite the large hole created by temporary work in Spain, it appears to have remained concentrated in activities and occupations where it might not pay to offer the worker a permanent status. In Italy, the thrust of the legislation has always been to allow temporary contracts for temporary tasks; it is quite interesting that in Spain, despite the much wider extent of legislation, the actual reach has not been, in general, different.

Of course, the question that arises is whether temporary tasks warrant that one-third of the workforce have a temporary status, especially when comparing the situation in Italy, with presumably similar seasonal peaks of activity. This is a difficult question to answer. One element to be taken into account is the resilience of the share of temporary workers in the face of the various reforms introduced in the 1990s aimed at curbing such work. This resilience might support the argument that the roughly one-third of temporary employees represents a collective choice by firms based on their economic situation. On the other hand, there is a general belief that the proportion is too high given the temporary needs of firms. This view is evident in the 1997 agreement, whose aim was to foster employment stability by reducing the proportion of temporary workers. Thus, there seems to be a conflict between the microeconomic behavior of firms and the aggregate view of the social partners (and society at large). We shall return to this point in our concluding remarks.

Turning to part-time work, Table 4.3 presents the main characteristics of part-time and full-time workers in both countries as of April–May 1999. Not surprisingly given the large proportion of temporary

Table 4.3 Characteristics of Full-Time and Part-Time Workers, Italy and Spain, 1999 (%)

	ITALY				SPAIN			
	Men (60.1)		Women (39.9)		Men (62.1)		Women (37.9)	
	Full-time (96.8)	Part-time (3.2)	Full-time (84.2)	Part-time (15.8)	Full-time (97.2)	Part-time (2.8)	Full-time (82.2)	Part-time (17.8)
Age groups								
15–29 years	21.7	37.0	25.5	26.6	26.9	61.4	32.9	35.2
30–39 years	31.7	28.4	32.3	39.7	27.6	19.9	30.3	28.3
40–49 years	28.3	16.3	27.8	22.6	25.0	9.6	23.9	19.7
50–64 years	18.4	18.2	14.4	11.1	20.5	9.1	12.9	16.8
Level of education								
No education/primary school	12.1	19.2	7.5	13.3	29.3	15.8	17.5	32.6
Lower secondary level	41.0	38.3	27.1	34.5	34.8	31.7	30.5	35.4
Upper secondary level	36.9	34.7	49.2	44.1	20.5	28.4	23.2	16.3
University	10.0	7.9	16.3	8.1	15.4	24.1	28.9	15.8
Occupational groups (1 digit ISCO-88)								
Managers	2.8	0.6	0.9	0.2	2.8	0.8	1.0	0.1
Professionals	6.1	6.4	10.1	3.9	9.7	18.5	19.1	9.3
Technicians	17.7	14.0	31.9	20.9	9.7	10.4	11.3	5.8
Clerks	12.3	11.1	20.9	18.0	7.8	8.7	20.4	9.9
Services and sales workers	9.8	12.2	13.0	24.1	10.6	21.5	21.6	25.9
Crafts/skilled blue collars	24.8	22.7	7.9	5.79	28.3	11.6	4.2	2.2
Plant and machine operators	15.1	7.2	6.7	3.69	15.2	8.8	5.4	2.1

Elementary occupations	9.1	25.8	8.6	23.4	14.9	19.7	17.0	44.7
Armed forces	2.5	0.0	0.0	0.0	1.0	0.0	0.0	0.0
Industries								
Agriculture	3.0	10.7	1.9	4.3	4.6	6.1	2.6	0.9
Mining and energy	2.2	1.2	0.5	0.3	2.0	0.9	0.5	0.2
Manufacturing	31.6	12.4	22.9	15.0	26.8	13.0	14.7	5.4
Construction	10.0	11.0	1.0	1.4	16.6	4.7	1.3	0.6
Wholesale and retail, repairs	9.4	11.9	9.9	16.6	12.0	14.2	16.1	14.4
Hotels and restaurants	2.2	4.3	2.8	6.3	3.9	14.5	6.3	9.0
Transportation, communications	8.3	5.0	3.7	2.2	6.9	5.9	3.5	2.5
Financial services	4.2	1.2	4.0	3.8	3.4	1.1	3.1	1.2
Business services	3.5	5.4	5.6	11.3	5.1	10.5	8.2	13.4
Public administration	13.2	18.1	11.0	8.0	8.3	3.2	9.3	3.0
Education, health	9.2	10.8	31.5	15.9	6.9	16.2	25.9	15.2
Other services	3.3	8.0	5.2	15.1	3.5	9.5	8.5	34.2
Type of labor contract								
Permanent	93.4	36.8	91.6	69.8	69.9	24.5	69.2	45.9
Temporary	6.7	63.2	8.4	30.2	30.1	75.5	30.8	54.1

SOURCE: European Labor Force Survey.

workers among part-time employees, the latter tend to share some of the features of temporary workers. However, there are also significant differences. First, male part-time workers are, to a large extent, temporary workers in Italy and Spain, and also quite young, especially in Spain; however, their share in part-time work is quite small (around 25 percent). Spanish female part-time workers tend to be younger than full-time workers, although this is not the case in Italy, where the modal group among part-time workers is 30–39 years. Female part-time workers also tend to be more unskilled, as suggested by their lower level of education and, above all, by their strong concentration in the elementary occupations (mostly in Spain) and in the sales and services occupations (mostly in Italy), these being the two least skill-demanding occupational groups. Personal services as well as tourism concentrate the largest shares of part-time females in both countries.

On the whole, part-time work does not seem to have made strong inroads in either Italy or Spain. Despite the efforts to promote it, especially among women, young Italian and Spanish women are more inclined to work full-time, and are moving away from the traditional role of child-rearing that the cultural values have tended to assign their mothers (Comi 2001). The low fertility rates and the rapidly increasing female labor force participation rates are evidence of these trends. The existence of other forms of nonstandard, flexible arrangements, such as independent work and the underground economy in Italy and temporary work in Spain, seem to be the main factor behind these trends.

Finally, Table 4.4 presents the characteristics of self-employed using the same variables included in the preceding two tables. To avoid possible biases, the agricultural sector has been omitted from the analysis. The most striking feature of Table 4.4 is that self-employed workers are significantly older than employees. Thus, 70 percent of both Italian male and female self-employed are age 40 or over, whereas the corresponding figures for employees are 46 percent (males) and 40 percent (females). In Spain, the self-employed are somewhat younger (60 percent of men and 58 percent of women are age 40 or older), but they are still, on average, older than employees. Correspondingly, their level of education is also lower.

The occupational breakdown is not very significant, given that the classification bears in part on the position of the worker in the production process. Thus, the concentration in services and craftsmen (and

Table 4.4 Characteristics of Nonagricultural Self-Employed and Dependent Workers, Italy and Spain, 1999 (%)

	ITALY				SPAIN			
	Men (59.6)		Women (40.4)		Men (62.9)		Women (37.1)	
	Self-employed (25.2)	Employee (74.8)	Self-employed (28.0)	Employee (72.0)	Self-employed (20.5)	Employee (79.5)	Self-employed (15.7)	Employee (84.3)
Age groups								
15–29 years	14.8	22.2	4.7	25.9	14.1	27.9	15.2	33.1
30–39 years	15.7	31.7	24.4	33.6	25.5	27.2	27.1	29.9
40–49 years	20.5	27.9	41.2	26.9	29.0	24.6	28.0	23.3
50–64 years	49.1	18.2	29.8	13.7	31.3	20.3	29.7	13.8
Level of education								
No education/primary school	34.2	11.5	25.1	7.7	37.3	27.5	37.0	19.6
Lower secondary level	32.9	40.7	38.2	27.9	31.7	34.7	32.8	31.2
Upper secondary level	25.3	37.5	17.4	49.2	17.1	21.4	15.5	22.2
University	7.6	10.3	19.3	15.3	13.8	16.3	14.7	27.0
Occupational groups (1 digit ISCO-88)								
Managers	4.9	2.8	1.2	0.8	34.7	2.9	42.5	0.8
Professionals	6.4	6.5	11.7	9.4	8.3	10.5	9.7	17.7
Technicians	9.1	17.9	3.9	30.7	7.2	10.0	5.7	10.4
Clerks	0.4	12.6	8.3	20.8	1.4	8.1	3.8	18.9
Services and sales workers	31.8	10.1	65.7	15.0	5.0	11.7	25.6	23.0
Crafts/skilled blue collars	28.6	24.5	13.0	7.4	27.0	26.9	5.3	3.5
Plant and machine operators	3.2	15.0	0.6	6.4	13.7	15.3	3.6	4.9

(continued)

Table 4.4 (continued)

	ITALY				SPAIN			
	Men (59.6)		Women (40.4)		Men (62.9)		Women (37.1)	
	Self-	Employee	Self-	Employee	Self-	Employee	Self-	Employee
	employed (25.2)	Employee (74.8)	employed (28.0)	Employee (72.0)	employed (20.5)	Employee (79.5)	employed (15.7)	Employee (84.3)
Elementary occupations	15.7	8.3	6.8	9.5	2.7	13.5	3.8	20.7
Armed forces	0.0	2.4	0.0	0.0	0.0	1.0	0.0	0.0
Industries								
Mining and energy	0.1	2.2	0.0	0.5	0.3	2.1	0.1	0.4
Manufacturing	17.1	31.9	21.8	22.1	15.6	27.6	9.4	13.4
Construction	18.1	10.4	0.6	1.1	18.1	17.0	1.4	1.2
Wholesale and retail, repairs	37.9	9.8	55.2	11.2	28.0	12.6	46.5	16.1
Hotels and restaurants	6.5	2.4	2.9	3.4	10.9	4.4	16.1	6.9
Transportation, communications	2.8	8.4	0.4	3.5	11.5	7.2	1.6	3.4
Financial services	1.5	4.2	0.7	4.0	2.2	3.9	2.0	3.6
Business services	6.9	3.7	4.2	6.7	7.9	4.9	6.7	8.5
Public administration	0.1	13.8	0.1	10.8	0.0	8.6	0.1	8.4
Education, health	2.2	9.7	10.6	29.7	2.5	7.7	6.0	24.7
Other services	6.8	3.6	3.6	6.9	3.1	3.9	10.1	13.4
Work status								
Part-time	87.0	96.8	88.6	84.2	97.0	97.2	84.1	81.8
Full-time	13.0	3.2	11.4	15.8	3.0	2.8	15.9	18.2

SOURCE: European Labor Force Survey.

also “managers” in Spain) is related to the fact that these people work on their own. Construction, trade, and tourism are more prevalent among self-employed. General industrial concentration is higher in Italy, where the mean between the distribution of employees and self-employed is 8.4 for males (compared with 5.5 in Spain) and 8.0 for females (7.2 in Spain). This suggests a more concentrated distribution of self-employment in Italy.

On the whole, self-employment in Italy and Spain is hardly a new development. Although the proportion of self-employed workers is relatively stable over time, these are workers who, in general, are in traditional activities in the construction, trade, and hotels/restaurants sectors. New trends in nonstandard work may be found, especially in Italy, in the externalization of work that is quite common in construction and services. These workers are formally self-employed, but they depend on a single provider for work. The frontier between “labor” and “mercantile” exchanges is rather thin in cases such as these.

THE WELFARE OF NONSTANDARD WORKERS

The final element in our analysis is the consequences for workers of their status as nonstandard workers. We present data from the ECHP covering the period 1994–1996. On the basis of the classification used in Table 4.1, we review nonstandard workers’ wages (only available for employees), poverty levels, job and general satisfaction, and transitions from nonstandard work.

Table 4.5 presents information on wage and poverty of the different work categories defined in Table 4.1. Wage data suggest that temporary workers earn less per hour than permanent workers, the differences being somewhat larger in Spain than in Italy. However, before concluding that there is discrimination against workers in Spain, one should remember that wage differences are explained by many other factors beyond the contract type. For example, temporary workers tend to be much younger and less skilled, two factors likely to affect wages between temporary and permanent workers. Econometric evidence is inconclusive on this point, and even the methods for determining whether the differences are discriminatory are subject to

Table 4.5 Wage and Poverty Indicators of Various Workers, Italy and Spain, Circa 1995

	Hourly wage (PPP Ecu) ^a		% below poverty Line 1		% below poverty Line 2		% in persistent poverty	
	Italy	Spain	Italy	Spain	Italy	Spain	Italy	Spain
Permanent full-time employees	6.5	7.6	6.2	4.5	5.4	5.0	2.0	1.8
Permanent part-time employees	6.7	7.8	2.4	5.6	4.4	6.1	1.1	3.4
Fixed-term full-time employees	4.5	4.5	28.0	13.5	22.4	19.6	12.9	7.3
Fixed-term part-time employees	5.3	4.6	28.3	21.6	30.0	19.7	15.7	8.5
Paid apprentices and trainees	4.6	3.9	21.1	23.5	21.3	30.1	13.2	22.1
Self-employed	—	—	14.9	22.6	19.1	20.5	10.3	9.6
Unpaid family workers	—	—	19.5	27.2	20.8	24.9	11.6	11.2

NOTE: “Poverty line 1” refers to current (1996) monthly household income (in adult equivalent per capita terms). “Poverty line 2” refers to total household income in previous (1995) year (in adult equivalent per capita terms). Persistent poverty is living below poverty line 2 in the three waves for which data exist (data refer to the years 1993, 1994, and 1995).

^a Purchasing Power Parity based on the value of the European currency unit.

SOURCE: European Community Household Panel.

debate. Recent estimates for Spain (Davia and Hernanz 2000) suggest that, once the characteristics of the jobs and the workers themselves are controlled, the difference would be favorable to temporary workers.

Part-time workers, when taken together, have lower hourly wages (not shown in the table). However, once the duration of the contract is controlled, as in Table 4.5, they appear to earn more. This is a result that is fairly general, as suggested in previous work (Cebrián, Moreno, and Toharia 2001; Villosio and Garrone 2001), which also suggests that the dichotomy between part-time and full-time is far from clear for all countries, and that a more disaggregated breakdown in terms of the working week would be more sensible in most cases.

On the whole, the wage information does not clearly indicate that nonstandard workers are “worse off.” Those under temporary contracts do earn less per hour, but this is, to a large extent, a consequence of their characteristics: younger and less skilled. In the case of part-time workers, when controlling for the duration of their contract, their hourly wage is higher.

Table 4.5 also includes three poverty indicators. The first two are the percentage of people in each group whose household income (defined in terms of monthly total earnings and of yearly total income) is below a “poverty line,” defined as 50 percent of the average household income for each country, defined in adult-equivalent terms.²² The third measure attempts to address the likely—and correct—criticism that the two previous indicators may capture situations of transitory low income. Thus, rather than considering those in poverty for any one year, this last indicator measures “persistent poverty,” defined as being in poverty (according to the indicator based on yearly income) in each of the three observations available.

The analysis of these poverty indicators suggests several conclusions. First, permanent part-time workers have poverty levels similar to those of permanent full-time workers. Similarly, there are no significant differences between temporary part-time and full-time workers. In other words, the main differences among employees refer to the duration of the contract rather than the duration of the working week.

The second conclusion is that differences between temporary and permanent workers are larger in Italy than in Spain, especially in the case of persistent poverty. Third, paid apprentices and trainees show the highest poverty indicators, especially in Spain.

Of more interest, however, is the situation of the self-employed. They are clearly worse off than permanent employees; however, their relative position vis-à-vis temporary workers varies in both countries. Although in Italy, they tend to be better off, in Spain, they are worse off. This should be interpreted in terms of the gap between temporary and permanent workers, which is clearly higher in Italy than in Spain. A comparison of the various indices—lower persistent poverty and their higher cross-section indicator—also suggests more variability in income for the Spanish self-employed. Finally, unpaid family workers tend to be in a worse position than self-employed workers; the specific concentration of these workers in terms of industries and occupations is probably behind this result.

Additional elements needed to assess the relative well-being of nonstandard workers are provided by the information on job satisfaction included in Table 4.6. The index used is the proportion of people whose satisfaction score is five or six on a scale of one to six.²³ The most striking differences are found for job security, type of work, and number of working hours. Nonstandard work provides, by definition, less job security, which might explain why temporary workers are less satisfied on this measure. One interesting aspect is the difference between permanent workers in Spain and Italy. In Spain, the proportion of those satisfied with their job security is significantly higher than in Italy. One interpretation is that the wedge between permanent and temporary work is considered wider by Spanish permanent workers, who may perceive less threat to their position owing to the large segment of temporary workers. Self-employed worker satisfaction is similar to that of permanent employees in Italy, but it is clearly lower in Spain, although it tends to be higher than it is for temporary workers.

Temporary and permanent workers in Italy, but not in Spain, have different levels of satisfaction, probably owing to the larger reach of temporary work in Spain. In both countries, unpaid family workers report lower satisfaction levels.

In terms of the number of working hours, nonstandard workers are less satisfied than permanent workers in both Italy and Spain. This is interesting because the specific working time dimension included in the classification (namely, part-time versus full-time) does not appear to be significant, implying that part-time workers are not particularly

Table 4.6 Satisfaction with Various Aspects of Work, Italy and Spain, 1996 (%)

	SATISF-1		SATISF-2		SATISF-3		SATISF-4		SATISF-5		SATISF-6		SATISF-7	
	Italy	Spain	Italy	Spain	Italy	Spain	Italy	Spain	Italy	Spain	Italy	Spain	Italy	Spain
Permanent full-time employees	18.8	19.4	53.4	70.6	50.1	59.9	40.0	48.3	42.3	56.0	41.1	54.6	49.7	57.7
Permanent part-time employees	10.0	20.1	44.8	69.4	41.6	46.3	50.9	62.2	53.9	61.1	47.2	64.5	52.2	67.2
Fixed-term full-time employees	13.9	15.5	16.1	25.1	35.8	50.2	26.2	39.5	29.4	46.4	36.3	50.3	39.3	46.3
Fixed-term part-time employees	3.4	13.2	15.5	30.4	33.1	41.8	27.6	37.0	37.3	56.5	42.2	59.3	45.7	52.0
Paid apprentices and trainees	12.2	22.2	17.7	36.7	39.5	58.4	27.1	52.6	28.0	61.2	34.7	62.2	43.7	69.9
Self-employed	15.4	13.1	43.1	39.3	53.4	57.4	21.9	26.2	31.3	43.3	47.9	55.7	58.0	67.7
Unpaid family workers	1.5	12.8	48.5	29.1	35.3	31.2	19.5	22.4	28.0	29.4	46.2	51.0	68.6	77.9

SATISF-1: satisfaction with earnings in present job

SATISF-2: satisfaction with job security in present job

SATISF-3: satisfaction with type of work in present job

SATISF-4: satisfaction with number of working hours in present job

SATISF-5: satisfaction with working times (daytime, nighttime, shifts, etc.) in present job

SATISF-6: satisfaction with working conditions/environment in present job

SATISF-7: satisfaction with distance to work/commuting in present job

SOURCE: European Community Household Panel (percentage of workers whose satisfaction score is 5 or 6 on a 1–6 scale).

unhappy (vis-à-vis their full-time counterparts) with their working time.

Table 4.7 presents information on more general indicators of satisfaction not specifically related to the job currently held. The first indicator refers to satisfaction with “work or main activity” and may be considered a summary indicator of overall job satisfaction (as opposed to its various aspects, as considered in Table 4.6). In Italy, there are clear differences between permanent full-time employees and the self-employed, on the one hand, and the remaining categories, on the other. In Spain, although these differences are evident, they are much less pronounced, indicating once again that nonstandard workers seem to fare more poorly in Italy. The other significant indicator reported in Table 4.7 refers to satisfaction with their financial situation. In this case, a clear difference exists between permanent workers (only full-time for Italy) and the other nonstandard categories. The findings tend to mirror those based on the poverty indicators included in Table 4.5. In this case, however, the differences appear to be larger in Spain than in Italy, probably owing to the general lower satisfaction of permanent employees in Spain.

Finally, Table 4.8 addresses work transition between 1995 and 1996. Three transitions are included: an *improvement* (labeled “better”), that is, achieving a permanent status (or a full-time status for permanent part-timers); *deterioration* (“worse”), including a transition to all other employment statuses; and *joblessness*, both searching for work or not. Permanent full-time employees and self-employed workers have the most stable situations. Approximately 80 percent to 85 percent remained in the same situation for the two years observed. For all other categories, the probability of remaining in the same job situation is generally less than 50 percent, although improving the situation is not always the most prevalent destination.

The time span of this information is too limited to extract substantial conclusions. However, the information does suggest that being a nonstandard worker is, for many, a relatively transitory situation. Of course, it could be that workers in nonstandard contracts rotate between work and unemployment, as the data in Table 4.8 suggest. However, longer-term data are needed to better assess this hypothesis.

In Italy, permanence in a work contract is relatively common for part-time women, and the percentage of conversion from part-time to

Table 4.7 Satisfaction with Various Aspects of Life, Italy and Spain, 1996 (%)

	SATISF-1		SATISF-2		SATISF-3		SATISF-4	
	Italy	Spain	Italy	Spain	Italy	Spain	Italy	Spain
Permanent full-time employees	40.5	57.6	19.9	24.7	49.1	56.5	25.2	27.5
Permanent part-time employees	24.5	58.6	13.0	27.9	57.9	58.4	31.6	34.8
Fixed-term full-time employees	29.3	45.9	11.5	16.4	43.4	53.1	28.6	24.9
Fixed-term part-time employees	19.2	38.6	13.3	9.3	50.5	47.1	33.2	35.0
Paid apprentices and trainees	29.3	56.9	9.5	21.3	38.6	55.3	26.8	31.4
Self-employed	42.7	49.8	17.8	16.1	51.0	54.5	16.0	16.8
Unpaid family workers	24.3	33.1	13.5	14.4	50.2	56.1	24.6	28.8

SATISF-1: satisfaction with work or main activity

SATISF-2: satisfaction with financial situation

SATISF-3: satisfaction with housing situation

SATISF-4: satisfaction with amount of leisure time

SOURCE: European Community Household Panel (percentage of workers whose satisfaction score is 5 or 6 on a 1–6 scale).

Table 4.8 Comparison of Work Situations in 1995 and 1996 (%)

	ITALY				SPAIN			
	Same	Worse	Better	Jobless	Same	Worse	Better	Jobless
Permanent full-time employees	83.9	10.7		5.4	86.9	8.2		4.9
Permanent part-time employees	45.5	10.7	27.7	16.1	44.6	13.0	28.3	14.1
Fixed-term full-time employees	41.4	12.4	29.2	16.9	54.9	7.3	15.3	22.5
Fixed-term part-time employees	28.8	32.7	13.5	25.0	25.4	27.1	17.0	30.5
Paid apprentices and trainees	20.8	18.2	31.2	29.9	13.0	29.6	16.7	40.7
Self-employed	83.9	3.5	2.8	9.8	78.4	7.0	2.9	11.7
Unpaid family workers	43.5	15.8	1.8	38.8	27.1	25.2	1.2	46.5

NOTE: "Same": refers to the situation being the same in both years. "Better": refers to a worker who moved to a permanent status (for permanent part-time: the worker achieves a full-time status). "Worse": refers to all other employment situations. "Jobless": means the person is no longer working (for whatever reason).

SOURCE: European Community Household Panel.

full-time drops with increasing age (Isfol 1998). As for temporary workers, recent data²⁴ show that temporary contracts were the mode of entry into dependent employment for 30 percent of young people who found a job in 1995 and in 1997, while 20 percent became self-employed. Of those entering with a temporary contract, only 21 percent went on to a permanent employment contract within three years (36 percent within five years), while 38 percent (27 percent within five years) were still employed with a temporary contract, and 38 percent (30 percent within five years) were either unemployed or out of the labor force. Moving into stable employment from temporary work is more common for men in the northern regions, and for those with higher education in all regions.

In Spain, where the proportion of temporary workers has remained stable for the past eight years, the characteristics of temporary workers remain basically the same over time, especially in terms of age.²⁵ This implies that as they grow older, temporary workers cease to be temporary. A cohort approach, based on the age of birth, suggests that integration into permanent work is still the dominant feature of labor market careers in Spain, although at a lower pace than in the past.

On the whole, nonstandard workers appear to be poorer and less satisfied than standard employees. However, and this is a key point, nonstandard workers do not appear to get trapped in their situation. On the contrary, many end up in a permanent, "standard" situation. If this is the case, and this is probably more so in Spain than in Italy, social policy should be more concerned with situations that may trap workers (given that exceptions may exist to the general rule) than with nonstandard work itself, the causes of which may be more structural and less institutional. A further point relates to the length of time it takes nonstandard workers, especially younger individuals, to attain a standard status, given that this could also be deemed too long (although, obviously, this is a value judgment). In addition, the possible inefficiencies involved in the current Spanish situation should not be overlooked. We shall return to these in our conclusion.

CONCLUSION

In this chapter, we have compared nonstandard work in Italy and Spain, which share various institutional features in the labor market, particularly their presumed rigidity vis-à-vis workers who hold a permanent status, as well as other social and cultural values. However, although current unemployment rates appear to be converging, the Spanish experience over the last 20 years has been plagued with higher joblessness. This has meant a more aggressive response by policymakers, who have tried to fight this problem through a variety of measures, including various labor market reforms aimed at breaking the dominant standard model, and then subsequently restoring it.

What are the lessons to be learned from these experiences? First, nonstandard work does not appear to be increasing, at least not significantly. The upward trend is clearer in Italy, but the share of nonstandard work arrangements is not high, although newer forms of independent work are expanding quickly. In Spain, on the other hand, the declared objective is to *reduce* the extent of nonstandard work, mostly temporary work.

Is nonstandard work a solution to unemployment? In both countries, a period of high employment followed the introduction of more nonstandard forms of work—in Spain after the 1984 reforms, and in Italy after the 1997 reforms. However, it is far from clear that one could relate the two phenomena (no matter what policymakers might have claimed, especially in Spain).

Is nonstandard work creating different categories, strata, or “classes” of workers? The Spanish case would suggest that jobs are segmented. In addition, income and mobility data suggest that nonstandard workers are in no worse a position in terms of welfare and are not permanently trapped in their situation.

Is nonstandard work a response to the need for flexibility in uncertain market conditions, including seasonal variations? Very likely this is so. In Italy, this needed flexibility has been channeled mainly through the underground economy and, more recently, through new forms of self-employment, although more recently the expanded possibilities for using fixed-term contracts and temporary work have also enlarged the share of this flexible employment form.

The question remains why the Spanish economy appears to need one-third of its employees in a temporary status, while Italy does well with only a 10 percent to 15 percent temporary workforce. It is true that, in Italy, more than 60 percent of new hires are nonstandard work contracts and other forms of nonstandard work, mainly independent work, as well as the underground economy, and these forms of employment may fill, at least in part, the gap between the figures presented. However, labor mobility figures, as represented by the proportion of employed workers with tenure of less than a year (see Figure 4.4), suggest much greater labor mobility in Spain.

There are, then, two basic questions in the case of Spain. First, why do firms appear to have such a strong preference for temporary (or fixed-term) contracts? Second, does the current rate of temporary work imply some level of social inefficiency? The first question may be answered rather straightforwardly: temporary contracts are simply cheaper; conversely, firing costs are too high. This answer, dear to some Spanish economists (see, e.g., Dolado, García, and Jimeno 2002) is not fully satisfactory. As mentioned, the recent experiments to reduce the costs of permanent contracts have not met with the expected success. The number of permanent contracts did increase substantially, but many of the contracts were likely a “deadweight” effect (contracts now registered in search of the bonuses, which would have been signed in any case. See Malo and Toharia 1999). Are firms being myopic? Probably not, given that there are other, “psychological” costs; firms have become accustomed to these contracts over the past 15 years and are reluctant to hire employees under a permanent status because of their greater uncertainty. Therefore, an initial cost calculation (in favor of temporary work) has become so embedded in firms’ behavior (especially smaller ones) that its reversal is not as simple as a mere cost reversal.

This naturally leads to the second question. Is the proportion of temporary workers inefficiently high? First, the proportion of temporary workers sharply increased until 1992 and has remained stable since, suggesting that firms had reached a “steady state” in their needs for temporary workers (rooted in the inherent uncertainties of market economies, as well as on seasonal patterns, which may be more pronounced in Spain). This implies that firms do not want to have all their workers under temporary contracts: permanent contracts do have

advantages, as all personnel experts have known at least since Henry Ford's \$5 wage.²⁶ This seems to imply that there is some "optimal" level of temporary workers. Is the current Spanish level an optimal level? At the social level, probably not, as the usual declarations by the various social partners suggest. If not, does it follow that firms are being inefficient? It could be, but an alternative, more appealing interpretation, in our view, is a gap between private efficiency and social efficiency. In other words, temporary work would be generating negative externalities (not taken into account in a firm's behavior). Such externalities could include an inadequate level of training, the possible side effects on the wage formation process,²⁷ problems with the unemployment compensation system, and more generally with social protection,²⁸ or a delay in family formation and the related low fertility rates (although these are certainly due to other factors as well). In addition, and most important, firms may be hiring too many temporary workers because other firms are doing the same. In other words, there is a "coordination failure" similar to that involved, for example, in adopting inefficient QWERTY keyboards in typewriters and computers.²⁹ Firms might meet their needs to use temporary work differently, but only if all other firms did the same.

Of course, this is only our interpretation of the Spanish situation, and further research is needed, but it appears to be consistent with the views expressed by the social partners in Spain. It suggests, though, that the search for labor market flexibility, if taken too far, may create unexpected inefficiencies along with some, albeit small, social distress.

The Italian labor market appears to be more diversified than that in Spain. The increase in nonstandard work arrangements is the result of different factors, some common to all western countries, others peculiar to the Italian tradition and regulatory system. The recent easing of the regulation of nonstandard work contracts in Italy has also contributed to the growth of these employment contracts.

Common factors on the demand side can be attributed to the increasing role and greater diversification of the private service sector, together with the quest for more flexible organizational patterns in the industrial sector (owing to the increased volatility of final demand and greater global competition). Other features include the fragmentation of the production processes and the outsourcing of services and activities, which are facilitated by technological innovations. Supply-side

factors are linked to the increased labor participation of new segments of the labor force who have a lower attachment to the labor market: women, youth, and older people. In addition, the supply of labor is more stratified than in the past and, on average, presents higher educational and professional levels and a stronger individual capacity to bargain for working conditions.

The peculiar composition of nonstandard work arrangements in Italy is, on the other hand, linked to the specific institutional and regulatory position of labor contracts. The low use of temporary and part-time contracts and the large share of self-employment and of employment in the shadow economy is the result of specific economic, social, and cultural factors (De Luca and Bruni 1993; Reyneri 1996; Bologna and Fumagalli 1997).

A specific feature of the Italian labor market is its low mobility. Even within employment, the flow from one type of contract to another is limited. Workers tend to remain employed in the same contractual arrangement during their careers. This is especially true in the case of part-time work. The entry pattern into employment is very important. Remaining in a nonstandard contract may generate a vicious cycle of precariousness, which is reflected in lower levels of social security protection (Rostagno and Utili 1998), training, and professional upgrading.

Permanence in part-time and temporary work is greater for women than for men, who have higher probabilities of changing to full-time and permanent contracts. The possibility of going from nonstandard to standard employment depends also on the economic conditions of the various areas. In the strongest areas, the probability of shifting to standard contracts is much higher than in other, less-developed areas.³⁰

In Italy, nonstandard work contracts usually imply less favorable working, training, and earning conditions compared with permanent full-time jobs, even if nonstandard dependent work is subject to the same regulatory framework as standard dependent work (Istat 2000; Isfol 1998). This could be one reason for low levels of satisfaction among nonstandard Italian workers. The concentration of nonstandard work among women, youth, and low-skilled workers calls for specific policies to support their permanence in the labor market as well as their professional upgrading.

Notes

1. The numbers implicit in these figures have been reconstructed by the authors from various sources to solve the methodological breaks in the series.
2. These figures are from the European Labor Force Survey (ELFS). We would like to thank Terry Ward, of Alphametrics Ltd. (United Kingdom), and Dominique Gaudron, of Algoé (Paris), for making these data available to us.
3. It should be noted that the 2000 figure is not strictly comparable to those for previous years given that questions about tenure in the LFS changed in 1999. Since 1999, a distinction is made between tenure with the employer and tenure with the current contract, whereas before the question referred to tenure in the current job, which was generally interpreted as tenure with the current contract. However, the numbers for 2000 in Figure 4.4 refer to tenure with the current employer, which is higher to the extent that people may be hired several times by the same employer.
4. Reinstatement is compulsory only in establishments with more than 15 employees. Should the worker not wish to be reinstated, she or he receives additional compensation amounting to 15 months' pay. Smaller firms may choose between rehiring or paying compensation, which depends on length of service and size of the firm (the average compensation is equal to 2.5 to 6 months' wages, reaching 10 months' wages for workers with at least 10 years of tenure and 14 months for workers with a tenure of at least 20 years).
5. Mobility benefits are more generous than the ordinary unemployment benefits. Eligible workers must have been employed for at least 12 months and been laid off within collective dismissals due to restructuring, economic crisis, or bankruptcy of industrial companies with more than 15 employees or commercial companies with more than 200 employees. The mobility benefit is 80 percent of gross remuneration during the first year of unemployment, with a maximum threshold equivalent to about 65 percent of the remuneration of the average worker.
6. Inflation reached 25 percent in 1977.
7. For an early analysis of these changes, see Fina, Meixide, and Toharia (1989), originally written in 1983.
8. This does not imply that economic dismissals were illegal; they just had to follow a more complicated procedure involving negotiations with workers and the intervention of administrative authorities.
9. Because such dismissal does not involve labor courts, a simple administrative meeting between the parties, where the actual severance to be paid is agreed, is enough; this happens in 70 percent of the dismissals undertaken by firms. The most significant point here is that firms could avoid reinstatement of the worker in almost all situations, with the only exception being those involving the violation of basic union or human rights.
10. By restricting even more the possibilities of reinstatement and trying to clarify the economic situations under which the dismissal was to be considered fair. Still, the proportion of dismissals agreed before going to courts remained unchanged and

the amounts agreed did not show any turnaround, thus suggesting that firms, and workers, did not perceive any significant change.

11. The severance pay of unfair dismissal is 45 days' wages per year of seniority with a maximum of 42 months' wages. The new contract introduced in 1997 reduced this to 33 days, wages with a maximum of 24 months' wages. Theoretically, fair dismissals carry a cost of 20 days' wages with a maximum of 12 months' wages. Although no precise information exists, the presumption of most analysts is that actual dismissal costs are closer to the 45 days' wages limits. See, for example, Malo and Toharia (1999).
12. According to the civil code (art. 409) *independent contracts* are defined as "a coordinate and continuous service, mainly individual even if not subordinate."
13. This contractual arrangement implies that the firms have to gradually formalize the irregular work position of their employees. At the same time, the "emerging process" of the black market work can be carried out in a period of time agreed on with the unions without any economic sanctions. Moreover, firms receive from the state fiscal deductions and benefits, as if they were creating new employment (Meldolesi 1998; Reyneri 1998).
14. The regulation of these contracts established a minimum contract period of six months, and the possibility of renewals up to a maximum of three years. Also, these contracts carried severance pay at a rate of 12 days of wages per year of seniority. The worker could not sue the employer for unfair dismissal at the expiry of the contract.
15. Interestingly, the new open-ended contract not only carried lower severance pay but also enjoyed substantial reductions of social charges to the point that, for up to a two-year time horizon, hiring a worker under a permanent new contract was marginally cheaper (including the costs of dismissals at the unfair rate) than carrying out such a contract under a temporary status. The question is why the new contract has not been used more extensively.
16. The ECHP is a European-wide project, the first wave of which was carried out in 1994. Six waves of interviews have been conducted, although only data from the first three were available at the time of writing (May 2001). The ECHP is a panel study, which follows households and individuals over time, and contains substantial information on individuals and their households, including all sources of income. The main drawback of the ECHP is its relatively small sample size, which prevents detailed analysis in some countries and for some variables. Italy and Spain do not pose particular problems in this respect. Our use of this data is under contract no. ECHP/15/00 between Eurostat and the University of Alcalá.
17. That is, it includes workers under fixed-term as well as all kinds of purely temporary contracts.
18. This is important for Italy: if a strict 30-hour threshold is adopted as criterion, the number of part-time workers would actually increase. This is due to the fact that the formal work week of many full-time workers, mostly in education, is less than 30 hours.

19. In fact, it only emerged when, in 1996, the government introduced a special pension fund for the self-employed excluded from the public pension system (including those with VAT numbers).
20. These average national data are a bit misleading in the Italian case, due to the significant territorial differences in economic and social development. For example, although part-time work in northern Italy is mainly female, in southern Italy it is more diffused among men; and in the case of fixed-term contracts, in the North are mainly concentrated among young people, and in the South, they are mainly diffused among adult men.
21. In Italy, work training contracts and apprenticeship contracts are included in fixed-term contracts.
22. The equivalence scale (generally known as the OECD scale) attributes a weight of 1 to the first adult, 0.7 to the successive ones, and 0.5 to children under age 14.
23. Alternative indicators, such as the average score or the proportion of those unsatisfied (scores 1 or 2), could have been used; however, they all tend to provide a similar picture.
24. Data are from answers to a specific question on the labor market situation three and five years after the first temporary job; questions were introduced in the October 1999 Labor Force Survey (Istat 2000).
25. See Toharia et al. (1997) and Malo and Toharia (2000). These analyses take a longer view than those based on Labor Force Survey data, which only follows people for 15 months. For analyses based on this latter data, see Toharia (1996), Alba-Ramirez (1997), Güell and Petrongolo (2000), and Amuedo-Dorantes (2000).
26. See also Sumner Slichter's 1919 Ph.D. dissertation on the turnover of factory labor. This point should not be overemphasized, though. It is only meant to remind that permanent contracts are advantageous to employers. It does not imply that this is the only force behind such contracts. Industrial relations is a much more two-sided matter.
27. This was a popular consequence mentioned in the early 1990s because it was thought that the existence of a large pool of temporary workers would allow permanent workers to bargain for higher wages, thus imparting an inflationary bias to the collective bargaining system. See Bentolila and Dolado (1994), and Jimeno and Toharia (1993). Later wage developments seem to have disproved these arguments.
28. In the sense that unemployment compensation provided to temporary workers is much more costly, given their high turnover rates; in terms of pensions, one could think of the lower contribution period in the long run, which might create problems far in the future.
29. See, for example, Ray (1998), chapter 5. The idea of a "coordination failure" goes back to the work of Paul Rosenstein-Rodan in the 1940s.
30. Part-time employment appears slightly higher in the north compared to the central and the southern regions, owing to the sectoral composition of the regional economies. On the other hand, the spread of fixed-term employment is more varied

from a territorial point of view, its rate being particularly high in the southern area of the country, with peaks of 17 percent of female occupation. Here, too, the growth rates of contractual fixed-term employment are higher than the national average. The intense use in the south of temporary work contracts, where the official unemployment rate is around 22 percent (compared to the national average of 12 percent and the average in the north of 6 percent) with high peaks of youth unemployment, is an expression of a greater job precariousness; however, it also indicates a greater fluidity of entry in a job market in a traditionally closed and selective Italian market.

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5

Nonstandard Work Arrangements in France and the United States

Institutional Contexts, Labor Market Conditions, and Patterns of Use

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Over the past 25 years, nonstandard work arrangements have become a notable feature of labor markets in France and the United States. This chapter compares patterns of nonstandard work in the two countries and examines explanations for the growth of these arrangements. Differences in institutional and macroeconomic contexts in France and the United States are fruitful areas for exploring the factors that shape nonstandard arrangements and their implications for workers and policy.

The two countries invite a comparison because of shared experiences as well as differences. They both have experienced the growth of nonstandard arrangements. Also, both have witnessed an increase in female labor market activity, particularly that of mothers with young children. In contrast, the two countries differ in their institutional settings of employment relationships and social protection policies, as well as in policy on nonstandard work arrangements. Also, the countries differ in their macroeconomic experiences over the past 15 years. France experienced little or no aggregate job growth and high levels of unemployment, while the United States experienced comparatively high job growth and low unemployment. The average unemployment rate between 1986 and 1996 was 10.6 percent in France and 6.2 percent in the United States (OECD 1999). Unemployment in both countries is unevenly distributed across age and race/ethnicity. Gender differences in unemployment are greater in France than in the United States. Thus, a comparison of nonstandard arrangements in these two settings should

enable us to examine how patterns of use, workforce characteristics, and implications for workers are affected by conditions of labor demand and by the institutional setting.

The chapter proceeds as follows. The first section outlines differences in context across the two countries. We then review trends in short-term, temporary agency, and part-time employment, followed by implications for workers. The final section reviews explanations for trends and their implications. We review workforce characteristics and preferences, as well as employer motivations and the role of each country's institutional context in shaping these.

CONTEXTS

Different Macroeconomic Contexts

In France, low job growth and high unemployment in the 1980s and 1990s has meant particularly high unemployment rates for young workers and higher unemployment rates for women than for men. The male unemployment rate was 7 percent in 1990 and 10 percent in 1998, and the female rate was 12 percent in 1990 and 14 percent in 1998. The corresponding U.S. figures were 6 percent in 1990 and 5 percent in 1998 for men as well as women.¹ In France, employment rates (employment to population ratio) were lower overall than in the United States: 60 percent in 1990 and 59 percent in 1998, compared with 72 percent and 74 percent, respectively, in the United States (OECD 1999, p. 225). Employment rates in France, however, were much lower for younger workers (age 15 or 16 to age 24) and older workers (ages 55 to 64). For example, in 1998, the employment rate for young workers was 21 percent in France and 59 percent in the United States. The same year, the employment rate for older workers was 33 percent in France and 58 percent in the United States (OECD 1999, pp. 228–230).

Different Institutional Contexts

On the face of it, the two countries have strikingly different institutional employment contexts. The common law contract for standard employment in France is a contract of indeterminate duration (*Contrat*

à Durée Indéterminée, CDI); the Labor Code states that a contract of employment is “made without limit of time.” This is a standard shared with other Western European countries. Nonstandard employment contracts are defined in contrast to this contract of indeterminate duration. The package of worker rights and benefits in France has been constructed over time around the norm of the CDI. A worker under a CDI is entitled to socially provided benefits, the right to organize and bargain, and specific conditions governing discharge and layoffs. Thus, the growth of nonstandard employment has warranted close policy attention because workers in these arrangements initially stood in a regulatory vacuum. This situation was remedied with legislation governing specific nonstandard contracts during the 1970s and 1980s.

In contrast, the U.S. common law standard for employment is “employment-at-will,” meaning that dismissal is at the employer’s will. There are no due process or “just cause” restrictions on discharges. In addition, the extent of government involvement in setting terms of employment is less extensive than in France. One should not equate legal standards with practice, however. In the United States, employment conditions have also been shaped by personnel policies of large employers and by collective bargaining agreements in the unionized sector. In these settings, the employment-at-will standard has been tempered with due process clauses on discharge and other policies meant to imply some attachment between worker and employer. In addition, several grounds for exception to the employment-at-will legal standard have been upheld in court decisions.

Therefore, policy and practice have resulted in basic employment terms in the two countries that are more comparable than the respective legal standard in each country would suggest. This is particularly true for workers in firms with internal labor markets, most often large companies, but often medium-sized ones as well. Nevertheless, there remain significant differences in terms of employment and institutional settings between the two countries. Most salient, France relies on more formal, explicit, and specific employment regulation than the United States. France also provides key social protection benefits through national systems for health and national or industry-wide pension coverage. In contrast, the United States relies on tax deductible, employer-sponsored health plans and pension plans (providing retirement income that is expected to complement the federal Social Security minimum);

most of these plans generate benefits that are rarely portable and, when they are, only under specific conditions.

Other elements of the French institutional setting, to which we will return later, are in seeming contrast with the United States and have bearing on use of nonstandard work arrangements. First, during the 1970s, France implemented administrative oversight of economic layoffs, a policy that was revoked in 1986. The U.S. layoff notification legislation enacted in 1988 (WARN Act)² is less restrictive. Second, beginning in the early 1980s, France explicitly regulated nonstandard work arrangements. Key to this discussion is that, since 1982, France has mandated wage and benefit parity between workers in nonstandard work arrangements and those with regular arrangements in the same jobs, whereas the United States has not.

The different macroeconomic and institutional contexts in France and the United States have several implications, which will be addressed in this chapter. On the one hand, the different contexts may be the source of the differing patterns of nonstandard work arrangements in the two countries. On the other hand, the different contexts shape the implications of nonstandard work arrangements for workers and, to some extent, their degree of choice and satisfaction. The weak employment picture in France has meant that nonstandard work arrangements are mainly studied and understood in terms of their relation to unemployment and underemployment and, more generally, to employment flux. Nonstandard work arrangements tend to be seen as a way station to regular employment, particularly for young workers and women. In contrast, in the United States, nonstandard work arrangements have been examined mainly in terms of their relation to wages and benefits.

TRENDS AND WORKERS AFFECTED

Two main categories of nonstandard work arrangements can be compared: short-term, or fixed-term arrangements, and employment arranged through a temporary work agency. Short-term arrangements seem to be more common in France than in the United States. In both countries, women are more affected than men. Temporary agency help,

or “temp” employment, is more common in France and displays a different industrial distribution of user firms than in the United States. French temporary employment is concentrated in manufacturing and construction, which results in a much higher representation of men in temporary employment in France than in the United States.

Definitions for nonstandard work arrangements differ somewhat across the two countries. Therefore, comparisons of aggregated categories are not possible. *Fixed-term employment* in France is a specific employment contract of “determinate duration” (*Contrat à Durée Déterminée*, or CDD); these are employment contracts that must explicitly state a duration of employment. In the United States, short-term arrangements entail cases where workers are hired directly by firms to work for a specified period of time. *Direct hire temporary work* is a category estimated rather than directly reported in federal statistics (see below). *On-call* workers, defined as those who work only on an as-needed basis, are compared here with the French category of fixed-term contracts. *Temporary agency work*, an assignment through an intermediary temp/staffing service or agency, is categorized as a separate “employment status” with a specific “temp contract” (*Contrat d’Interim*) in France. In the United States, temporary agency employment is documented by a specific category in federal statistics. Throughout this chapter, we refer to temporary agency workers as “temp contracts” or “temps.”

Short-Term Employment in France and the United States

Fixed-term employment (CDD) in France is slightly greater than direct-hire temporaries and on-call workers combined in the United States. According to the French annual national labor force survey, the share of CDDs in private wage and salary employment has grown steadily, from 2.2 percent in 1982 to 6.1 percent in 1999 (INSEE 1982–1999).³ In the United States, data on nonstandard work arrangements have only been recorded systematically since 1995, in the Alternative Employment Arrangements Supplement to the February Current Population (household) Survey (CPS).⁴ On-call workers represented 1.5 percent of U.S. employment in 1999 (2,180,000 workers), a slight decrease from 1.7 percent in 1995 (Table 5.1). Direct hire temporaries were estimated at 2.1 to 2.7 percent of employment in the 1995 CPS

Table 5.1 Percentage of Workers with Alternative Employment Arrangements, United States

	1995		1997		1999	
Independent contractors	6.7		6.7		6.3	
On-call workers	1.7		1.6		1.5	
Temporary help agency workers	0.1		0.1		0.9	
Workers provided by contract firms	0.5		0.6		0.6	
Total	9.9		9.9		9.3	
Distribution of workers with alternative arrangements by gender						
	Men	Women	Men	Women	Men	Women
% of independent contractors	67.3	32.7	66.6	33.4	66.2	33.8
On-call workers:	48.4	51.6	49.0	51.0	48.8	51.2
Temporary help agency workers:	47.2	52.8	44.7	55.3	42.2	57.8
Workers provided by contract firms	71.5	28.5	69.8	30.2	70.5	29.5
Workers with traditional arrangements:	52.8	47.2	52.7	47.3	52.4	47.6
Male and female workers with alternative arrangements						
	Men	Women	Men	Women	Men	Women
Independent contractors	8.4	4.8	8.3	4.8	7.8	4.5
On-call workers	1.4	1.8	1.4	1.7	1.4	1.7
Temporary help agency workers	0.8	1.1	0.9	1.2	0.7	1.1
Workers provided by contract firms	0.7	0.3	0.8	0.4	0.8	0.4
Workers with traditional arrangements	88.5	92.0	88.6	91.9	89.2	92.2

SOURCE: U.S. Bureau of Labor Statistics, various years.

(Houseman and Polivka 2000)⁵ and 2.6 percent in the 1997 survey (Houseman 1999).

These types of short-term arrangements concentrate in both countries in similar industries (services, trade, and construction), with one exception; in France, the incidence of CDDs is particularly high in manufacturing (food processing and consumer goods manufacturing) (Table 5.2). These industry patterns are mirrored in the occupational concentrations of short-term employment in the two countries. From 1982 to 1999, the incidence of CDDs increased across all major occupation groups in France (Table 5.3). It is particularly high for the “employees” category, which includes office clerical, retail clerks, and direct service workers. In the United States as well, direct hires cluster in administrative support and services (Houseman 1999, Hudson 1999). A major difference is that, in France, the incidence of CDDs is also high for manual workers, while in the United States, professionals account for one cluster of on-call workers.

Evidence from the United States indicates distinct gender and race/ethnicity occupational patterns. Female on-call workers cluster in elementary and secondary schools, hospitals, and restaurant and bar services, while male on-call workers cluster in construction. The most common occupation for Hispanic male on-call workers is farm worker, while for white males, it is truck driver. For Hispanic females, the most common on-call occupation is domestic worker in a private household, while for white females, it is elementary school teacher (Hudson 1999).

In France, women are overrepresented in the CDD workforce relative to their share in the total workforce (Table 5.4). For example, in 1989, women accounted for 49.8 percent of CDDs and 38.9 percent of total employment. Although men accounted for the majority of workers on CDDs through the 1980s, they were underrepresented relative to their share of the total workforce. In 1989, men accounted for 50.2 percent of CDDs but 61.1 percent of the workforce. When the entire period 1982–1999 is considered, however, men’s share of CDDs and of total private employment both decline so that, by 1999, women are the majority of CDDs (53.1 percent). The incidence of CDDs among employed women rose steadily throughout the period, while for men, albeit consistently lower, it increased as well. Thus, over the past two decades, as the incidence of CDDs increased overall in the economy,

Table 5.2 Incidence and Distribution of CDDs^a (Fixed-Term Contracts), by Industry, France

CDD – Both sexes	Incidence ^b			Distribution ^c		
	1982	1989	1999	1982	1989	1999
Unspecified sector	4.13	8.17	17.59	1.28	0.91	0.11
Agriculture	3.88	8.00	14.75	4.03	3.45	4.59
Manufacturing						
Food processing	3.26	5.27	6.54	5.43	4.46	4.10
Energy	0.70	0.84	0.93	0.59	0.34	0.21
Intermediate goods mfg.	1.57	4.15	3.88	7.20	8.23	6.25
Production goods mfg.	1.55	3.85	3.86	8.98	9.34	3.35
Consumer goods mfg.	2.34	5.14	5.79	9.93	9.46	4.66
Automotive industry	—	—	2.59	—	—	0.84
ALL MANUFACTURING	1.87	4.25	4.35	32.13	31.83	19.42
Construction and public works	2.57	3.57	4.73	11.88	7.60	5.75
Trade	2.55	5.14	6.00	16.41	16.92	16.60
Transportation and communications	1.20	3.05	6.03	3.05	3.92	5.82
Market services	2.98	5.67		22.72	25.63	
Services to business			5.25			12.36
Services to individuals/ households			9.23			14.76
Financial institutions	0.99	3.31		2.04	3.61	
Financial activities			3.54			2.66
Real estate activities			4.71			1.12
Nonmarket services	2.22	4.37		6.46	6.14	
Education, health, social services			9.29			12.49
Administration			9.05			4.33
Tertiary sector	2.35	4.85	6.68	50.68	56.22	70.14
ALL ACTIVITIES OR TOTAL	2.24	4.60	6.08	100	100	100

^a CDD = *Contrat à Durée Déterminée* (contract of determinate duration).

^b Figures represent the percentage of workers within the industry in CDDs.

^c Figures represent the percentage of all CDD workers in the particular industry.

SOURCE: INSEE (1982–99), Table PA09.

Table 5.3 CDDs^a in Total Private Wage and Salary Employment, by Major Occupation, France (%)

	Incidence			Distribution		
	1982	1989	1999	1982	1989	1999
Executive and intellectual professions	1.39	2.26	3.84	4.81	4.77	7.83
Middle-level occupations	1.63	3.25	4.63	13.01	13.83	15.82
Employees	2.68	5.40	7.79	32.45	32.95	38.03
Manual workers	2.35	5.21	6.26	49.74	48.45	38.32
Total	2.24	4.60	6.08	100	100	100

NOTE: This table includes workers in nationalized companies. Public-sector workers are excluded, as are artisans and business owners (CDDs do not apply to them). "Employees" include clerical, retail clerks, and direct service workers.

^a CDD = *Contrat à Durée Déterminée* (contract of determinate duration).

SOURCE: INSEE (1982–99), Table PA05.

and as women's share of total employment increased, CDDs disproportionately affected women workers, and CDDs had come to represent a significant share of female employment by the turn of the century. In the United States as well, women are overrepresented among on-call workers relative to their share of the workforce. They are also overrepresented among direct hire temporaries (Houseman 1999).

Temporary Help Employment

In both countries, temporary employment has two "poles" of activity: manual labor in manufacturing or construction and clerical and administrative support in trade and services (broadly defined). However, the incidence of temporary work is from two to three times greater in France than in the United States, depending on definitions used. Manual labor assignments in manufacturing and construction have come to dominate temporary employment in France and, as such, it has become an overwhelmingly male work arrangement. This situation differs dramatically from that in the United States, where female workers, while in declining preponderance over time, continue to predominate in temporary employment.

Table 5.4 Incidence of CDDs^a (Fixed-Term Contracts) and Agency Temporary Help Contracts, by Gender in Private Employment, France

	1982	1989	1999
Total private employment	13,335,750	13,299,435	14,683,276
Male (%)	63.2	61.1	57.9
Female (%)	36.8	38.9	42.1
CDD in all sectors	298,391	611,137	892,207
Male (%)	55.3	50.2	46.9
Female (%)	44.7	49.8	53.1
Temporary help in all sectors	124,651	233,719	446,959
Male (%)	61.2	70.0	71.5
Female (%)	38.8	30.0	28.5
Share of total CDD (%)	2.2	4.6	6.1
Share of employed males (%)	2.0	3.8	4.9
Share of employed females (%)	2.7	5.9	7.7
Share of total temporary help (%)	0.9	1.8	3.0
Share of employed males (%)	0.9	2.0	3.8
Share of employed females (%)	1.0	1.4	2.1

NOTE: Temporary and CDD employment affect private wage and salary employment only.

^a CDD = *Contrat à Durée Déterminée* (contract of determinate duration).

SOURCE: INSEE (1982–99), Table PA09.

In France, temporary employment tripled, from 0.9 percent of private wage and salary employment in 1982 to 3 percent in 1999, and it grew particularly rapidly during the 1990s (Table 5.5). In the United States, temporary help workers accounted for about 1 percent of employment from 1995 to 1999 according to the CPS. Although temporary workers are overwhelmingly white, the incidence of temporary employment is twice as high among black workers (2 percent) and slightly higher for Hispanics (1.4 percent) (Houseman 1999, Hudson 1999). The U.S. temporary help service industry has also been tracked with national time series data. Although these data are not comparable to household data (the number of jobs is greater than the number of workers), they provide useful trend information. From 1986 to 1996, temporary help service employment grew from 0.5 percent to 1.9 per-

Table 5.5 Incidence and Distribution of Agency Temps, by Industry, France

	Incidence ^a			Distribution ^b		
	1982	1989	1999 ^c	1982	1989	1999 ^c
Unspecified sector	3.73	0.85	—	2.77	0.25	—
Agriculture	0.00	0.24	—	0.00	0.27	—
Manufacturing						
Food processing	0.82	2.69	—	3.25	5.97	—
Energy	1.18	1.75	—	2.36	1.84	—
Intermediate goods mfg.	0.95	3.14	—	10.49	16.29	—
Production goods mfg.	1.64	3.37	—	22.75	21.37	—
Consumer goods mfg.	0.59	1.56	—	5.96	7.49	—
ALL MANUFACTURING	1.09	2.70	—	44.81	52.95	—
Construction and public works	1.07	2.39	—	11.84	13.30	—
Trade	0.57	0.55	—	8.84	4.70	—
Transportation and communications	0.47	1.25	—	2.83	4.20	—
Market services	1.35	1.78	—	24.57	20.99	—
Services to business	—	—	21.28	—	—	100
Financial institutions	0.34	0.93	—	1.68	2.64	—
Nonmarket services	0.38	0.19	—	2.67	0.71	—
Tertiary sector	0.79	1.10	4.77	40.59	33.23	100
ALL ACTIVITIES OR TOTAL	0.93	1.76	3.04	100	100	100

^a Figures represent the percentage of workers within the industry who are agency temporaries.

^b Figures represent the percentage of all agency temporaries who are in that particular industry.

^c Starting in 1990, all temp employment is reported under "Market Services."

SOURCE: INSEE (1982–99), Table PA09.

cent of employment. For comparison, over the same period, estimates derived from the CPS indicate growth from 0.5 percent to 0.8 percent of employment (Blank 1998).⁶

In France, between 1982 and 1989, the sectors that rely relatively heavily on temporary help are manufacturing (particularly production goods and intermediate goods) and construction and public works (Table 5.5).⁷ In the United States, temporary workers cluster in ser-

vices, trade, and manufacturing, but in the latter sector to a lesser degree than in France. However, manufacturing assignments have been growing in recent years. There is also a distinct gender pattern to industrial concentration.⁸

From 1982 to 1989, the incidence of temporary contracts in France grew for all major occupation groups except executives, for whom it declined (Table 5.6). The group with the highest incidence of temporary employment is manual workers (6.6 percent in 1999); it accounted for 81.8 percent of temporary workers in 1999. In the United States, temporary workers cluster in administrative support and operator (fabricators, laborers) occupations. Female workers cluster in secretarial, nursing, data entry, and office clerks, while males cluster in assembly and laborers outside of construction. Occupational characteristics vary across racial and ethnic groups. For example, the most common occupation for black women in temporary positions is a secretary and for Hispanic women, it is a nursing aide (Hudson 1999).⁹

Throughout the 1980s and 1990s, temporary employment remained a male phenomenon in France (Table 5.4). Men began the

Table 5.6 Incidence and Distribution of Agency Temps in Total Private Wage and Salary Employment, by Major Occupation, France^a

	Incidence ^b			Distribution ^c		
	1982	1989	1999	1982	1989	1999
Executive and intellectual professionals	0.34	0.16	0.24	2.80	0.91	0.98
Middle level occupations	0.56	0.68	0.88	10.76	7.55	6.01
Employees	1.05	1.09	1.26	30.39	17.46	12.26
Manual workers	1.11	3.05	6.61	56.05	74.08	80.75
TOTAL	0.93	1.76	3.04	100	100	100

^a This table includes workers in nationalized companies. Public-sector workers are excluded, as are artisans and business owners (CDDs do not apply to them). "Employees" include clerical, retail clerks, and direct service workers.

^b Figures represent the percentage of workers within the occupational category who are agency temporaries.

^c Figures represent percentage of all agency temps in the occupational category.

SOURCE: INSEE (1982–99), Table PA05.

period slightly underrepresented in temp employment relative to their share of the workforce, but by the end of the period, they were overrepresented—71.5 percent in 1999. As temp employment grew, particularly in the 1990s, and men's share of total employment declined, temp employment became an increasing factor in male employment. In contrast, although the incidence of temporary employment also grew steadily for women over the period, their share of temp employment declined steadily.

The shifting gender composition in temporary employment in both countries points to the role that demand plays in the composition and characteristics of the temp workforce. In France, temp workers were not always predominantly male; women were the majority in 1962 (Huet and Schmitz 1984). They were slightly overrepresented in 1968, accounting for 40 percent of the temp industry's workforce compared with 34 percent of the total wage and salary workforce. As unskilled jobs in manufacturing fueled the temp industry's growth, the female share of employment declined, from 38 percent in 1970 to 28 percent in 1981. Huet and Schmitz (1984) attribute this growing underrepresentation to the fact that three-fourths of women concentrate outside blue-collar jobs and, when they are employed in manufacturing, they work in sectors that are light users of temporary workers (Huet and Schmitz 1984, p. 45).¹⁰ The *Enquête Emploi* confirms the relative concentration of temp assignments in manufacturing and construction during the 1980s as well.

In the United States, women were the majority of temp workers prior to 1985 (Plewes 1988). Since then, the gender and occupational compositions of industry employment have evolved, but women remain the majority of temps. As the temporary agency industry grew rapidly and steadily over the 1980s and 1990s, the share of clerical and service occupations within it declined (and blue-collar occupations grew), and with it, the prevalence of women workers declined as well. The share of women in temporary employment declined from 76.7 percent in 1984–1985 to 60.4 percent in 1994–1995, while the share of clerical and service jobs in temporary employment declined from 59 percent in 1984–1985 to 45 percent in 1994–1995.¹¹ Should the share of blue-collar assignments continue to grow, it is possible that the gender pattern may reverse.

In summary, the evolving characteristics of temp employment in France and the United States point to the role of demand by user firms and their industry distribution, and to the history and market strategy of the temp industry in each country.

Other Forms of Alternative Work Arrangements

Other nonstandard arrangements are not discussed here due to the lack of readily comparable data across the two countries. United States independent contractors are usually self-employed. French independent workers, a broader group, account for 7.9 percent of private employment (INSEE 1999).¹² Contract company workers are employed by a company that provides their services to other firms and usually are on the worksite of the client.¹³ They are not a separate category in French statistics.

Part-Time Work

Because jobs with part-time hours are often associated with terms of employment that are different from those for full-time work, they warrant separate consideration. Part-time work has followed different paths in the two countries. It expanded in the United States earlier than in France and represented a higher share of employment for much of the 1970s and 1980s. During the 1990s, however, its share of total employment grew rapidly in France while it remained level in the United States.

Comparable Data on France and the United States

Based on the Organization for Economic Cooperation and Development (OECD) definition of part-time work as fewer than 30 hours per week, the gender difference in incidence is greater in France than in the United States.¹⁴ In 1997, part-time work in France accounted for 5.9 percent of total male (wage and salary) employment and 25.2 percent of total female employment. In the United States, it accounted for 8.3 percent of male and 19.5 percent of female employment (OECD 1999, p. 39). The incidence of part-time work of fewer than 20 hours per week (short part-time) is lower in France than in the United States. In 1997, it constituted 2 percent of male employment and 8.9 percent of

female employment in France, and 3.5 percent and 8 percent of male and female employment, respectively, in the United States (OECD 1999, p. 39).¹⁵

Over the past decade, the contexts for part-time work have contrasted sharply in the two countries. In France, the number of part-time jobs grew, while full-time employment declined. Between 1987 and 1997, the change in total employment was 0.26 percent, the growth of part-time work as percentage of total 1987 employment was 0.29 percent, while the change in full-time employment was -0.03 percent. During the same period in the United States, total employment grew by 1.42 percent; part-time employment growth was 0.12 percent, and full-time growth was 1.30 percent (OECD 1999, p. 36).

National Data on Part-Time Work

To build a reliable time series from published INSEE data, we define part-time work as at least 30 hours per week, yet considered below the prevailing full-time norm in each workplace.¹⁶ Thus defined, the incidence of part-time work in France has risen economy-wide from 8.5 percent in 1982 to 18 percent in 1999. Further, it had risen in all industrial sectors and occupations over the period (Table 5.7). (The employment base includes private and public wage and salary workers.)

In the United States, according to national statistics, part-time work grew from 13 percent of nonagricultural employment in 1958 to 18 percent in 1989 (Tilly 1992, reporting from *Employment and Earnings*, with part-time work defined as fewer than 35 hours per week). Data from recent years are not strictly comparable to those of historical trends owing to a survey change. In 1997, the share of the workforce in part-time work was 17.8 percent (Mishel, Bernstein, and Schmitt 1999). Regular part-time work—which corresponds to part-time jobs less those with nonstandard arrangements—amounted to 13.6 percent of employment in 1997 and 13.7 percent in 1995 (Hudson 1999).

In both countries, the incidence of part-time jobs is high in similar industries and occupations. In France, incidence is particularly high in trade (retail, wholesale) and market and nonmarket services (Table 5.7). In 1999, several subsectors had particularly high incidence: services to household or individuals, education and other social services, and real estate. In the United States, industries with high incidence of

Table 5.7 Incidence and Distribution of Part-Time in Public and Private Wage and Salary Employment, by Industry, France

	Incidence ^a			Distribution ^b
	1982	1989	1999	1999
Unspecified sector	11.6	28.5	34.8	0.1
Agriculture	15.5	13.8	16.5	1.3
Manufacturing				
Food processing	4.7	7.4	11.6	1.8
Energy	1.9	3.2	6.3	0.4
Intermediate goods mfg.	2.0	3.0	4.4	1.7
Production goods mfg.	1.6	3.2	5.4	1.2
Consumer goods mfg.	4.8	6.6	8.2	1.7
Automotive industry			3.9	0.3
Total Manufacturing	2.8	5.1		
Construction and public works	2.8	2.7	4.7	1.4
Trade	11.3	14.0	19.8	13.7
Transportation and communications	4.4	5.2	6.6	1.6
Market services	11.5	16.4		
Services to business			16.4	11.3
Services to individuals/ households			42.6	18.4
Financial institutions	7.3	9.1		
Financial activities			13.8	2.6
Real estate activities			21.9	1.6
Nonmarket services	8.6	16.2		
Education, health, social services			26.4	28.1
Administration			18.8	13.0
Tertiary sector	11.8	16.2	22.2	41.1
All activities	8.5	12.2	18.0	100.00

^a Figures represent the percentage of workers within the industry working part-time.

^b Figures represent the percentage of all part-time workers in the particular industry.

SOURCE: INSEE (1989–99), Table PA07.

part-time work in 1997 were retail trade, services, and finance (including insurance and real estate).¹⁷

Correspondingly, the occupational patterns are parallel. In France, in 1999, part-time work clustered broadly in employees (e.g., clerical, retail), and mid-level occupations (e.g., paraprofessionals, technicians, and forepersons) (Table 5.8).¹⁸ In the United States, part-time work is clustered in occupations such as cashiers, waitresses, secretaries, nurses, and sales clerks for women, and cooks, cashiers, stock handlers, janitors, and truck drivers for men (Hudson 1999).

In both countries, women constitute the bulk of part-time workers, a pattern consistent with the occupational distribution of these jobs. This pattern holds in France even though part-time work has grown faster among men in recent years. In France, part-time work has grown from 17.8 percent of women's wage and salary employment in 1982 to 31.7 percent in 1999. The corresponding figures for men are 2 percent in 1982 and 5.5 percent in 1999 (Table 5.9). In the United States, in 1998, the incidence of part-time work was 28.6 percent for women and 11.4 percent for men (*Employment and Earnings* definition). Regular

Table 5.8 Incidence and Distribution of Part-Time, by Broad Occupation in Total Employment, France (Wage, Salary, Independent Workers)^a

	Incidence ^b		Distribution ^c
	1993	1999	1999
Farm operators	15.8	16.7	2.83
Artisans, shopkeepers, and business operators	7.8	8.1	3.25
Executives and intellectual professions	8.1	9.6	7.56
Middle-level occupations	10.1	13.7	16.81
Employees ^d	26.2	31.8	53.52
Manual workers	8.1	10.8	16.01
Total	13.7	17.2	99.99

^a This table includes all employment (wage employment and independents).

^b Figures represent percentage of workers in the occupation who are part-time.

^c Figures represent the percentage of all part-time workers who are in the occupation.

^d "Employees" include clerical, retail clerks, and direct service workers.

SOURCE: INSEE (1989–99), Table PA03.

Table 5.9 Part-Time Work, by Gender, in Public and Private Employment, France^a

	1982	1989	1999
Part-time in all sectors	1,515,535	2,241,015	3,935,529
Male total (%)	13.9	15.6	15.6
Female total (%)	86.1	84.4	84.4
Part-time share of total employed	8.5	11.7	17.2
Part-time share of employed males	2.0	3.4	5.5
Part-time share of employed females	17.8	23.6	31.7

^a Self-reported; up to 30+ weekly hours.

SOURCE: INSEE (1982–99), Table PA07.

part-time work accounts for 21.3 percent of female employment and 6.9 percent of male employment (Hudson 1999).

Recent French research points to clear distinctions by gender and household characteristics. There are those who use it for “complementary” income, and those with limited time because they are female single heads of households. A 1995 *Enquête Emploi* study of private-sector part-time workers found that workers in couples in which one partner works full-time have a part-time rate of 20 percent compared with rates at or under 10 percent for those whose partner works part-time, is unemployed, or is out of the labor force. The rate of part-time work for single women is 20 percent and 24 percent for female heads of households (Galtier 1999b, 1999c).

Part-time work in the United States varies notably by race and ethnicity. In 1997, the incidence of regular part-time work was lower for non-Hispanic black women (15.7 percent) and for Hispanic women (20.2 percent) than for white women (22.6 percent). It is, however, slightly higher among black males (7.1 percent) and Hispanic males (7.1 percent) than for white males (6.7 percent) (Hudson 1999).

IMPLICATIONS FOR WORKERS

In both countries, there is an association between fixed-term and temporary employment, on the one hand, and employment flux or

instability and short part-time work hours, on the other. Instability is a significant issue in France, while lack of access to benefits and differential treatment in pay are much greater issues in the United States.

Employment Flux

Fixed-term contracts (CDDs) have been strongly associated with employment flux and with having a role in hiring and in unemployment (Audibert 1980; Audier 1985; Corbel, Guergoat, and Laulhé 1986; INSEE 1980; Voisin 1989). For example, from 1977 to 1985, the share of CDDs among new unemployment claims rose from 19.1 percent to 37.4 percent (Henriet 1988). Conversely, in a 1985 national survey, CDDs accounted for 64 percent of employment entries in firms of 50 or more workers and 46 percent of employment exits (Corbel, Guergoat, and Laulhé 1986).¹⁹ A later study reports that, in 1992, 67.5 percent of those hired in establishments with 50 or more workers were for CDDs (DARES 1993).

A study of registered unemployment insurance cases from 1993 to 1996 noted a growth in the incidence of intermittent employment (with partial benefits) among the unemployed who were formerly working in CDDs. The authors conclude that these workers expect difficulty in their job search and are more willing to accept intermittent work during the first four months of unemployment. They are likely to not use the full duration of unemployment benefits to look for work (Granier and Joutard 1999).²⁰

Also, the French temp industry sees its mission primarily as facilitating access to (any) job and, secondarily, as meeting the needs of segments of the workforce for intermittent employment. Temp services do not apply a penalty when a user firm recruits a temp worker. In some sectors, the industry generates a recruiting pool for user firms.

In France, worker experience in part-time work during the 1990s was colored by a climate of high unemployment. When part-time work is not chosen (or “constrained,” that is, workers report wanting more hours), it is more likely to be associated with short-term employment (CDD, temp, or short-term internship). In the 1995 *Enquête Emploi*, 21.5 percent of women in constrained part-time jobs worked in a temporary arrangement, compared with 8 percent of full-time women and 7 percent of women in “chosen part-time”; the corresponding numbers

for men are 11 percent, 6.5 percent, and 37 percent, respectively (Galtier 1999c).

Part-time work, particularly when constrained, appears to be associated with flux in employment status and work arrangement. In a cohort of part-time workers from 1994 to 1996, one-third of those in constrained part-time work in 1994 (42 percent of all part-time work) had not been in part-time work in 1993 (Galtier 1999a).²¹ By 1996, 37 percent of those in constrained part-time work in 1994 were in the same situation; 25 percent worked full-time, 10 percent were unemployed, 7 percent were out of the labor force, and 20 percent reported working in “chosen” part-time jobs.²²

In the United States, workers in nonstandard arrangements, except independent contractors, also appear to experience more job instability than regular full-time workers. Examining CPS data from 1995 to 1996, Houseman and Polivka (2000) found that on-call workers, temps, direct hire temporaries, contract company workers, and regular part-time workers were more likely to be with a different employer, be unemployed, or be voluntarily out of the labor force one year later than were regular full-time workers.²³

Access to Benefits

Since the early 1980s, French law mandates parity of wage and benefits between workers in CDD, temporary agency assignments, and part-time arrangements, on the one hand, and regular workers holding similar positions with equivalent skills, on the other. The parity of socially provided health benefits, in particular, is comparatively easy to implement. The context for parity enforcement is fairly strong. The Ministry of Labor has a well-developed cadre of labor inspectors who have strong powers of investigation, mediation, and enforcement. Their investigative role is enhanced in workplaces with labor unions. Nevertheless, parity is most easily enforced when workers are in virtually identical positions. Disparities in socially provided benefits are possible in practice, particularly for part-time workers. Hour thresholds for key benefits exclude workers with very short hours from benefits (fewer than 507 hours in the previous 12 months, or fewer than 200 hours in the previous three months). Eligibility for old age insurance (pension) is also based on hours and earnings. In addition, those hold-

ing several part-time jobs are ineligible for unemployment insurance if they lose one of these jobs (Gauvin 1988).

In the United States, there is a strong association between non-standard arrangements and the lack of employer-sponsored benefits (Hudson 1999; Kalleberg et al. 1997; Kalleberg, Reskin, and Hudson 2000). Access to employer-sponsored health insurance is particularly low for temporary workers (8.5 percent) and on-call workers (21.1 percent) (U.S. Bureau of Labor Statistics 1999). Part-time jobs have a similar liability; 18 percent of workers in regular part-time jobs have insurance compared with 87 percent in regular full-time jobs (Hudson 1999). Eligibility to enroll in an employer-provided pension plan is limited. In 1999, 11.8 percent of temp workers and 29 percent of on-call workers were eligible to enroll compared with 54.1 percent of workers in standard arrangements (U.S. Bureau of Labor Statistics 1999). Similarly, 19 percent of regular part-time workers have employer-provided pension coverage compared with 60 percent of regular full-time workers (Hudson 1999). Participation in employer-provided pension plans is lower still because workers must choose to contribute a portion of their earnings: 5.8 percent of temp workers and 22.5 percent of on-call workers are included in their employer plan compared with 48.3 percent of workers in standard arrangements (U.S. Bureau of Labor Statistics 2000). Over time, this reduced access to benefits may create difficulties for workers. Ferber and Waldfogel (2000) find that past experience in part-time employment reduces the probability of a worker having health insurance and pension coverage.

Wage Parity Issues

Although in France, mandated wage parity is not always simple to enforce, wage disparity has not been the subject of comprehensive national research. In the United States, wage differentials have been documented. On-call workers, temp workers, and direct hire temporaries earn lower wages than workers in regular full-time arrangements. This difference holds true even after controlling for worker and job characteristics (industry, union status, occupation) (Houseman 1999, using 1995 CPS results). Hudson (1999), using 1997 CPS data, finds that, after controlling for individual worker characteristics, women in on-call positions earn 20 percent less and those in temp arrangements

earn 18 percent less in hourly wages than women in regular full-time employment. The corresponding figures for men are 15 percent lower in temp employment and 10 percent lower in on-call employment.²⁴ The author finds that after adding controls for job characteristics (including health and pension coverage), the negative wage effects for both groups are statistically insignificant. In other words, the job characteristics of on-call and temp arrangements account for virtually all the pay differential, a result that departs from those obtained in other research based on earlier surveys. However, a negative hourly pay differential—6 percent for women and 8 percent for men—between regular part-time and regular full-time workers remains (Hudson 1999).

EXPLANATIONS FOR TRENDS

The macroeconomic context of nonstandard employment has shaped the questions raised by researchers in each country. There is broad agreement that both regular, long-term relationships and others are in transition (Cappelli 1999; Freyssinet 1982; Michon 1982; Osterman 1999; Piore 1980; Ramaux 1993), and the growth of nonstandard arrangements is a manifestation of these changes.

Three labor demand factors have shaped the use of nonstandard work arrangements. First, employment structures within large firms have changed. Job ladders have become truncated; some jobs, particularly entry-level ones, are severed from internal paths of promotion and their tasks are designed to be performed by workers on short-term or contract arrangements. Second, and as a corollary to the first change, outsourcing and contracting out for specialized skills and products have increased. Third, primarily in the United States, state and local governments have contracted out the public service delivery to private operators.

Labor supply factors shaping nonstandard work can be conceived in two ways. Workforces with characteristics suited to nonstandard arrangements are “found” (Piore 1980); for example, employers will recruit workforces with limited labor market attachment, or restricted time availability, in short-term arrangements. Alternatively, workforce preferences for nonstandard arrangements are considered the driving

force. To determine the relative weight of labor supply and labor demand factors, one must consider the evidence on both workforce characteristics and worker preferences. It is also necessary to examine employer motivations by looking at patterns of use. Finally, information on how institutional factors affect both labor demand and supply rounds out the picture.

To assign relatively less weight to labor supply factors, and correspondingly more weight to labor demand factors, one only need argue that workers in nonstandard arrangements do not differ from others. Unobserved differences are considered by some researchers. Reported preferences—degree of satisfaction with current arrangement or desire for another arrangement—also help weigh relative effects. Reported preferences are context dependent, however, given that they are also shaped by the availability of alternatives and the extent of worker knowledge about these. This context varies in the two countries.

Fixed-Term and Temporary Work in France and the United States

Workforce Characteristics

The shared pattern of female overrepresentation in fixed-term, direct hire temporary, and on-call employment, and the contrasting pattern of male overrepresentation in temp employment in France and female overrepresentation (though declining) in the United States preclude explanations based primarily on labor supply characteristics. In particular, comparisons point to characteristics of labor demand in the two countries as the driving factor in the composition of temporary agency employment.

Young workers in both countries are more likely than other employees to choose nonstandard work; the pattern is very marked for very young workers (under age 25) in France (Houseman 1999; Voisin 1989). Whether these arrangements lead to regular employment is unclear. In France, young unemployed workers are more likely to leave unemployment than are older workers, but they are also more likely, when hired, to be in a nonstandard arrangement (Voisin 1989).²⁵

Worker Preferences

In the French context of high unemployment, temp work is seen as a means to regular employment. In a 1989 survey commissioned by the

leading temp business association, approximately three-fourths (73 percent) of people who worked as temps in January 1989 responded they had taken a temp assignment “in hopes of finding permanent employment during an assignment” or because they “could not find anything else” (77 percent). Another 39 percent reported wanting the work experience. Only 18 percent reported they wanted intermittent employment (PROMATT 1989).²⁶ A 1980 supplement to *Enquête Emploi* found that 60 percent of temp workers declared that they were looking for stable employment, while 17 percent reported that temporary work suited them (Huet and Schmitz 1984).

Workers in fixed-term, temporary, and part-time work have comparatively high rates of job search, and more frequently report looking for less precarious employment. A study based on the 1986 *Enquête Emploi* finds that 28.2 percent of those in CDDs and 44.8 percent of those in temp employment were looking for a permanent job, compared with 5.9 percent of those in the total workforce. Rates of job search are higher for young workers (under age 25); 32 percent of young workers in CDD and 49 percent of those in temp work reported looking for a permanent job.²⁷ In 1986, 72 percent of job searchers in CDDs, 76 percent in temp assignments, and 41 percent of searchers working part-time reported wanting a “less precarious” job as their reason for job search (Heller 1986, p. 33).

In the United States, a majority of workers in short-term and temporary arrangements also report that they would rather have a regular full-time job. In 1997, 57.6 percent of female temporary workers and 64.1 percent of male temporary workers reported they would rather have a full-time job, and 52.6 percent of female and 56 percent of male on-call workers preferred full-time work (Hudson 1999). About 50 percent of direct hire temporaries reported that they would take a job that is permanent or lasts more than a year (Houseman 1999).

Part-Time Work in France and the United States

Women and Part-Time Work

Because part-time work affects primarily women, cross-country differences in female labor force participation are a logical area to explore in accounting for different trends. However, differences are insufficient to account for lower part-time work in France in the 1970s

and 1980s. Female labor force participation rates were about equal in the two countries in the mid-1970s, but employed French women tended to have full-time schedules (OECD 1993). Since then, the United States has outpaced rates in France so that, by 1998, the average (all ages) female labor force participation rate was 71 percent in the United States and 61 percent in France. This difference is owing to much lower rates for young women (under age 25) and older women (55+). Prime-age French female labor force participation rates were about as high as those in the United States (more than 76 percent) during the 1990s (OECD 1999). It is during this period that part-time work increased rapidly in France.

Involuntary Part-Time Work

Involuntary part-time work is both higher and more divergent by gender in France than in the United States. In 1997, OECD data show that involuntary part-time work was a higher share of total part-time work in France (41.3 percent) than in the United States (7.8 percent) (OECD 1999).²⁸ The share of involuntary part-time work among total part-time work was 52.9 percent for men and 38.8 percent for women. The corresponding numbers for the United States were 7.4 for men and 8 percent for women (OECD 1999, p. 33). Based on U.S. data, involuntary part-time work (those reporting being unable to find full-time work) grew from 3 percent in 1973 to 4 percent in 1989.²⁹ It had declined to 3 percent by 1997 (Mishel, Bernstein, and Schmitt 1999).

Part-Time Work and “Underemployment” in France

Underemployment—those wanting to work more (both available or searching for another job)—grew during the 1990s in France. The rate of underemployment in the part-time workforce grew from 3.6 percent in 1990 to 6.2 percent in 1999. Women and young part-time workers—two groups with high unemployment—are more likely to report underemployment than other workers. Women’s rates of underemployment were 7 percent in 1990 and 10.7 percent in 1999. The rate of underemployment among female single heads of households was 13 percent in 1999. The corresponding numbers for men were 1.1 percent in 1990 and 2.6 percent in 1999. Underemployment rates for young workers (ages 15 to 24) were 10 percent in 1990 and 13.9 percent in 1999 (Kontchou and Brunet 2000, Table 5.1). Workers who combine

part-time and CDD or temporary work are overrepresented in under-employment relative to the share of other employed workers.³⁰

Employer Motivations

Employers in the two countries share similar motivations for using nonstandard work arrangements as well as similar institutional factors that shape employer behavior. They also, however, exhibit differences. The search for quantitative (workforce composition and volume) and qualitative (skill content) flexibility motivates U.S. and French employers, albeit in different ways across industrial sectors, and with somewhat different results in patterns of use. Institutional factors—the regulations, rules, and customs that shape internal labor markets and partially protect workers in regular arrangements from fluctuation—motivate some use of short-term and temporary work in both countries. The ability to save on benefits and wages, however, is distinct to the United States.

Shared Motivations and Production Conditions

During the 1970s, when the growth of fixed-term and temporary contracts as well as contracting out was first noted in France, researchers pointed to increased flux and uncertainty in markets as the source of changing practices. For example, Germe and Michon (1980) examined whether nonstandard arrangements in manufacturing were associated with market conditions, firm size, and employment conditions, but found no straightforward relationships between patterns of use and product characteristics, demand uncertainty, or employment fluctuation. Instead, nonstandard arrangements were best understood either as a tool that allowed firms to avoid work reorganization and a change in workforce management, or as a tool in implementing new production and management practices. In other words, nonstandard arrangements could be put to seemingly contradictory uses and were a polyvalent tool for workforce management.

More proximate motivations fell into three categories. The first entailed the need to achieve qualitative as well as quantitative variability in labor use. Some firms contracted out for specialized labor while others rendered a layer of jobs unstable, thus externalizing labor costs, to

handle uncertainty. The second category achieved cost savings by closely adjusting workforce size to balance actual work time and compensated work time (also found by Ramaux 1993). The third motivation was to intensify workforce discipline, for example, by conveying that regular jobs were “rationed.” As Michon (1982, p. 94) concluded, “variability and flexibility are broader requirements than uncertainty . . . irregular forms of employment are neither the only instrument of flexibility, nor an instrument used to this sole end.”³¹

Researchers have since placed nonstandard arrangements in the context of work reorganization within firms. Large manufacturing firms couple internal flexibility (new scheduling practices, multitasking, broad job definitions) with reliance on subcontracting chains, and with the systematic use of nonstandard arrangements. Most recently, a study of 36 automobile manufacturing plants and supplier chains depicts practices of lean staffing for regular production jobs coupled with a high and systematic use of temp contracts, as well as CDDs. The use of these practices ranges from 10 percent of total employment among automobile manufacturers to 50 percent among first- and second-level suppliers. Temporary contracts are used to renew the pool of potential recruits should regular positions open, with the same screening criteria and education requirements applied.³² Due to legal restrictions on the successive renewal of temporary contracts for the same worker, auto manufacturers and suppliers in France intersperse temporary assignments with a lengthy CDD (18 months). Temporary assignments offer certain advantages relative to CDDs. Temporary workers are not counted in workforce productivity measures, and their relative cost is lowered owing to volume discounts on the markup obtained from the agency (Gorgeu and Matthieu 2000).³³

Case studies of firms outside of manufacturing have connected the reorganization of production and changes in employment structures with the systematic use of CDD and temp contracts, although at levels not as high. Findings are consistent with those reached by Germe and Michon (1980), which depict nonstandard work arrangements as a tool facilitating work reorganization and a change in management practices. In finance and insurance, the nature and size of markets and the reformulation of market strategies have mattered more than fluctuation and uncertainty in product demand per se. A study of major banks and insurance companies conducted in the early 1990s found that these

large organizations used CDD, temporary contracts, and part-time arrangements to make the transition to a new workforce composition that would enable firms to successfully compete in an evolving industry (Carré 1993). Banks and insurance companies used nonstandard arrangements primarily in low and mid-level job categories to 1) control the volume of hiring, 2) accelerate flux at the margins of employment systems that they considered stagnant, and 3) provide leeway to reconsider and modify the career paths of certain workforce categories. Changes entailed replacing one workforce (high-seniority clericals performing account or contract administration in central offices) with another (higher-skilled workers for commercial and customer activities). The shift was to occur in a national context and industry tradition of few layoffs, near zero job growth (or even decline), and for jobs that had not changed sufficiently to attract and retain a workforce with the desired education levels for the future job structure. Nonstandard arrangements were used along with early retirement and other job departure incentives. For example, CDDs were used for extended screening periods, for the replacement of workers on maternity leave (to permit job reduction if the job holder did not return), and for maintaining work productivity while planning for job elimination and redesign.

A 1993 in-depth case study of 24 French manufacturing and service establishments mapped key determinants of the pattern and extent of CDDs and temporary contracts (Ramaux 1993).³⁴ The first determinant shaping patterns of use was the legal and institutional context (see section below). Second, the variation in the activities of the establishment, whether seasonal, related to product cycles, or tied to market uncertainty and business cycles, also shaped patterns of use. Third, the history of employment structures within firms—whether a mature firm having restructured and downsized (and weathered recessions) or a new company increasing regular rolls sparingly—affects the use of nonstandard work. Both result in lean staffing. Fourth, jobs with low skill requirements are more amenable to CDD and temporary contracts. Fifth, organizational characteristics play a role. For example, the percentage of user firms is higher among large firms, but the use intensity is higher among smaller firms (also confirmed in national statistics). Belonging to a conglomerate affects whether internal mobility is an alternative, the degree of local control over workforce management,

and the possibility of negotiating volume discounts on agency fees with temporary services. Sixth, CDDs and temporary contracts are used in jobs slated for elimination once a new technological process is fully installed or to facilitate the installation of new equipment. Seventh, labor relations do not seem to have significant impact on use of CDDs and temp contracts. Finally, local labor market conditions such as skill bottlenecks or the market penetration of temp agencies affect patterns of use (Ramaux 1993).

In the United States, employer surveys also reveal the desire to achieve control of quantitative and qualitative flexibility in staffing and other motivations parallel to those identified in France (Conference Board 1995; Houseman 2001; Kalleberg and Reynolds 2000). Results from the Upjohn Institute nationally representative survey of employers underscore that "fluctuations in staffing needs" is the most cited reason for using temps, on-call workers, and direct hire temporaries (Houseman 2001).³⁵ These fluctuations include unexpected increases in business; filling a vacancy until a hiring decision is made; absences or leaves among regular employees; cyclical fluctuations (for temp use); or industry-specific fluctuations (particularly when coupled with "just-in-time" staffing). Houseman (1999) further reports that the degree of seasonal fluctuation is an important determinant of whether an organization uses temps, direct hire temporaries, or on-call workers. The use of nonstandard work arrangements, particularly temporary agency workers, for screening candidates is cited by 21 percent of firms in the Upjohn study. Also, Kalleberg and Reynolds (2000) find that smaller firms tend to use nonstandard work arrangements to obtain special skills and reduce their administration costs, while larger firms tend to use them to screen workers. The desire to cut benefit costs is reported by 12 percent of employers in a survey of large firms (Conference Board 1995). Another survey of large employers finds that saving on total labor costs, and health insurance costs in particular, is a frequently cited reason for their use (Christensen 1995). In the Upjohn study, 59 percent of companies using direct hire temporaries and 73 percent of those using on-call workers report the hourly wage and benefit cost of these workers is lower than for regular workers (Houseman 1999).

The use of part-time work in both countries has been associated with the service sector, particularly those jobs with variation in demand and extended hours of operation. The increase in the use of part-time

work in France during the 1980s and 1990s has been primarily related to the growth of personal services, the expansion of hours of operation of retail trade and other similar activities, the change in the nature of food service (fast food chains), and, to a small extent, the development of nonstandard hour shifts in manufacturing. These changes have taken place later relative to the United States. Case studies of retail trade have documented employers' greater use of part-time work schedules relative to previous decades (Maruani and Nicole 1989), bringing the practices of this sector on a par with those of U.S. retailers (Tilly 1996).

Shared Institutional Factors

Despite rather divergent legal standards, the two countries share a set of institutional factors affecting regular employment that have a bearing on employer motivation. Over time, in both countries, regular employment has assumed features that have rendered some nonstandard arrangements appealing to employers. With the growth of worker rights in regular employment during the 1970s, CDDs and temporary contracts grew in appeal to French firms. In 1975, faced with layoffs prompted by the economic crisis, France established an administrative oversight of collective and individual layoffs for economic reasons. Employers were mandated to obtain a preauthorization by Ministry of Labor inspectors, to provide prior notification to workers³⁶ and severance pay, as well as to formulate a "social plan" (redeployment, retraining, job search assistance, early retirement) for review by labor inspectors and discussion with worker representatives.³⁷ The impact of the legislation has been much debated. In practice, the mandate included clauses already in effect in national collective bargaining agreements in major sectors, and thus did not introduce significant changes in those sectors. Large firms were more likely to have elaborate oversight procedures than smaller ones. Also, layoffs were most often approved. However, labor inspectors' discretion and their ability to raise questions, require revisions, and introduce lags in the procedure have been seen as having a dampening effect on some layoff decisions and singling out regular employment as a protected arrangement (Caire and Kerschen 1999, Piore 1980).³⁸

However, the use of nonstandard contracts has since become widespread and sustained despite the weakening of layoff protections for workers in regular contracts. For example, the administrative preauthorization of layoffs of regular workers was removed in 1986 owing to employer opposition and implementation difficulties. Prior notification (with a worker interview), severance pay,³⁹ and the requirement to consult with worker representatives about the social plan and to “present” the latter to a labor inspector remain following legal changes in 1993 and 1995. Also, disputes arising about the social plan or about the economic reasons for an individual layoff are handled through a system of individual and collective (union, works committee) recourse to the court system—both peer representation labor courts and courts of appeal (Caire and Kerschen 1999). Layoff avoidance remains fairly common in large employers, particularly in white-collar employment. It is also more common among similar employers in the United States (compared to manufacturing), although to a lesser degree.

Increasingly, the use of nonstandard work arrangements has been understood as motivated by a complex set of decisions shaped only in part by regulations. Employers in 24 firms report a number of costs related to layoffs that are conducive to their circumscribing regular employment contracts only to positions unlikely to be cut. These reasons relate only indirectly to the institutional framework. Employers wish to avoid costs related to prenotification and severance pay as well as those (staff time) associated with mandates for individual meetings or consultation with worker representatives. They also aim to avoid costs related to employee relation problems created by a layoff (Ramaux 1993).

In the United States, laws and executive orders enforcing equal employment opportunity by protecting workers from discrimination in hiring, promotion, and discharge have also entailed some oversight of employer behavior. Factors that have altered termination costs and possibly encouraged the use of temporary work, in particular, include restrictions on the employment-at-will common law standard. Temporary employment entails no firing costs. Autor (2003) finds that states that recognized exceptions to the employment-at-will legal standard, particularly those recognizing “implied contracts,” experienced higher growth in temporary agency employment between 1979 and 1995. These exceptions recognize that workers with an implied contractual

right to continued employment (for example, language in personnel policies) may successfully challenge a discharge in court. Autor finds that “implied contracts” led to 14 percent to 22 percent excess temporary agency employment in adopting states (46 out of 50) compared with nonadopting states. He concludes that the adoption of exceptions to the employment-at-will standard explains as much as 20 percent of the temporary employment growth over the period.⁴⁰

Differing Institutional Factors

France has undergone several waves of regulation and deregulation of nonstandard contracts. Temporary contracts first became subject to regulation in 1972 and CDDs in 1979. Regulations became more stringent in 1982 and attempted to achieve two things at once: 1) to restrict the use of fixed-term and temporary contracts to nonpermanent jobs and, concurrently, 2) to provide guarantees to workers in nonstandard work arrangements that were equivalent to those for regular workers. In the end, they partially succeeded on the second goal but not the first. From 1982 to 1986, regulations explicitly spelled out the economic situations in which short-term and temporary contracts could be used. In 1986, and later in 1989, the government abandoned this close monitoring. In the environment of virtually stagnant job growth during the 1980s, government policy came to reflect the view that removing barriers to the use of nonstandard work arrangements would facilitate job creation even if only nonstandard jobs (Carré 1993). Quarterly data on temporary contract use indicate that the 1982 restrictions indeed had a dampening effect on temporary agency employment. However, the temporary agency trend turned up again in 1984. The laws of 1985 and 1986, designed to favor the growth of temporary employment, did not have a significant impact on this upward trend (Charraud 1993). The reintroduction of a list of allowed reasons for using CDDs and temporary contracts in 1990, coupled with penalties, has compelled employers to monitor the reasons they report to the Labor Ministry but does not appear to have affected patterns of use. The easing of restrictions on successive contract renewals seems to have encouraged the longer-term use of CDDs (Ramaux 1993).

Several key regulations remain that distinguish the situation in short-term and temporary work in France from that in the United

States. First, the regulations mandated parity of wages and benefits between workers in nonstandard work arrangements and those in regular employment in similar positions, with equivalent skills, and not on probation. Laws, collective bargaining agreements, and policies (pay, benefits) that apply to regular workers apply to workers on short-term, temporary, and part-time contracts. In addition, workers in CDDs and temporary contracts receive notice of the exact duration of their contract and a lump-sum payment at the end of it. Second, the operations of temporary agencies are closely regulated. Since 1972, temporary agencies must purchase a form of insurance that guarantees payment of back wages and social benefits to workers in case of bankruptcy. The Ministry of Labor also publishes a list of dangerous activities for which temporary work is illegal. Marginal temporary agencies have been weeded out by the inability to sustain higher costs or by penalties (Puel 1989). It is illegal to use workers on temporary contracts (as well as CDDs) during a labor strike. Also, the government compelled industry-wide collective bargaining for the temporary agency industry as a whole as an alternative to regulation. Since 1985, all temp workers are covered by sectoral collective bargaining agreements that have defined principles for industry-wide seniority, and established peer-representation structures to administer benefits such as sick pay, or supplementary retirement benefits, or the extension of some job-related benefits beyond the duration of a temporary work assignment. In the 1980s, these provisions made temp contracts relatively more expensive than CDDs. The latter were more likely to be used for a large volume of short-term workers while temporary contracts were used for limited and very short-term needs. Since 1990, legislation has brought terms of employment under the two types of contract nearly on a par.⁴¹ The agency markup that makes temporary contracts costlier per hour is often reduced by large firms, which are able to negotiate a significant volume discount with temporary agencies (Ramaux 1993).⁴²

Mandated parity of wages and benefits does not wholly eliminate cost incentives because nonstandard workers, for example, may be in different jobs than regular workers and do not benefit from seniority-based wage premiums and other aspects of nonwage compensation (seniority-based profit sharing, productivity premium). In addition, employers may alter the notion of “equivalent skills” or assign nonstandard workers to a job while requiring tasks be performed at a

higher level of skill (Ramaux 1993). Nevertheless, mandated parity greatly diminishes the incentive to differentiate worker pay levels and access to benefits, a sharp contrast to the U.S. situation.

The regulation of work hours and hours of operation for retail businesses has differed significantly over time in the two countries, a situation that may account for the contrasting part-time trends. French legislation on work hours was revised in the 1990s, allowing more non-standard schedules and shift work. In addition, part-time work has been used as a policy tool, albeit one with multiple, some would even say contradictory, purposes—flexible work options, unemployment alleviation, easing labor market entry, or contributing to internal flexibility (Favennec-Henry 1998). Beginning in 1973, it was fostered with employer incentives to meet worker requests to switch from full-time to part-time schedules.⁴³ In the 1980s, part-time work was seen as a means to job creation and the sharing of work. Its use was fostered for the progressive retirement of high-seniority workers in industries undergoing restructuring such as banking, insurance, and automotive industries (Carré 1993). In these industries, high-seniority workers could convert to part-time at half pay and receive a government subsidy toward their full pay if the company agreed to keep them for two years. Since the 1980s, mandated social security contributions have remained “neutral” with regard to work hours, whereas they had previously penalized part-time work (Marimbert 1992). In the 1990s, to ease labor market entry and provide employers with flexibility, the government facilitated employer use of part-time work. Eligibility for government supports was expanded from 19–30 weekly hours to 16–32 weekly hours averaged on a yearly, as well as monthly or weekly, basis. The count of part-time workers was prorated for all regulations dependent on workforce levels (e.g., works committee representation), and employers could introduce part-time schedules without prior consultation with work committees and unions. In addition, employers benefit from reductions (25 percent in 1992 and 30 percent after 1992) in their social security (health, pension) tax contribution for creating new part-time jobs. The reductions correspond to an 18 percent decline in the wage bill for a given amount of work (Caire and Kerschen 1999).

In the 1990s, part-time work has also been used to trim costs. It has become fairly common practice in retail trade to hire some workers on part-time contracts while also having them work “complementary”

hours up to an additional 10 percent of their scheduled hours (as high as 33 percent in 1986). These complementary hours are paid at straight, rather than at overtime, rates.⁴⁴ The threshold of allowable complementary hours is subject to policy change according to the priorities of successive governments.

It is difficult to sort out the relative effects of successive policies, changing employer practices, and the high unemployment context on part-time trends in the 1980s and 1990s in France. The concentration of women in part-time employment, coupled with high reports of underemployment by young women in part-time work, seem to indicate that newly created part-time positions are behind much of the growth, as opposed to workers converting full-time schedules to part-time by choice. As part-time work has grown in France, its gender composition and occupational distribution have come to resemble that in the United States, suggesting similarities in patterns of use by firms. The remaining differences are in pay and benefits, suggesting that cost savings play a part in U.S. employer motivations.

CONCLUSION

Despite rather different policy environments of employment relations as a whole and for nonstandard work arrangements in particular, both countries now face policy challenges created by the sustained presence of nonstandard work arrangements in their economies. First, in both countries, key social protection programs are tied to employment experience. For example, the degree to which workers benefit from unemployment insurance and pension is related to steady employment. This issue is much more acute in the United States, where these programs offer less generous benefits and less extensive coverage for workers in both regular and nonstandard work arrangements. Second, the employment regulation problem created by triangular relationships in temporary agency work has been addressed in France with industry-level agreements (as well as specific regulations) for the temp industry. It remains an unsolved problem in the United States, however, although recent court decisions have found an employment “relationship” between the temporary worker and the user firm for representa-

tion purposes. Because triangular relationships entail a mix of business contracts (client-intermediary), employment contract (intermediary-worker), and a supervisory relationship (client-worker) with little legal definition, they are a challenge for the existing policy apparatus. Both countries have little experience with regulating business contracts to protect individual employees and have yet to grapple with the supervisory relationship (Triomphe 1999). Third, in both countries, the issue of skill maintenance and upgrading for nonstandard workers over the course of lengthy careers is salient. Neither country has found ways to substitute for employer-sponsored, on-the-job training and skill enhancement in the absence of a regular work arrangement and steady employment.

Notes

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1. For young workers (age 15 to 24), the male unemployment rate was 15 percent in 1990 and 22 percent in 1998.
2. Worker Adjustment and Retraining Notification Act.
3. INSEE *Enquête Emploi* is conducted yearly in April–May for 1982, in March for 1983 to 1997, and in January for 1999. Information on “employment status/arrangements” is available for wage and salary workers, except those employed by the national and local governments (and those in national military service). All computations reported here are for “private wage and salary workers.” Starting with the 1990 survey, one category of workers previously counted in the private sector, “interns,” is redefined and moved outside of the private sector. It now combines “interns and government subsidized contracts,” a group of arrangements created to favor access to the labor market for youths; it is in an ambiguous “public-private” position. For consistency with prior years, these workers are not included in the base for total private-sector employment in this chapter. As a result, the incidence of CDD and temporary workers may be higher beginning in 1990 than in previous years because the base no longer counts “interns”; actually, incidence for CDDs and temporary workers declined from 1989 to 1990–1991, making it difficult to discern the impact of this small change in the base number. Also, beginning in 1995, several broad industry categories are broken down more finely.
4. The CPS is conducted by the Bureau of Labor Statistics; see Table 5.1. All employed persons except unpaid family workers are included in the March supplement, and the base for figures is civilian employment.

5. Based on an employer survey, Houseman (2001) reports an estimate of 3.4 percent for direct hires.
6. Establishment level numbers from the Current Employment Statistics are for SIC 736, Personnel Supply Services, in which over 75 percent of workers are estimated to be in the temp industry (see Carré 1992).
7. Unfortunately, reporting of the incidence of temporary contracts across industrial sectors of assignment in the national labor force survey was discontinued in 1990. Workers with temporary contracts were counted as working in market services from 1990 to 1993, after which they were counted in the subcategory of business services, where they accounted for 21.3 percent of employment in 1999.
8. In addition to personnel supply services (they report the temporary agency as their employer), female temporary workers cluster in telephone and communications, and electrical machinery. Male temp workers cluster in motor vehicles (and equipment) as well as in construction, telephone and communications, and engineering/architectural and surveying industries, in addition to personnel supply.
9. For black male temporary workers, the most common occupation is assembler and for Hispanic males it is truck driver.
10. The authors use the establishment file from the UNEDIC, the unemployment insurance fund run jointly by employer and union representatives. Earlier studies also confirmed the concentrated use of temporary workers in manufacturing and construction.
11. The author reports tabulations based on the March Current Population Survey for 1985, 1986, 1995, and 1996 using information on main job in previous year (see Table 8.3 in Blank 1999).
12. In the United States, a nonnegligible number of survey respondents report that they are wage and salary workers, which seems to contradict their “independent contractor” status. In France, private-sector employment excludes government-sponsored internships. Independent contractors who also include self-employed business owners account for 9.5 percent of male employment and 5.7 percent of female employment. The share of “independents” in public and private employment is 8.6 percent for the total, 7.7 percent for males, and 3.9 percent for females (INSEE 1999, Table PA05).
13. Broader definitions yield estimates ranging from 0.6 percent to 1.2 percent of employment (U.S. Bureau of Labor Statistics 2000; Houseman and Polivka 2000; Kalleberg, Reskin, and Hudson 2000).
14. Although different hour thresholds yield significant differences in part-time levels, the relative rankings of countries in terms of the incidence of part-time work vary little by definition (OECD 1999, p. 22).
15. Between 1987 and 1997, the share of short hours among total part-time hours in France declined from 37.4 percent to 33.7 percent for males, and from 38.9 percent to 35.5 percent for females. This share declined as well in the United States, although it remained higher than in France throughout the period; it declined from 45.4 percent to 42.3 percent of total part-time work for males, and from 44.8 percent to 40.8 percent for females.

16. Definitions of part-time work have changed over time. The *Enquête Emploi* reports as part-time workers anyone declaring a part-time job, usually up to 32 weekly hours. For policy purposes, a part-time job is defined as working at least one-fifth fewer than the statutory, or conventional (bargained), weekly, monthly, or yearly hours (Caire and Kerschen 1999). Those working between 32 and 40 hours may self-report as full-time or part-time, depending on the prevailing schedule in their workplace. With the full implementation of the 35-hour work week, the definition for part-time may change.
17. The particular subsectors with high incidence are eating and drinking establishments, grocery and department stores, and in colleges and universities.
18. Published data on occupations do not separate wage and salary from independent workers.
19. The study uses the monthly *Déclaration des Mouvements de Main d'Oeuvre* and compiles employer reports on regular contracts and CDDs that have either started or expired during the survey month. Public administration, local governments, public health services, and national defense establishments are excluded.
20. The study used a sample of files for those who registered between September and November 1993 with the unemployment agency, ANPE. A sample of 23,882 registered unemployed was followed monthly until July 1996.
21. The study includes private wage and salary workers in the *Enquête Emploi*, having participated in all three labor force surveys (1994, 1995, and 1996). As surveys provide retrospective information, the period covered by the study is 1993–1996. 716,000 reported working in “constrained” part-time work in 1994, and 970,000 reported working in chosen part-time work (Galtier 1999a).
22. Those in short part-time hours (fewer than 15 hours per week) in 1994 were likely to have been unemployed in 1993. By 1996, those with short part-time hours in 1994 were less likely to work full-time; only 14 percent worked full-time compared with 43 percent of those working in long hours in part-time work (30 or more weekly hours).
23. They are also more likely to have part-time hours than workers in standard arrangements. In 1997, 54 percent of on-call workers, and 21 percent of temporary agency employees worked part-time (Houseman 1999).
24. The hourly wage of independent contractors, however, does not differ markedly from that of regular full-time workers.
25. In a 1986 sample of the registered unemployed, 58 percent of males under age 25 and 48 percent of females were employed 18 months later. Corresponding figures for those ages 25–49 were 51 percent and 35 percent, respectively. Of those under age 25 who had found employment, only 45 percent of males and 33 percent of females had found a regular job; 23 percent of males and 33 percent of females had found jobs with a CDD or temporary contract.
26. Of those workers in the survey who were still temps six months later (July)—57 percent of the January sample—most (66 percent) reported they were still temps because they had not found other employment, and 32 percent reported that temporary employment suited their needs. The survey was conducted in July 1989 by

Institut Français de l'Opinion Publique (IFOP) for PROMATT and included a representative sample of 1,000 persons who were temporary workers in January 1989.

27. Job search to find a standard arrangement is also higher for part-time workers with fewer than 30 hours per week; their rate is twice as high as that for the total workforce and six times as high in the case of young women in short part-time hours.
28. The numbers for France exclude the self-employed and family workers. The definition for involuntary part-time is "workers who say they are working [part-time] because they could not find [full-time] work" (OECD 1999, p. 33).
29. Tilly (1992) reports that two-thirds of the growth of total part-time work between 1969 and 1988 was accounted for by the growth of involuntary part-time work.
30. In 1999, workers on CDDs accounted for 12.4 percent of the underemployed compared with 3.4 percent of other workers (public and private sectors combined); 14 percent of underemployed women worked under CDDs compared with 4 percent of other workers. Workers in temporary assignments represent 2.3 percent of the underemployed compared with 1.9 percent of the total employed (Kontchou and Brunet 2000, Table 3). Study based on *Enquête Emploi*, 1990–1999. Differences noted are significant; logit model controlled for sex, age, diploma, nationality, and broad region of residence.
31. Translation by author.
32. Sometimes the auto plant selects the workers and sends them to the temporary service for processing. Tests used for all production workers are administered during the first three-month temp assignment, which is renewed if the tests are passed.
33. The two main auto manufacturers are experimenting with a partnership with temp companies to generate an industry-wide pool of temp workers trained within auto plants and whose skills are "vetted" by the industry so they can readily shuttle among plants.
34. The establishments include 14 from manufacturing, two in construction and public works, and eight in service-producing activities (e.g., FIRE, and services proper).
35. This section relies extensively on Houseman 1999.
36. One month for those with at least six months seniority and two months for those with more than two years of seniority.
37. The procedure created an opening for forging public-private agreements to draw on government aid to dislocated workers.
38. The legislation provided additional grounds for clerical and professional workers, categories of workers previously immune from layoffs, to challenge their layoffs due to restructuring in peer representation labor courts, an action which many took. Labor courts thus became backlogged. In construction, with its frequently recurrent layoffs, the legislation prompted the rapid adoption of temporary contracts simply to avoid the oversight and the lags it entailed.
39. This amounts to about 17 weeks of pay (Caire and Kerschen 1999, p. 309).

40. States in which union density declined less slowly (unions were stronger) had more rapid temporary agency employment growth than those with rapidly declining union density (Autor 2003). In contrast, earlier research on temporary agency trends (1982–1988) concluded that the decline in union power enabled firms to increase their use of temporary workers (Golden and Appelbaum 1992).
41. For example, the lump sum payment is set at 10 percent of total compensation for temps and 6 percent for CDDs.
42. Although the average factor is estimated to be 2.2 in 1993 for the entire temp industry (i.e., for an hourly pay of 100, the temp cost is 220), some large employers were able to negotiate it down to 2.05 or lower (Ramaux 1993, p. 95).
43. One principle remains from this era. Within a workplace, those working part-time and preferring full-time work, and those working full-time but preferring part-time have priority in bidding for jobs with equivalent skill levels to their own.
44. This practice was facilitated by 1986 legislation that revoked a 1982 provision mandating the conversion of part-time contracts to full-time contracts when the worker had effectively worked full-time for a period of 12 weeks.

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6

The Growth of Nonstandard Employment in Japan and the United States

A Comparison of Causes and Consequences

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Employment in nonstandard work arrangements, especially part-time employment, grew dramatically in Japan over the last two decades, and in recent years, nonstandard jobs have accounted for the overwhelming majority of new jobs in Japan. Although growth in nonstandard employment was not as great in the United States, evidence suggests that the share in certain nonstandard arrangements, especially temporary agency employment, expanded rapidly in the 1980s and 1990s.

In this chapter, we examine whether the growth in nonstandard employment in these two countries reflects similar or unrelated forces, and, as a corollary, why the growth in nonstandard employment was so much greater in Japan than in the United States. In particular, we look at potential causes of this growth: a shift in employer demand toward arrangements that increase productivity and reduce labor costs; a shift in the supply of workers seeking more flexible staffing arrangements; and government policies promoting the expansion of nonstandard employment. Finally, we examine the implications of the growth in nonstandard employment for workers.

DEFINITIONS OF NONSTANDARD EMPLOYMENT ARRANGEMENTS

Comparison of the magnitude of and trends in nonstandard work arrangements in Japan and the United States is complicated by the fact that the definitions of arrangements differ between the countries. For instance, in U.S. statistics on part-time employment, which come from the Current Population Survey (CPS), individuals are classified as part-time if they usually work fewer than 35 hours per week. In Japanese surveys, workers are classified as part-time if they work fewer hours per day or days per week than regular workers (e.g., the Survey on the Diversification of Employment) or if they are termed part-time in their place of employment (e.g., the Employment Status Survey). The Japanese definition of part-time, therefore, includes some individuals who work more than 35 hours per week, and this difference between the U.S. and Japanese statistics should be borne in mind.

In 1999, about 30 percent of Japanese workers classified as part-time by their employers worked almost the same number of hours per week as full-time workers (Ministry of Labor 1997a). In cases where Japanese part-time and full-time employees work similar hours, part-time refers to a lower status of employment within the firm. Traditionally, part-time workers were hired to do relatively simple tasks requiring little training and were not expected to work overtime. In contrast, regular full-time workers would be asked to perform a wide variety of tasks beyond their normal work duties, would be expected to work overtime, often for no additional compensation, and might be transferred to distant offices (Sato et al. 1999). These differences, some argued, justified the better pay, promotion opportunities, training, benefits, and job security received by full-time workers compared with part-time workers. However, since the 1980s, part-time workers have been given more responsibility and training by companies, and differences in the scope of tasks performed by part-time and regular full-time workers are narrowing (Miyama 1991; Ministry of Labor 1997b, 1999).¹

Temporary workers in Japan are hired on a contract for a limited duration. Often the distinction between temporary workers and day laborers is made. The former are hired for one month or longer, while

the latter are hired for less than one month. In addition, some Japanese surveys make the distinction between temporary and contract workers; the latter have professional skills and are hired on fixed-term contracts. The data on temporary workers in the United States are not comparable to the Japanese data. In the figures reported below, temporary workers in the United States are defined as workers who indicate their job is temporary for economic, rather than personal, reasons, as reported in recent supplements to the CPS, and thus the definition of temporary worker is somewhat broader in the United States than in Japan. Both Japanese and U.S. surveys report employment in temporary help agencies.²

TRENDS IN NONSTANDARD ARRANGEMENTS

Table 6.1 shows the levels of and trends in part-time, temporary, and temporary agency employment in Japan and the United States in the 1980s and 1990s. The fraction of the workforce that is part-time has been similar in Japan and the United States in recent years, although the part-time statistics in Japan include some employees who work more than 35 hours per week. The proportion of the workforce that is temporary is much higher in Japan than in the United States, although the share of employees who work for temporary help agencies is smaller.

The most striking trend in Japan has been the dramatic rise in the share of part-time employment. Part-time employment grew from 11.0 percent to 18.8 percent of paid employment and accounted for 45 percent of the net growth in paid employment from 1982 to 1997. It accounted for 77 percent of the net growth in paid employment from 1992 to 1997. Published statistics on part-time employment in the United States would suggest that the share of paid employment that is part-time rose modestly in the 1980s and 1990s. However, the CPS, from which part-time statistics are derived, was redesigned in 1994 and part-time statistics before and after the redesign are not comparable. Adjusting for the redesign, the share in part-time employment rose slightly in the 1980s but fell in the 1990s.³

Table 6.1 Trends in Nonstandard Employment (as percentage of paid employment)

Japan				
	Part-time	Temporary		Agency temporary
		Day laborers	Other	
1982	11.0	3.7	7.9	NA
1987	14.2	3.1	8.9	0.2
1992	16.1	2.8	8.4	0.3
1997	18.8	2.6	9.2	0.5
$\Delta 1982-97$	7.8	-1.1	1.3	0.3 ^a
United States				
	Part-time (published)	Part-time (adjusted)	Temporary	Agency temporary
1979	16.4	18.0		
1982	18.2	20.0		0.5
1989	17.0	18.7		1.1
1999	17.4	17.4	4.1	2.5
$\Delta 1979-99$		-0.6	NA	NA
$\Delta 1982-99$		-2.6	NA	2.0

^a Change from 1987-97.

SOURCE: Figures on U.S. part-time employment were derived from the Current Population Survey (CPS) and are expressed as a percentage of total employment. Figures for the years 1979, 1982, and 1989 were adjusted to account for the redesign of the CPS and to make them comparable to the 1999 figures. The figure on U.S. temporaries comes from the February 1999 supplement to the CPS. The figures for agency temporaries represent the percentage of nonfarm payroll employment in the Help Supply Services Industry, which is primarily composed of temporary help agencies. These data come from the Current Employment Statistics (CES) series. Japanese data come from Bureau of Statistics Management Coordination Agency, Employment Status Survey.

The share of Japanese employment in temporary help agencies rose steadily in recent years, albeit from a very small base. Regulation of the temporary help industry was relaxed in 1999, and further growth is expected. In the United States, temporary help employment expanded rapidly, increasing its share of nonfarm payroll employment from 0.5 percent in 1982 to 2.5 percent in 1999 and accounting for

about 10 percent of net employment growth in the 1990s, according to the U.S. Bureau of Statistics establishment survey (Current Employment Statistics).

Although the share of day laborers in Japan fell over the period, the share in other temporary contracts rose.⁴ It appears that most of the growth in temporary contracts is accounted for by the growth in temporary part-time contracts. According to the Ministry of Labor, the fraction of part-time workers reporting that they were on a temporary contract grew from 30.4 percent in 1990 to 40.6 percent in 1996. Among workers in other nonstandard arrangements, such as temporary agencies, the fraction who were in temporary contracts also grew dramatically over the period.⁵ The survey from which we computed temporary employment in the United States was first conducted in 1995. Between 1995 and 1999, there was little change in the fraction of temporary workers in the United States.

The employment categories reported in Table 6.1 overlap. To gain a better sense of the overall size of the workforce in nonstandard employment arrangements, we constructed mutually exclusive categories of employment for the most recent years of data available for Japan and the United States (Table 6.2).⁶ If one defines standard workers as those who work full-time and who are not temporary, and nonstandard as everyone else, then the levels of nonstandard employment are similar in the two countries. In Japan, 76.5 percent of wage and salary workers are in regular, full-time jobs compared with 78.5 percent in the United States. However, within nonstandard employment arrangements, the fraction that is temporary is much higher in Japan than in the United States.

It is also noteworthy that at least half of temporary agency workers in both countries do not report themselves as holding temporary jobs. In Japan, many temporary agency workers still have a regular employment contract with the agency. In the United States, this finding is a bit puzzling, but suggests that many temporary agency workers believe that their employment with the temporary agency is relatively secure, even if their assignments with clients change.⁷

Overall, these data suggest that the growth in nonstandard employment arrangements has been much stronger in Japan than in the United States. Although temporary agency employment has grown rapidly in the United States, at least in percentage terms, nothing comparable to

Table 6.2 Distribution of Employment by Employment Arrangement and Temporary Status, Japan and the United States (% of paid employment)

Japan 1997			
	(1)	(2)	
	Not temporary	Temporary	Sum 1 + 2
Full-time	76.5	0.6	77.1
Part-time	9.6	9.2	18.8
Shokukaku ^a	1.2	0.6	1.8
Temporary agency	0.3	0.2	0.5
Other	0.7	1.2	1.9
Total	88.2	11.8	100
United States 1999			
	(1)	(2)	
	Not temporary	Temporary	Sum 1 + 2
Full-time	78.5	1.4	79.9
Part-time	14.8	1.4	16.2
On-call or day laborer	1.3	0.6	1.9
Temporary agency	0.5	0.5	1.0
Contract company/ independent contractor	0.9	0.1	1.0
Total	95.9	4.1	100

^a *Shokukaku* are employees who do not have a formal labor contract and are asked to perform a specific task for the company.

SOURCE: Data for Japan come from special tabulations of the Bureau of Statistics Employment Status Survey. Figures for the United States were tabulated by the authors from the February 1999 supplement to the Current Population Survey.

the dramatic Japanese rise in part-time employment has been recorded in the United States. This conclusion is subject to the caveat that data for some types of nonstandard employment arrangements have only recently been collected in the United States and, thus, direct evidence on trends in these arrangements is not available. Evidence from several employer surveys suggests that U.S. companies increased their use of direct-hire temporaries, contract company workers, and independent

contractors in the 1980s and 1990s (Conference Board 1995; Abraham and Taylor 1996; Abraham 1990; Houseman 2001).

THE CHARACTERISTICS OF WORKERS IN NONSTANDARD ARRANGEMENTS

Table 6.3 shows the distribution of part-time, temporary, and temporary agency workers in Japan and the United States by gender and age and the incidence of each nonstandard arrangement within age-gender cells. Although women in both countries are more likely than men to hold part-time or temporary jobs, the male-female differentials are much less in the United States than in Japan. The incidence of temporary employment and temporary agency employment is only slightly higher among women than men in the United States.

Although there is a higher incidence of part-time employment among American than Japanese men, temporary employment is more common among Japanese men. This reflects a difference in the type of employment found among the youngest and oldest working men in the two countries. Younger and older American working men are more likely to be employed part-time, while in Japan, those age groups display a greater incidence of temporary employment. Among women, older (65 and over) and teenage American women have higher rates of part-time employment compared with Japan, whereas rates of part-time employment are higher among prime-age women in Japan. Temporary employment is much higher among Japanese women than American women in all age brackets.

THE IMPLICATIONS OF NONSTANDARD EMPLOYMENT FOR WORKERS

The growing number of workers in nonstandard arrangements has raised concern primarily because these jobs are often associated with low wages, few benefits, and little job security. Below, we study evidence on the extent to which these stereotypes are, in fact, true. Fur-

Table 6.3 Distribution and Incidence of Nonstandard Employment by Gender and Age in Japan and the United States (%)

Age and gender	Part-time		Temporary		Temporary agency	
	U.S.	Japan	U.S.	Japan	U.S.	Japan
Male	31.1 (10.5)	20.2 (6.3)	48.6 (3.8)	34.1 (6.7)	42.2 (0.8)	20.6 (0.2)
16-19	11.1 (68.3)	3.1 (46.6)	6.1 (8.9)	3.6 (33.9)	3.2 (1.2)	0.4 (0.0)
20-24	6.5 (22.8)	6.7 (20.8)	10.6 (8.1)	7.4 (14.5)	9.6 (1.8)	4.7 (0.4)
25-29	2.0 (5.8)	1.9 (4.8)	6.4 (4.1)	2.9 (4.5)	4.6 (0.7)	3.9 (0.2)
30-39	2.6 (3.6)	1.4 (2.0)	10.3 (3.0)	2.7 (2.5)	12.1 (0.9)	5.1 (0.2)
40-49	2.0 (2.9)	1.1 (1.4)	7.9 (2.5)	3.1 (2.5)	6.2 (0.5)	1.9 (0.1)
50-64	3.3 (5.9)	3.3 (4.0)	5.4 (2.3)	8.6 (6.6)	4.9 (0.5)	3.1 (0.0)
65+	3.5 (48.9)	2.8 (18.7)	2.0 (4.1)	5.8 (24.3)	1.6 (1.4)	1.9 (0.3)
Female	68.9 (25.3)	79.8 (37.8)	51.4 (4.3)	66.0 (19.6)	57.8 (1.2)	79.4 (1.0)
16-19	12.7 (81.2)	3.5 (59.1)	7.3 (10.6)	3.8 (40.6)	2.5 (0.9)	0.4 (0.2)
20-24	9.6 (35.5)	7.6 (24.3)	10.1 (8.3)	7.8 (15.7)	11.3 (2.3)	13.2 (1.0)
25-29	5.3 (18.2)	5.7 (20.8)	6.9 (4.9)	5.5 (12.6)	9.2 (1.6)	25.3 (2.3)
30-39	13.9 (19.9)	14.2 (37.5)	10.0 (3.3)	11.0 (17.9)	14.3 (1.2)	26.5 (1.7)
40-49	12.7 (17.8)	24.8 (46.2)	8.6 (2.8)	17.8 (20.8)	12.1 (1.0)	9.3 (0.4)
50-64	10.7 (20.2)	21.4 (44.0)	6.4 (2.9)	17.1 (22.1)	7.2 (0.8)	5.1 (0.3)
65+	4.0 (57.5)	2.6 (39.3)	2.2 (7.5)	3.0 (28.2)	1.3 (1.1)	0.0 (0.0)
Total	100 (17.4)	100 (18.8)	100 (4.1)	100 (11.8)	100 (1.0)	100 (0.5)

NOTE: Figures in parentheses are the percentage within the group that are part-time, temporary, or temporary agency workers.

SOURCE: Figures for Japan come from the 1997 Employment Status Survey, Bureau of Statistics. Figures for part-time employment in the United States are authors' tabulations from the outgoing rotation groups of the 1999 Current Population Survey. Figures for temporary and temporary agency employment in the United States come from the authors' tabulations of the February 1999 supplement to the CPS.

ther, where differentials between workers in regular and nonstandard arrangements exist, we examine why they exist.

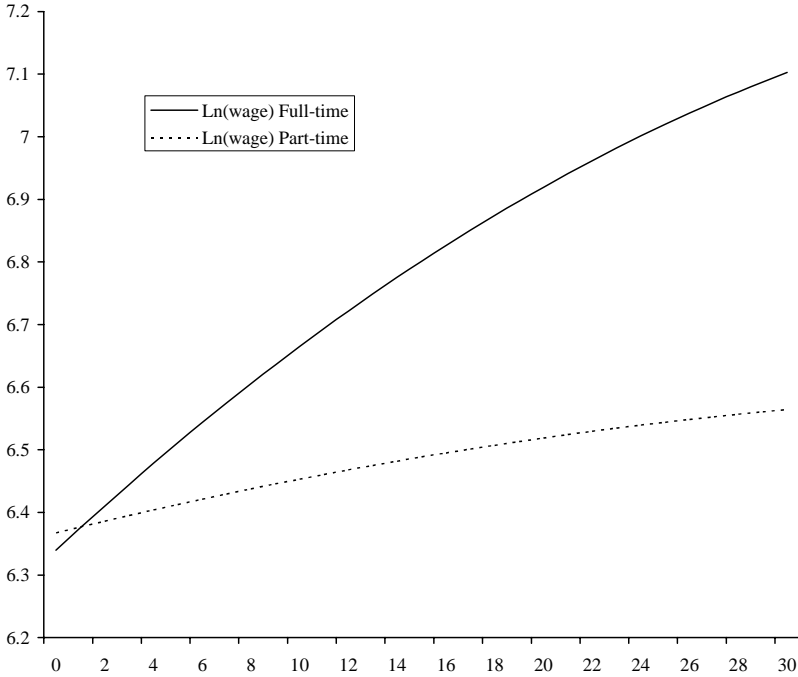
Wages

In the United States, the average wages of part-time, direct-hire temporary, on-call, and temporary agency workers are much lower than those of regular full-time workers. Using a variety of methodologies and data sets, a number of studies have attempted to carefully control for differences in measured and unmeasured human capital between workers in nonstandard and regular jobs. These studies generally have found that workers in nonstandard arrangements still earn significantly less than those in regular jobs.⁸ Low wages in nonstandard arrangements would be of little concern if the workers in these jobs were secondary earners from middle-income or wealthy families. However, workers in all nonstandard work arrangements are much more likely to come from families living below or near the poverty line (100 to 125 percent of the poverty line). In 1995, 6 percent of regular full-time workers lived at or near the poverty level compared with 22 percent of temporary agency workers, 16 percent of on-call and day laborers, 12 percent of contract company workers, 15 percent of direct-hire temporaries, and 14 percent of regular part-time workers.⁹

As in the United States, the average hourly wage of Japanese workers in nonstandard arrangements is considerably less than that of workers in regular full-time positions. Using cross-section microdata from the 1989 Survey on the Status of Part-Time Workers conducted by the Japan Institute of Labor, we estimated wage models for full-time and part-time women.¹⁰ One interesting result from these estimates is that variables measuring human capital, such as education and tenure, have a much smaller effect on part-time workers' wages than on those of full-time workers. The very low return on tenure experienced by part-time workers is consistent with the fact that part-time workers are not covered by the *nenko* wage system prevalent in Japan, in which employees' wages are closely tied to their age and tenure.¹¹

Figure 6.1 shows the results of a simulation, based on estimates from these wage models, of a wage-tenure profile for a part-time and a full-time worker with the same characteristics. Initially, the wages of the full-time and part-time worker are virtually identical. As the tenure

Figure 6.1 Wage-Tenure Profiles of Part-Time and Full-Time Workers, Japan



SOURCE: Authors' analysis using data from the Survey on the Status of Part-Time Workers, Japan Institute of Labor, 1989.

of the two workers increases, however, the wage gap grows.¹² This simulation illustrates the problem faced by Japanese companies, which are saddled with older workers receiving high wages; the incentive is to hire part-time workers to reduce wage costs, given that the workforce is expected to continue to age.

One might argue that the steeper wage-tenure profile of full-time workers reflects greater growth in productivity, perhaps because full-time workers receive more training. However, this explanation is unlikely to completely account for the wage differential between part-time and full-time workers. Wage-tenure profiles are much steeper in Japan than in the United States. Hashimoto and Raisian (1985) note that if the steeper wage-tenure profile reflected greater growth in firm-specific human capital, then the age of retirement should be later in

Japan than in the United States. In fact, the average age of mandatory retirement is considerably lower in Japan than in the United States. In addition, 68 percent of Japanese firms report having a system called *saikoyoseido*, in which retired workers are rehired at a much lower salary (Ministry of Labor 1999). This practice also indicates wages of older regular workers are often above their revenue marginal product.¹³

Benefits

In both Japan and the United States, laws governing benefits often do not apply to those in nonstandard arrangements. In Japan, employers are not obligated to pay social security, disability, and unemployment insurance taxes for many part-time and temporary workers.¹⁴ In addition, if the worker earns less than 1.3 million yen in a year, he or she may be regarded as a dependent of the household head, and the employer need not pay the social security premium. As a dependent, however, the worker is still entitled to a basic pension. Everyone in Japan is required to be enrolled in some form of health insurance, and paid employees generally are enrolled in company-provided health insurance plans. Payment of the health insurance premium is financed through a payroll tax, the cost of which is shared by the employer and the employee. However, employers are not required to provide health insurance to those working less than three-fourths the hours of regular workers. If the worker earns less than 1.3 million yen per year, then he or she is entitled to coverage as a dependent under the household head's policy.¹⁵ Thus, this tax structure, in which many part-time and temporary workers receive benefits as dependents, lowers the tax costs to these workers and their employers and promotes nonstandard employment.

In the United States, employers must pay social security and unemployment insurance taxes on all workers whose earnings are above some minimal amount, although workers in nonstandard arrangements who then become unemployed often do not meet threshold earnings or hours requirements to qualify for unemployment insurance. State workers' compensation laws often exempt domestic, farm, and other casual labor, but otherwise cover most workers.

U.S. law does not require that companies provide workers with benefits, such as a private pension plan and health insurance, but it

does provide substantial tax incentives for employers to provide these benefits. If employers choose to provide their employees with these benefits (and they and their employees take advantage of the tax benefits), the provision of the benefit is subject to regulation. The regulations seek, among other things, to ensure that benefit plans and associated tax breaks broadly benefit employees in the company, not just highly compensated employees. However, many part-time, on-call, and direct-hire temporary employees are not covered by these regulations. Moreover, because independent contractors, contract company workers, and temporary agency workers are not employees of the establishment for which they perform work, they are not covered by a client company's benefit plans. One concern is that benefit regulations in the United States provide incentives for companies to use nonstandard work arrangements to avoid paying benefits to certain groups of workers.

Tables 6.4 and 6.5 provide information on the percentage of workers in nonstandard and regular full-time arrangements receiving selected benefits in Japan and the United States. In the Japanese data, workers were asked whether or not they were enrolled in a particular program. Regular full-time workers were not asked if they were covered by employment insurance, health insurance, or the employee's pension insurance program because, by law, all regular full-time employees must be enrolled in these programs. With the exception of transferred employees, workers in all nonstandard arrangements are far less likely than regular full-time workers to receive all types of benefits. Receipt of benefits is especially low among part-time and temporary workers in Japan, although if workers in nonstandard arrangements are married and earn less than 1.3 million yen per year, they are entitled to basic pension and health insurance coverage through their spouse.

U.S. workers in all nonstandard arrangements are much less likely than regular full-time employees to have health insurance or a retirement plan through their employer. Moreover, they are much less likely to be eligible to receive these benefits from their employer.¹⁶ Unlike the situation in Japan, there is no universal health insurance program in the United States. The low levels of employer-provided health insurance among workers in nonstandard arrangements would be of little concern if these workers generally had health insurance from another source.

Table 6.4 Benefits Received, by Employment Arrangement, Japan (%)

	Workers in nonstandard arrangements							
	Regular employees	Total	Transferred employees	Temporary agency workers	Part-time workers	Temporary workers	Contract workers	Others
Employment insurance	—	50.1	65.1	69.9	45.7	31.3	80.9	63.0
Health insurance	—	40.3	67.9	65.7	33.3	29.9	80.8	58.9
Employee's pension insurance	—	38.1	67.1	61.4	31.9	12.2	78.1	54.1
Private enterprise annuity	55.5	8.3	63.2	9.6	4.4	1.9	14.2	11.6
Lump sum retirement payment	90.5	16.1	84.2	15.4	10.9	8.4	26.8	25.3
Provision of bonus payment	95.9	49.1	88.6	28.8	45.9	51.1	66.6	45.1
Recreation facility	70.0	35.3	82.9	46.2	30.2	15.8	58.8	40.7

NOTE: The statistics are based on individuals' responses to questions about their benefits. Employee's pension insurance is a compulsory pension plan enrolled by the company.

SOURCE: Ministry of Labor, Survey on the Diversification of Employment, 1999.

Table 6.5 The Incidence of Health Insurance and Retirement Plans, by Employment Arrangement, United States (%)

	Health insurance			Retirement plan		
	Health insurance from any source	Health insurance through employer	Eligible for health insurance from employer	Covered by employer pension plan or has tax deferred retirement account	Participates in employer pension plan	Eligible to participate in employer pension plan
Temporary agency workers	43.0	9.0	27.9	20.1	4.3	9.5
On-call or day laborers	68.5	21.2	30.1	38.0	22.2	25.9
Contract company workers	84.2	59.5	76.4	55.4	39.2	46.3
Direct-hire temporaries	74.9	26.3	34.6	26.7	19.8	23.3
Regular part-time employees	76.3	17.2	31.6	33.0	21.3	25.9
Regular full-time employees	88.2	73.4	84.2	70.4	64.2	69.4

SOURCE: Authors' tabulations from February 1999 CPS Supplement on Contingent and Alternative Work Arrangements.

Although many workers in nonstandard arrangements do have health insurance coverage outside their place of employment, temporary agency workers, on-call workers, direct-hire temporaries, and regular part-time workers are still much less likely than regular full-time workers to have health insurance coverage. Health insurance coverage is especially low among temporary agency workers; only 43 percent have any health insurance. Workers in the United States are allowed to save money in tax-deferred retirement accounts if they do not participate in an employer-sponsored pension plan. However, the fraction of workers who have some private retirement plan is still dramatically less among workers in all nonstandard arrangements compared with workers in regular full-time jobs.

One might suspect that workers in nonstandard arrangements receive fewer benefits than regular full-time workers because they have less human capital or are concentrated in occupations and industries in which the incidence of benefits is lower. Yet, even controlling for demographic and job characteristics, workers in nonstandard arrangements are significantly less likely than regular full-time workers to be eligible to participate in an employer-sponsored health insurance or pension plan or to have health insurance or a retirement plan from any source (Houseman 1997).

Job Security

Part-time and temporary workers in Japan enjoy less job security, legally and in practice, than regular full-time workers. In addition to the fact that regular full-time workers receive implied commitments of lifetime employment at large- and medium-sized companies, the employer must provide advance notice and have some compelling reason for dismissing workers (Matsuda 1992; Schregle 1993). In contrast, companies may easily dismiss temporary workers by not renewing their contract. Court rulings regarding job protection afforded regular part-time workers have been contradictory. However, about half of part-time workers are on temporary contract. The hiring of part-time workers on temporary contract is especially common at large companies, which offer strong job security to their regular full-time employees. By placing part-time workers on temporary contract, companies clarify that part-time workers do not have implicit guaran-

tees of lifetime employment. Studies of fluctuations in part-time and temporary employment support the view that workers in these positions have less job security and help buffer workers in regular full-time jobs (Houseman and Osawa 1994, 1998).

There is little basis for believing *a priori* that U.S. workers in non-standard employment arrangements have less job security than those in regular full-time jobs. Although many U.S. companies avoid laying off core workers during downturns, an implied commitment of lifetime employment is rare in the United States, and the employment-at-will doctrine, in which employers have the right to hire and fire workers at will, still largely operates. Nevertheless, employment-at-will has been weakened by laws that prohibit employers from discriminating against workers because of their race, sex, religion, ethnicity, age, or disability and by court rulings that afford employees certain protections against dismissal when their employer has given them an implied commitment of employment. In addition, research suggests workers in certain non-standard arrangements have less job security than those in regular jobs. Based on administrative data from the State of Washington, Segal and Sullivan (1997a) find that the average duration of employment for workers in the temporary help industry is substantially less than that for workers in other industries. In a study of labor market transitions, temporary agency workers, on-call workers, direct-hire temporaries, contract company workers, and regular part-time workers were more likely than comparable regular full-time workers to be with a different employer, be unemployed, or be involuntarily out of the labor force one month and one year later. In addition, the study found that a substantial share of the modest decline in job stability over the last decade can be attributed to the growth in temporary agency employment (Houseman and Polivka 2000).

WHY HAS NONSTANDARD EMPLOYMENT GROWN SO MUCH FASTER IN JAPAN THAN IN THE UNITED STATES?

There are many basic similarities in the phenomenon of nonstandard employment in Japan and the United States. For example, the overall levels of nonstandard employment are similar in the two countries

(though the incidence of temporary employment is much higher in Japan); young and old workers and women are disproportionately represented in nonstandard employment arrangements; and workers in nonstandard arrangements tend to earn lower wages, receive fewer benefits, and have less job security than those in regular full-time positions, even controlling for differences in worker and job characteristics.

However, what differ between the two countries are recent trends in nonstandard employment. The share in nonstandard employment arrangements has increased dramatically in Japan, largely because of the growth in part-time employment. In contrast, the share in part-time employment has declined in the United States over the last decade, and although the share in temporary agency employment has risen rapidly, it still represents a relatively small share of total employment. In analyzing and comparing trends in nonstandard employment in Japan and the United States, we seek to answer two fundamental questions. First, why has part-time employment, including temporary part-time employment, grown so dramatically in Japan while falling in the United States? Second, are the forces underlying the growth in temporary agency employment and other nonstandard arrangements in the United States similar to those underlying the growth in nonstandard arrangements in Japan? In other words, are we observing similar phenomena, albeit on different scales and in different mixes of nonstandard arrangements, in the United States and Japan, or do the trends in nonstandard arrangements signal a divergence in the industrial relations practices in the two countries?

Why Has Part-Time Employment Grown in Japan?

No simple demand- or supply-side story can account for the rapid growth in part-time employment in Japan. Decompositions show that the growth in part-time employment cannot be attributed to a shift in the industrial composition of employment toward industries that intensively use part-time workers. Nor can it be attributed to a shift in the demographic composition of the workforce toward groups that desire more part-time work. Rather, the growth in part-time employment is attributable almost entirely to an increase in the incidence of part-time employment within industries and within demographic groups. In fact, what is quite striking about the growth of part-time employment in

Japan is how widespread the phenomenon is. The incidence of part-time employment has increased dramatically among both men and women and in almost all age groups and industries (Houseman and Osawa 1998). In addition, the growth in part-time employment cannot simply be attributed to the long recession that has plagued the Japanese economy since the 1990s. Although the recession may have accelerated the growth of part-time employment, the share in part-time employment began increasing rapidly well before the recession of the 1990s.

We argue that the rapid increase in part-time employment is driven, in large part, by demand-side forces and reflects strains in the Japanese industrial relations system. Increased demand by firms for part-time workers has been accommodated, to some degree, by an increased supply of women workers, who have sought part-time employment because of the decline in opportunities for self- and family employment. Finally, public policy has encouraged the growth of part-time employment by providing substantial tax incentives for firms to hire part-time workers and for workers to take part-time jobs.

Strains in the Japanese industrial relations system

Two prominent features of Japanese industrial relations are lifetime employment and *nenko* (seniority-based) wages. This industrial relations system, which first emerged prior to World War II, became the norm in large firms after the war. It also strongly influenced working conditions in medium- and small-sized firms. Under the *nenko* wage system, in theory, workers are initially paid wages below their marginal revenue product, but as tenure rises they eventually are paid more than their marginal revenue product. For war-devastated Japan, *nenko* wages depressed initial wage outlays, thereby freeing up funds for capital investment. The system was sustainable because the workforce was young and the economy rapidly growing, thus ensuring that the age structure of a firm's workforce would be pyramid shaped. Workers favored this system because wages rapidly rose just as workers' family-related expenditures increased (Nakatani 1987).

Providing job security facilitated the introduction of new technologies on the factory floor. With the widespread adoption of new technologies after the war, firms were compelled to provide continuous in-house training. Knowing that jobs would not be lost as a result of inno-

vation, workers did not oppose its introduction. Knowing that their own interests were tied to the fate of their firms, workers also became more committed to their companies, an inclination reinforced by paternalistic employment practices. In this way, the lifetime employment and turnover-depressing *nenko* wage system represented a long-term social contract between companies and workers.

The structure of financial markets also supported these post-war industrial relations practices. Given the prevalence of cross-share holding arrangements (related *keiretsu* firms, or friendly firms, would control large blocks of a firm's shares) and access to bank loans at low rates, firms could focus on expanding market share and long-term profits without worrying about pressures to boost quarterly earnings. Thus, financial markets exerted little pressure on companies to trim the labor force during business cycle downturns.

Some of the forces that made the Japanese employment system logical for much of the post-World War II period have changed, creating pressures on businesses to adopt new practices. One is the changing demographic composition of the workforce. The birth rate in Japan has been steadily falling since World War II, and accompanying the decline has been a graying workforce with higher job tenure. The increase in tenure increases companies' wage costs because, under the *nenko* system, wages rise sharply with tenure and this rise is not matched by increases in productivity. Because the number of people in their twenties is declining dramatically, the problem of an aging workforce will not be alleviated in the near future.

At the same time that employers' wage costs have been rising, Japanese businesses have come under tremendous pressure to lower labor costs in the face of decelerating economic growth, massive debt burdens—especially in manufacturing—and increased international competition with the opening of Japanese markets. Trade liberalization has resulted not only in the growth of imports, but also in a surge of foreign direct investment, with leading banks, insurance companies, and auto companies coming under foreign control. Although in the past, the close relationship between Japanese companies and banks allowed them to focus on long-term growth and market share, Japanese businesses now face foreign shareholders and banks who expect short-run profitability (Alexander 2000).

In sum, firms currently have workforces that are top-heavy with older, highly paid, but less productive workers at a time when cutting costs and raising productivity are necessary in the face of heightened global competition. Japanese firms have responded by trimming bonuses, cutting overtime, dispatching workers to subsidiaries, and forcing older workers into early retirement. To make wages more responsive to performance, some companies have begun determining wages on an annual basis (*nenposei*). However, the implicit social contract that has developed over the years makes it difficult for companies to introduce sweeping changes to their industrial relations practices in rapid fashion without causing loss of morale and risking productivity declines among regular workers. As a result, we argue, many companies have continued to protect their core workforce, while expanding the size of their nonstandard workforce, especially part-time workers, who do not receive *nenko* wages and implied commitments of job security.¹⁷

Increase in employers' demand for part-time workers

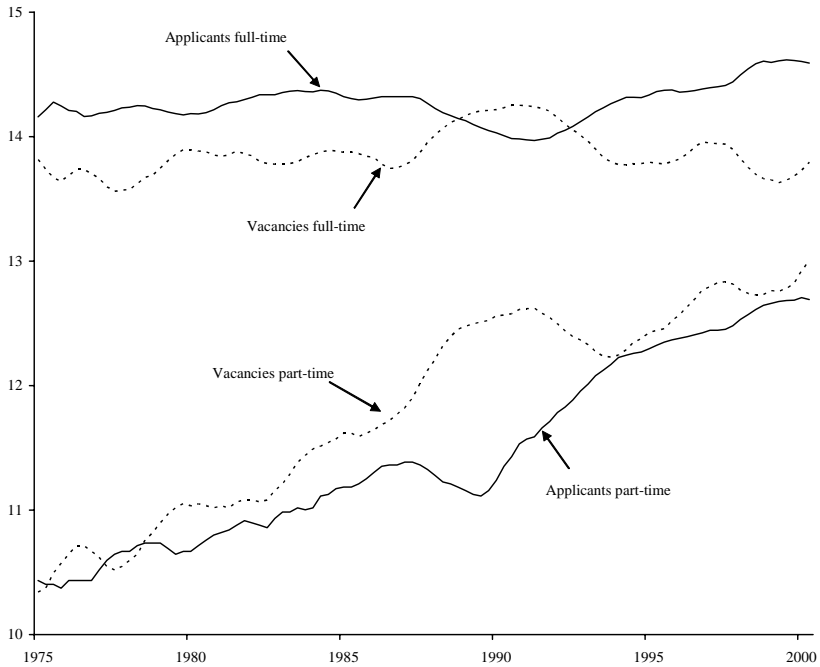
The evidence on the growth of part-time employment in Japan is generally consistent with our demand-side explanation. Figure 6.2 depicts the natural logarithm of the number of job vacancies and applicants for full-time and part-time workers over the 1975–2000 period.¹⁸ If the growth in the stock of part-time workers over the period were driven by a growth in employer demand, we would expect the growth in job vacancies for part-time workers to exceed the growth in part-time job applicants. This is the pattern observed during the 1980s, which was a period of economic expansion in Japan. During the 1980s, job vacancies for part-time workers also grew rapidly relative to the growth of job vacancies for full-time positions.

During the early 1990s, when the economy first went into recession, job vacancies for both full-time and part-time positions fell. Since the early 1990s, job vacancies for part-time positions have soared, more than doubling between 1993 and the second quarter of 2000, while vacancies for full-time positions have continued to decline. Applicants for part-time and full-time positions have risen steadily during the 1990s. By 2000, there was a large gap between job applicants and vacancies for full-time positions, indicating an excess supply of workers for full-time regular jobs at existing wage levels. It is widely

presumed that the rapid growth of part-time workers in the 1990s during Japan's severe recession was demand driven, and the data in Figure 6.2 are consistent with this analysis. However, the vacancy data in Figure 6.2 suggest that the growth in the expansionary years was also led by demand forces.

The patterns of growth in part-time employment by age and gender also are consistent with a theory of demand-driven growth. If businesses have been substituting part-time workers for full-time workers on the margin when they hire, we would expect that increases in the incidence of part-time employment would be most dramatic among demographic groups with a high share of new entrants or reentrants to the workforce. Indeed, this is precisely the pattern observed. The incidence of part-time employment grew dramatically among young men and women. For instance, between 1982 and 1997 the incidence of

Figure 6.2 Logarithm of Job Vacancies and Job Applicants for Full-Time and Part-Time Jobs, Japan



SOURCE: Authors' tabulations using data from the Ministry of Labor.

part-time employment grew from 19 percent to 47 percent among working men ages 15 to 19, and from 15 percent to 59 percent among working women ages 15 to 19. The rise in part-time employment was also dramatic for working women over 40, who are likely to be reentering the workforce after rearing children, and among men age 65 and over, who are likely to be taking on a bridge job to retirement.

Finally, evidence from employer surveys is consistent with an increase in employer demand for part-time workers. Table 6.6 reports results from the 1994 and 1999 Ministry of Labor Survey on the Diversification of Employment on the principal reasons businesses hired additional part-time workers. By far, the most common reason businesses cite for increasing the number of part-time workers is to save personnel costs. In addition, the fraction of businesses citing labor cost savings grew between 1994 and 1999. There is also evidence that businesses are increasingly hiring part-time workers to facilitate employment adjustment. The latter finding is consistent with the fact that the fraction of part-time workers on temporary contract, and hence who are easier to dismiss, has grown dramatically. The notion that businesses are increasingly hiring part-time workers because of supply-side constraints is not supported by these data. Whereas 20 percent of businesses cited difficulty in hiring full-time workers as a reason for hiring part-time workers in 1994, about half that percentage cited this factor in 1999.

Supply-side and public policy factors

Although structural changes in Japan's economy have placed strains on the current industrial relations system and resulted in an increased demand for part-time workers by firms, structural economic changes also may have increased the supply of workers seeking part-time positions. Nitta (1999) and Nagase (1997; this volume) note that the growth in part-time employment has paralleled the decline in family- and self-employment. Nagase argues that part-time jobs, like family- and self-employment, are much more flexible than regular jobs and enable women to accommodate family demands. She posits that the decline in opportunities in family- and self-employment in recent decades led to an increase in the supply of women seeking part-time jobs. Thus, an increase in women seeking these jobs likely helped to accommodate the increase in demand for part-time workers.

Table 6.6 Principal Reasons for Increasing Nonstandard Employment among Japanese Businesses Expecting to Hire More Workers in Nonstandard Arrangements (%)

Reasons	Part-time workers			Temporary agency workers		Temporary/day laborers ^d		Contract/on-call ^e	
	1994 ^a	1999		1994	1999	1994	1999	1994	1999
		Short-time worker ^b	Others ^c						
Difficult to hire full-time workers	20.3	9.3	10.9	16.0	8.5	20.6	10.2	14.3	7.5
Specialize core workers in more important task	—	14.6	12.2	—	14.2	—	9.1	—	11.5
Respond to increase in professional task	9.5	11.5	11.6	37.8	23.8	14.7	11.8	57.1	42.4
Want to hire person with experience and skill	6.5	10.6	14.2	22.9	31.0	8.5	13.3	19.8	34.6
Respond to economic fluctuation (facilitate employment adjustment)	20.7	26.9	24.8	18.6	26.2	20.7	34.3	8.8	19.0
Respond to long operation time	19.7	23.9	17.3	3.1	6.0	9.8	11.6	5.8	6.2
Respond to fluctuating workload over a day or week	34.4	36.2	21.9	15.7	8.1	15.1	15.9	7.7	4.0

(continued)

Table 6.6 (continued)

Reasons	Part-time workers			Temporary agency workers		Temporary/day laborers ^d		Contract/on-call ^e	
	1994 ^a	1999		1994	1999	1994	1999	1994	1999
		Short-time worker ^b	Others ^c						
Respond to seasonal or temporary business fluctuation	15.8	19.1	18.2	12.1	22.8	36.2	36.3	10.0	6.5
Save personnel costs	52.3	61.5	59.1	35.9	40.3	28.7	45.3	19.6	33.8
Hire retirees	5.2	5.5	7.0	2.0	0.9	11.6	7.6	13.6	18.0
Replacement of workers for taking child care leave, or care for aged parent	—	4.7	4.0	—	7.5	—	4.9	—	4.6
Other	7.4	6.1	6.4	5.7	5.8	9.1	3.2	7.1	7.0

^a Work fewer hours per day or days per week than regular employees.

^b Work fewer hours per day or days per week than regular workers, and employed on a contract lasting more than one month or no specific period.

^c Work much the same hours per day or days per week as regular workers, employed on a contract lasting more than one month or no specific period, and classified as part-time in workplace.

^d Day laborers are not included in the 1999 data.

^e On-call workers are not included in the 1999 data.

SOURCE: Ministry of Labor, Survey on the Diversification of Employment, 1994, 1999.

Public policies have also encouraged the growth in part-time employment in Japan by providing significant tax incentives to businesses to hire part-time workers and to workers to accept part-time positions. As noted above, if the part-time worker is married and earns less than 1.3 million yen in a year, he or she can be regarded as a dependent and thus need not pay the social security or health insurance premium, but remains entitled to receive the health insurance or basic pension on retirement.¹⁹

Similarly, workers earning up to 1,030,000 yen per year do not pay taxes on their income, and, if they are married, their spouse may claim a dependent deduction from his or her income taxes (currently 380,000 yen) and may receive a dependent allowance from his or her employer. If a worker's income exceeds this level, not only must he or she pay taxes on income, but, if married, the spouse will lose his or her dependent tax deduction and may forfeit (in about 40 percent of the cases) the family allowance paid by the employer. This tax and compensation structure creates a significant financial incentive for married women to work part-time and earn less than this income threshold. Many part-time women in Japan, especially the highly educated, reduce their hours of work specifically to avoid exceeding the annual income threshold (Nagase 1998). According to the Ministry of Labor's Survey on Part-Time Workers, the fraction reporting that they adjusted their working hours so that their earnings would fall below the threshold level increased from 26 percent in 1990 to 32 percent in 1995.

The tax thresholds should also have the effect of depressing hourly earnings of part-time workers relative to full-time workers. Interestingly, although we have argued above that the employer demand for part-time workers has increased relative to supply, contrary to what one would expect under this scenario, the wages of part-time workers have actually fallen relative to those of full-time workers. Nagase (this volume) argues that these tax incentives and their depressing effect on part-time wages may help explain this paradox.²⁰

Why Has the Share in Part-Time Employment Fallen in the United States?

While the share of the Japanese workforce in part-time employment rose sharply in both the 1980s and 1990s, the share of the U.S.

workforce in part-time employment rose modestly in the 1980s and fell in the 1990s (Table 6.1). These divergent trends reflect differences in both supply- and demand-side forces in the two countries.

Table 6.7 provides a decomposition of changes in the part-time employment share across demographic groups from 1979 to 1989 and from 1989 to 1999 in the United States.²¹ The change in the rate of part-time employment may be decomposed as follows:

$$(1) \quad \Delta P = \Sigma \Delta P_i W_i + \Sigma P_i \Delta W_i + \Sigma \Delta P_i \Delta W_i$$

where i indexes the demographic group; P_i is group i 's rate of part-time employment, and W_i is group i 's share of paid employment. Thus, the

Table 6.7 Decomposition of the Change in Part-Time Employment in the United States

	1979–1989							
	(1) Share in part-time (%)		(2) Employment share (%)		(3)	(4)	(5)	Sum
	1979	1989	1979	1989	ΔPW	$P\Delta W$	$\Delta P\Delta W$	(3) – (5)
Teens	54.0	64.0	8.2	5.8	0.8	-1.3	-0.2	-0.7
Men	6.3	7.8	53.5	51.4	0.8	-0.1	-0.0	0.7
Women	26.5	25.6	38.3	42.8	-0.3	1.2	-0.0	0.8
Column sum					1.3	-0.2	-0.3	0.8
	1989–1999							
	1989	1999	1989	1999	ΔPW	$P\Delta W$	$\Delta P\Delta W$	Sum (3) – (5)
Teens	64.0	66.7	5.8	5.4	0.2	-0.2	-0.0	-0.1
Men	7.8	7.7	51.4	50.8	-0.1	-0.1	0.0	-0.1
Women	25.6	22.5	42.8	43.9	-1.4	0.3	-0.0	-1.1
Column sum					-1.3	-0.0	-0.0	-1.3

NOTE: Data on part-time and employment shares for 1979 and 1989 were adjusted to account for changes to the CPS in 1994. We used the adjustment factors provided in Polivka and Miller (1998). Numbers are in percentages. See text for explanation of decomposition.

SOURCE: Authors' calculations using data from Current Population Survey, U.S. Bureau of Labor Statistics, 1979, 1989, 1999.

change in the aggregate rate of part-time employment may be decomposed into three terms: the part owing to changes in the employment shares across groups, the part owing to changes in the rates of part-time employment within groups, and the interaction of these two effects. The 1979 and 1989 employment shares and rates of part-time employment were adjusted for the redesign of the CPS.²²

None of the increase in the rate of part-time employment between 1979 and 1989 may be attributed to a shift in the composition of employment toward workers who supply more part-time employment. Both women and teens have a high rate of part-time employment, and the increase in the share of employment accounted for by women was offset by the fall in the employment share of teens. The rise in the share of part-time employment, instead, is accounted for entirely by an increase in the incidence of part-time employment among teens and adult men; the incidence of part-time employment actually fell among adult women.

Decompositions not reported here show that the decline in the rate of part-time employment among adult women in the 1980s is entirely attributable to a decline among married women. Interestingly, the decline in the rate of part-time employment among married women occurred at a time when their labor force participation soared. Using data on the gross flows of women across labor force states, Williams (1995) finds that the reason part-time employment declined among women was because they were more likely to stay in full-time jobs and were less likely to exit from the labor force or into part-time jobs.

Why did full-time employment among married women increase in the 1980s? Several facts are inconsistent with a demand-side explanation (i.e., that firms were increasing their demand for full-time jobs): part-time employment actually increased among adult men and teens; the transitions from unemployment into full-time employment did not grow; and although women's wages were rising relative to men's over the period, this increase began before the 1980s, when the incidence of part-time employment among women was growing. Williams (1995) suggests that the rise in full-time employment among working women may be attributed to an increase in the availability of child care over the period, making the opportunity costs of full-time employment relative to part-time employment lower. This theory is consistent with findings that the rise in full-time employment occurred because married

women (who are more likely to have children at home) with full-time jobs were less likely to drop out of the labor force or switch to part-time jobs. Nevertheless, the availability of child care is not exogenous, and presumably the increased availability was a response to an increase in the demand for these services by women, who faced greater opportunities and social acceptance in the workplace. Changing job opportunities and societal attitudes, in turn, are related to a complex set of factors, including equal employment laws passed in the United States in the 1960s.

In contrast to the situation in the United States, many married Japanese women prefer part-time positions because of the declining availability of family- and self-employment. Because of the costs and restrictions (e.g., drop off and pick up times) of child care, the declining number of multigenerational households (i.e., the availability of in-house day care), and rising elder care responsibilities, many women prefer part-time to full-time employment to accommodate family responsibilities (Osawa 1998; Sato 1998). The reason the supply of child care services in Japan has not expanded to meet working women's needs, as it has in the United States, may be related to the fact that equal employment opportunity laws are much weaker and were introduced much later in Japan than in the United States, and the opportunities for full-time employment for Japanese women have lagged behind those for American women.

The share in part-time employment fell between 1989 and 1999 in the United States. This decline may be attributed entirely to a decline in the incidence of part-time employment among women. The incidence of part-time employment among teens actually rose, while the incidence of part-time employment among adult men remained about the same. Changes in the demographic composition of the workforce by themselves would have led to no change in the share of part-time employment in the economy. Although one might argue that tighter labor markets in 1999 compared with 1989 were responsible for the decline in part-time employment, this demand-side story is inconsistent with the fact that part-time employment rose among teens and remained stable among adult men. The trend in the 1990s is consistent with a supply-side story that women continued to shift to full-time work, possibly owing to greater availability of child care, rising rela-

tive wages, and changing expectations about women's roles in the workforce and in the family.

GROWTH IN OTHER NONSTANDARD EMPLOYMENT ARRANGEMENTS IN THE UNITED STATES AND JAPAN

The divergent trends in part-time employment in the United States and Japan reflect quite different demand, supply, and institutional forces in the two countries. Nevertheless, the share in other types of nonstandard employment has risen in both the United States and Japan. Here, we examine the causes of the growth in other nonstandard employment arrangements in the United States and ask whether there are similarities between these developments and the growth of part-time employment and other nonstandard arrangements in Japan.

The growth in temporary agency employment has received the most attention in the United States. Given that the majority of temporary agency workers say they would prefer a regular job, it is generally argued that the rapid growth in temporary agency employment is largely driven by employer demand. Existing studies suggest several reasons for the rapid growth in temporary employment in the United States.

American companies, like Japanese companies, arguably sought to increase productivity and cut costs in recent years in response to domestic and international competitive pressures. One way American companies have done this is by more closely tailoring staffing levels to actual workload, thereby reducing average staffing levels and using temporary agency workers only when necessary. In this way, companies use temporaries to increase workforce flexibility in response to fluctuations in workload. In a survey of American businesses conducted by the Upjohn Institute, 37 percent of those reporting a recent increase in temporary agency workers stated the need to respond to fluctuations in workload as a reason for the increase (Houseman 1997).

Another 37 percent of surveyed employers cited difficulty in finding qualified workers on their own, and 24 percent cited screening workers as reasons for increasing their use of temporary agency workers. The tight labor markets prevailing in the United States in the 1990s

made it difficult for companies to recruit adequate staff without significantly increasing wages. The growth of temporary agency employment may have reduced pressure on companies to raise wages during the prolonged expansion and facilitated the use of more risky, less-qualified workers. As a practical matter, if employers raise wages for new hires, they must also raise the wages for their existing workforce. However, if existing workers face significant costs in changing jobs, employers may exercise wage discrimination between marginal and inframarginal workers by using new workers through temporary help agencies. The temporary help agency is the official employer of the new hires and pays them the higher wages. There is some case study evidence to suggest that this is occurring in the United States, particularly in higher-paid, skilled occupations in short supply (Houseman, Kalleberg, and Erickcek 2003).

Especially in low-skill jobs, employers may be willing to use less-qualified candidates through temporary help agencies until they are able to recruit qualified candidates on their own. Alternatively, they may be willing to try out less-qualified candidates through a temporary help agency and then hire them as permanent employees if they prove themselves during a trial period. Temporary agency workers often receive lower wages and typically receive fewer benefits than they would as a regular employee. Particularly if a company offers generous benefits to its regular workers, using temporary agencies during a probationary period may be cheaper than hiring workers directly (Houseman 2001), and these lower costs may make it more attractive for companies to try out riskier workers.²³ Many companies also believe they can more effectively screen workers through temporary agencies. Using temporary agencies obviates the need for managers to fire workers on probation. Because these workers are not employees of the company, managers simply choose not to hire them into the company; the temporary agency staff will reassign workers not selected to another client or handle the unpleasant task of terminating them. Arguably, then, by using a temporary agency to screen workers, managers are less likely to keep workers who display poor or mediocre performance during their probationary period.

The growing threat of legal action by dismissed employees is another potential reason that employers are increasingly using temporary agencies to screen workers for permanent positions. Court rulings

granting workers implied contracts to their jobs, coupled with a growth in legal action by dismissed employees, arguably have made companies more cautious about whom they hire. Autor (2003) finds that up to 20 percent of the growth in temporary agency employment in the United States may be attributed to the growth of implied contract law.

The growth in temporary agency employment in Japan is largely related to the deregulation of this sector in recent years. Prior to 1986, temporary staffing agencies were prohibited by the Employment Security Act of 1947, with an exception for those run by trade unions. Union-run agencies were not allowed to charge for their services. In 1986, the government passed legislation to permit temporary staffing agencies to supply workers to perform 11 specified tasks. In 1995, this law was amended to cover 26 job categories. The Labor Dispatching Law of December 1, 1999, greatly expanded the jobs in which temporary agency workers could be employed. The current law no longer specifies the job categories in which temporary agency workers are permitted, but rather provides a short list of occupations in which they are prohibited. Temporary agency employment is expected to grow rapidly in the coming years as a result of this deregulation.

Among Japanese employers who in 1999 expected to increase their use of temporary agencies, the most common reason given was to save on personnel costs, as was the case with part-time workers (Table 6.6). The percentage citing personnel cost savings increased slightly from 1994 to 1999. The percentage citing the need to hire someone with experience and skill also increased. Moreover, a growing number of employers appear to be using temporary agency workers to respond to seasonal or cyclical fluctuations in workload, thereby buffering core workers from such demand fluctuations. Unlike the situation in the United States, the difficulty of finding full-time workers has never been an important reason why Japanese employers use temporary agency workers and has become even less important over time.

Evidence points to some growth in the share of Japanese workers in temporary and contract jobs.²⁴ As noted, the growth in temporary contracts stems from an increase in the fraction of part-time and other nonstandard workers who are on temporary contract. And as is the case for these other employment arrangements, there has been a large increase in the fraction of employers who cite personnel cost savings and the ability to facilitate employment adjustment or respond to sea-

sonal or temporary business fluctuations as a reason for using more temporary workers. With respect to the latter, Japanese companies, like American companies, have reduced staffing levels in response to competitive pressure to increase productivity and reduce costs. These lower staffing levels, in turn, give rise to a greater demand for nonstandard employment arrangements to accommodate workload fluctuations. The economic slowdown plaguing the Japanese economy in the 1990s contributed to economic uncertainty and fueled demand for a more flexible workforce. In addition, a large fraction of Japanese employers are using contract employees because of their experience and skill.

Available evidence points to a growth in contracting out in the United States as well, for reasons that are similar to those given by Japanese companies. Like Japanese companies, American companies often contract out work to tap the special skills of contract workers, to accommodate demand fluctuations, and to lower labor costs, especially by avoiding fringe benefits costs (Kalleberg, Reynolds, and Marsden 2003). Contracting out to lower labor costs has been an especially contentious issue between American unions and management.

Thus, if we set aside the decline in part-time employment in the United States, there are broad similarities in the development of nonstandard employment in the two countries. Where nonstandard employment arrangements have increased, employer demand has played an important role in their growth. Companies in both countries are under competitive pressures to increase productivity and reduce labor costs, and they have used nonstandard employment arrangements to this end. In some respects, the growth of temporary agency employment and contracting out in the United States is similar to the growth in part-time and other nonstandard employment in Japan.

Nevertheless, the overall growth of nonstandard employment in Japan dwarfs that of the United States, and this fact reflects fundamentally different conditions facing employers in the two countries. The economic slowdown, the aging of the workforce, and an industrial relations system characterized by steep wage profiles and strong job security for regular full-time employees were important drivers of growth in nonstandard employment arrangements in Japan. These pressures were largely absent in the U.S. economy.

CONCLUSION

About a quarter of wage and salary workers are in some type of nonstandard employment in the two countries. Although the share in part-time and temporary agency employment is similar in Japan and the United States, a much higher fraction of Japanese part-time workers are on temporary contract. This probably reflects the fact that regular full-time workers in Japan have greater job security than do regular full-time employees in the United States, and hence firms have a greater need for temporary workers to absorb fluctuations in workload.

Each country has experienced growth in at least certain types of nonstandard employment, although the magnitude of that growth has been much greater in Japan than in the United States. Concern in each country over this growth arises primarily because workers in nonstandard employment arrangements, on average, receive lower wages, fewer benefits, and less job security than regular full-time workers. In both countries, lower benefits and job security are at least partly the consequence of labor laws and regulations designed to protect workers. Because these laws often do not apply to workers in part-time, temporary, or other nonstandard arrangements, government policy creates an incentive for firms to use these arrangements to circumvent the costs of such regulation.

According to economic theory, if labor markets are perfectly competitive, workers will pay for the mandated benefits through lower wages or other compensation.²⁵ However, if minimum wage laws limit a drop in wages or if labor markets are not perfectly competitive and government regulations increase labor's bargaining power, workers covered by the mandate will earn higher total compensation. Evidence in the United States and Japan supports the latter interpretation. Workers in nonstandard arrangements, who often are not covered by these mandates, receive lower wages and benefits than regular full-time workers, who are typically covered by these mandates. One caveat for Japan is that married workers in nonstandard arrangements who qualify as dependents enjoy significant tax breaks and still are entitled to the basic pension and health insurance benefits. To our knowledge, no research has explicitly compared the after-tax incomes or benefit entitlements (whether through an employer or as a dependent) of regular

full-time and nonstandard workers in Japan. It is likely, however, that comparisons of pretax wages overstate the differential between regular and nonstandard workers in total after-tax compensation.

Where nonstandard employment arrangements are growing, demand-side forces play an important role in both countries. Japanese and U.S. firms, under pressure to lower labor costs by increasing labor productivity and reducing wage and benefits costs, have increased their use of nonstandard employment arrangements. Although companies in both countries face similar competitive pressures, the pressures on Japanese firms are greater. An industrial relations system in which labor costs of regular full-time workers are much less flexible than in the United States, coupled with a rapidly aging workforce and an opening of trade and financial markets to international competition, have created tremendous pressures on Japanese firms to hire nonstandard workers to increase workforce flexibility and lower labor costs.

Moreover, labor supply and government policies have accommodated increased demand to a greater extent in Japan than in the United States. The decline in family- and self-employment, the lack of child care alternatives outside the home, and tax incentives have increased the supply of married women seeking part-time jobs in Japan. In the United States, in contrast, the incidence of part-time employment among married women has declined, probably reflecting a combination of factors, including government policies to end employment discrimination against women, rising relative wages of women, and a greater availability of child care services outside the home. This decline in the rate of part-time employment among married women mitigated the growth in the aggregate rate of part-time employment in the 1980s and led to a decline in the aggregate rate of part-time employment in the 1990s.

There is some evidence that Japanese firms are moving away from the *nenko* wage system and lifetime employment for regular, full-time workers in response to current demographic and economic pressures. Such changes in the Japanese industrial relations system would reduce the differential treatment of regular full-time and nonstandard workers. However, Japanese firms' primary response has been to dramatically increase the number of nonstandard workers who are not covered by these industrial relations practices. Arguably, this has led to an increase—rather than a decline—in labor market segmentation that is

fundamentally different in scope from that occurring in the United States.

Notes

1. Some government surveys recently began distinguishing between part-time and “*arubaito*” jobs, though they are similar. Most part-time workers are housewives and most *arubaito* are students, although in recent years the *arubaito* category increasingly has included nonregular, nonstudent employees. Below, we group part-time and *arubaito* workers together in the statistics we report. It is possible to use data from the Labor Force Survey, which includes information on hours worked, to construct a Japanese part-time statistic more comparable to that for the U.S. However, because so many Japanese part-time workers work almost the same hours as full-time workers, we chose to use Japanese definitions when reporting part-time statistics for Japan.
2. The Japanese word *haken* is often translated as dispatched worker. To make it comparable to the U.S. terminology, we translate *haken* as temporary agency worker.
3. The adjustments we make in Table 6.1 to the U.S. part-time statistics are based on Polivka and Miller (1998).
4. Figures reported in this chapter from the Bureau of Statistics’ Employment Status Survey are consistent with those from another commonly cited source, the Ministry of Labor’s Labor Force Survey, although the latter shows a smaller decline in the day laborer employment share and greater growth in the temporary employment share. While the Employment Status Survey questions individuals on their usual labor market status, the Labor Force Survey collects data on individuals’ actual status in the last week of the survey month.
5. These figures come from the Ministry of Labor, *Status of Part-Time Workers (Paato Taimaa no Jitsujo)*, 1996. The fraction of workers in nonstandard arrangements besides part-time who reported being on temporary contract rose from 44.6 percent in 1990 to 66.6 percent in 1996. Because part-time workers account for the overwhelming percentage of workers in nonstandard employment and a negligible percentage classified as regular full-time workers are on temporary contract, part-time employment accounts for most of the growth in temporary contracts (see Table 6.2).
6. Part-time workers and temporary agency workers may also be temporary workers in both countries. In the United States, part-time workers may also be temporary agency workers. In the Japanese data, temporary agency and part-time workers are mutually exclusive categories. The data sources and calculations done for this special tabulation are available from the authors.
7. Data on temporary agency workers in Table 6.2 come from the CPS, not the CES, as reported in Table 6.1. The percentage of workers classified as agency temporaries is smaller in the CPS than in the CES, and it is generally believed that the CPS undercounts the number of workers in temporary help agencies. For a discussion

of the discrepancy between the CPS and CES figures, see Polivka (1996). Only CPS data allow the distinction between temporary agency workers who consider their job temporary and those who do not.

8. Hotchkiss (1991) finds that correcting for sample selection bias slightly increases the estimated wage differentials between part-time and full-time workers. Comparing the wages of part-time and full-time workers within occupations within establishments, Lettau (1997) finds that hourly wages of part-time workers are, on average, 16 percent lower, and total hourly compensation for part-time workers is, on average, 48 percent lower. The main exception in the literature to the finding that part-time workers earn less than full-time workers is Blank (1990), who reports that after controlling for sample selection, part-time women earn more than full-time women, though part-time men still earn significantly less than full-time men. Segal and Sullivan (1997b; 1998) use longitudinal data to control for individual fixed effects in studies of wage differentials between temporary agency workers and other workers. They find that temporary agency workers earn significantly less than other workers, though their estimates of this wage differential range from 3 to 20 percent.
9. These figures are based on the authors' calculations using matched data from the March and February 1995 CPS.
10. These estimates are described in greater detail in Houseman and Osawa (1998).
11. The lower wages of Japanese part-time workers may result, in part, from the fact that many have a strong preference for working close to home. To the extent that employers enjoy some monopsony power with part-time workers, but not with full-time workers who are willing to accept employment with a larger, geographically dispersed group of employers, part-time workers' wages will be depressed relative to full-time workers' wages. From the part-time workers' perspective, the lower wage level is compensated for by the proximity of their job to home.
12. We also estimated models with a Heckman selection correction to take into account the possibility that unmeasured variables are correlated with the decision to work part-time and bias ordinary least squares estimates. These models suggest that, in the absence of sample selection bias, the wage gap between full-time and part-time workers would be even greater.
13. As discussed below, steep wage-tenure profiles may be a profit-maximizing strategy even if the wage increases do not match increases in worker productivity.
14. Specifically, employers are not required to pay social security taxes on the wages of workers who work less than three-fourths of regular workers' hours and disability and unemployment insurance taxes on workers who work fewer than 20 hours per week or who are expected to work less than one year.
15. If employees work less than three-fourths the hours of regular employees but earn more than 1.3 million yen, they are required to take out their own health insurance policy and pay the premium.
16. We report the percentage who are eligible to participate because many American workers choose not to participate in these benefit programs.

17. Although we do not provide a formal model of the increase in demand for part-time workers, this growth is consistent with two theoretical explanations. One is that employers, seeking to maximize profits, adopt efficient industrial relations systems. Here, changing demographics, slower growth, and more volatile economic conditions in the face of liquidity constraints would cause managers to optimally hire relatively more part-time workers in recent years. Alternatively, firms, shielded from international competition and subsidized by the government, have not been maximizing profits or adopting efficient industrial relations practices, at least in recent years. Changing demographics and the opening of markets are forcing firms to become efficient.
18. Distances on a logarithmic scale, multiplied by 100, approximate percentage differences.
19. See Abe (2000) for an analysis of the impact of the social security system on married women's labor supply.
20. The increase in tenure associated with the aging workforce also implies that the wages of regular full-time workers, who receive tenure-based wage increases under the *nenko* system, will rise relative to the wages of part-time workers, who typically do not receive *nenko* wage increases.
21. These years all represent business cycle peaks, and therefore rates of part-time employment should be minimally affected by cyclical factors.
22. We apply the adjustment factors in Polivka and Miller (1998) to our data. They provide adjustment factors for teens, adult men, and adult women, and so we are limited to these three demographic groups in our analysis for the 1989–1999 period.
23. Hiring temporary agency workers on a quasi-permanent basis may also be cheaper, and allegedly many companies use “perma-temps” to avoid paying benefits to certain groups of workers. However, hiring workers on a permanent basis through temporary agencies in order to avoid paying workers benefits is illegal under U.S. law, and this practice has been challenged in the courts in recent years.
24. See Table 6.1 for figures on temporary contracts. The Survey on the Diversification of Employment provides figures on contract workers, who are defined as workers with professional skills on fixed-term contract. (The contracts of these workers are often renewed.) Employment in this category increased from 1.7 percent to 2.3 percent of paid employment between 1994 and 1999, even though the 1994 figure included on-call workers not included in the 1999 survey.
25. An exception occurs when workers do not fully value the benefits. See Gruber (2000) for a theoretical discussion of this issue.

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7

Employment Choices and Pay Differences between Nonstandard and Standard Work in Britain, Germany, the Netherlands, and Sweden

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In this paper, we analyze two questions. First, how do otherwise similar people in four countries—Britain, Germany, the Netherlands, and Sweden—end up in four different employment states: 1) full-time with a regular contract, 2) part-time with a regular contract, 3) fixed-term contract, either full-time or part-time, and 4) self-employed? Second, how do wages differ between otherwise similar people in these different work arrangements in each of the four countries? Our analysis is carried out using the 1998 wave of four household panel data sets: namely, the British Household Panel Survey (BHPS) (Taylor 1992); the German Socioeconomic Panel (GSOEP) (Wagner, Schupp, and Rendtel 1991); the Organisatie voor Strategisch Arbeidsmarktonderzoek (OSA) in the Netherlands (Allaart et al. 1987); and the Hushållens Ekonomiska Levnadsförhållanden (HUS) in Sweden (Flood, Klevmarken, and Olovsson 1993; Klevmarken and Olovsson 1993).

Because we are specifically interested in the effects of policy on employment choices and opportunities across the four countries, we begin by focusing on policies that may result in different choices for otherwise similar people. We focus especially on the Netherlands and to some extent Sweden. We make use of other chapters of this volume, particularly those of Fagan and Ward and of Schömann and Schömann.

In our empirical analysis, the Netherlands is the reference country, which corresponds with the more detailed policy analysis for this coun-

try. To compare otherwise similar people across countries, we use demographic variables, such as gender, age, whether a person has young children, and childrens' ages. Further, we use information on the person's education and his or her industry and occupation. The analyses are carried out separately for men and women because the distribution of employment across standard and nonstandard work is very gendered.

The outline of this chapter is as follows. In section two, we position the four countries within a European perspective. The four countries have the highest percentage of part-time workers (i.e., fewer than 35 hours per week) among European Union (EU) countries. Fixed-term work is not as common in these four countries as is part-time work. The percentage of fixed-term workers among those employed in Sweden, the Netherlands, and Germany ranks in the middle, with Britain at the lower end.

Section three compares recent policy on balancing worker rights and introducing flexibility into the labor market in the four countries. We focus particularly on measures that may explain different outcomes for the employment distribution across standard and nonstandard work for otherwise similar people.

Section four traces policy in the Netherlands that has transformed part-time work from an inferior position to a general right to shorten or lengthen work hours in any job. Among the four countries, the Netherlands has come closest to the intentions of the EU's so-called Part-Time Directive of 1997, with Sweden and Germany following, and Britain the farthest from meeting the directive.

Section five discusses legislation on self-employment in the countries under review. Section six discusses our microdata and presents descriptive statistics on nonstandard work by gender. In section seven, we discuss results from our multinomial logit models and wage regressions, interpreting the results in light of policy differences and evidence from other chapters in this volume. Section eight offers conclusions.

NONSTANDARD WORK IN BRITAIN, GERMANY, THE NETHERLANDS, AND SWEDEN IN AN INTERNATIONAL PERSPECTIVE

There is a simple reason that we examine these four countries: between us, we have accumulated knowledge about institutions and labor markets in our own countries (Gustafsson in Sweden, and Wetzels in the Netherlands), we have knowledge of languages involved, and we have done prior work using the household panel data sets involved (see, e.g., Gustafsson et al. 1996; Gustafsson, Kenjoh, and Wetzels 2001a,b; Gustafsson and Wetzels 2000; Wetzels 2001). The countries involved in this study do not fall at the extremes on a scale of the importance of nonstandard work in the labor market, and they differ sufficiently from each other in an international comparison of the nonstandard work dimensions studied in this chapter.

Fagan and Ward (in this volume) present data on the percentage of part-time workers among employed men and women in the 15 EU member states (EU-15). The Netherlands ranks first, followed by Britain, Sweden, Denmark, and Germany. One could even claim that it is debatable to call part-time work “nonstandard” work in the Netherlands, where 69 percent of employed women work part-time (Fagan and Ward, Table 3.3, in this volume). Although Germany ranks fifth in percentage of part-time workers among the EU-15, only a little more than one-third of German women (36.4 percent) work part-time compared with two-thirds of women in the Netherlands. Fagan and Ward also show that, since 1985, the proportion of part-time employment among women in the Netherlands and Germany has risen, while in Britain, the proportion remained steady, and in Sweden, the proportion declined. A decreasing proportion of part-time female workers is also observed in the United States (Houseman and Osawa, in this volume) and in Denmark (Hoffman and Walwei, in this volume). Although part-time work among men is much less common than among women, the Netherlands, Sweden, and Britain still rank first, third, and fourth, respectively. In the Netherlands, 18 percent of men are considered part-time workers; in Sweden and Britain, 9 percent of men work part-time. Only Denmark, ranked second, has more men working part-time than these countries. Germany, in contrast, has relatively little part-

time work among men (4.7 percent) and ranks eighth among the 15 EU member states.¹

For fixed-term contract work, the Netherlands, Sweden, and Germany rank more in the middle among EU member states. Britain is ranked 12th for men, with 6 percent of employed men working under a fixed-term contract, and 13th for women, with 8 percent working under a fixed-term contract. In the Netherlands, Sweden, and Germany, the percentage on fixed-term contract ranges between 12 percent and 16 percent for women and between 10 percent and 12 percent for men. Fagan and Ward report that an employer in Britain has no reason to offer a fixed-term contract of less than a year because all employment-related benefits require more than 12 months employment with one firm. For shorter periods of employment, the employer has exclusive right to hire and fire, similar to the “employment-at-will” doctrine of the United States. Labor markets in the Netherlands, Sweden, and Germany are much more regulated to protect workers’ rights. Schömann and Schömann (in this volume) characterize EU member states by the degree of legislation covering nonstandard work. Countries with the most legislation include France, Germany, Italy, and Spain. Countries with less restrictive regulation include Denmark, Sweden, and the Netherlands, whereas Britain has hardly any regulations at all.

Fagan and Ward (in this volume) also present figures on the percentage of employed persons in temporary agency work within 11 EU member states. In 1997, 2.5 percent of employed people in the Netherlands were performing temporary agency work, and in Britain, 1 percent were. The Netherlands ranks second after Luxembourg, and Britain ranks fifth in the percentage of workers in temporary jobs. Germany and Sweden have relatively few workers in temporary agency work: 0.6 percent in Germany and 0.4 percent in Sweden, which places these two countries at rank 8 and 9, respectively, out of 11.

FLEXIBILITY OF THE LABOR MARKET AND PROTECTION OF WORKERS

The growth of nonstandard work arrangements can be seen as a response to firms’ demands for a flexible labor force to meet customer

demands and “just in time” production. A flexible labor force is often in conflict with workers’ justified wishes to have a stable and secure income. Various rules that condition employers’ rights to deviate from the general rule that an employment contract is full-time and of indefinite length have been introduced in European countries. Generally, there have been periods of increasing regulations in the 1970s and 1980s, followed by periods of deregulation in the 1990s. Britain deviates from this pattern in that there was regulation in the 1970s, deregulation under Margaret Thatcher in the 1980s, and some reregulation during the Tony Blair government beginning in 1997. The 1980s were characterized by slow economic growth and high unemployment rates in most of the EU-15 countries, whereas the United States experienced employment and economic growth. Various observers ascribed the high European unemployment rates to the regulated labor markets.

Blank and Freeman (1994) in a volume devoted to the question of whether there is a trade-off between economic flexibility and regulations in the labor market, find no clear case that protection of workers necessarily leads to a less flexible labor market. It depends to a very large extent on how worker protection is organized.

European Union countries have deregulated their labor markets in the 1990s to different extents and with different effects on job protection rights of workers. The Netherlands can be described as a “happy deregulator.” Introducing flexibility into the labor market is seen as one of the important steps, together with wage restraint and a decreasing government sector, that turned the situation from the “Dutch Disease” to the “Dutch Miracle” (Hartog 1998; Visser and Hemerijck 1997). After the 1973 oil crisis, the “golden era” of strong economic growth and low unemployment ended and was followed by a period with double-digit unemployment and low economic growth (Hartog 1998). The labor unions in the Netherlands were defensive and promoted work-sharing as a remedy for unemployment. Early retirement and propaganda to keep women at home as full-time housewives were used to decrease labor supply. In 1982, the Wassenaar Agreement was concluded on a national level between employers and union representatives. In retrospect, this agreement was the turning point for the Dutch economy. A key feature of the agreement was that unions agreed to lower wage demands in exchange for shorter work weeks.

Tijdens (1998) observed that, in the Netherlands, flexibility in the labor market has been internal; firms have gained increased rights to use their regular labor force during times of increased demand for labor without having to pay overtime premiums. Such a bargaining agreement was attractive for the unions because it was accompanied by a shorter regular full-time work week. Van den Toren (1998) observed that half of those whose work conditions are determined by collective bargaining agreements have a 36-hour work week. About 30 percent of employed persons are members of a union in the Netherlands, and collective bargaining agreements regulate working conditions for 80 to 90 percent of the Dutch labor force. This comes through the “*erga omnes*” clauses, which stipulate that a bargaining agreement for an industry is extended to nonmembers working in the same industry.

Although there is extensive job protection, flexible work increased beginning in the early 1990s in the Netherlands. Temporary help agencies are a big business, and Dutch agencies such as the Randstad have become multinationals. Randstad is market leader in the Netherlands, Belgium, Germany, and in the southeast United States. At the end of 1992, Randstad employed 6,450 individuals in the Netherlands, 1,400 in Germany, and 259 in Britain. In the same year, Randstad staffed 117,000 people in the Netherlands, 16,000 in Germany, and 3,500 in Britain (Randstad 2001).

Temporary help agencies sell flexible labor to the user companies, but they are obliged to offer job security to their employees, according to the Flexicurity Act of January 1999. When a temporary agency worker has been employed for 18 months with one user company, or 36 months for several user companies, he or she receives a permanent contract with the agency. Workers with fewer than 18 (or 36) months also receive job protection; during the first 26 weeks of a temporary contract (phase 1), there is no special regulation, but in the following six months (phase 2), the temporary agency worker begins accumulating pension benefits and receives career advice. After 26 weeks, the temporary agency worker receives a renewable three-month contract until the 18 months or 36 months condition is fulfilled (Van den Toren, Evers, and Commissaris 2002). There is a special union for temporary agency workers as well. Thus, temporary agency workers in the Netherlands often have regular contracts, which differs from the situation in Britain (Fagan and Ward in this volume). Also on-call workers are cov-

ered by the Flexicurity Act. However, if the firm has collective labor agreements of its own, the on-call worker is covered by that agreement, which might differ from the Flexicurity Act (Van den Toren, Evers, and Commissaris 2002).

Hartog (1998) cites a study that shows that, in the early 1990s, about 25 percent of temporary agency workers preferred temporary work because they were students working during holidays, and another 25 percent preferred such work because it gave them, for example, the opportunity to work in new environments. The other 50 percent of temporary agency workers were looking for a permanent job. Firms hired temporary workers for specific fixed-term tasks (44 percent), as substitutes for personnel on leave (31 percent), and as a way to screen workers (16 percent).

By the mid 1990s, the Netherlands was a booming economy with stable employment growth, while Sweden and Germany were in deep depressions, with substantial employment losses in Sweden and practically no job growth in Germany. Foreign observers traveled to the Netherlands to admire the Dutch Miracle (Visser and Hemerijck 1997). This Dutch Miracle had occurred with the introduction of substantial flexibility into the labor force. The volume of full-time regular jobs in 1996 was the same as in 1970—about 3.7 million people—and the steady job growth in the early 1990s consisted entirely of part-time jobs, which amounted to 1.8 million in 1996, and flexible jobs amounted to 0.7 million in 1996 (Hartog 1998).

If the Netherlands can be characterized as a “happy deregulator” in the 1990s, Sweden can be characterized as a reluctant deregulator. Private job mediation firms were allowed in Sweden and in Germany in 1993, which was only two years after the state monopoly in job mediation was officially lifted in the Netherlands. However, in Sweden in the 1990s, demands by firms for more flexibility came during an economic depression with employment losses. It was not until 1998–1999 that Sweden experienced an economic boom, with renewed employment growth. The 1974 Employment Protection Act in effect prohibited hiring on a fixed-term basis. Because fixed-term employment contracts had already existed for seasonal jobs and jobs to complete a certain task, it became immediately necessary to make exceptions to the rule. Employers are allowed to employ workers on a fixed-term basis for certain reasons, including 1) seasonal work, 2) work to perform one

well-defined task, 3) to substitute for someone who is on leave, 4) to augment the workforce if there are temporary increases in the workload, or 5) to employ students during summer breaks (SOU 1999).

Beginning in 1997, a new form of temporary employment was introduced, called Temporary Employment for an Agreed Period. Under this agreement, restrictions on reasons for the temporary employment were relaxed. A person could only be hired for a fixed-term contract for a maximum of 12 months over three years. Otherwise, the contract became a regular one. Also, employers could place new employees under a probation period of six months.

The discussions of changes in the 1974 Employment Protection Act have aroused strong political opposition. Flexibility was introduced in January 1994 by the Carl Bildt coalition government (1991–1994). In 1994, the social democratic Göran Persson government came into power and “restored” the rules of probation and “temporary employment.” The extension to 12 months by the Bildt government was thus cut back again to six months by the Persson government.

In Germany, an employment contract is meant to be of indefinite length. However, since 1985, the Employment Promotion Act viewed the fixed-term contract as an instrument to reduce unemployment, and was meant to temporarily relax the demands on firms to specifically justify the use of fixed-term contracts. This act has been extended twice and is valid until the end of 2000. As of 1996, employment lasting fewer than 24 months need not to be justified explicitly (Hoffman and Walwei, in this volume). Further, for people over age 60, there is no time limit on the length of fixed-term contracts.

In Britain, firms have no incentive to offer fixed-term contracts of durations less than one year because employment benefits only apply to workers who have been employed for 12 months at a firm (Fagan and Ward in this volume). British legislation does not view the arrangement as an employment contract; rather, the role of the agency is more that of a labor market mediator. Therefore, British employment data may include those who work for durations less than a year but do not classify their contract as a fixed-term contract. Fagan and Ward observe that Britain remains a neoliberal welfare state and does not guarantee pay for temporary agency workers. The agency is not responsible for how its client, the “user firm,” treats the worker.

THE CHANGING STATUS OF PART-TIME WORK

The Netherlands has been called “the first part-time economy in the world” (Visser 1999). With 39 percent of its workforce in part-time jobs, the Netherlands ranks first among the EU-15 before Britain, Sweden, and Denmark, with 22 to 25 percent of their workforces in part-time work. Visser (1999) also asked, Does it work? His answer: yes. Not only is the Netherlands a happy deregulator, but also a happy part-time economy. The 1997 European Union Directive on Part-Time Work states: “Member states and social partners should identify and review obstacles which may limit the opportunities for part-time work” (EU 1998, p. 14). Furthermore, “employers should give consideration to requests by workers to transfer from full-time to part-time work and the reverse when such work becomes available” (p. 14).

The Netherlands has gone much farther than demanding that employers should “give consideration” to employees who wish to transfer between full-time and part-time work. The Act on Adjustment of Working Hours (*Wet Aanpassing Arbeidsduur*), which went into effect July 1, 2000, gives those employed by firms with more than 10 employees the right to shorten or increase work hours on request if they have been employed for at least one year and have not asked for a change in working hours within the past two years. Within four months prior to changing work hours, the employee should indicate the date that the new working hours take effect, the number of working hours, and the preferred distribution of working hours during the week. The employer should, in principle, agree to the request and is obliged to indicate any reason for disagreement. The hourly wage remains the same. Because this applies only to workers employed for at least one year, this right excludes temporary workers with a contract of less than one year.

What was the reason that the right to shorten or lengthen work hours was accepted first in the Netherlands? Usually, in the Netherlands when a law is accepted, it codifies already existing practice, which is included in most collective labor agreements at the time the act passes. This has meant that many feminist demands have been late to materialize in the Netherlands (Gustafsson 1994). In the Swedish social democratic tradition of “social engineering,” in contrast, legisla-

tive changes are meant to change behavior. However, as of 1993, the advisory council on Dutch Labor Market Issues had proposed that collective bargaining agreements give “social partners”—representatives of employers and employees—the right to arrange part-time work. Between 1990 and 1996, the percentage of firms covered by a collective bargaining agreement with the right to demand part-time work increased from 23 percent to 70 percent (DeVries and van Hoorn 1997). Most requests were granted between January and June 1996. By 2000, two-thirds of employed women worked part-time and one-fifth of employed men worked part-time. There is also a high structural demand for part-time workers in the Netherlands.

In the Dutch “consensus” economy, if two university departments, for example, are competing to install a chair, they may each be given half of a professor’s chair. Therefore, it is not uncommon in the academic world for a person to combine two part-time jobs. Another example is that rather than the local community government starting and running an activity such as child care, as it would do in Sweden, the Dutch economy relies on private initiatives, and the government subsidizes a portion of those activities, allowing entrepreneurs to compete with other entrepreneurs in the field. Often there are funds to employ someone part-time rather than full-time. Therefore, there is a demand for part-time workers in the public or nonprofit sectors.

In the private sector, using part-time employees can increase flexibility; the firm can often adjust hours to meet business demands. Also, two part-time workers who share a job can substitute for each other in case of sickness and vacation by occasionally working full-time. Further, employers consider part-time workers to be as committed as full-time workers (Tijdens 1998). Also, Kalleberg and Reynolds (in this volume) find that Dutch part-time workers are as committed as full-time workers.

This shift to part-time work in the Netherlands would not have occurred had it not been for the large supply of workers who prefer a part-time job. Since the mid-1980s, unions in the Netherlands have been raising demands for doing all work on a part-time basis and for equalizing the employment conditions between full-time workers and part-time workers. Earlier, the women’s movement had demanded shorter work days, but realizing that travel time would not be reduced, interest in part-time work has grown. Women wanted to stay in the

labor market after marriage or after giving birth to children. Skilled women increasingly wanted to combine part-time work with family responsibilities. Women's increasing skills made the costs of replacing these employees higher. Also, with unemployment high, women's incomes were needed in the family. Toward the end of the 1980s, 40 to 45 percent of potential female reentrants were looking for a job. By the early 1990s, there were 100,000 female reentrants per year (OSA 1995). Many of these women preferred to work part-time. Employers began to recognize the benefits of part-time work in optimizing personnel strategies, for example, in the banking sector (Tijdens 1997). In the tight labor market of the 1990s, fear of labor shortages encouraged employers who otherwise were reluctant to accept part-time workers (Tijdens 1998).

The situation in Sweden in the late 1990s was opposite that in the Netherlands. In Sweden, women's demand for part-time jobs was declining from a peak in the 1970s. Swedish legislation views full-time, regular contracts as the norm for both men and women, and special leaves are allowed to make it possible to combine a regular full-time job with family responsibilities. Since 1974, parental leave covers both fathers and mothers, and they can choose to split the 12 months of leave, with benefits of 75 to 90 percent of previous earnings. A couple can choose between a mother staying home full-time, father full-time at home, both part-time at home, or any combination. They can also change the mix as many times as they wish, with advance employer notice. When the child is 18 months old, the job protection period expires, but the mother or the father has the right to shorten work hours in her or his regular job to 30 hours a week until the youngest child is eight years old (Gustafsson 1994). Mostly it is the mother who makes use of this right.

Sweden adopted a variant of the EU 1997 part-time directive in 1997, which allows a part-time employee to request full-time work, and the employer must give priority to the part-time worker should a full-time job become available. This obligation, however, is only valid if 1) the part-time employee has given notice, 2) the part-time employee is qualified for the job, and 3) the employer's work needs will be satisfied by this transfer (SOU 1999).

In Sweden in 1997, the proportion unemployed among part-time female workers was 30 percent, and 25 percent among part-time work-

ing men (SOU 1999, p. 153). This was up from 12 percent of part-time working women in 1990 and 10 percent of part-time working men. The economic recession deepened during this timespan, with unemployment peaking in 1997. The Swedish unemployment benefits are available to part-time workers for a maximum of 300 days.

The typical part-time unemployed individual is a married or cohabiting woman with a short (two-year) secondary education (i.e., completed school by age 18), who works in health care or the retail trade. Many of these women have children and do not wish to work evenings and nights, where the demand for extra workers is greater (SOU 1999).

The large proportion who wish to work full-time among Swedish part-time workers scores with the findings of Kalleberg and Reynolds (in this volume) that Swedish part-time workers are significantly less happy than full-time employees; this differs from other countries in the Kalleberg and Reynolds study. Swedish part-time workers have less job satisfaction, less organizational commitment, more absenteeism, and are less willing to spend extra effort if it is temporarily needed by the employer.

Germany has adopted a version of the EU part-time directive that is similar to Sweden's. If an individual employee wishes to switch from full-time to part-time work, the employer must inform the worker of any part-time vacancies (see Schömann and Schömann in this volume). However, there is no guarantee of the transfer. Part-time jobs are usually not available in high-skilled professions, and therefore, a general right to shorten work hours in any job is far from being realized in Germany. Furthermore, the introduction of part-time work is subject to co-determination by the works councils (see Schömann and Schömann), which may consist solely of men, who are eager to protect their full-time jobs. However, new German legislation is under way that will mirror that in the Netherlands, with an almost full right of the employed to work the desired number of hours in any job (Evans, Lipoldt, and Marianna 2001).

The Netherlands, Sweden, and Germany have legislated that part-time workers be treated the same as full-time workers in hourly wages and in work-related benefits (proportional to hours worked). Such legislation has, until recently, been absent in Britain. British part-time workers, who are mainly women, can appeal to the Labor Courts under sex and race discrimination legislation (see Schömann and Schömann

in this volume), a situation similar to that in the United States (see Houseman and Osawa in this volume). A government proposal for the “Prevention of Less Favorable Treatment” was introduced in 2000. The proposal, however, does not cover temporary agency workers (see Schömann and Schömann).

SELF-EMPLOYMENT: ENTREPRENEURIAL INVENTIVENESS OR HIDDEN DEPENDENT EMPLOYMENT?

The German legislature has expressed concern that certain self-employment is a hidden form of dependent employment. In January 1999, the “Correction Law of Social Provision” was introduced to prevent individuals from being relabeled as self-employed by their employer, and thus losing all rights under their employment contract. If a worker meets two of four of the following criteria, employment is deemed dependent and he or she is given a labor contract. The criteria are: 1) the self-employed has no employees except family, 2) the business serves only one customer, 3) the business operates under no special qualifications or tasks, and 4) there is no professional contact with clients (see Schömann and Schömann, in this volume). To our knowledge, no similar legislation exists in Sweden, the Netherlands, or Britain.

In Sweden, activities previously performed by employed individuals are now performed by self-employed contractors. A forestry company, for example, that once had people on its payroll to collect and deliver wood now would hire an independent contractor who owns a tree cutting and processing machine (*skogsmaskin*). In construction, home repair, and restoration independent contractors are now more common, a development facilitated by the mobile telephone, which makes the self-employed available for potential customers while working. Such independent contractors also often work together in networks, which allows them by cooperation to take on bigger tasks. There is probably also a gendered distribution over industries and occupations. Carré (in this volume) notes that, in the United States, independent contractors among men are executives, professionals, and

salespersons whereas female independent contractors often offer domestic help, child care, real estate services, and sales.

In Sweden, entrepreneurship has been seen as a way to lower unemployment. Individuals can receive start-up grants that cover living costs for six months. The size of the benefit equals the unemployment benefit. Schömann and Schömann (in this volume) report that 78 percent of persons receiving the start-up grant were employed after four years.

In Sweden, the industry principle in labor market relations also applies to workers in nonstandard work arrangements. Both self-employed and temporary workers are welcome in the respective industry labor unions. Some unions in the Netherlands also welcome self-employed. Sometimes there is little difference between a network of self-employed and a temporary work agency catering to a specific industry. An example is a company called *Industrikompetens* (SOU 1999).

Industrikompetens operates like a temporary help agency in that workers perform in different companies according to the workload. However, *Industrikompetens* is owned by 20 firms in the Swedish region of Östergötland that deliver to the car and truck manufacturer SAAB. Before forming *Industrikompetens*, the different companies had periods when they could not take orders because they lacked qualified personnel and periods when they had to pay employees for whom there was no work. The 20 competitors now own *Industrikompetens*, and its personnel are trained and accustomed to the work in a number of the owner firms so that extra work needs can be performed.

Similar to Swedish policies, Dutch policies also aim to stimulate entrepreneurship. In 1996, the number of entrepreneurs as a percentage of the Dutch workforce was the same as in 1972, and was low compared with the mean in the European Union and the United States (Ministry of Economic Affairs 2001). The growth within these new businesses is also less than in other countries. Deregulation and lowering administrative costs to start and develop firms are important policy objectives. For example, because the industry is overregulated, the initial administrative costs for a firm installing electrotechnical equipment requires an investment of fl 6.000 and two months' work. The administrative costs incurred in hiring an employee are estimated to be

fl 3.300, with at least 17 hours needed to deal with the administrative tasks (Ministry of Economic Affairs 2001).

The Dutch Ministry of Economic Affairs aims in addition to increase “intrapreneurship,” that is, small businesses within big firms, to compete in highly specialized markets. Individuals starting their own business in the Netherlands receive a tax deduction in the first year if the number of business hours exceed 1,225. This means that starting a firm on a part-time basis is not stimulated by this regulation (Gustafsson, Wetzels, and Tijdens 2000). Despite this, the percentage of women among all persons starting a business has increased to 31 percent in 1999 (Ministry of Economic Affairs 2001). By contrast, starting a business on a part-time basis while keeping a part-time job is widespread in Sweden, as will be evident from our data analysis below.

DESCRIPTIVE STATISTICS ON NONSTANDARD WORK USING MICRODATA SETS

The previous sections have identified characteristics in institutions and policies in the four countries that may explain differences between the countries in their approaches to nonstandard work. In the following section, we turn to microdata analysis using the 1998 wave of the household panel data BHPS for Britain, GSOEP for Germany, OSA for the Netherlands, and HUS for Sweden. We use the German data for western and eastern Germany separately as they are made available rather than aggregating the data. One important reason for not aggregating the data is that, in many respects, the eastern half of Germany is different from the western half.

We restrict the analysis to employed persons for three reasons. First, all other chapters of this book refer to nonstandard work among employed people. Second, including those who have chosen to remain out of the labor force and those who are unemployed would require a lengthy review of policies and institutions among the countries to explain the differences in nonemployment. This would complicate the story and add several pages of policy analysis. Third, we have more information about employed persons than nonemployed persons. Occupation and industry are available for all employed persons

whether they are employed full-time regular, part-time regular, fixed-term, or self-employed. This makes it possible to compare choices by otherwise similar people.

In Table 7.1, we present information (including the rate of nonemployed persons) aged 16–64, by gender (in the remainder of the chapter, we disregard the nonemployed). In the Swedish data, the age range is 18–64. In the Dutch data, full-time students are not interviewed, which increases the employment rate among young people given that only employed individuals aged 16–19 are included. This differs from the British and German data, where secondary school students are interviewed.

Table 7.1 Employment Status by Sex, 1998 (%)

	Not employed	Dependent employed	Self- employed and others	No. of observations
Britain				
Men	19.7	68.2	12.1	3,725
Women	32.0	63.4	4.6	4,420
Western Germany				
Men	25.0	65.9	9.1	1,802
Women	50.4	45.6	4.0	2,014
Eastern Germany				
Men	30.6	63.2	6.3	1,178
Women	45.3	50.9	3.8	1,257
The Netherlands				
Men	18.0	73.6	8.4	1,543
Women	47.0	48.1	4.9	1,856
Sweden				
Men	19.3	65.2	15.5	1,519
Women	25.6	69.3	5.1	1,506

SOURCE: Authors' computations based on BHPS 1998 for Britain; Sample A (German residents in former West Germany) of GSOEP 1998 for western Germany; Sample C (German residents in former East Germany) of GSOEP 1998 for eastern Germany; OSA 1998 for the Netherlands; and HUS 1998 for Sweden. See Appendix A for a detailed definition of variables.

The rate of nonemployed men in western Germany is surprisingly high, even considering the fact that the inclusion of secondary school students increases the rate (OECD 1998). The labor force participation rate for men in western Germany should be similar to that in Sweden, which it is not, and the labor force participation rate of women in western Germany should be similar to that of women in the Netherlands, which it is. Whereas 25 percent of men in western Germany are not employed, in Sweden, Britain, and the Netherlands, the corresponding rates are between 18.0 and 19.7 percent.

A noted difference in our data is the greater proportion of Swedish self-employed men compared with German men. In western Germany, 9.1 percent of men are self-employed compared with 15.5 percent of Swedish men. The gap in the rate of nonemployed between women in the Netherlands and Germany is narrowed if women who are on leave are counted as employed in Germany. However, we cannot include those on leave in the German data because there is no information on type of contract, industry, and occupation. In the Swedish data, those who are on leave fewer than two months are counted as employed, whereas in the Dutch data, there is no information on leave status. Dutch full-time maternity leave is only 16 weeks; therefore, not as many Dutch women would be on leave compared with German women, who receive maternity leave for up to three years. A detailed description of definition of variables is presented in Appendix A.

Table 7.2 presents tabulations of all information available in our data sets on dependent employed, self-employed, or a combination according to type of contract and whether full-time or part-time. The dividing line between full-time and part-time is 35 hours of work per week. British and Swedish men are much more often self-employed than the women in their countries. For the other countries, the difference between male and female self-employment is less distinct. The Netherlands clearly has the highest percentage of women in regular part-time jobs (58.5 percent), the second highest percentage of women in part-time fixed term (5.1 percent), and the highest percentage of self-employed women working part-time. The Netherlands also has the highest percentage of men in part-time regular jobs (9 percent); the percentage in the other countries does not exceed 3.8 percent. The proportion of self-employed among Dutch men is lower than among men in the other countries, except for eastern Germany.

Table 7.2 Employment by Type of Contract and Whether Full-Time or Part-Time in 1998 (% of those who are gainfully employed)

	Britain		Western Germany		Eastern Germany		Netherlands		Sweden	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Dependent employed	84.9	93.3	87.9	91.9	90.9	93.0	89.7	90.8	80.8	93.1
Of which:										
Regular, FT	74.8	48.7	75.9	42.5	76.5	60.8	77.1	25.6	72.4	55.5
Regular, PT	3.5	35.2	3.6	39.9	2.2	15.7	9.0	58.5	3.8	30.1
Fixed-term, FT	4.3	2.8	7.3	6.8	11.4	13.2	2.6	1.5	3.4	3.8
Fixed-term, PT	2.3	6.5	1.0	2.7	0.9	3.3	1.0	5.1	1.2	3.8
Of which:										
Irregular contract							6.7	8.6		
Agency fixed-term (temp-help agency)							1.3	3.5		
Apprentice							1.8	1.2		
On-call							0.1	1.5		
Special programs							1.0	0.8		
Contract company							2.5	1.6		
Self-employed	15.1	6.8	12.1	8.1	9.1	7.0	10.3	7.1	11.4	4.5
Full-time	13.0	3.4	10.7	4.9	8.4	5.8	8.9	3.0	10.4	3.6
Part-time	2.1	3.4	1.5	3.2	0.6	1.2	1.3	4.2	1.0	0.9
Of which:										
Self-employed farmer			1.3	0.5	0.4	0.2				
Professional worker			2.2	1.5	1.5	1.7				

Other self-employed										
Without employees			3.0	3.9	3.3	2.8				
With 1–9 employees			5.0	1.6	3.3	1.9				
With 10 or more employees			0.5	0.1	0.6	0.2				
Family member helping out			0.2	0.5	0.0	0.3				
Own business ^a	2.9	1.4								
Partner in business ^b	2.5	1.4								
Working for self ^c	6.1	3.0								
Subcontractor	2.2	0.3								
Freelance	1.1	0.6								
Others	0.2	0.1								
Family workers ^d							0.0	2.1		
Self-employed and dependent employed									7.8	2.4
All	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
								983	1,226	1,120

^a Running a business or a professional practice.

^b Partner in a business or a professional practice.

^c Working for myself.

^d In Dutch “*meewerkende echtgenote*” (wife helping out in business of her husband).

SOURCE: Computations based on BHPS, GSOEP, OSA, and HUS (see note 1). For definition of variables, see Appendix A.

The Dutch data show more details on irregular contracts (Table 7.2). Dutch women are in irregular contracts more often than men. This is especially true for work in temporary help agencies. Dutch men with irregular contracts are concentrated in contract company work.

The German data offer more detailed information on the self-employed than other countries. The self-employed are categorized as either farmers, professionals, “other” self-employed in various-sized firms, or employed by family members. Approximately one-fifth of the self-employed women in both western and eastern Germany are professional workers. Another one-fifth are “other” self-employed and work in firms of fewer than ten employees, and about half work in firms with no other employees. The numbers in family operations are quite low (0.5 percent among western German women) and also low compared with the Netherlands (2.1 percent). In Britain, most of the self-employed work for themselves and, to a lesser extent, operate a business or a professional practice with or without partners. British men, but few women, tend to be subcontractors.

RESULTS OF MULTINOMIAL LOGITS AND WAGE REGRESSIONS

In the following, we analyze four different employment choices: full-time with a regular contract (“full-time”); part-time with a regular contract (“part-time”); fixed-term contract, full-time or part-time (“fixed-term”); and self-employed (“self-employed”). We proceed to merge the data from the four countries into one data set with the purpose of interpreting country dummies in light of policy differences discussed above. We summarize the results of three multinomial logit models on country-pooled data in Tables 7.3, 7.4, and 7.5, and country-specific wage regressions using national currency in Tables 7.6, 7.7, and 7.8.

We analyze how otherwise similar people end up in different work arrangements and the wage differences using three separate models. The first model includes both men and women and includes a dummy variable for women. The second model includes only men, and the third model includes only women. The joint model allows us to analyze

Table 7.3 Multinomial Logit Analysis: Relative Probability of Employment State for Both Sexes (Reference state is full-time work)

	Part-time		Fixed-term		Self-employed	
	RRR	Z-value	RRR	Z-value	RRR	Z-value
Women	12.420	35.26	2.007	9.05	1.196	2.59
Britain	0.434	-11.18	1.101	0.80	1.251	2.41
Western Germany	0.503	-7.73	1.738	4.15	1.262	2.14
Eastern Germany	0.152	-15.67	2.159	5.69	0.656	-3.25
Sweden	0.307	-12.97	1.299	1.85	1.250	2.15
Netherlands = base						
Educational groups						
Low	1.117	1.62	1.064	0.70	0.727	-3.99
Medium = base						
High	0.647	-5.49	0.982	-0.18	0.789	-2.74
Age groups						
16-24	0.855	-1.45	5.842	15.56	0.209	-8.41
25-34	0.605	-6.77	1.314	2.66	0.620	-5.54
35-44 = base						
45-54	1.414	4.53	0.787	-1.90	1.553	5.40
55-64	2.579	9.76	0.988	-0.08	2.223	8.01
Married or cohabiting	1.181	2.39	0.552	-7.28	0.911	-1.13
Single = base						
No. of children (≤ 11 years) in the household						
No children = base						
1 child	2.262	9.54	1.121	0.84	1.241	2.12
2 or more children	3.208	11.61	1.610	3.02	1.763	4.89
Age of youngest child in the household						
0-2	1.307	2.35	0.834	-0.97	0.972	-0.21
3-5	1.269	2.10	1.007	0.04	0.986	-0.10
<i>N</i>	14,451					
Log likelihood	6675.2					
Pseudo R^2	0.219					

NOTE: RRR is the relative risk ratio for a one-unit change in the corresponding variable, and risk is measured as the risk of the category relative to the base category. Industry (8 categories) and occupational (7 categories) dummy variables are included but not reported. The full version of estimation results is presented in Gustafsson, Kenjoh, and Wetzels (2001c). See Table 7.1 for the source, Appendix A for a detailed description of variables, and Appendix B, Tables 7.B1 and 7.B2 for descriptive statistics.

Table 7.4 Multinomial Logit Analysis: Relative Probability of Employment State for Men (Reference state is full-time work)

	Part-time		Fixed-term		Self-employed	
	RRR	Z-value	RRR	Z-value	RRR	Z-value
Britain	0.378	-6.27	1.311	1.47	2.085	6.26
Western Germany	0.439	-4.48	2.644	4.95	1.727	4.03
Eastern Germany	0.273	-4.88	3.398	5.98	0.949	-0.31
Sweden	0.468	-4.06	1.988	3.14	2.401	6.79
Netherlands = base						
Educational groups						
Low	0.889	-0.77	0.879	-0.96	0.877	-1.30
Medium = base						
High	0.854	-0.92	0.934	-0.44	0.764	-2.44
Age groups						
16-24	3.185	5.07	8.564	12.10	0.251	-5.99
25-34	1.044	0.23	1.574	2.74	0.673	-3.64
35-44 = base						
45-54	1.294	1.32	0.915	-0.46	1.719	5.37
55-64	3.497	6.17	0.880	-0.51	2.355	7.07
Married or cohabiting	0.676	-2.45	0.511	-5.13	0.733	-2.92
Single = base						
No. of children (≤ 11 years) in the household						
No children = base						
1 child	0.633	-1.68	0.670	-1.55	1.044	0.32
2 or more children	0.775	-0.83	0.545	-1.86	1.465	2.62
Age of youngest child in the household						
0-2	1.988	2.18	1.157	0.45	0.985	-0.09
3-5	1.801	1.75	0.922	-0.21	0.967	-0.19
<i>N</i>	7,653					
Log likelihood	-5205.6					
Pseudo R^2	0.155					

NOTE: RRR is the relative risk ratio for a one-unit change in the corresponding variable, and risk is measured as the risk of the category relative to the base category. Industry (8 categories) and occupational (7 categories) dummy variables are included but not reported. The full version of estimation results is presented in Gustafsson, Kenjoh, and Wetzels (2001c). See Table 7.1 for the source, Appendix A for a detailed description of variables, and Appendix B, Tables 7.B1 and 7.B2 for descriptive statistics.

Table 7.5 Multinomial Logit Analysis: Relative Probability of Employment State for Women (Reference state is full-time work)

	Part-time		Fixed-term		Self-employed	
	RRR	Z-value	RRR	Z-value	RRR	Z-value
Britain	0.317	-11.63	0.723	-1.98	0.405	-5.72
Western Germany	0.422	-7.38	1.041	0.21	0.663	-2.18
Eastern Germany	0.100	-15.88	1.210	1.02	0.302	-5.60
Sweden	0.187	-14.45	0.620	-2.47	0.300	-6.42
Netherlands = base						
Educational groups						
Low	1.113	1.28	1.179	1.37	0.557	-4.18
Medium = base						
High	0.591	-5.52	0.995	-0.04	0.836	-1.24
Age groups						
16-24	0.543	-4.81	3.951	9.14	0.150	-5.86
25-34	0.436	-9.21	0.934	-0.51	0.440	-5.61
35-44 = base						
45-54	1.463	4.18	0.705	-2.06	1.439	2.54
55-64	2.371	7.31	1.043	0.19	2.295	4.52
Married or cohabiting	1.548	5.50	0.698	-3.42	1.417	2.55
Single = base						
No. of children (≤ 11 years) in the household						
No children = base						
1 child	3.303	11.45	1.588	2.73	1.952	3.94
2 or more children	6.480	14.30	3.841	6.84	3.942	6.80
Age of youngest child in the household						
0-2	1.508	2.72	0.942	-0.24	1.178	0.65
3-5	1.461	2.53	1.286	1.11	1.207	0.78
<i>N</i>	6,798					
Log likelihood	-6377.8					
Pseudo R^2	0.175					

NOTE: RRR is the relative risk ratio for a one-unit change in the corresponding variable, and risk is measured as the risk of the category relative to the base category. Industry (8 categories) and occupational (7 categories) dummy variables are included but not reported. The full version of estimation results is presented in Gustafsson, Kenjoh, and Wetzels (2001c). See Table 7.1 for the source, Appendix A for a detailed description of variables, and Appendix B, Tables 7.B1 and 7.B2 for descriptive statistics.

Table 7.6 OLS Regressions on the Logarithm of Hourly Wage in National Currency for Both Sexes

	Britain		Western Germany		Eastern Germany		Netherlands		Sweden	
	Coef.	T-value	Coef.	T-value	Coef.	T-value	Coef.	T-value	Coef.	T-value
Women	-0.156	-12.17	-0.141	-7.79	-0.126	-5.03	-0.181	-9.94	-0.168	-14.82
Part-time	-0.131	-8.44	-0.203	-9.53	-0.036	-0.94	-0.005	-0.26	0.020	1.46
Fixed-term	-0.117	-5.78	-0.466	-16.22	-0.420	-13.21	-0.177	-5.48	-0.083	-4.06
Educational groups										
Low	-0.091	-5.77	-0.068	-3.46	-0.098	-3.78	-0.105	-6.38	-0.081	-6.46
Medium = base										
High	0.050	3.09	0.163	6.38	0.117	3.50	0.126	6.54	0.126	9.01
Age groups										
16-24	-0.313	-16.51	-0.522	-14.96	-0.430	-10.84	-0.402	-13.65	-0.190	-6.78
25-34	-0.082	-5.59	-0.108	-5.71	0.015	0.53	-0.147	-7.67	-0.085	-5.82
35-44 = base										
45-54	-0.028	-1.68	0.072	3.36	0.008	0.29	0.071	3.60	0.047	3.48
55-64	-0.071	-3.03	0.058	2.23	-0.015	-0.41	0.143	4.82	0.073	4.68
Married or cohabiting	0.045	3.37	0.017	0.93	0.083	2.90	0.075	3.92	0.010	0.73
Single = base										
No. of children (≤ 11 years) in the household										
No children = base										
1 child	0.017	0.86	0.002	0.09	-0.016	-0.54	0.006	0.25	0.037	2.24
2 or more children	0.024	1.06	0.093	3.03	-0.049	-1.06	0.039	1.50	0.036	1.81

Age of youngest child
in the household

0–2	0.042	1.75	0.017	0.48	0.039	0.65	0.025	0.89	0.008	0.30
3–5	0.019	0.75	0.022	0.65	–0.044	–0.82	–0.017	–0.56	0.030	1.28
Constant	1.934	81.78	3.266	106.9	2.84	65.16	3.229	105.1	4.659	219.6
<i>N</i>	4,787		1,927		1,274		1,624		1,927	
Adj. R^2	0.451		0.568		0.510		0.539		0.351	

NOTE: Industry (8 categories) and occupational (7 categories) dummy variables are included but not reported. The full version of estimation results is presented in Gustafsson, Kenjoh, and Wetzels (2001c). See Table 7.1 for the source, Appendix A for a detailed description of variables, and Appendix B, Tables 7.B1 and 7.B2 for descriptive statistics.

Table 7.7 OLS Regressions on the Logarithm of Hourly Wage in National Currency for Men

	Britain		Western Germany		Eastern Germany		Netherlands		Sweden	
	Coef.	T-value	Coef.	T-value	Coef.	T-value	Coef.	T-value	Coef.	T-value
Part-time	-0.094	-2.32	-0.223	-4.61	-0.062	-0.55	0.053	1.77	0.071	2.00
Fixed-term	-0.178	-5.68	-0.466	-12.34	-0.455	-9.28	-0.200	-4.07	-0.106	-3.11
Full-time = base										
Educational groups										
Low	-0.096	-4.20	-0.063	-2.48	-0.131	-3.46	-0.106	-4.87	-0.085	-4.62
Medium = base										
High	0.036	1.59	0.194	6.08	0.027	0.54	0.150	5.92	0.126	5.77
Age groups										
16-24	-0.370	-13.18	-0.637	-13.03	-0.396	-6.38	-0.473	-10.82	-0.183	-4.38
25-34	-0.096	-4.60	-0.122	-5.18	0.038	1.02	-0.192	-7.60	-0.105	-4.68
35-44 = base										
45-54	-0.009	-0.35	0.090	3.33	0.031	0.79	0.102	4.09	0.061	3.02
55-64	-0.093	-2.77	0.059	1.82	-0.075	-1.52	0.175	4.80	0.066	2.81
Married or cohabiting	0.080	3.82	0.056	2.25	0.075	1.72	0.110	4.05	0.034	1.61
Single = base										
No. of children (≤ 11 years) in the household										
No children = base										
1 child	0.062	2.02	-0.012	-0.39	-0.012	-0.30	0.006	0.19	0.066	2.41
2 or more children	0.092	2.75	0.079	2.09	-0.078	-1.26	0.040	1.20	0.059	1.75

Age of youngest child in
the household

0–2	–0.065	–1.86	0.048	1.22	0.036	0.51	0.003	0.08	–0.053	–1.14
3–5	–0.047	–1.22	0.008	0.21	0.005	0.07	–0.042	–1.10	0.026	0.64
Constant	1.962	61.20	3.267	89.20	2.880	48.30	3.230	84.95	4.636	150.30
<i>N</i>	2,264		1,106		682		916		944	
Adj. <i>R</i> ²	0.444		0.601		0.491		0.562		0.284	

NOTE: Industry (8 categories) and occupational (7 categories) dummy variables are included but not reported. The full version of estimation results is presented in Gustafsson, Kenjoh, and Wetzels (2001c). See Table 7.1 for the source, Appendix A for a detailed description of variables, and Appendix B, Table 7.B1 for the descriptive statistics.

Table 7.8 OLS Regressions on the Logarithm of Hourly Wage in National Currency for Women

	Britain		Western Germany		Eastern Germany		Netherlands		Sweden	
	Coef.	T-value	Coef.	T-value	Coef.	T-value	Coef.	T-value	Coef.	T-value
Part-time	-0.099	-5.56	-0.139	-4.87	-0.024	-0.57	-0.001	-0.02	0.017	1.22
Fixed-term	-0.064	-2.41	-0.417	-9.44	-0.394	-9.39	-0.132	-2.94	-0.073	-2.98
Full-time = base										
Educational groups										
Low	-0.067	-3.09	-0.077	-2.51	-0.060	-1.66	-0.092	-3.76	-0.069	-4.02
Medium = base										
High	0.067	3.01	0.153	3.63	0.210	4.65	0.092	3.21	0.136	7.31
Age groups										
16-24	-0.263	-10.24	-0.428	-8.49	-0.429	-8.16	-0.382	-9.50	-0.198	-5.26
25-34	-0.057	-2.83	-0.072	-2.28	-0.013	-0.32	-0.109	-3.71	-0.060	-3.16
35-44 = base										
45-54	-0.046	-1.98	0.040	1.17	-0.007	-0.16	-0.003	-0.11	0.026	1.42
55-64	-0.065	-2.03	0.047	1.10	0.069	1.25	0.044	0.90	0.065	3.10
Married or cohabiting	0.007	0.42	-0.044	-1.63	0.081	2.14	0.011	0.40	-0.007	-0.40
Single = base										
No. of children (≤ 11 years) in the household										
No children = base										
1 child	-0.020	-0.79	-0.013	-0.32	-0.012	-0.29	-0.029	-0.75	0.010	0.50
2 or more children	-0.041	-1.37	0.038	0.72	-0.022	-0.30	0.022	0.53	0.012	0.48

Age of youngest child in the household										
0–2	0.118	3.63	–0.166	–1.95	0.063	0.40	0.068	1.54	0.044	1.30
3–5	0.049	1.44	0.060	1.03	–0.103	–1.16	0.006	0.12	0.020	0.74
Constant	1.665	42.06	3.088	52.42	2.669	37.36	3.033	45.43	4.516	134.57
<i>N</i>	2523		821		592		708		983	
Adj. <i>R</i> ²	0.409		0.469		0.548		0.449		0.297	

NOTE: Industry (8 categories) and occupational (7 categories) dummy variables are included but not reported. The full version of estimation results is presented in Gustafsson, Kenjoh, and Wetzels (2001c). See Table 7.1 for the source, Appendix A for a detailed description of variables, and Appendix B, Table 7.B2 for the descriptive statistics.

how otherwise similar men and women compare in work outcomes. Estimating separate models for men and women allows us to analyze, for example, whether male part-time work differs between the countries studied. Houseman (1999) notes that an individual in the United States who works in a nonstandard work arrangement is likely to be female, young, low paid, and desiring a standard work arrangement. We find (Table 7.3) that, all else equal, women in the four European countries we study are 12 times as likely as men to work part-time, are twice as likely to have a fixed-term contract, and they are also 20 percent more likely than otherwise similar men to be self-employed. The first part of Houseman's observation for the United States, therefore, also applies to the four countries we study. The second observation of Houseman, that nonstandard workers earn less than standard workers, is not generally true in the four European countries we study. All else equal, women earn 12 to 18 percent less than men (Table 7.6). Working part-time or with a fixed-term contract carries a negative wage effect, except for part-time work in eastern Germany, the Netherlands, and Sweden (Table 7.6). However, separating by gender (Tables 7.7 and 7.8) modifies the picture.

Swedish men working part-time earn more per hour than full-time workers (Table 7.7), a result that badly scores with the fact that so many part-time workers in Sweden are part-time unemployed. However, even if 25 percent of part-time working men are part-time unemployed (see "The Changing Status of Part-Time Work," above), 75 percent may, to a large extent, be part-time retirees with a relatively high hourly wage. Part-time work among men is most common in the oldest age group, aged 55–64, and the youngest age group, aged 16–24 (Table 7.3).

Part-Time Work

The country dummy variables of the multinomial logits are of special interest in light of policy and institutional differences between countries. The Netherlands is confirmed as the largest part-time economy in the world. All else equal, there are many more part-time working men and women in the Netherlands than in the other countries (Tables 7.3, 7.4, and 7.5). As noted, we treat the eastern part of Germany (the former DDR) and the western part of Germany (the former

FRG) as two different countries. The data justify such a treatment because eastern and western Germany often reveal sharper distinctions than one would expect from one country affected by a given set of institutions. For example, there is very little part-time work in eastern Germany but considerable part-time work in western Germany, placing western Germany second in ranking after the Netherlands for men and women combined and for women only (Tables 7.3 and 7.5). Germany is ranked as such even though the probability of working part-time is only 40 percent to 50 percent as large in western Germany as in the Netherlands. Among eastern German women, however, the likelihood of working part-time is only one-tenth that in the Netherlands.

All else equal, the probability of a Swedish woman working part-time is only one-fifth that of a similar Dutch woman (Table 7.5). This is a sharp drop compared with the aggregate figure of 23 percent part-time workers among employed Swedes and 39 percent among employed Dutch in 1999 (Fagan and Ward, Table 3.1, in this volume) and also compared with the results in Table 7.2. Our raw data in Table 7.2 show that the proportion part-time among Dutch employed women is 58.5 percent, and the corresponding figure for Swedish women is 30.1 percent.

This difference is likely explained by the fact that Swedish part-time working women are much more concentrated in a certain category that we control for in our multinomial logit analysis, whereas in the Netherlands, part-time work is more evenly spread among all types of women. Nearly all Swedish mothers make use of the right to work 30 hours per week in their regular full-time work until the youngest child is eight years old. Because we control for whether there is a child younger than age 12 in the household, this variable catches the Swedish mothers making use of this family policy. Again, this result may modify the large amount of part-time unemployed among Swedish women, 30 percent, who would be spread over all kinds of women. However, the other 70 percent may be concentrated among women with young children. This control variable is also highly significant (Table 7.5); women with one young child are three times more likely to work part-time, and those with two or more young children are six times more likely to work part-time. Perhaps the effect of young children would have been even larger in a separate model for Swedish

women than it is in Table 7.5, where women from all four countries are included.

Part-time workers in western Germany earn at least 20 percent less per hour than otherwise similar full-time workers (Table 7.6). This is hardly the equal treatment of part-time work and full-time workers demanded by the EU 1997 directive and by German legislation. However, this is in line with the remark by Schömann and Schömann (in this volume) that part-time work is not available in skilled occupations, which differs from the Netherlands, where there is a general right to shorten or lengthen work hours in any job. In Britain, where no such legislation exists, the pay disadvantage for part-time workers is smaller both for men and women than it is in western Germany.

An explanation for the phenomenon that western German part-time workers earn substantially less than full-time workers, despite equal pay laws, is that for these laws to be effective, part-time and full-time workers must hold comparable jobs within firms. If all positions in a particular occupation within a firm are part-time, then a firm can legally pay these part-time workers low wages. Part-time workers are probably concentrated in low-skill occupations in Germany and in Britain, which has no equal-pay legislation for part-time workers, whereas in Sweden and the Netherlands, part-time workers hold a broad spectrum of occupations, including high-skill occupations.

Fixed-Term Work

In both eastern and western Germany, the probability of working under a fixed-term contract is much higher than in the other countries. For men, it is 2.6 to 3.4 times more common in Germany than in the Netherlands, and for women, the probability is almost equal to that in the Netherlands. Above it was shown that a fixed-term contract in Germany is seen as an alternative to unemployment (see “Flexibility of the Labor Market and Protection of Workers” above). One can therefore assume that German workers who have fixed-term contracts may not be the most competitive workers. There is also the largest negative wage effect in Germany (-0.42 to -0.46) compared with full-time work, which translates to a wage ratio of only 63 percent to 66 percent of regular worker hourly wages, all else equal (Table 7.6). This negative wage effect is similar for men and women (Tables 7.7 and 7.8).

In Britain, there are relatively few fixed-term contracts. As explained by Fagan and Ward (in this volume), there is no reason for a British firm to offer a fixed-term contract for a period shorter than one year because all workers' rights in Britain apply only after the worker has been employed for at least one year. The Netherlands has many fixed-term contracts for women but few for men, all else equal (Tables 7.4 and 7.5). There are, for example, twice as many Swedish as Dutch men on fixed-term contracts, but only 62 percent as many Swedish as Dutch women on fixed-term contracts, all else equal (Tables 7.4 and 7.5). There are more restrictions on the use of fixed-term contracts in Sweden than in the Netherlands, given that a Swedish firm must specify the reason why a fixed-term contract is offered rather than a regular contract. In Sweden, the typical fixed-term contract worker is a female substituting for someone on leave in the public health care sector. This scores with the fixed-term worker of Table 7.3. The probability of being a fixed-term worker doubles (2.0 in Table 7.3) if one is female, almost doubles if employed in the public and nonprofit sector (1.9), and is almost six times larger (5.8) if aged 16–24. In addition, a woman who has two or more children is almost four times as likely to have a fixed-term contract as women without children (Table 7.5). For men and women combined, Sweden has more workers with fixed-term contracts than all other countries except eastern Germany (Table 7.3), although the right to offer fixed-term contracts is quite regulated (see “Flexibility of the Labor Market and Protection of Workers,” above). The largest proportion of fixed-term workers, twice as many as in the Netherlands, is found in eastern Germany (Table 7.3).

Self-Employed

The German legislature has concerns that self-employment may be hidden dependent employment (see “Self-Employment: Entrepreneurial Inventiveness or Hidden Dependent Employment?” above). Self-employment is about equally prevalent in Britain, western Germany, and Sweden, and less common in the Netherlands and eastern Germany. We were unable to analyze wage differentials between self-employed and employed workers because of vague reporting of earnings and hours worked by the self-employed. If there were self-

employment among “weaker” workers, one would have seen a negative wage effect.

The Swedish legislature has viewed self-employment as an alternative to unemployment, which may also coincide with lower earnings. There is substantially more self-employment among men (Table 7.4) in Sweden, Britain, and western Germany than in the Netherlands, and substantially less self-employment among women than in the Netherlands (Table 7.5). The results score with the observation for the United States by Carré (in this volume) that independent contractors among men are executives, professionals, and salespersons, whereas female independent contractors offer domestic help, child care, real estate, services, and sales. A self-employed woman offering child care would be classified as public or nonprofit sector and a service worker.

CONCLUSION

The analysis in this chapter provides a partial answer to a number of questions. For example, why are there so many part-time workers, both men and women, in the Netherlands? Sweden saw an increase in part-time work among women in the 1970s, when combining work and motherhood became common. A combination lifestyle has only become acceptable and supported by public policies since the 1990s in the Netherlands and that may be an important reason why part-time work increased so much.

A second reason for the large proportion of part-time work in the Netherlands can be found in the way funds are raised, for example, in the care sector. It is customary for a private entrepreneur to compete for public funds with other entrepreneurs and also raise funds by private donations and user fees. It is rather likely that such a financing system may create part-time jobs supplemented by voluntary work. A third reason, from the demand side, is that the Dutch consensus society may result in two part-time jobs rather than one full-time job in the public sector (e.g., in academics). The Netherlands is also the one country that has legislated the right for the worker to demand increases or decreases of work hours in any job.

Another question that arises from the analysis is, Why are there so many self-employed Swedish men? The Swedish legislature views self-employment as an alternative to unemployment, granting entrepreneurs who would otherwise be unemployed the right to receive a subsidy equal to the unemployment benefit for half a year. Many Swedish self-employed workers have one-person firms, and their situation is not very different from dependently employed workers. The mobile telephone has also allowed people who work in the construction and home repair sector to be available to potential customers while at work. People in forestry own their own machinery and are independent entrepreneurs, and a hairdresser may be an independent entrepreneur renting a chair at some firm rather than being a dependent worker of the firm. In contrast, the German legislature has sought to decrease such practices, claiming that it is simply masked dependent employment that should be turned into a regular work contract in order to supply the worker with job protection and social security benefits. This can explain a smaller proportion of self-employed in Germany than in Sweden, which is consistent with our findings.

Why are there so many fixed-term workers in Germany and why are they so poorly paid? Although there are negative effects on wages per hour of having a fixed-term contract in all the countries we study, in both eastern and western Germany, the hourly wage of fixed-term workers is only about 63 percent to 67 percent that of regular workers, for both men and women. In the other countries, the fixed-term contract workers have an hourly wage of 84 percent to 93 percent that of regular workers (Tables 7.6, 7.7, and 7.8).

In Germany, fixed-term contracts have been seen as an alternative to unemployment and there are no limits on the number of months a person can work under a fixed-term contract if he or she is older than 60. This explains the large number of people who are employed on fixed-term contracts in both western and eastern Germany (Tables 7.3, 7.4, and 7.5). For younger people, a fixed-term contract turns into a regular contract after 24 months. It may be that there are exceptionally many older people in Germany on fixed-term contracts with low pay and they are then compared with other older employees who have better wages because of accumulated human capital and seniority.

Finally, the analysis raises the question of why part-time workers are relatively better paid in Sweden and the Netherlands than in Britain

and Germany. In Sweden, part-time work is seen as a temporary solution, and one of the parents of young children has a legal right to shorten work hours to 30 hours a week until the youngest child is eight years old. Part-time workers in Sweden in 1998 averaged 23.1 hours per week compared with Britain at 17.1 hours, the Netherlands at 18.1, and Germany at 18.3 for both men and women. Swedish mothers regularly make use of 12 to 18 months of parental leave during the child's first one and one-half years of life. By the time the child is age five, 90 percent of mothers work at least 25 hours per week, in contrast to the other three countries. In the Netherlands, Britain, and Germany, only about 50 percent of mothers of five-year-olds are employed, and fewer than 10 percent are employed full-time (Gustafsson, Kenjoh, and Wetzels 2001b).

Further, part-time work in Sweden and the Netherlands occurs in all types of occupations and in all educational groups, whereas in Britain, part-time work is very often temporary and limited to low-skilled jobs. Part-time work is not available in higher-level jobs in Germany, where works councils have a veto if a firm wants to install part-time jobs.

Note

1. Another comparison across the European Union States offered by Fagan and Ward (in this volume) is the average number of hours per week worked by a part-time working woman. Sweden and France are the only two countries that have averages of 23 hours per week, whereas part-time working women in most EU countries average less than 20 hours per week. This is also the case for the Netherlands, Britain, and Germany.

Appendix A

Definition of Variables

Table 7A.1 Current Labor Force Status

	Not employed	Dependent employed	Self-employed
Britain (BHPS)	<ul style="list-style-type: none"> • Respondent did not do any paid work last week; [and] • respondent does not have a job or is waiting for job. 	<ul style="list-style-type: none"> • Respondent did paid work last week; or respondent did no paid work, but he/she has a job and is on leave; [and] • Employed. 	<ul style="list-style-type: none"> • Respondent did paid work last week; or respondent did no paid work, but he/she has a job and is on leave; [and] • Self-employed
Germany (GSOEP)	<ul style="list-style-type: none"> • Not gainfully employed; or on temporary work leave. <p>Note: Those who were on leave are included in “not employed” because they did not report the information on their job characteristics (type of contract, industry, occupation, etc.).</p>	<ul style="list-style-type: none"> • Employed full-time; or employed part-time; or in occupational trianing, apprenticeship; or marginally or sporadically employed [and] • Not self-employed 	<ul style="list-style-type: none"> • Self-employed, including family members helping out.
Netherlands (OSA)	<ul style="list-style-type: none"> • Unemployed, nonparticipant, full-time student. 	<ul style="list-style-type: none"> • Gainfully employed 	<ul style="list-style-type: none"> • Self-employed, family worker.
Sweden (HUS)	<ul style="list-style-type: none"> • Respondent is in the labor force but on leave from work, more than two months; or respondent is looking for work; or respondent is not in the labor force. 	<ul style="list-style-type: none"> • Respondent is employed: 1) performed paid work during the last week, 2) had time off, was ill, or was on leave for less than 2 months, or 3) was laid off but expected to return to work within one week; [and] • Salaried employee. 	<ul style="list-style-type: none"> • Respondent is employed: 1) performed paid work during the last week, 2) had time off, was ill, or was on leave for less than 2 months, or 3) was laid off but expected to return to work within one week; [and] • Salaried employee;[and] • Self-employed/professional or both salaried employee and self-employed

Contract

	Regular contract	Fixed-term contract
Britain (BHPS)	Permanent job	Seasonal/temporary job contract/fixed time
Germany (GSOEP)	Unlimited contract	Limited contract
Netherlands (OSA)	Permanent employment; Temporary contract with a view of permanent employment	Temporary contract
Sweden (HUS)	Year-round job	Temporary job; Seasonal work

Full-Time Work

Full-time work with a regular contract (35 hours and more worked per week, including overtime hours).

Part-Time Work

Part-time work with a regular contract (fewer than 35 hours worked per week, including overtime).

Fixed-Term Work

Fixed-term work is full-time or part-time work with a fixed-term contract.

Hourly Wage

Hourly wage includes gross earnings per week/(normal working hours per week incl. paid and unpaid overtime).

Because we do not have direct information on hourly wages, we calculate hourly wage from gross earnings per week divided by normal working hours per week, including paid and unpaid overtime. For gross earnings, we use gross monthly earnings in BHPS, GSOEP, OSA, and the majority of employees in HUS. To obtain gross earnings per week, monthly earnings are divided by 4.3. In addition, for HUS, respondents report their earnings based on how to be paid. Annual earnings are divided by 46, and biweekly earnings are divided by 2. When case hourly earnings are reported, this is regarded as the hourly wage. However, after doing this procedure, we have a few very “strange” cases; that is, wages considerably below the minimum wages or very high wages. To ensure wage estimations are not affected by these cases, which occurred because of missed reporting, and other extreme cases, we exclude the observations with

1 percent of the lowest and 1 percent of the highest wage distribution from our wage estimations. The original descriptions of *gross earnings* and *hourly wages* in each data set are as follows:

Gross Earnings

Britain (BHPS)

The last time you were paid, what was your gross pay—that is, including any overtime, bonuses, commission, tips or tax refund, but before any deductions for tax, national insurance or pension contributions, union dues, and so on?

Germany (GSOEP)

How high were your earnings last month? If you received any additional payments last month, e.g., holiday money or back-pay please do not include these. Also do not include child benefits even if received from employer. However, do include money earned for overtime. If possible please enter for both: Gross earnings, in other words earnings before deductions for tax and social security; net earnings, in other words the amount after deductions for tax and social security.

Netherlands (OSA)

Gross income per month, current situation.

Sweden (HUS)

What are your regular weekly (biweekly, monthly, annual, or hourly) earnings, before taxes and other deductions?

Working Hours per Week (including paid and unpaid overtime work)

Britain (BHPS) 1 + 2

- 1) Thinking about your (main) job, how many hours, excluding overtime and meal breaks, are you expected to work in a normal week?
- 2) And how many hours overtime do you usually work in a normal week (including unpaid overtime)?

Germany (GSOEP)

How many hours (per week) do you actually work, on average, including overtime?

Netherlands (OSA) 1 + 2 + 3

- 1) Contracted working hours

- 2) Unpaid overtime per week
- 3) Paid overtime per week

Sweden (HUS)

On average, how many hours per week are you currently working at your main job, including both paid and unpaid overtime?

Education

Education high: Obtained highest qualification, requires 15 years or more of schooling.

Education medium: Obtained highest qualification, requires between 12 and 14 years of schooling.

Education low: Obtained highest qualification, requires fewer than 12 years of schooling. See Gustafsson, Kenjoh, and Wetzels (2001c) for detailed description.

Marital Status

	Married or cohabiting	Single
Britain (BHPS)	Married; living as couple	Widowed; divorced; separated; never married
Germany (GSOEP)	Married, living together with spouse; or Married, living permanently separated from my spouse, single, divorced or widowed; and living with partner in same household	Married, living permanently separated from my spouse; single; divorced; or widowed and not living with partner in same household
Netherlands (OSA)	Married; living with partner	Divorced (not living with partner); widowed (not living with partner); single/never married
Sweden (HUS)	Married; cohabiting	Single

Occupational Classification

We use the 1 digit ISCO-68 Occupational Classification for our four-country comparison of occupations. The reason we follow ISCO-68 instead of ISCO-88, which is the latest international standard classification of occupations, is that the occupational classification in HUS does not distinguish between skilled work and elementary occupation. Because this distinction is essential in making data correspond to the 1 digit ISCO-88, we can only create a variable that corresponds to 1 digit ISCO-68 for HUS. GSOEP includes a

variable of ISCO-68 directly. BHPS and OSA give the classification based on ISCO-88 and we convert ISCO-88, using “Index of occupational titles according to ISCO-88 numerical order” in ILO (1990, pp. 273–334).

Industrial Classification

Industrial classifications are as follows: agriculture (agriculture, forestry, and fishing), manufacturing and mining, energy (energy and water supply), construction, shops, restaurants, etc. (wholesale and retail trade/hotels and restaurants), transportation (transportation and communications), finance (finance, insurance, and real estate), and public nonprofit (nonprofit business: industrial classification in HUS, except we combine manufacturing and mining industry, and the British Standard Industrial Classification 1980 [SIC] in BHPS 1998 does not provide an independent category for mining). We do not adopt NACE-European Community Classification of Economic Activities as our industrial classification because it is impossible to make the corresponding classification using HUS, which has the roughest industrial classification among our four data sets.

Note

1. Another comparison across the EU states offered by Fagan and Ward (in this volume) is the average number of hours per week worked by a part-time working woman. Sweden and France are the only two countries that have averages of 23 hours per week, whereas part-time women in most EU countries average fewer than 20 hours per week. This is also the case for the Netherlands, Britain, and Germany.

Appendix B

Table 7B.1 Descriptive Statistics (the means of explanatory variables): Men Who Are Gainfully Employed

	Britain	Western Germany	Eastern Germany	Netherlands	Sweden
Educational groups					
Low	0.394	0.632	0.637	0.463	0.490
Medium = base					
High	0.450	0.189	0.166	0.240	0.226
Age groups					
16–24	0.162	0.064	0.115	0.080	0.036
25–34	0.278	0.313	0.236	0.235	0.179
35–44 = base					
45–54	0.196	0.209	0.214	0.278	0.325
55–64	0.093	0.121	0.116	0.100	0.202
Married or cohabiting					
No children = base	0.715	0.751	0.785	0.808	0.858
1 child	0.131	0.164	0.186	0.146	0.091
2 or more children	0.138	0.140	0.079	0.201	0.106
Age of youngest child in the household					
0–2	0.110	0.095	0.049	0.112	0.038
3–5	0.069	0.085	0.054	0.087	0.054
Industry					
Agriculture	0.026	0.027	0.044	0.039	0.024
Energy	0.016	0.022	0.023	0.010	0.026

Construction	0.090	0.108	0.227	0.101	0.084
Shops, restaurants, etc.	0.176	0.089	0.100	0.151	0.090
Transportation	0.095	0.087	0.098	0.081	0.091
Finance	0.139	0.056	0.026	0.145	0.104
Public, nonprofit	0.188	0.278	0.222	0.287	0.259
Manufacturing = base					
Occupation (ISCO-68)					
0/1: Professional	0.190	0.228	0.127	0.300	0.245
2: Administrative	0.140	0.075	0.066	0.107	0.099
3: Clerical	0.103	0.135	0.076	0.107	0.122
4: Sales workers	0.091	0.061	0.067	0.077	0.095
5: Service workers	0.100	0.078	0.075	0.051	0.075
6: Agricultural workers	0.030	0.024	0.040	0.044	0.023
7/8/9: Production workers = base					
<i>N</i>	2,992	1,351	818	1,266	1,266

See Table 7.1 for the source and Appendix A for a detailed description of variables.

Table 7B.2 Descriptive Statistics (the means of explanatory variables): Women Who Are Gainfully Employed

	Britain	Western Germany	Eastern Germany	Netherlands	Sweden
Educational groups					
Low	0.466	0.653	0.541	0.391	0.483
High	0.366	0.138	0.156	0.219	0.322
Age groups					
16–24	0.181	0.087	0.137	0.121	0.044
25–34	0.271	0.310	0.233	0.275	0.184
45–54	0.215	0.198	0.215	0.240	0.329
55–64	0.076	0.106	0.089	0.060	0.186
Married or cohabiting	0.690	0.723	0.769	0.784	0.846
No. of children in the household					
1 child	0.152	0.143	0.170	0.153	0.148
2 or more children	0.130	0.091	0.048	0.182	0.158
Age of youngest child in the household					
0–2	0.087	0.023	0.009	0.121	0.044
3–5	0.066	0.067	0.036	0.081	0.090
Industry					
Agriculture	0.008	0.015	0.025	0.018	0.009
Energy	0.008	0.002	0.006	0.003	0.009

Construction	0.008	0.006	0.015	0.012	0.006
Shops, restaurants, etc.	0.257	0.201	0.161	0.197	0.091
Transportation	0.036	0.079	0.084	0.043	0.037
Finance	0.134	0.082	0.060	0.114	0.065
Public, nonprofit	0.437	0.485	0.542	0.558	0.667
Occupation (ISCO-68)					
0/1: Professional	0.196	0.260	0.305	0.325	0.513
2: Administrative	0.073	0.014	0.025	0.034	0.046
3: Clerical	0.284	0.293	0.286	0.242	0.180
4: Sales workers	0.123	0.166	0.164	0.118	0.077
5: Service workers	0.250	0.169	0.108	0.225	0.093
6: Agricultural workers	0.007	0.018	0.025	0.019	0.006
<i>N</i>	3,007	1,000	688	983	1,120

See Table 7.1 for the source and Appendix A for a detailed description of variables.

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8

Standard and Nonstandard Work Arrangements, Pay Difference, and Choice of Work by Japanese Mothers

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In this chapter, we analyze two questions. First, how do marriage and children affect women's choices among full-time regular employment and part-time employment and no work; and do they differ by cohorts and by the educational attainment of females? Second, why is the part-time employment wage so low in Japan, and why do increasingly more females still choose to work part-time?

The age profile of female labor participation still retains an M-shape in Japan: labor force participation rises at first with age, declines during women's childbearing years, and rises again with age until retirement ages. In contrast, in the United States, the United Kingdom, Germany, France, and in many other western countries, the profile has slowly changed to a high plateau over the last 20–30 years. Has the work behavior also changed for the younger cohorts in Japan? To address this question we use microdata from the Eleventh Japanese National Fertility Survey—Married Wife, collected by the National Institute of Population and Social Security Research in 1997. To explore the second question of why the wage level of part-time workers remained low despite the general increase in demand for part-time workers, and the increase in part-time work, we use the Survey on the Diversified Workers at Workplace, conducted by the Japan Labor Institute in 1999. The chapter attempts to show what effects the tax and social security system had, together with labor practices, in keeping the part-time wage rate low.

The outline of this chapter is as follows. We first report the general time trends of Japanese female labor using descriptive statistics. In

contrast to other western countries reviewed in this volume, many married females have worked as informal family workers in the past. The emerging part-time employment opportunities coincided with the decline in informal work opportunities in the 1980s. Part-time employment further increased among unmarried females, the aged, and young males in the 1990s. We then examine specific features of Japanese nonstandard work, its definition, and time trends in wage levels. In the third section, we analyze the important policy changes in recent years that have strongly influenced women. Although the Equal Employment Opportunity Law and Child Care Leave Law promoted equality between the sexes and continued labor force participation, the tax and social security reform encouraged wives to remain as secondary earners, especially in part-time work. These early sections, therefore, offer general and up-to-date information concerning female labor in Japan. In the fourth section, we examine marriage and childbirth and the mother's choice of no work, regular work, or nonstandard work using descriptive statistics and multinomial logit analysis of microdata. Although the younger generations are more likely to continue to work after marriage, the majority of women still quit work after the birth of their first child. The less educated are more likely to return to nonstandard work arrangements. The more educated may have a higher attachment to work during child-rearing years, but they are less likely to return to work once they interrupt their first career. In the following section, the wage structure of nonstandard employees is estimated, and the effect of the tax and social security tax system on wage is discussed. The chapter ends with concluding remarks.

GROWTH OF NONSTANDARD WORKERS

Japan perhaps contrasts with other countries in this volume in that about 40 percent of all married female labor participants were in self-employment as late as the 1980s. Self-employment includes family workers or the self-employed in small family-owned stores, small family-run manufacturing, or in agriculture. Table 8.1 shows that part-time and other nonstandard employment rapidly replaced self-employment. In 1987, self-employment comprised 36 percent of the married

Table 8.1 Trends in Labor Participation and Type of Work (%)

	Labor participation ^b	Self-employed ^c	Dependent employment ^a			
			Total	<i>Seishain</i>	Part-time ^d	Others ^e
Male						
1982	79	22	78	66	2	4
1987	77	20	80	67	3	3
1997	76	16	84	68	5	3
Female						
1982	49	34	66	43	17	3
1987	48	30	70	43	22	3
1997	50	20	80	43	30	4
Married female ^f						
1982	44	42	58	32	20	3
1987	50	36	63	31	26	3
1997	51	26	74	32	35	3

^a As a percentage of all employed. Dependent employment = *Seishain* (regular workers) + Part-time + Others + Executives of corporations.

^b As a percentage of working-age population.

^c As a percentage of all employed. Self-employed includes family workers.

^d Part-time includes *arubaito*.

^e Others include dispatched workers and *shokutaku*.

^f Spouse of household heads in an ordinary household.

SOURCE: Statistics Office Basic Employment Survey.

female labor force, and nonstandard work comprised 26 percent; in 1997, the percentage was just about the opposite, 26 percent for the former and 35 percent for the latter. Table 8.1 also shows that the percentage of such nonstandard employment and informal sector work was much lower for males and for females, if unmarried females are included.

Because the increase in part-time employment offsets the decline in informal sector work, Nitta (2001) attributes the increase in part-time work to supply-side matters. Indeed, many married women chose this form of work to better coordinate household chores and market work. According to the Statistics Office Basic Employment Survey, the percentage of workers who replied that they are “mainly working”

remained at about one-fourth of all married females throughout the 1980s and 1990s, despite the rise in the labor participation rate. On the other hand, those who replied that they are “working as secondary activities” increased from 20 percent to 25 percent of married females.

Tables 8.2 and 8.3 show how women’s work choices differ by family characteristics. Table 8.2 shows that single women have a high labor force participation rate, at around 90 percent, and also have a high share of regular full-time work (around 80 percent) for the 25–34

Table 8.2 Labor Force Participation: Single Women and Married Women without Children

	Total	Age					
		15–24	25–34	35–44	45–54	55–64	65+
Single women							
Population size (in 10,000)	758	104	114	47	61	90	342
Labor participation rate (%)	45	60	94	91	85	56	9
Wage and salaried earners to labor force participants (%)	88	98	94	93	84	83	50
Nonagricultural wage and salaried earners (%) ^a							
Regular employees	68	64	80	75	67	47	38
Part-time and <i>arubaito</i>	28	34	14	19	31	45	54
Dispatched workers	2	0	3	3	0	3	–
<i>Shokutaku</i> and others	3	2	3	6	3	5	8
Married women (with no children or other relatives in household)							
Population size (in 10,000)	996	14	164	78	152	294	311
Labor participation rate (%)	43	50	65	65	64	45	15
Wage and salaried earners to labor force participants (%)	72	100	94	85	74	63	30
Nonagricultural wage and salaried earners ^a (%)							
Regular employees	47	57	56	49	46	38	43
Part-time and <i>arubaito</i>	46	27	35	46	50	58	50
Dispatched workers	2	0	4	2	1	0	–
<i>Shokutaku</i> and others	5	0	6	5	4	5	14

^a Percentage may not add up to 100 because of rounding.

SOURCE: Labor Force Special Survey 2001 and 2000.

Table 8.3 Labor Participation Pattern, Married Women by Age of Children

	Age of the youngest child							No. of children		
	0-3	4-6	7-9	10-12	13-14	15-17	18+	1	2	3+
Population size (in 10,000)	326	166	141	140	101	173	701	774	735	239
Labor participation: nuclear family (%)	28	46	62	63	71	69	56	47	54	54
Labor participation: extended family (%)	40	63	79	78	81	81	71	67	70	74
Nuclear/all families (%)	85	79	76	71	69	72	83	85	77	70
For married women of nuclear families										
Percentage of total population ^a										
Regular employees	12	15	13	16	19	18	15	15	14	13
Part-time and <i>arubaito</i>	8	21	32	34	36	38	25	20	28	27
Dispatched workers	0	1	1	0	0	0	0	0	0	0
<i>Shokutaku</i> and others	1	1	2	1	1	2	1	1	1	2
Percentage of labor force participants										
Regular employees	44	33	23	26	27	26	27	32	27	23
Part-time and <i>arubaito</i>	32	47	55	55	52	57	45	42	52	49
Dispatched workers	1	2	2	0	0	0	0	1	1	0
<i>Shokutaku</i> and others	3	2	3	2	2	2	2	2	2	3
Percentage of nonagricultural wage and salaried workers										
Regular employees	55	40	28	31	33	31	36	42	33	30
Part-time and <i>arubaito</i>	40	57	68	65	64	67	61	55	64	64
Dispatched workers	2	2	2	0	0	0	0	1	1	0
<i>Shokutaku</i> and others	3	2	4	2	3	3	3	3	3	4

^a Percentages do not add up to labor force participation rate because informal sector work is not included.

SOURCE: Labor Force Special Survey, February 2001.

age group. The labor force participation rate of married women without children drops by 20 to 30 percentage points and the share of nonstandard employment (part-time, dispatched, *shokutaku*, and others) increases to nearly half of those employed. Table 8.3 shows the work patterns for mothers by the age of their youngest child. The second and third rows show that the labor participation rate is about 10–17 percentage points lower for nuclear families than for extended families. Because nuclear families compose around 80 percent of families with children today, the middle and lower sections of the table show the work categories in detail for nuclear families.

The participation rate drops to 28 percent for the nuclear family when the youngest child is under age 3; it rises to 71 percent when the youngest child is 13–14 years old. The share of regular workers to total population stays relatively stable: 12 percent when the youngest child is age 0–3 and 18 percent when the youngest child is 15–17. On the other hand, the share of nonstandard employment to the total population increases as children age, from 8 percent of families whose youngest child is 0–3 to 38 percent when the youngest child is age 15–17.

Interestingly, as Table 8.2 reveals, the ratio of women who work in nonstandard employment generally increases with age for both single and married women. This indicates that the choice is not only a desire to coordinate household chores and work, but also an inability to find a regular job. Such an age effect is not evident for males, except for those over age 60. Nagase (1995) showed that the unwilling choice of nonstandard work increases when women are over age 35 and when men are over age 45 when controlling for education, area, and other factors.

In the 1990s, with the economy in a deep recession, the labor market scene changed, with demands for a flexible and less costly workforce becoming stronger. Nonstandard work expanded not only among housewives, but also among young males, and females and older males. The share of nonstandard employees in nonagricultural employment (excluding the informal sector) rose by 6 percent from 1990 to 2000, to 18 percent for males younger than 25 and not attending school, and to 28 percent for males over age 65, according to the Labor Force Special Survey. For females, the share increased by 7 percentage points from 1990 to 2000, to 49 percent for the age group 35–64, and by 12 percent to 23 percent for females younger than age 24 and

not attending school. Part-time work still composes the largest share of nonstandard employment, as shown in Table 8.1, but a new form of nonstandard employment is increasing, and the definition of “part-time” also includes full-time nonstandard workers, as will be discussed below.

SPECIFIC FEATURES OF JAPANESE “PART-TIME” WORKERS AND THEIR LOW WAGES

A very interesting feature of part-time employment is that a large body of workers is called “part-time” irrespective of work hours: their jobs have been often low-paying and short-term, with flexibility in working hours and fewer responsibilities. Ichino (1989) concluded that “part-time” workers are mostly married females and have longer average work weeks, while “short work week” workers included comparatively more males. Surprisingly, more than half of the workers classified as part-time worked more than 35 hours in 1989, according to the Labor Force Special Survey. The percentage is lower (26 percent) in 2000.¹

This has much to do with Japanese employment practice that treats the regular workers, or *seishain*, and nonstandard workers differently. Court law has also supported such differential treatment. The *seishain* are hired as long-term contract workers, given greater job protection, and often have wages linked to tenure. Substantial biannual bonus payments are customary as is a higher severance payment upon retirement along with social security insurance coverage and other employee benefits. In return, the ready acceptance of overtime work and relocation was often required by employer and employee agreements. Sugeno, from the viewpoint of labor law, comments that such agreement can be rational under long-term labor contracts (Sugeno 1997, p. 101). On the other hand, part-time employees and other nonstandard employees are provided less employment stability and lower wages. There is as yet only one court that has ruled that the wage difference between workers of different work categories conducting the same work is against public benefit.² Kojima and Fujikawa (in this volume) explain the different treatment and the law.

Nagase (1997a,b) found that hourly wages of female part-time workers are as low as those of family workers and self-employed workers when education, tenure, and other factors are controlled for and when work selection correction was made. The wage gap between regular and part-time workers was found to be as large as 30 percent, even when education, tenure, work selection correction, and other factors were controlled for.

Despite the relatively higher demand for part-time than regular full-time workers evident in more job openings and the job-seeker ratio, the generally lower pecuniary compensation of part-time workers compared with regular workers never narrowed. Rather, the hourly wage level compared with that of the average females in full-time regular workers deteriorated. The average hourly wage gap between the two was around 10 percent in the early 1970s, but declined throughout the 1970s and leveled off in the 1980s. It showed a small reversal during the economic boom that began in 1986, but again started to decline after 1990. The Part-Time Labor Law was implemented in 1993 to enhance the working conditions of part-time workers. However, the average hourly wage gap between part-time employees and regular full-time employees is as large as 34 percent today. Among female part-time workers, only 35 percent were covered by Social Security Insurance in 1995, and many fewer were covered by corporate benefits.

POLICY AND INSTITUTIONAL CHANGES CONCERNING WOMEN AND LABOR

Policy changes that affected family and work were rather contradictory, in that on one hand they encouraged female labor, and on the other hand, increased protection to housewives.

The two main laws that encouraged female labor involvement were the Equal Employment Opportunity Law and the Child Care Leave Law. The former was implemented in 1986 to prohibit discrimination between sexes. The law was outstanding but introductory, since many clauses were written as “duty to make effort” for employers, and others that were mandatory lacked any penalty. Some clauses were strength-

ened in 1999. For example, the prohibition of discrimination between men and women in hiring, location, and promotion became mandatory.³

The Child Care Leave Law was implemented in 1992 to facilitate women's work after childbirth. It allowed leave from work until the child reached the age of one. Leave was originally nonpaid, but pecuniary compensation began with employment insurance in 1995, and the level improved in 2001 to 40 percent of the previous salary. The law applied to all enterprises (including businesses with fewer than 30 employees) in 1995. Leave, however, can exclude certain workers,⁴ and nonstandard workers are often excluded (Nihon Rodo Kenkyu Kiko 2001). Most nonstandard workers, therefore, lack child care leave rights (Nagase 2000). The leave law was strengthened in 2001.

On the other hand, changes made in the Tax and Social Insurance Law increased benefits to low-earning or nonworking wives in the late 1980s and early 1990s. It, in effect, promoted secondary employment among women.

Securing women's pension rights was on the agenda of the Pension Reform Law of 1985. Before the reform, housewives of waged and salaried workers were not mandatory participants, but were supposed to be supported by their husband's public pension. The new law made social insurance mandatory for dependent spouses without any new premium payment.⁵ The Ministry of Health and Welfare described the reform as that of transferring part of the breadwinner's income-related national occupational pension to his dependent spouse while maintaining the household total pension level. However, although the reform gave pension rights to nonearning and low-earning spouses, it did so by gradually thinning the pension benefit of the full-time working population without dependents. After the reform, the only addition that a wife could add to her pension by her own premium payment was the earnings-related second tier, since she was already given the first tier. On the other hand, the dependent spouse gained the full basic pension with no personal premium payment.

The definition of dependent spouse was quite generous: up to 1.3 million yen annually since the early 1990s.⁶ Moreover, all other social security premium exemption rules for dependent spouses of waged and salaried workers were tied to the same limit, namely the health insurance premium and the long-term care insurance that was newly intro-

duced in 1999. Because the level of premium payment rose rapidly in the 1990s, the benefit obtained by remaining as a dependent spouse in effect enlarged. In fact, according to the Statistics Bureau's Basic Employment Survey of 1997, among married females, more than 70 percent of nonstandard employees with children were earning less than 1 million yen, below the minimum level for tax and social security payments.

In terms of tax, the Income Tax Special Deduction of Spouse was introduced in 1987. Before its introduction, the household tax increased once a wife's income exceeded a certain limit (then 0.9 million yen) because the main income earner lost the full value of the spouse's deduction on his income tax. The addition of the Special Tax Deduction of Spouse was to lessen this large increase, not by reducing the low-earning wives' tax benefits, but by adding income steps on it. Some observers noted that this change was implemented to ease the heated objection of housewives to the introduction of the Consumption Tax.

Labor practices also encourage married women to stay home, or at least remain low-income earners. Many firms pay "spouse's addition" to the regular salary. According to the General Survey on Wage and Working Hours System of 1997, by the Ministry of Labor, and conducted among enterprises with 30 and more full-time regular employees, 77 percent of the firms provided spouse allowances that averaged 10,500 yen a month. However, the payment is often linked to whether the wife is dependent.⁷

MARRIAGE, CHILDBIRTH, AND LABOR SUPPLY

Cohort Difference

Using the microdata from the Eleventh Japanese National Fertility Survey—Married Women (hereafter referred to as *Married Women*), I examine how having children affects the work choices of females. The data were collected by the National Institute of Population and Social Security Research (NIPSSR) in 1997 for married women under age 50, or born after 1948, and comprise a national sample of 7,370, when

missing samples are excluded. The data include retrospective questions on work status before and after marriage, date of first child's birth, and mother's present work status.⁸

The upper half of Table 8.4 shows the older cohort (age 35 to 49 when surveyed), and the lower half shows the younger cohort, who were under age 35. A majority of married women in both cohorts (84 percent) had regular full-time employment before marriage. The older cohort had a slightly higher percentage of self-employment and no work, while the younger cohort had a slightly higher percentage of nonstandard work before marriage, but the difference is small.

The transition at marriage in two age groups is shown in the second column. A higher proportion of the younger generation continues full-time regular work after marriage; 46 percent versus 41 percent of the older cohort. Being a housewife, however, was still a popular choice: as many as 40 percent of those under age 35 left the labor force to

Table 8.4 Change in Labor Force Participation and Type of Work with Marriage and Childbirth (%)

	Before marriage	After marriage ^a	When first child was age 1 ^a				
			Total	Education (years)			
				9	12	14	16
Born 1948–1962							
Regular employment	84	41	17	15	14	22	30
Nonstandard employment	11	10	3	4	3	2	4
Self-employed	2	5	5	7	6	6	2
Home piece rate work	–	1	2	5	2	1	–
Out of labor force	3	42	67	61	71	66	62
Born 1963–							
Regular employment	84	46	13	3	11	15	25
Nonstandard employment	7	12	4	3	5	3	2
Self-employed	4	2	3	9	3	3	3
Home piece rate work	–	0	1	3	1	1	1
Out of labor force	5	39	70	77	74	73	65

^a For those who are regular employees before marriage. Nonstandard employment includes part-time and *arubaito*.

SOURCE: Nagase (1999).

become housewives, which is much higher relative to U.S. women, at 1.4 percent (Cassirer, Table 9.11, in this volume).⁹

Despite the Child Care Leave Law, work continuation dropped slightly for the younger generation after the birth of their first child (third column, Table 8.4). About 70 percent of women were found to be out of the labor force when their first child was one.¹⁰ More than half of those who remained in regular work at marriage quit work at childbirth, which again is exceptionally high compared with 6 percent in the United States (Cassirer, in this volume).

The next four columns show the difference in work status by educational attainment when the first child is age one. High school graduates compose the largest share of females, 49 percent for the younger and 53 percent for the older age group. Only 14 percent of high school graduates in the older cohort held a full-time regular job after their first child was born, and the percentage was 11 for the younger age group. Although more university and college graduates continued work, the percentage who held regular jobs declined in the younger age group. Overall, 62 percent of university graduates were out of the labor force in the older age group, and 65 percent in the younger age group.¹¹

Because the *Married Women* does not include those who would marry in the future, young women who would marry and would have births in their 30s are excluded from the data. Osawa and Suzuki (2000) pointed out that there is an emergence of educated women who postpone childbirth until the 30s and continue work after childbirth. In these data, too, if the sample is restricted to more educated and those who had their first child in later years,¹² a small sign of increased participation after childbirth was seen for the younger generation. It should also be noted that, although increasing, women who have their first child in their 30s are a minority.¹³ Therefore, it is still uncertain whether postponed marriage will result in continued labor participation after childbirth in the future or whether more women in the younger cohort will remain childless. The likelihood of the latter so far seems to be higher. The birth projection of NIPSSR in 2002 predicted that 31 percent of women born in the 1985 cohort would remain childless and 17 percent would not marry.

Since a small decline in labor force participation for the younger cohort is rather surprising, I checked two sets of larger cross-sectional data, the Basic Employment Survey of 1987 and 1997, to confirm the

findings on the women's work pattern. By the cross-sectional comparison, the labor participation rates of mothers of young children are low and show almost no change.¹⁴

A much larger and significant change in behavior is the delay in marriage among both sexes in Japan. According to the census, among women in their late 20s, only one in four were not married in 1980. In 2000, the ratio was over one in two. The number of women who are not married in their early 30s is also on the rise. The percentage was 10 percent for those born between 1951 and 1955, 14 percent for those born between 1956 and 1960, 20 percent for those born between 1961 and 1965, and 27 percent for those born between 1966 and 1970. This means that a higher percentage of younger women continue to work while postponing marriage. However, when they do get married, about 40 percent still become full-time housewives.

Child Care

The *Married Women* survey also included a question on the main caregivers of the first child in his or her first year.¹⁵ The data show that before the Child Care Leave Law was enacted, only 1.9 percent of mothers used child care leave. The use of such leave increased after the implementation of the law, yet fewer than 10 percent of the total births used this leave even after 1996. The use of child care leave is low because a substantial number of women were already out of the labor force before pregnancy, and even for those who worked during pregnancy, about 60 percent chose to quit work right before childbirth.

It is, however, also true that child care for regularly employed workers changed substantially in recent years. The use of child care leave increased from 5 percent to 39 percent when comparing children born between 1966 and 1986 and those born between 1992 and 1997. The use of government-sponsored day care also increased from 7 to 18 percent, while the role of cohabiting grandparents declined from 36 to 22 percent and the role of noncohabiting grandparents increased. Grandmothers who were the main child support during work before are now increasingly replaced by more formal care and formal leave. However, one should again recall that only 20 to 30 percent of women, a minority, continue work when the child reaches age one.

Choice of Retirement, Full-Time Work, and Part-Time Work at Childbirth

In this section, work choice after first childbirth will be analyzed by multinomial logit analysis for those women who had full-time, regular employment prior to giving birth. Three different statuses are compared when the mother's child is age one: 1) continuation of full-time work with a regular contract, 2) change to part-time or other nonstandard form of employment, including informal employment, and 3) retirement from full-time regular work.

For explanatory variables, education, occupation, and a firm-size dummy before childbirth were used to account for the wage level of the women. In Japan, in general, larger firms on average pay higher wages.¹⁶ Family characteristics, such as the husband's income and having a grandmother in the family, were included in the regression as variables for the reservation wage. Higher wages are expected to increase participation, while a higher reservation wage is expected to increase the probability of leaving the labor force. One's attitudes toward family and marriage, which were derived by factor analyses, were added, as well as one's mother's work history to determine the effect of attitude and values (see Appendix A, Table 8.A1). The choice to work in regular employment is expected to be a longer-term choice, while participation in a nonstandard job is a short-term choice owing to the current need for income.

Table 8.5 shows that highly educated mothers are more likely to continue full-time regular work instead of leaving the labor force (the base category in the multinomial logit models). Having a full-time position at large firms before childbirth did not increase the probability of mothers continuing to work. However, when mothers do continue to work, they are less likely to change their jobs to nonstandard work if they had a regular position at larger firms. In terms of occupation, women in professional, technical, and managerial occupations, as well as blue-collar workers, are more likely to continue work, while clerical workers are most likely to leave the labor force at childbirth. Workers in sales and service are likely to work as nonstandard workers. Public servants are most likely to continue a regular full-time job, possibly because the child care leave can more easily be taken and also because the male-female wage gap is often small in this sector.

Table 8.5 Multinomial Logit Analysis of Employment Status of Women (to age 49) When First Child is Age 1

	Full-time		Nonstandard	
	Coefficient	<i>t</i> -value	Coefficient	<i>t</i> -value
Educational attainment (base = junior high school)				
High school	0.371	1.35	-0.151	0.46
College	0.677**	2.27	-0.402	1.06
University	1.104***	3.25	-0.575	1.12
Workplace characteristics (base = firm size below 30)				
Firm size 30–99	-0.002	0.01	0.097	0.39
Firm size 100–299	-0.027	0.15	-0.641**	2.26
Firm size 300–999	0.367*	1.92	-0.194	0.66
Firm size 1000+	0.099	0.57	-0.470*	1.79
Work in public sector	1.792***	8.41	-0.069	0.15
Occupation (base = clerical and others)				
Professional and technical	0.536***	3.82	0.761***	3.28
Administrative	1.564**	2.31	-30.125	0.00
Sales and service	-0.152	0.86	0.460*	1.90
Blue-collar work	0.823***	4.06	1.102***	3.84
Family characteristics				
Husband self-employed	-0.064	0.38	0.678***	3.12
Extended family	0.996***	8.56	0.413**	2.27
Income of husband	-0.002***	3.10	-0.001	1.21
Years after marriage	-0.003	0.16	-0.010	0.36
Child born after the enactment of Child Care Leave Law				
	-0.185	1.28	0.035	0.16
One's mother's work history (base = worked when children were small)				
At home when children were small	-0.542***	4.02	-0.317	1.53
Never worked	-0.285**	2.08	-0.443*	1.93
Attitude toward family and marriage				
Traditional	0.016***	2.47	0.001	0.05
Individualistic	0.031***	4.74	-0.001	0.13
Openness in sex	-0.003	0.46	0.003	0.39

(continued)

Table 8.5 (continued)

	Full-time		Nonstandard	
	Coefficient	<i>t</i> -value	Coefficient	<i>t</i> -value
Constant	-4.791***	3.63	-1.286	0.64
Sample size	1959			
Pseudo adjusted <i>R</i> ²	0.123			
Log likelihood	-1564.52			

NOTE: The base category is “out of labor force.” Nonstandard work includes part-time, *arubaito*, and family- and self-employment. The analysis was conducted only with those who had full-time regular work prior to childbirth.

p* = 0.1; *p* = 0.05; ****p* = 0.01.

SOURCE: Nagase (1999).

The general family environment and taste also have a large explanatory power. Mothers with kin help from the extended family are more likely to continue full-time regular employment. On the other hand, higher husband income decreases the probability of continuing full-time regular work.¹⁷ Mothers are more likely to follow the way they themselves were raised. They are more likely to leave the labor force when their own mother stayed at home during their childhood. Traditional as well as individualistic attitudes toward marriage encourage continuation of full-time regular work.¹⁸

Interestingly, the enactment of the Child Care Leave Law did not have a significant effect on the work continuation choice. The sign was even negative. This could be owing to the prolonged recession after the enactment of the law. It could also be that the commitment requirement of full-time regular work strengthened further during the recession. The shortage of government-sponsored child care facilities also remained high, especially in the cities. Because I included family workers in the category of nonstandard work, the choice of nonstandard work increases when the husband is self-employed.

The multinomial logit analysis shows (in contrast to the United States; Cassirer, in this volume) that nonstandard work in Japan increases only slightly after childbirth, except for self-employed households, some manual workers, and professionals. This may be due to a large drop in wages for part-time employment, which will be discussed later.

Reentry to the Labor Market

When and how do the 70 percent of women who were out of the labor force return to the labor market? Because the data lack the direct timing of the return to labor market, I will show the cross-sectional relationship of the youngest child's age and present work status.

Table 8.6 shows the labor participation and work category of mothers by the age of their youngest child. It only includes those mothers who were out of the labor force when their first child was age one. The reentry to work differs by educational attainment. Returning to work is, in contrast to other countries, less common when mothers have higher education. The percentage of women out of the labor force declines as children age, but it is 44 percent for university graduates and 29 percent for high school graduates when the youngest child is older than age 12. The "over 12" category includes mostly women in their 40s. The most popular way to reenter the labor market was through work in nonstandard employment, that is, part-time and *arubaito*. Self-employment was also comparatively higher among the lower-educated group and also the university graduates.¹⁹

On the other hand, Table 8.7 shows the more educated had the higher and stronger attachment to regular full-time work when the first child was at age one. Approximately 60 percent remain in regular work, while the percentage is less than 40 percent for high school graduates. The less-educated are more likely to quit or change work, perhaps when they have a second child or when the first child grows up.

The continuation of work at marriage has advanced for the younger generation, but the trend has not extended to continuing work upon childbirth. Delaying marriage became popular, rather than a new work style that balances family and work. Unlike in many other countries, fewer women in Japan use part-time work as a bridge to continue work when they have small children. Part-time work is often selected by those who reenter employment, especially among the lower-educated, and the ratio of regular full-time employment does not increase much even when one's smallest child grows older. Although only a minority of mothers continue to work right after the birth of the first child, when they do, it is the more educated who are likely to be attached to this regular employment opportunity. Another feature is that the highly

Table 8.6 Work Pattern by the Age of Youngest Child and by Mother's Educational Attainment (for those who were out of labor force when the first child was age one)

Age of youngest child	Out of labor force (%)				Nonstandard employment (%)				Standard employment (%)				Family work, self-employment (%)			
	9 yrs	12 yrs	14 yrs	16 yrs	9 yrs	12 yrs	14 yrs	16 yrs	9 yrs	12 yrs	14 yrs	16 yrs	9 yrs	12 yrs	14 yrs	16 yrs
< 3 years of age	80	88	89	88	7	6	4	6	2	1	1	3	10	4	5	4
3–6 years of age	77	61	69	68	15	24	19	16	0	5	3	9	8	10	9	7
6–9 years of age	28	43	51	63	50	40	30	15	6	4	5	4	17	12	14	17
9–12 years of age	38	40	39	47	43	42	39	28	0	8	13	19	19	10	10	7
12+	27	29	35	44	37	45	41	33	19	15	14	7	18	11	11	16
Total	40	50	60	65	32	32	24	18	12	8	7	7	16	10	9	10

SOURCE: Nagase (2000).

Table 8.7 Work Pattern by the Age of Youngest Child and by Educational Attainment (for those who were in full-time regular work when the first child was age one)

Age of youngest child	Standard employment (%)			
	9 yrs	12 yrs	14 yrs	16 yrs
< 3 years of age	8	37	43	63
3–6 years of age	14	36	46	67
6–9 years of age	9	31	37	43
9–12 years of age	36	35	52	56
12+	26	34	45	62
Total	23	35	44	59

SOURCE: Nagase (2000).

educated are likely not to return to work once they leave the labor force. I now turn to why this is the case.

WAGE DIFFERENCE BETWEEN WORK CATEGORIES AND INCOME ADJUSTMENT FOR TAX PURPOSES

One answer to this question is the large wage gap and the less favorable working conditions of nonstandard workers, and the difficulty of returning to regular, full-time, white-collar jobs with seniority payment.

In this section, using the *Married Women*, I will first show that the continuation of work in part-time status does not increase future wages. The Survey on Diversified Workers at the Workplace will be used to show that the income adjustments of housewives have a very large impact on the low wages of part-time workers, and that the acceptance of low wages and satisfaction toward work in nonstandard employment is rather high for married females and low for nonmarried females.

The *Married Women* is not the best data set for studying income, as it only has six annual income categories of present income and no data on work hours.²⁰ However, on examining the income pattern, it does exhibit the characteristics of different work categories. For women with children working as part-time or *arubaito*, as many as 79 percent

earn below the level for income tax levies. The comparable figure was 6 percent for regular work and 49 percent for family workers and the self-employed. The lowest two income categories covered 97 percent of nonstandard workers, while the comparable figure was 21 percent for regular workers and 67 percent for informal work participants.

Table 8.8 shows the regression with the logarithm of present annual income as the dependent variable for the sample of women with children who had regular work positions before marriage.²¹ The work category was the most significant explanatory variable for the difference in annual income. The annual income of wives with children was reduced by 55 percent if they were in nonstandard work and was increased by 74 percent if they were in regular work, compared with the informal sector work and while not counting for the work hour differences. Continuation of regular work after marriage significantly increased present income by 8 percent, while a change to nonstandard work did not. Continuation of regular work at the birth of the first child significantly increased present income by 27 percent, while the continuation as a nonstandard worker did not. Interestingly, the effect of childbirth after 1996 or having children under age 2, as well as the effect of childbirth after 1991 or children under age 6, are positive and significant on the annual income. Because these are samples of women who have children, this may be interpreted as “recent births.” The Equal Employment Opportunity Law and the Child Care Leave Law may have helped to increase the continued participation of potentially higher-income mothers, though the percentage to total of such females is still very small. The selection equation shows that labor force participation declined when children under 6 are at home and when the husband’s income was high, and increased when kin help was available and when the wives had family work opportunities, all of which suggests the effect through the reservation wage. Labor participation increased with educational attainment when other factors are controlled for. When the women’s mother had been a full-time housewife, their labor participation significantly declined, showing the effect of inheritance of “family values.” Overall, the regression showed that the continuation of “regular employment” increased future income while nonstandard work employment *never did*.

How much can the difference in annual income be attributed to work hour differences? The annual income difference attributable to

Table 8.8 Income Regression for Mothers with Children: The Effect of Work Continuation on Present Income

Explanatory variables	Coefficient	<i>t</i> -value
Wage regression		
Age	0.021***	8.25
Education (junior high school = base)		
High school graduate	0.021	0.48
College graduate	0.066	1.37
University graduate	0.162***	2.71
Occupation (blue-collar workers = base)		
Professional and technical workers	0.231***	6.25
Managers and officials	0.416***	4.08
Clerical and related workers	0.203***	6.19
Sales and service workers	0.057*	1.86
Work status (informal and other nonstandard work = base)		
Full-time and regularly employed	0.739***	19.92
Part-time or <i>arubaito</i> work	-0.548***	17.42
Work choice right after marriage (full-time housewife = base)		
Full-time and regularly employed	0.082***	2.97
Part-time or <i>arubaito</i> work	0.013	0.34
Work choice right after childbirth (full-time housewife = base)		
Full-time and regularly employed	0.276***	8.10
Part-time or <i>arubaito</i> work	0.027	0.49
Number of children	-0.020	1.30
First child birth year (birth before 1991 = base)		
Births after 1996	0.138***	2.33
Births after 1991	0.132***	3.04
λ	-0.299	0.40
Constants	3.872***	31.23
Probability of labor participation equation		
Education (junior high school = base)		
High school graduate	0.070***	0.89
College graduate	0.177***	2.10
University graduate	0.337***	3.27

(continued)

Table 8.8 (continued)

Explanatory variables	Coefficient	<i>t</i> -value
Husband self-employed	0.403***	7.18
Live within extended family at marriage	0.370***	8.72
Husband's income (predicted)	-0.002***	6.97
First child birth year (birth before 1991 = base)		
Births after 1996	-0.438***	6.39
Births after 1991	-0.750***	17.05
One's mother's career (worked throughout her life = base)		
Interrupted work when children are small	-0.065	1.41
Full-time housewife throughout her life	-0.210***	4.77
Constant	1.112***	8.31
Log likelihood	-5469.779	
Sample size noncensored	2798	
Total for those who had regular work before marriage	5043	

* $p = 0.1$; ** $p = 0.05$; *** $p = 0.01$.

SOURCE: Nagase (2000); Nagase (2001).

work hours can be estimated at around 30 to 40 percent,²² which explains only a part of the income difference shown in Table 8.8 by work category. Wage regressions using different data sets consistently showed that the part-time wage is very low, distinctly lower than that of regular employment even when hours, education, tenure, and other factors are controlled for, and that the return to education and experience is low (see, for example, Houseman and Osawa, in this volume).

The low wage rate of part-time workers was often attributed to the intermittent work experience, the low skill level, the lower educational level, or the lack of commitment to work. Nitta (1993a,b), for example, argued that for many part-time workers, their wage was only additional income to their household and they had little ambition to increase the wage. Sato (1998), moreover, pointed out that more part-time workers replied that they are contented with their work compared with full-time regular workers, even though their wage level is low; he also pointed out that their preferences are distinctly different from those of full-time regular workers. Higuchi (1981) treated work choice

as a high-wage, long-work-hour set and a low-wage, short-work-hour set, implicitly treating the low wage of part-time workers as a compensating wage differential for work hours. Osawa (1993, 1994) and Asakura (2001), on the other hand, argued that the wage gap is the direct result of the Japanese employment system, which discriminates among workers by working status and not by hours. Nagase (1994), using microdata, estimated the effect of “short-hours” and “part-time hiring status” in the wage regression of married females. The result showed a strong negative effect of the latter, but the effect of the former was small. She concluded that the wage gap cannot be fully attributed to a compensating differential to short hours worked but to an entry barrier to regular status work, especially for the long-work-week “part-time hiring status” workers. Nagase (1997b) further found the widening and the large wage gap to be self-enforcing because of the social security and tax system. Takeishi (2001), on the other hand, based on interviews with 50 companies that had high nonstandard worker:employee ratios, showed that in many firms, part-time employees are increasingly substituted for work that was formerly done by full-time regular employees. She concluded that more part-time workers are taking on greater responsibilities. Her interviews, however, also showed that often pecuniary compensation does not parallel the increase in responsibilities.

For the remainder of the discussion, I use the Survey on Diversified Workers at the Workplace, conducted by the Japan Institute of Labor in 1999.²³ This survey was conducted with nonstandard workers to determine how the nonstandard workers viewed their wages in relation to full-time regular workers at the same workplace in relation to their work-hour flexibility, their responsibility and level of work, and so forth. The survey also asked whether the nonstandard workers believe the wage difference between full-time regular workers at the same workplace is reasonable.

As to the wage rate difference, 72 percent of nonstandard workers replied that their hourly wage rate was lower than those of full-time regular employees. Among them, 43 percent accepted the difference as understandable and 39 percent replied it was unreasonable. Responsibility and work content were important elements for acceptability. Thirty-three percent of those who replied “understandable” said that the difference was reasonable because of differences in responsibility,

and 24 percent because of the differences in work content. On the other hand, 53 percent of those who replied “unreasonable” thought that the content and responsibility of the work were the same. The dissent rose with nonstandard employee experience. Among nonstandard workers who viewed their work level as equal to that of the entry level of *seishain*, the percentage of dissent was only 17 percent. Among those who viewed their work as equal to *seishain* with five or more years of tenure, 46 percent thought the wage difference was unreasonable. The percentage of dissent was near 50 percent among females who were in a nonstandard job because they could not find regular full-time work, but the percentage was lower, 27 percent, for males with similar reason. On the other hand, the percentage of those who replied “understandable” was the highest, at 40 percent, among those who targeted their income below a certain level. Among married females, 51 percent voluntarily chose nonstandard employment and 30 percent involuntarily ended up as such due to a lack of full-time work. The percentage was just the opposite for unmarried females: 25 percent voluntary and 51 percent involuntary. The involuntary percentage for males was about the same as that for married females, 30 percent, which highlights a significant difference in dissent by sex and marital status.

On the whole, dissent about wages was highest for unmarried and divorced females, followed by married females who were unable to find a regular job. In contrast, dissent was, on average, low for males and the lowest for the married females who were controlling their earnings below the tax levy limit.

Today, part-time work is very much linked to non-tax-levied income levels, especially among married females. Because many wives adjust their work hours to fall below the income threshold, the annual income distribution is extraordinarily skewed for part-time workers. These data show that as many as 39 percent of all nonstandard working married females were found to be on the critical target, ready to decrease their work hours once they met the increase in wage level. Twenty-nine percent of all married females are exactly in the critical income bracket for tax purposes (the bracket from 0.9 to 1.03 million yen). Those who paid the tax but avoided the social security payment (who were in the income bracket of 1.03 million to 1.3 million) composed another 10 percent. This ratio corresponded well with

their reply on the questionnaire, “Are you adjusting your work hours or work days for the consideration of tax and other income limits, so that annual income does not exceed a certain limit?” When the sample is confined to married women working shorter hours compared with regular workers at the workplace, 52 percent replied that they were “income targeting.”²⁴ A study group at the Cabinet Office estimated that if a wife increased her income from 1.03 to 1.40 million yen, total household income would increase by a mere 0.02 million yen due to the rise in tax by 0.04, social security by 0.14, and a spouse allowance reduction of 0.18 million yen (Study Group at Cabinet Office 2001). The estimated 0.38 million yen fixed cost equals 428 labor hours when measured by the average hourly wage of female part-time workers of 877 yen. This institutional hedge is strongly affecting the part-time wage and the labor supply of part-time workers.

Married females are still a large source of supply to the nonstandard labor market.²⁵ The effect of wage increases on labor supply in general is not determined in economic theory, for it is the combined effect of the negative income effect and the positive substitution effect. However, if the “income-targeting” behavior is very strong, the wage increase is only met by work hour decreases in the same ratio for those who are at the threshold. When such behavior is predicted, firms would be unwilling to increase wages unless the employees agree beforehand to work over the 1.03 million yen ceiling. On the other hand, married females would not gain by working more hours unless the firm promises to raise the hourly wage so as to cover the fixed expenses in tax and social security to overcome the target.

Because the data set has only data for nonstandard workers, I conducted a wage regression of nonstandard workers while dividing the sample by those who target their income below a certain ceiling and those who do not (see Table 8.9).²⁶ The intention to adjust one’s working hours for the purpose of income targeting was used to make a self-selection correction in the wage regression. The wage regression shows that the return on education is much lower for those who are ready to income target. Higher responsibility in the work ladder is also reflected more fully for those who do not adjust their work hours. Interestingly, lambda is positive, showing that the errors in wage and errors in those who target income below the ceiling are positively related. This can be interpreted as meaning that those women who tar-

Table 8.9 Wage Regression of Nonstandard Workers: Those Adjusting Work Hours below Tax or Social Insurance Fee Exemption Ceiling and Those Who Do Not Intend to Target Specific Income

	Target income ceiling		No work hour adjustment	
	Coefficient	<i>t</i> -value	Coefficient	<i>t</i> -value
Wage regression				
Educational attainment (base = 9 years)				
12 years	0.059***	2.50	0.043**	1.93
14 years	0.102***	4.05	0.135***	4.62
16 years	0.120***	3.60	0.257***	5.94
Tenure	0.008***	3.00	-0.001	0.22
Tenure ²	0.000***	2.58	0.000*	1.86
All work experience years	0.000	0.27	0.001	0.81
Level of job as compared to full-time regular workers (base = 1–2 years tenure equivalent)				
Equivalent to 3–4 year tenure full-timers	-0.010	0.94	0.063***	3.76
Equivalent to more than 5-year tenure full-timers	0.001	0.04	0.082***	3.93
Group leaders	0.013	0.46	0.084***	2.98
More than group leaders	-0.091***	4.42	0.147***	3.09
No answer (cannot be compared)	-0.013	0.93	0.047***	2.15
Job similarity with full-time regular workers (base = nothing in common)				
Do much same work as full-timers	0.010	0.43	-0.063***	2.45
Have some work similar as full-timers	-0.003	0.12	-0.101***	3.93
Not much similarity	0.004	0.17	-0.082***	2.87
Occupation				
Clerical	0.032***	2.79	0.035*	1.89
Professional	0.106***	2.72	0.151***	4.22
Sales	0.015	0.89	0.008	0.29
Service	0.019	1.03	0.029	1.17

	Target income ceiling		No work hour adjustment	
	Coefficient	<i>t</i> -value	Coefficient	<i>t</i> -value
Blue-collar work	-0.016	1.16	-0.052***	2.98
Think the low wage unreasonable	-0.019*	1.78	-0.050***	3.47
Constant	6.409***	103.12	6.752***	208.82
Selection equation				
Single, not married	-0.522***	5.79	0.625***	10.15
Could not find regular full-time job	-0.580***	6.24	0.821***	15.91
Educational attainment (base = 9 years)				
12 years	0.400***	4.96	-0.293***	3.76
14 years	0.360***	3.79	-0.230***	2.50
16 years	0.400***	3.14	-0.256**	2.03
No children in household	-0.159***	2.57	0.177***	2.87
Child < 6	-0.063	0.66	0.108	0.98
Child < 10	-0.020	0.28	0.018	0.19
Child < 15	0.210***	3.43	-0.256***	3.61
Constant	-0.553***	6.10	0.228***	3.03
$1/2 \ln(1+\rho_i)/(1-\rho_i)$	1.240***	4.84	-0.281***	6.74
$\ln \sigma_i$	-1.600***	10.88	-1.231***	25.63
ρ_i	0.845		-0.274	
σ_i	0.202		0.292	
λ_i	0.171		-0.080	
Noncensored sample	1075		2214	
Censored sample	2464		1179	
All samples	3539		3393	
Log likelihood	-1355.454		-2274.272	

* $p = 0.10$; ** $p = 0.05$; *** $p = 0.01$.

SOURCE: Nagase (2002).

get their work hours to make the most of the present tax and social security exemption system are those who may potentially have higher quality, controlling for education and for the type of work that they do. This is probably because nonstandard workers who work over the ceiling consist of those who were unable to find a full-time regular job. If

they did find a better job in regular employment, they would not be included in the data.

The self-selection regression shows that the probability that married females adjust work hours is high compared with singles, especially when they have children older than age 10 but younger than 15 compared with those who have children over age 15. Women without children, including those whose children have left home, are more likely to exceed the non-tax-levied bracket. The lowest-educated group is more likely not to income target their work hours, possibly because their spouse is in a lower income bracket, or because they cannot make the transition from nonstandard work to regular full-time work, even though they want to work longer hours.

CONCLUSION

Half of women workers in Japan currently work in nonstandard work arrangements, and the ratio has risen rapidly in the past decade. According to the *Married Women*, more than 80 percent of women had regular full-time positions before marriage, but among them, 40 percent left the labor force at marriage and more left at first childbirth, leaving only 20 to 30 percent in the labor force one year after first childbirth. Among those who are out of the labor force, the less-educated are likely to return as nonstandard employees. The labor force participation rate of mothers, therefore, drops at first childbirth, but eventually rises to more than 70 percent when their children are over age 13, with 60 percent of them working as nonstandard employees. The higher-educated are more likely to continue to work in regular full-time employment. Yet, the majority of university graduates also leave the labor force at childbirth and are less likely to return relative to the lower-educated category. Perhaps the largest difference between the countries compared in this volume is that few women in Japan use part-time employment as a bridge to continue employment through child-rearing. The majority interrupt work for some years, but if they do work, those with higher education and those employed in larger firms prefer to continue to work in regular full-time positions rather than in part-time work. This is possibly because the wage level is very

low in part-time work, while the wage return on work continuation is much higher for full-time regular employment, especially for those with higher education and those who work at larger firms. The decision has much to do with Japanese long-term employment practices with seniority payment, which excludes nonstandard employees from the same wage table. The percentage of those who continue work has not changed much even for younger females, though younger generations increasingly postpone marriage and childbirth.

The wage rate of part-time workers is low, and the gap has not narrowed in recent years despite the relatively higher demand for nonstandard workers and despite findings that part-time workers are increasingly taking on greater responsibilities. Why is this, and is the work choice as a nonstandard employee voluntary? Many surveys have shown a higher percentage of part-time workers are content with work compared with regular full-time workers. This is rather surprising, though the level of expectation toward work may be lower for part-time workers. In terms of wages, however, the Survey on the Diversified Workers at Workplace showed that about 40 percent of nonstandard workers who replied that they are being paid less than full-time regular workers thought the gap was unreasonable. Interestingly, more married women, many of whom adjusted their work hours below the tax-free level, replied that they thought the gap was reasonable. On the other hand, more unmarried women (either never married or divorced) thought the gap was unreasonable. The actual wage level of the latter was not lower, but more thought the wage level was unreasonable. The percentage of workers who thought the gap was unreasonable rose with work level and was higher for women than for men. Analysis showed that the tax and social security fee exemption criteria caps the preferred annual income for housewives, and this discouraged work hours of potentially more able workers. The income-targeting behavior creates a negative relationship between wages and work hours, and this must have had a negative impact on the average wages of part-time workers.

The Equal Employment Opportunity Law implemented in 1986 and amended in 1999, as well as the Child Care Leave Law of 1992, aimed to better the working conditions of women in standard work. The change in society, however, has not increased the continuation of work among mothers. Benefits to nonearning wives, on the other hand,

have strengthened the effect on work hours among part-time workers in the past decade. The benefit has caused many married females to self-restrain their income below the ceiling, which in turn restricted their wage level. Although surveys show that many part-time workers are content with their low-wage job, an important change of the labor market in the 1990s was that more unmarried and divorced females increased their presence in this nonstandard labor market. Before the 1990s, the nonstandard work market was primarily for middle-aged housewives, but it is now being transformed rapidly by newcomers. More women may be included as involuntary nonstandard workers in this new group.

Notes

1. Three factors may have contributed to the decrease in average work hours. Previously, long work week workers hired as “part-time” were most popular in manufacturing, but such work opportunities decreased due to the decline in the manufacturing sector and the increase in sales and clerical work. The second factor was avoidance of tax and social security payments. As the general wage level increased while the tax-free limit remained stable, more part-time workers and businesses shortened the hours of work to avoid tax and insurance premiums (see next section). The third factor was the general decline in work hours of regular workers and the subsequent decline in average work hours of part-time workers beginning in 1987 following the Labor Standard Law that reduced the work week to 40 hours (from 48); the phase-in period ended in 1999. More firms today, however, are starting to hire nonstandard employees again for long hours to substitute for regular workers.
2. Maruko Keihoki Soshō at District Court in 1996 was the first court that ruled that, even though an employer has degrees of freedom in wage setting among different work contract categories, wage differences of more than 80 percent cannot be accepted. At this firm, only males and nonmarried females were hired as *seishain* and all the married women were hired as part-time, though their designated work hours were only 15 minutes shorter than *seishain* and their work days were the same as *seishain*. The work contract was only two months, but because of recontracting, part-time workers had tenures from 4 to 25 years. They were doing the same work as female *seishain* in the factory line, though over time fewer female *seishain* were doing the same work and were replaced by part-time workers. Although *seishain* were given a seniority factor in their wages, part-time workers had only three steps in their wages. The wage gap was calculated as 34 percent for a woman working for 25 years. One woman reported that her wages were lower than newly hired female *seishain* in their first year. The court ruled that the seniority payment is basic practice in Japan, and so the same work/same payment

principle cannot be said to exist as a general norm in Japan. That said, however, people in general should be paid equally for the same work in principle, and wage differences of more than 80 percent cannot be accepted. Sugeno and Suwa (1998), skeptical of the court decision, commented that because of the different labor practice, especially because *seishain* are paid by age, tenure, educational level, work attitude, performance, number of dependents, and other factors, the equal job/equal payment principle between *seishain* and part-time workers cannot be supported.

3. At the same time, the Labor Standard Law's protection of female workers was reconstructed as protection to mothers. In 1997, general protections for female workers that capped overtime work and banned work after midnight were removed and protections became equal between the sexes.
4. Daily laborers and workers with definite duration of contract are excluded from leave eligibility. Also, the following workers can be excluded under employer-employee contract: workers with less than one year of tenure, worker whose spouse can take care of the child, workers whose contract ends within one year, workers with less than two days work days. Nonstandard workers, though in actuality having more than one year tenure, often have a defined duration contract that ends within a year.
5. The change was made such that if the working spouse paid his own portion of income-related pension fee, the nonworking spouse was given the full record of full premium payment for the first tier of the public pension. Wives working as "part-time" were included as "nonworking" if their income was below a defined limit. A couple with the same income were to be given the same premium payment and the same pension level regardless of whether the couple was a double income or a single income couple in principle.
6. It was 0.9 million yen, the same as the tax-free bracket in 1985; it was raised to 1 million yen in 1987, to 1.1 in 1989, to 1.2 in 1992, to 1.3 in 1993, and has remained at 1.3 million yen since.
7. According to this survey, 50 percent linked the eligibility of the spouse allowance to the spouse's income level, and 76 percent of those firms linked eligibility limits to annual income of 1.03 million yen. This is the amount where the tax levy to the wage and salaried worker begins and where one's spouse loses the spouse deduction if the worker is married.
8. Births out of wedlock are exceptionally low in Japan (fewer than 2 percent in 2000). Although the divorce rate is rising, only 1.4 percent of all households were headed by single mothers (0.61 million households) in 1999, according to the Ministry of Health and Welfare (*Kokumin Seikatu Kiso Chosa*). Therefore, the *Married Women* is representative of the labor pattern of Japanese mothers. Because panel data available in Japan concerning such issues are limited, these data may be the best national sample covering different cohorts on such questions.
9. It should be stressed, however, that the U.S. sample that Cassirer used is not directly comparable to the *Married Women* data. The U.S. data is panel data that was gathered in 1994, 1996, and 1998, and the women who were surveyed were

aged 29–39. Cassirer shows the labor supply behavior of women whose marriage and childbirthing occurred primarily in their 30s. It is probable that those women have higher attachment to work than women who married or bore children in their 20s. On the other hand, *Married Women* data is retrospective data, and it shows the labor supply behavior of women who married mostly in their 20s.

10. Such a general tendency was found when extended families were treated separately, and when cities and rural areas were treated differently.
11. To control for age of marriage and age of childbirth between cohorts, I restricted the marriage age and the age of the first child to those between age 25 and 30 and compared the age groups 30–34 and 35–49. However, despite such control, the overall trend was about the same, especially for the more educated group. For university and college graduates, more women continued work in the older generation; for the younger age group, 73 percent became housewives and 19 percent stayed in regular work, while for the older group, 65 percent became housewives and 24 percent continued regular work.
12. For example, 14 or more years of education and the birth of the first child at age 30 to 34. Among women aged 35–40, 24 percent continued regular work as opposed to 22 percent in the 40–49 age group. The percentage of those out of the labor force was also slightly less.
13. The peak age for having a first child was age 26–27 in 2000.
14. Traditionally, women continued work in extended families with the help of kin care, but such extended families declined within a decade, from 22 percent in 1987 to 15 percent in 1997. When only the nuclear families are compared, a small rise (rather than a drop) is seen. Because the Basic Employment Survey only shows the work pattern of the last child, not the first, these results can be interpreted either as a small rise in continuation or as a slight speed-up in the return to employment.
15. Respondents could choose up to three options among the twelve candidates, such as one's self, father, kin, or whether day care, child care leave, or other institutional help was used.
16. See, for example, the wage regression for husbands and the effect of firm size in Appendix A, Table 8.A2.
17. Because information on the husband's income at childbirth is not available, I estimate the husband's permanent income from his educational attainment and from the size of the firm for which he works and used the predicted income for Table 8.5 (in Appendix A, Table 8.A2).
18. By factor analysis and scoring, three attitudes concerning marriage and family were taken out: the traditional attitude that places high values in marriage, in having children, and in supporting division of work between the sexes. The second axis was the individualistic attitude that supports one to pursue one's own objective in life and accepts divorce if a couple does not get along. The last attitude is one that supports sexual relationships before marriage, and the attitude that marriage and a love affair are different. The younger cohort had higher scoring for

the last, the older for the first, and the more educated for the second, on average. See Appendix A, Table 8A.1.

19. Women with nine years of education composed 16 percent of women in their 40s, but only 3 percent of those in their late 20s to early 30s. Therefore, the women with nine years of education compose some share for the women with children in the higher age group, but not so much so for women with small children.
20. The first income category is "less than 1 million yen," which is near the upper threshold below which income tax is not levied, as explained earlier. The income category increases by 1 million yen to more than 5 million yen.
21. The estimation was made correcting the censoring using Heckman (1976).

$W_i = X_i\beta + u_{1i}$ Wage regression

$Z_i'\gamma + u_{2i} > 0$ Selection equation for labor participation

$u_1 \sim N(0, \sigma)$

$u_2 \sim N(0, 1)$

$\text{Corr}(u_1, u_2) = \rho$

The likelihood for observation i is

$$L(\beta, Z, \sigma_2^2, \rho) = \prod_{di=0} \{1 - \Phi(Z_i'\gamma)\} \prod_{di=1} \left[\{Z_i'\gamma + \rho\sigma_2^{-1}(W_i - X_i\beta)\} / \sqrt{1 - \rho^2} \right] \sigma_2 \phi\{(W_i - X_i\beta) / \sigma_2\}.$$

The husband's wage was estimated by OLS wage regression (see Appendix A), and the estimated value was used for an explanatory variable in the women's wage regression.

22. According to the Ministry of Labor's Survey on the Diversification of Workers of 1999, the average work week of part-time workers was 27.9 hours, while the average was 40.3 for full-time regular workers.
23. Five thousand enterprises with 30 and more employees, excluding mining, construction, education, welfare, and medicine were selected, with replies from 1,128 enterprises. Among those enterprises that replied to the first survey, the survey sheet for nonstandard workers was to be given to no less than 10 nonstandard employees at the workplace. The workers were to return the questionnaires by mail.
24. The percentage is comparable to a larger survey, *Survey on Part-Time Employees*, conducted by Ministry of Labor in 1995. Forty percent of short-work-week, part-time workers intentionally adjusted their annual income to not exceed the limit of tax-free income. The percentage had risen by 5 percentage points from 1990. Because of the general increase in the wage level, more part-time workers are constrained by the non-tax income limit, which stayed about the same during the period.
25. According to the Statistics Office's Labor Force Special Survey, the population of nonstandard workers in 2001 was 27 percent male and 73 percent female. Among females in nonstandard dependent employment, about 60 percent are married, if the rate shown by Basic Employment Survey of 1997 is used. In this year, among female nonstandard workers, 62 percent were married. This particular survey

included 17 percent males and 28 percent nonmarried females. Sixty-five percent of females were married.

26. The estimation was made correcting the censoring using Heckman (1976).

$W_{1i} = X_i\beta_1 + u_{1i}$ Wage of those who target income

$Z_i\gamma_1 + u_2 > 0$ Selection equation for income targeting

where $u_1 \sim N(0, \sigma_1)$

$u_2 \sim N(0, 1)$

$\text{Corr}(u_1, u_2) = \rho_1$

$W_{2i} = X_i\beta_2 + u_{3i}$ Wage of those who do not adjust work hours for the purpose of tax and other considerations

$Z_i\gamma_2 + u_{4i} > 0$ Selection equation for not adjusting work hours

where $u_3 \sim N(0, \sigma_2)$

$u_4 \sim N(0, 1)$

$\text{Corr}(u_3, u_4) = \rho_2$

The likelihood of observation i is

$$L(\beta_j, Z, \sigma_j^2, \rho_j) = \prod_{di=0} \left\{ 1 - \Phi(Z_i'\gamma_j) \right\} \prod_{di=1} \left[\left\{ Z_i'\gamma_j + \rho_j \sigma_j^2 (W_i - X_i\beta_j) \right\} / \sqrt{1 - \rho_j^2} \right] \sigma_j^{-1} \phi \left\{ (W_i - X_i\beta_j) / \sigma_j \right\}$$

($j = 1, 2$; $j = 1$, income targeting; $j = 2$, income nontargeting)

Appendix A

Table 8A.1 Factor Analysis of Marriage Attitudes

	Traditional	Individualistic	Openness in sex	Uniqueness
Remaining single one's entire life is no good	0.503	-0.124	0.023	0.731
Couple should get married if they live together	0.634	-0.153	-0.181	0.542
Sex before marriage is all right if there is love	-0.241	0.064	0.332	0.827
One should have an independent aim in life besides one's family	-0.165	0.283	0.269	0.820
Partly sacrificing one's way of life or one's trait is natural when married	0.258	-0.484	-0.027	0.699
Men should do market work and women domestic work	0.365	-0.465	-0.069	0.645
One should have children when married	0.570	-0.229	0.013	0.622
Not getting along is not enough reason for divorce	0.452	-0.256	-0.080	0.724
Marriage and love are different	-0.084	0.020	0.219	0.945

NOTE: "Traditional values" place high value in marriage, in having children, and in supporting division of work between the sexes. "Individualistic values" support one to pursue one's own objective in life and accept divorce if a couple does not get along. "Openness in sex" supports sexual relationships before marriage, and also the value that marriage and a love affair are different.

SOURCE: Nagase (1999).

Table 8A.2 Husband's Income Regression

	Coefficient	<i>t</i> value
High school	39.3***	4.96
College	44.5***	4.30
University	126.8***	15.17
Firm size > 10	65.6***	6.66
Firm size 10–29	83.6***	8.49
Firm size 30–99	103.8***	10.23
Firm size 100–299	142.6***	13.78
Firm size 300+	221.1***	24.95
In public service	212.4***	19.68
Being self-employed	77.2***	8.85
Constant	361.5***	38.66
Sample size	6,811	
Adjusted R^2	0.1924	

*** $p = 0.01$.

SOURCE: Nagase (1999).

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9

Work Arrangements among Women in the United States

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The past couple of decades have seen considerable growth in non-standard employment in industrialized nations across the world. Although levels of and growth in part-time, temporary, on-call, and contract work differ considerably from nation to nation, one feature of these work arrangements appears to be universal among nations: they tend to be dominated by women. For some, the growth in nonstandard work is a welcome trend, offering certain groups of women, particularly married women, a compromise for balancing work with family or other responsibilities (e.g., Schwartz 1989; Blossfeld 1997; Hakim 1995, 1997). Some workers may desire or need to engage in paid employment, but their priorities in caring for their families, pursuing their education, or easing into retirement make nonstandard work arrangements attractive for their flexibility or reduced hours. Non-standard jobs may pay less, but many women make their decisions in the context of a household division of labor in which the earnings of a male breadwinner enable women to forgo some compensation in exchange for work conditions and schedules that accommodate their preferences (e.g., Hakim 1995, 1997).

For others, women's overrepresentation in nonstandard work arrangements is worrisome in view of the lower pay and benefits of nonstandard work that place women in precarious economic positions, many of them involuntarily (e.g., Beechey and Perkins 1987; Appelbaum 1992; Smith 1993; Rubery 1998; Spalter-Roth and Hartmann 1998). Nonstandard work arrangements have grown as employers have sought to cut costs and increase flexibility over the past couple of decades in an increasingly competitive economy (Pfeffer and Baron 1988; Rubin 1995). Women may be particularly vulnerable to recent trends in the workplace, given the tendency for workplace transitions

to occur along and perpetuate preexisting gender divisions. Employers construct jobs and develop work and skill expectations according to the gender of the expected incumbent (e.g., Acker 1990; Reskin and Roos 1990; Steinberg 1990). Nonstandard work may be no different as employers create nonstandard jobs with women in mind, drawing on ideological assumptions about women as wives and mothers with a male income on which to depend and a family that assumes priority over paid work, regardless of whether such assumptions are true (Beechey and Perkins 1987; Colclough and Tolbert 1992; J. Smith 1984; Smith and Gottfried 1998; Spalter-Roth and Hartmann 1998). For example, Beechey and Perkins (1987, p. 76) reported that in restructuring existing jobs to achieve greater flexibility, employers put workers on part-time schedules in typically female jobs, but used overtime hours or other arrangements that maintained full-time schedules for workers in typically male jobs. In this view, women are overrepresented in nonstandard work arrangements, not because they prefer them, but because they are more vulnerable than men to employers' efforts to shift away from permanent, full-time employment.

Understanding women's participation in nonstandard work requires a close examination of the characteristics and work preferences of women in regular and nonstandard work and their patterns of nonstandard employment. This chapter provides a detailed overview of American women in full-time, part-time, temporary, contract, and on-call jobs. The first section examines the demographic, family, and job characteristics of women in different work arrangements. The second section studies women's reasons for working in part-time and other nonstandard jobs and their preferences for regular full-time work. The third section focuses on women's transitions across and stability within different work arrangements, and how family characteristics and life events of marriage, divorce, and childbirth affect their employment transitions and stability.

To examine women's work arrangements, I use data from two different sources. Data from the February 1997 Current Population Survey (CPS) and its supplement on contingent work provide an overview of the demographics, family characteristics, and work preferences of a nationally representative sample of women in different work arrangements. To examine women's patterns of nonstandard employment over time, I use data from the 1994, 1996, and 1998 rounds of the National

Longitudinal Survey of Youth (NLSY). NLSY data are well suited to examining women's work patterns because they provide data for one of the age groups of women most likely to use nonstandard work arrangements in conjunction with family responsibilities. Women in the NLSY were between the ages of 29 and 36 in 1994 and were 33 to 40 years old by the final round included in this analysis, 1998. Ideally, a study of the relationship between nonstandard work and family roles would include younger women as well, since many women begin bearing children in their 20s or earlier; however, because the NLSY did not ask for detailed information about women's work arrangements until 1994, such data are not available.

This chapter discusses five mutually exclusive types of work arrangements: temporary, on-call, contract, regular part-time, and regular full-time employment.¹ The definitions and measurements of work arrangements are as follows:

Temporary Workers. Temporary workers provide services for employers for a limited period of time or to complete a particular project. They may work either part- or full-time hours. Temporary workers include agency temps (workers who are paid by a temporary help agency, but perform services for the client to which they are assigned) and direct-hire temps (workers whose jobs are temporary for economic reasons). Slightly more than one percent (1.3 percent) of American women worked as agency temps and 2.7 percent worked as direct-hire temps in 1997. Women are overrepresented in temporary work; they are 46.3 percent of all workers, but 56 percent of agency temps and 52 percent of direct-hire temps.

On-Call Workers. On-call workers work on an as-needed basis, reporting to work when called upon by their employers. The NLSY offers no measure of on-call work. I used the CPS to identify on-call workers as those who work only when called.² On-call workers may work part- or full-time. Almost one percent (0.9 percent) of American women work on an on-call basis, and 50.5 percent of all on-call workers are women.

Contract Workers. I identified contract workers in the CPS as those who work for a company that contracts their services out to other organizations. Contract workers may work for more than one customer and

may work at the customer's worksite or at a different location. In the NLSY, contract workers are those who self-identified as consultants, contractors, or employees of contractors. Contract workers may work either part- or full-time hours. Contract workers are disproportionately male; only 30.4 percent are women. Just 0.9 percent of all women worked in contract jobs in 1997.

Regular Part-Time Workers. Regular part-time workers are employed in standard work arrangements, but work fewer than 35 hours per week. More than one out of every five American women (22.5 percent) works in a regular part-time job.³ Part-time work is the most female-dominated of all work arrangements, with women constituting almost two-thirds of all regular part-time workers.

Regular Full-Time Workers. Regular full-time workers are regular employees who work more than 35 hours per week. Most employed American women work in regular full-time jobs (63.1 percent), although women are slightly underrepresented in full-time work; women are 43.7 percent of full-time workers.

WHO WORKS IN NONSTANDARD JOBS?

The demographic and family characteristics of female workers differ considerably, not only between nonstandard workers and full-time workers, but across different types of nonstandard work arrangements as well. As the following section shows, women's age, education, race, and family roles all contribute to the sorting of women into different types of work arrangements. Table 9.1 presents the distributions of full-time and nonstandard workers by age, education, race, and family type; and Table 9.2 presents logistic regressions of the effects of workers' characteristics on working in each type of nonstandard work arrangement.

Part-Time Workers

Women in part-time work are disproportionately young, with nearly one in four under the age of 24. They are also slightly more

Table 9.1 U.S. Women's Demographic and Family Characteristics by Work Arrangement (%)

Characteristic	Full-time	Part-time	Agency temps	Direct-hire temps	On-call	Contract	All
Age							
18–24	9.9	24.0	18.4	35.6	14.5	8.3	13.4
25–44	57.7	48.9	55.0	43.7	51.8	69.5	54.9
45–54	23.4	17.3	18.4	13.7	17.8	14.4	22.1
55+	9.0	9.8	8.2	7.0	15.8	7.7	9.7
Education							
Less than high school	7.3	11.4	9.4	9.0	7.9	8.4	8.3
High school	33.8	34.5	34.9	21.0	24.1	34.0	33.4
Some college	30.2	35.9	37.9	37.9	30.6	25.8	31.7
Bachelor's degree	19.8	13.5	15.2	20.3	31.4	23.1	18.5
Higher than bachelor's degree	8.9	4.7	2.6	11.8	6.0	8.8	8.0
Race/ethnicity							
Non-Hispanic white	73.3	79.5	65.8	72.3	76.7	75.2	75.6
Non-Hispanic black	13.9	9.4	20.3	9.3	11.8	10.5	12.0
Hispanic	8.6	7.9	10.5	10.8	7.7	8.7	8.3
Asian	3.5	2.7	3.4	6.4	3.1	4.2	3.4
Other groups	0.7	0.5	0.0	1.2	0.6	1.3	0.6

(continued)

Table 9.1 (continued)

Characteristic	Full-time	Part-time	Agency temps	Direct-hire temps	On-call	Contract	All
Family type							
Single—no children	31.4	32.2	38.1	50.8	26.5	30.3	31.0
Single—children under 5 ^a	4.4	4.9	6.6	4.4	5.0	6.1	4.4
Single—children, aged 5–18 ^b	7.7	5.8	7.5	3.4	6.4	5.9	6.9
Married—no children	26.8	21.1	27.7	15.9	24.0	24.3	25.8
Married—children under 5 ^a	12.1	16.2	8.5	9.8	16.5	14.8	13.5
Married—children, aged 5–18 ^b	17.7	19.7	11.7	15.7	21.7	18.6	18.4

^a Respondent has children in the household, and at least one is younger than age 5.

^b Respondent has children in the household, but none is younger than age 5.

SOURCE: 1997 Current Population Survey, weighted.

Table 9.2 Logistic Regression of Likelihood of Nonstandard Work Relative to Regular, Full-Time Work for U.S. Women

Characteristic	Part-time	Agency temps	Direct-hire temps	On-call	Contract
Age					
18–24	1.120**	0.412*	1.530**	0.801**	–0.416
25–44 (reference group)					
45–54	0.019	–0.324	–0.250	0.096	–0.665**
55+	0.462**	–0.277	0.110	1.136**	–0.361
Education					
Less than high school	0.468**	0.189	0.597**	0.341	0.181
High school (reference group)					
Some college	0.122**	0.178	0.655**	0.395*	–0.186
Bachelor's degree	–0.359**	–0.309	0.506**	0.928**	0.054
Higher than bachelor's degree	–0.543**	–1.137**	1.082**	0.034	–0.042
Race/ethnicity					
White (reference group)					
Black	–0.533**	0.420**	–0.387**	–0.186	–0.326
Hispanic	–0.461**	0.179	0.160	–0.170	–0.110
Other groups	–0.337**	–0.017	0.634**	–0.225	0.214
Family type					
Single–no children (reference group)					
Single–children under 5 ^a	0.110	–0.100	–0.488*	0.556	0.327
Single–children, aged 5–18 ^b	0.160*	–0.303	–0.683**	0.418	–0.325
Married–no children	–0.013	0.041	–0.628**	0.083	–0.034
Married–children under 5 ^a	0.651**	–0.568*	–0.471**	0.770**	0.029
Married–children, aged 5–18 ^b	0.527**	–0.518*	–0.051	0.762**	–0.041

* = $p < 0.05$, two-tail test; ** = $p < 0.01$, two-tail test.

^a Respondent has children in the household, and at least one is younger than age 5.

^b Respondent has children in the household, but none is younger than age 5.

SOURCE: 1997 Current Population Survey, weighted.

likely than full-time workers to be older than 55. Part-time workers are clustered at the lower end of the educational distribution, with higher percentages of part-time than full-time workers lacking a high school education or having started, but not completed, a college education. These differences exist, in part, because a considerable proportion of young women in part-time work are enrolled in school while they work. Sixty percent of all female part-time workers between the ages of 18 and 24 were currently enrolled in either high school or college (results not shown). Four out of five women in part-time work are white, with blacks, Hispanics, and other groups underrepresented in part-time jobs. Family characteristics are somewhat important for understanding women's use of part-time work: married women with children are significantly more likely to work part-time than full-time. However, the differences are not large: 36 percent of women in part-time jobs are married mothers, compared with 30 percent of women in full-time jobs.

Temporary Workers

Agency temps and direct-hire temporary workers are disproportionately young; agency temps are twice as likely and direct-hire temps are four times as likely as full-time workers to be between the ages of 18 and 24. Women who work as agency temps are fairly similar to regular, full-time workers in their educational characteristics, although they are significantly less likely to hold advanced degrees. In contrast, direct-hire temps, though more likely than regular, full-time workers to lack a high school diploma, are more likely to have at least some college education, a four-year college degree, or an advanced degree. One in five agency temps is black, considerably higher than the percentage of black women in the labor force overall (12 percent). However, a smaller percentage of direct-hire temps are black—just 9.3 percent. The family characteristics of temporary and regular, full-time workers are markedly different. Married women with children are significantly less likely to work in temporary jobs than regular full-time jobs. Instead, temporary workers are more likely than workers in any other work arrangement to be single and childless; fewer than one-third of women in regular, full-time jobs were single and childless, but 38 per-

cent of agency temps and half of all direct-hire temporaries were single with no children.

On-Call Workers

On-call workers are more likely to be either young (under 25) or older than 55 compared with their full-time counterparts. Nearly one-third (31.6 percent) held bachelor's degrees; a much higher proportion than women in any other type of work arrangement. Like part-time work, being married with children significantly increases women's likelihood of working in an on-call rather than regular, full-time position, with married mothers constituting 38 percent of female on-call workers.

Contract Workers

The characteristics of women in contract jobs differ very little from those in regular, full-time jobs. A larger proportion were between the prime working ages of 25 and 44, but in terms of education, race, and family characteristics, contract workers were very similar to their full-time counterparts.

OCCUPATIONAL CHARACTERISTICS OF NONSTANDARD WORK ARRANGEMENTS

Previous studies have indicated that nonstandard work arrangements tend to be clustered in low-skill occupations, offer fewer advancement opportunities, and are generally inferior in quality relative to regular, full-time jobs (e.g., Beechey and Perkins 1987; Callaghan and Hartmann 1991; Tilly 1996; Kalleberg et al. 1997; McAllister 1998). To compare the types of work performed in different arrangements, the following section examines the occupational characteristics, the skills of the workers, and the working hours of each work arrangement.⁴ In general, nonstandard work arrangements are relatively scarce in managerial occupations and more plentiful in sales and service occupations, and women in nonstandard jobs typically work in occupations that require fewer skills and more repetitive, routinized

tasks than the occupations held by women in regular full-time positions (see Table 9.3).

Occupations

Occupations vary considerably in the proportions of workers employed on nonstandard bases. Most managerial positions are organized as regular full-time positions, with just 15 percent of female managers in nonstandard work arrangements. In contrast, employers are most likely to organize work on a nonstandard basis in service and sales occupations; full-time workers are slightly less than half of the entire female labor force in service occupations, and are just 60 percent of the female sales labor force. Sales and service occupations organize a disproportionately high percentage of positions on part-time schedules; almost 38 percent of sales positions and 43 percent of service positions are regular part-time jobs. Although very few workers in any occupational group work as temporaries, on-call, or contract workers, employers do differ in their use of these work arrangements across occupations. For example, agency and direct-hire temps are overrepresented in administrative support occupations. However, employers do not appear to use agency and direct-hire temporaries interchangeably; agency temps are overrepresented in production and labor occupations, while direct-hire temps are overrepresented in professional occupations. The higher educational levels of direct-hire temps relative to agency temps reported in Tables 9.1 and 9.2 apparently facilitate the ability of direct-hire temps to obtain employment in more highly skilled occupations. Finally, female on-call workers are overrepresented in professional occupations as well as in service occupations, while female contract workers are relatively rare in sales and administrative support jobs, but not in service jobs, where their representation is twice as high as their representation in the labor force as a whole.

Skills and Tasks

In general, women in regular, full-time jobs have the greatest opportunities to exercise complex and challenging skills and to avoid repetitive and routinized work. Part-time workers and temporary agency employees work in occupations that require, on average, fewer

Table 9.3 Occupational and Skill Characteristics of Work Arrangements, U.S. Women

	Full-time	Part-time	Agency temps	Direct-hire temps	On-call	Contract
Occupations (%)						
Managerial	85.3	11.1	0.9	1.8	0.1	0.9
Professional	72.8	19.2	0.3	4.3	2.2	1.2
Technical	70.4	24.3	1.4	2.0	0.4	1.5
Sales	59.9	37.6	0.2	1.6	0.4	0.2
Administrative support	71.6	21.2	2.7	3.6	0.5	0.4
Service	49.5	43.0	0.8	3.1	1.6	2.0
Production/labor	74.8	18.2	2.8	2.3	1.0	1.0
All ^a	69.1	24.6	1.4	3.0	1.0	1.0
Skill complexity ^b						
Skill with people	2.46 (1.68)	2.04* (1.39)	1.50* (1.02)	2.76* (1.94)	2.90* (2.19)	2.06* (1.43)
Skill with data	3.15 (1.31)	2.64* (1.22)	2.44* (1.24)	2.99 (1.36)	2.71* (1.41)	2.80* (1.70)
Skill with things	2.14 (1.77)	2.24* (1.85)	2.75* (1.71)	1.76 (1.76)	1.61* (1.71)	2.27 (1.65)
Repetitive work	17.52 (26.40)	22.71* (28.19)	24.84* (30.80)	16.22 (24.82)	15.28 (27.38)	17.93 (27.32)
Routinized work	33.92 (36.01)	47.51* (38.52)	50.81* (36.48)	38.27 (37.29)	37.00 (40.22)	38.12 (35.73)

(continued)

Table 9.3 (continued)

	Full-time	Part-time	Agency temps	Direct-hire temps	On-call	Contract
Specific vocational preparation	5.44 (1.42)	4.74* (1.51)	4.76* (1.28)	5.25 (1.62)	5.01* (1.46)	5.29 (1.65)
Percent who work part-time hours	0.0	100.0	30.8	62.0	86.6	37.6

NOTE: Standard deviations are in parentheses. The range for each variable is indicated in note 4.

*Difference in mean from regular, full-time workers is significant at $p < 0.05$.

^a The values in this row differ slightly from those reported in the text on pp. 309–310 for the overall distribution of women across work arrangements because the self-employed and independent contractors are omitted from the sample.

^b Higher values reflect greater skill complexity.

SOURCE: 1997 Current Population Survey, weighted.

skills in working with people or data and less vocational preparation for the work. Their occupations do require greater complexity in working with things (see note 4), but this apparently does not protect them from performing more repetitive and routinized work than the average full-time female worker. Direct-hire temporaries work in occupations that require more complex skills with people, on average, than full-time workers; however, they perform less complex skills with data or things, and their work is more routinized and requires less training to perform. On-call workers also perform work requiring greater people skills but fewer data or machinery skills and less training than the work of women in regular full-time jobs. Contract workers differ very little from regular full-time workers in the tasks they perform, although their work does require fewer people or data skills on average. Thus, while the skill complexity of work that nonstandard workers perform tends to be lower than that of the average regular full-time worker, there is variation in skill complexity across work arrangements. Moreover, as the standard deviations for the means of skill complexity show, there is considerable variation within each type of work arrangement as well. On-call workers, for example, show substantial variation in their opportunities to exercise people skills (std. dev. = 2.19, see Table 9.3), reflecting the diversity in the types of work they perform, from professional jobs such as substitute teachers and on-call nurses to service jobs, working as cooks or household cleaners.

Work Hours

By definition, regular full-time workers work full-time hours and part-time workers work fewer than 35 hours per week. However, other types of nonstandard workers can work full- or part-time hours. The last row of Table 9.3 presents the percentage of workers in each work arrangement who work part-time. Most agency temps and contract workers work full-time hours, with 30 percent of agency temps and nearly 38 percent of contract workers usually working fewer than 35 hours per week. In contrast, most direct-hire temps and on-call workers work part-time. More than three out of five direct-hire temps and roughly 87 percent of on-call workers work fewer than 35 hours per week.

WORKERS' REASONS AND PREFERENCES FOR NONSTANDARD WORK

Much debate about nonstandard work centers around the question of whether workers accept nonstandard jobs voluntarily or involuntarily. The availability and growth of nonstandard employment may be viewed as a positive trend in the American economy if nonstandard work arrangements allow women greater options for successfully balancing work and family needs and if women welcome these arrangements. Alternatively, nonstandard work may be more reflective of the needs of employers for low labor costs and greater employment flexibility, and some workers may pay the costs of employment flexibility and cost-cutting measures in terms of fewer options for permanent, full-time work and greater involuntary employment in nonstandard jobs. This section examines women's preferences for regular full-time employment, followed by their reasons for accepting nonstandard jobs.

Data from the 1997 CPS indicate that preferences for regular employment differ by work arrangement (see Table 9.4). Most women in temporary, on-call, or contract arrangements would prefer regular employment. Temporary workers, in particular, would prefer regular or permanent employment—two-thirds of agency temps and nearly three-quarters of direct-hire temps responded that they would prefer permanent employment. Nearly 60 percent of on-call workers and two-thirds of contract workers would have preferred regular employment. Part-time workers differed from workers in other nonstandard arrangements; most did not report a preference for full-time work. Nevertheless, nearly one in four would have preferred to work full-time.

Because women's preferences for regular jobs may depend on their marital and parental status, the lower panel of Table 9.4 presents workers' preferences for regular employment by family type. The data indicate only slight deviations from overall patterns by family type, with married women slightly less likely to report a preference for regular employment than single women. Significance tests (not shown) indicated that the effect of family type on workers' preferences was significant only for part-time workers ($\chi^2 = 237.61$ with 3 degrees of freedom, significant at $p < 0.01$) and for direct-hire temporaries ($\chi^2 = 49.39$ with 3 degrees of freedom, significant at $p < 0.01$). Among part-

Table 9.4 Worker Preferences by Nonstandard Work Arrangement and Family Type, U.S. Women

	Part-time	Agency temps	Direct- hire temps	On-call	Contract
Percent who would prefer regular work					
All workers	23.8	65.9	74.3	57.2	66.2
By family type					
Single—no children	21.5	70.5	77.8	59.6	74.1
Single—children	53.2	63.1	77.5	70.0	— ^a
Married—no children	20.7	63.9	71.1	53.5	62.1
Married—children	21.7	57.0	72.4	54.1	63.0

^a Insufficient sample size.

SOURCE: 1997 Current Population Survey, weighted.

time workers, single mothers were particularly likely to want full-time hours, while the preferences of single, childless women, and married women for full-time work hovered around 21 percent. Among direct-hire temporaries, a larger proportion of single women than married women (regardless of parental status) wanted permanent employment.

In sum, women's family responsibilities do not appear to be steering women toward a preference for nonstandard work. Instead, many of the women who work in most types of nonstandard work arrangements preferred regular employment. The notable exception is part-time work, where most women in every family type except single-mother households do not wish to work full-time hours. Single mothers were more likely than married mothers in every arrangement to want regular full-time work, suggesting that nonstandard work arrangements are particularly unlikely to meet the needs of women who may alone be providing economically for their families.

Given the considerable proportion of women in each type of work arrangement who would prefer regular employment, it is important to examine why women are working in them. What compels women to find nonstandard work arrangements preferable to regular, full-time jobs, and why do women who do not want nonstandard work accept such jobs? Previous research categorizes workers' reasons into three

mutually exclusive categories: involuntary (i.e., related to economic conditions), voluntary (noneconomic reasons for nonstandard work), and family-related reasons. Researchers are cautious about classifying family responsibilities as either voluntary or involuntary because the types of jobs that are available, access to and affordability of child care, and the family policies that are in place all serve to shape women's choices about labor force participation and attachment (see O'Reilly and Fagan 1998 for a comprehensive discussion).

Because of this, it is unclear whether nonstandard employment for family reasons reflects voluntary or constrained choices. Prior findings indicate that married women in dual-earner households frequently cited family reasons for nonstandard, particularly part-time, employment, while single, childless women typically cited voluntary reasons for part-time work, and involuntary reasons for temporary and on-call employment (Kalleberg et al. 1997, p. 59). However, each of these three categories of reasons—involuntary, voluntary, and family—combines a number of potentially different reasons. For example, the category of family reasons includes “problems with child care,” which suggests an involuntary choice, as well as the more general response, “other family or personal obligations,” which can include women with a wide array of views and choices about combining work and family. I present the detailed reasons that workers most commonly provided for their nonstandard employment, distinguishing workers by whether they reported a preference for regular employment, given that these two groups are likely to differ in their reasons for nonstandard employment.

Among workers who would not have preferred a regular job, the desire for flexible or short-term employment was the most common reason for working in a temporary agency, on-call, and contract jobs, and it was the second most common reason cited by direct-hire temporaries (see second column, Table 9.5). Part-time workers typically cited family or personal obligations. Most of the responses for those who would not prefer regular employment, such as short-term or flexible employment or currently obtaining training or schooling, imply voluntary reasons for nonstandard work; however, a substantial minority of women reported involuntary reasons for their nonstandard employment, even though they did not respond that they would have preferred a regular job. Fourteen percent of temporary workers who did not prefer permanent jobs said a temporary job was the only type of work they

could find, and 12 percent of contract workers said their job was seasonal. Five percent of part-time workers said they worked part-time because of problems with child care (not shown).

Among workers who would have preferred regular employment, the most commonly cited reasons pertained to the lack of alternative job opportunities. More than two-fifths of temporary agency workers reported that temporary work was the only type of job they could find, and another one-fifth took their job in hopes that it would turn into a regular position. Similarly, slightly more than 45 percent of on-call workers either reported that on-call work was the only type of work they could find or that they hoped the job would become regular. Among direct-hire temps, current enrollment in school was the most common reason cited, but 19 percent indicated that temporary work was the only work they could find, and another 8 percent took their job in hopes that it would become permanent. More than one-third of part-time workers worked part-time because they could not find another type of job, and more than one-quarter cited slack business conditions.

In sum, the majority of agency and direct-hire temporaries, contract, and on-call workers would have preferred regular employment, and cited involuntary reasons for working in the types of jobs they did. Most part-time workers preferred to work part- rather than full-time, and typically worked part-time hours to accommodate family or personal obligations or schooling. Nevertheless, 24 percent would have preferred regular full-time work, but worked part-time primarily because they were unable to find full-time work or because business conditions were slack. The evidence that women prefer nonstandard work because of their family roles is slight. Clearly, family roles steer some women toward nonstandard jobs, particularly part-time jobs, where almost 80 percent of married women prefer their work arrangement to regular full-time work. However, most women, regardless of their family roles, do not wish to work in temporary, on-call, or contract jobs, and those who do rarely cite family reasons for accepting their current work arrangement.

Table 9.5 Most Common Detailed Reasons for Holding Nonstandard Jobs, by Work Arrangement and Preferences for Regular Work, U.S. Women

	Would not prefer regular employment	Would prefer regular employment
Part-time	Family or personal obligations (42.6%) Currently in school or training (27.7%) Unspecified personal reasons (6.5%)	Only type of work respondent could find (35.2%) Slack business conditions (27.6%) Currently in school or training (9.2%)
Agency temps	Wants flexible or short-term employment (29.6%) Unspecified personal reasons (12.5%) Hopes job becomes permanent (13.6%)	Only type of work respondent could find (45.1%) Hopes job becomes permanent (21.4%) Wants flexible or short-term employment (9%)
Direct-hire temps	Currently in school (54.1%) Wants flexible or short-term employment (10.7%) Unspecified personal reasons (8%)	Currently in school (20.2%) Only type of work respondent could find (19.0%) Hopes job becomes permanent (8.2%)
Contract	Wants flexible or short-term employment (41.2%) Job is seasonal (11.9%)	Only type of work respondent could find (23.5%) Wants flexible or short-term employment (11.2%) Unspecified economic reasons (10.1%)
On-call	Wants flexible or short-term employment (35.2%) Currently in school or training (20.4%) Unspecified personal reasons (10.5%)	Only type of work respondent could find (37.6%) Unspecified personal reasons (12.3%) Hopes job becomes regular position (9.9%)

SOURCE: 1997 Current Population Survey, weighted.

WOMEN'S TRANSITIONS IN AND OUT OF NONSTANDARD EMPLOYMENT

To date, research on nonstandard work primarily uses data from the CPS or other cross-sectional surveys that provide snapshots of nonstandard employment at one point in time. However, because workers move in and out of nonstandard jobs at a higher rate than regular full-time jobs, the fraction of workers who experience nonstandard employment over a longer time period is greater than the fraction in nonstandard jobs at any single point in time. Moreover, cross-sectional data do not permit researchers to identify how long workers remain in nonstandard work arrangements, or what they do before entering or after leaving nonstandard jobs. Ideally, to develop estimates of how many workers use nonstandard work arrangements over the course of their work histories, researchers would use nationally representative data for the U.S. labor force that track workers' work arrangements over time. Although such data do not exist, the NLSY does offer longitudinal data for a nationally representative sample of individuals born between 1957 and 1965.

In 1994, the NLSY incorporated in their biennial questionnaire an item asking workers about the type of job they currently held. Based on this survey item, I have distinguished between regular full-time workers, regular part-time workers, temporary workers, contract workers, and other unspecified nonstandard workers. The category of temporary workers includes both agency temps and direct-hire temps because sample sizes were not large enough to retain separate categories. The definition of contract workers in the NLSY includes workers who self-identify as consultants, contractors, or employees of contractors; this category may not be directly comparable with the CPS definition of contract workers. The NLSY does not have a separate category for on-call workers; these workers are likely to be captured in the category of other nonstandard work.

A comparison of estimates of women's participation in nonstandard work based on cross-sectional and longitudinal data indicates some movement between regular full-time and nonstandard work arrangements, so that higher percentages of women show nonstandard employment over the course of four years than suggested by cross-sec-

tional estimates (see Table 9.6). Cross-sectional estimates of women's work arrangements from NLSY data are similar to estimates for women of the same age group in the CPS (results not shown), with approximately two-thirds of the female workforce in regular full-time jobs, about one-quarter in regular part-time jobs, and about 3 percent in temporary jobs in each survey year. Estimates of contract work are slightly higher in the NLSY (1.8 percent in the NLSY compared with 1.2 percent in the CPS among women aged 33–40), probably because of definitional differences in the two measures. The final column of Table 9.6 indicates the percentage of women in the NLSY who reported working in a particular arrangement in at least one of the three surveys. Thus, for example, although approximately 3 percent of women reported using temporary work in any one particular survey year, nearly 5 percent of all women who had worked at any time between 1994 and 1998 had worked in a temporary job.⁵ Higher percentages of women also work in contract and other nonstandard work arrangements over time than single point-in-time estimates capture. Finally, the percentages of women reporting regular full- and part-time employment over the course of four years are slightly higher than cross-sectional estimates, but the differences are much smaller than those for other work arrangements, reflecting the greater job stability of regular full-time and part-time jobs.

Table 9.6 Percentage of U.S. Women in Each Work Arrangement in 1994, 1996, and 1998, and at Any Time between 1994 and 1998

	1994	1996	1998	At any time between 1994 and 1998 ^a
Regular full-time	68.5	67.6	67.4	70.0
Regular part-time	23.4	24.2	25.4	31.2
Temporary	3.1	3.1	2.8	4.9
Contract	1.9	1.7	1.8	3.4
Other	3.0	3.2	2.5	5.1
All workers	3,254	3,509	3,554	3,788

^a Percentages in this column exceed 100 because workers could have held more than one work arrangement within the four-year period.

SOURCE: National Longitudinal Survey of Youth, weighted.

By using longitudinal data, it is possible to identify how women combine work arrangements over time. Table 9.7 categorizes women by their employment patterns from 1994 to 1998. A majority of women worked at some point during this time period. Seventy-six percent were continuously employed, another 16 percent were employed intermittently, and just 8 percent did not work at all from 1994 to 1998. Of those who were continuously employed, about half worked in a regular full-time job throughout the entire period. Few women were continuously employed in a single type of nonstandard work the entire duration; fewer than 9 percent held regular part-time jobs, and fewer than 1 percent held temporary, contract, or other nonstandard jobs continuously from 1994 to 1998. More common than steady employment in a single type of nonstandard work was the practice of piecing together work arrangements; nearly one-third of continuously employed women shifted between full-time and nonstandard employment, and another 4 percent combined different types of nonstandard employment. These findings suggest considerable movement between work arrangements among this cohort of women.

Among the nearly 16 percent of women who were not in the labor force continuously between 1994 and 1998, most worked in nonstandard jobs at least part of the time they were employed. Just one-third moved between nonemployment and full-time work alone, while 44 percent moved between nonemployment and nonstandard jobs, and another 18 percent shifted between nonemployment, nonstandard work, and regular full-time jobs. The high rate of nonstandard employment among intermittently employed women may reflect women's use of nonstandard jobs to ease transitions in and out of the labor market as family or personal needs dictate, or it may reflect constrained economic opportunities for these women and their difficulties in finding permanent employment. Unfortunately, the NLSY does not include an item about workers' preferences for regular or nonstandard work that would permit me to adjudicate among these two arguments. In sum, the findings in Table 9.7 indicate that many workers use nonstandard work arrangements at some point in their work histories. Within the relatively short period from 1994 to 1998, almost half (47.7 percent) of the employed women in this age cohort had worked in a nonstandard job at least at one survey point.

Table 9.7 Employment Patterns from 1994 to 1998 for U.S. Women Aged 29–37 in 1994

	Number	As percentage of all women	As percentage of subcategory
Continuously employed, 1994–1998	3,144	76.0	100.0
In full-time jobs	1,627		51.8
In regular part-time jobs	274		8.7
In temporary jobs	6		0.2
In contract jobs	3		<0.1
In “other” nonstandard	7		0.2
In a combination of nonstandard jobs	130		4.1
Combined full-time and nonstandard jobs	989		31.5
Unable to categorize	108		3.4
Intermittently employed, 1994–1998	644	15.6	100.0
Full-time only	228		35.4
Nonstandard only	282		43.8
Combined full-time and nonstandard jobs	116		18.0
Unable to categorize	19		3.0
Continuously out of labor market	326	7.9	
All women, aged 29–37 in 1994	4,114		

SOURCE: National Longitudinal Survey of Youth, weighted.

The data in Table 9.7 suggest that a considerable percentage of women combine work arrangements, but they do not indicate how long women stay in particular work arrangements, or what types of work arrangements women obtain on leaving nonstandard jobs. Given the high percentages of women in temporary and on-call work who would prefer regular employment, women may work in these arrangements only briefly while seeking standard full-time employment. Part-time workers are less likely to prefer full-time jobs; however, the reasons they offer for part-time employment often include obligations that

eventually end or diminish in urgency—schooling or family responsibilities—so these workers also may use part-time jobs temporarily.

The NLSY data allow us to further look at transitions to and from nonstandard employment over time to identify patterns of turnover in regular full-time and nonstandard jobs and to examine the origins and destinations of women as they enter and exit nonstandard jobs. To calculate transitions across work arrangements (including nonemployment), I compare the work arrangements of women in one survey year to the work arrangements they reported two years later. I summarize the two periods of cross-survey comparisons—1994 to 1996 and 1996 to 1998—in a single matrix of two-year transition rates.

The female labor force as a whole shows very high rates of employment stability in full-time jobs (see Table 9.8). About 83 percent of women working full-time in one year still worked full-time two years later (although they may work for a different employer; these analyses identify employment stability by work arrangement, not employer). Employment stability in part-time work is much lower at 57 percent, and is quite low in other nonstandard arrangements; just 19.2 percent of temporary workers, 22.6 percent of contract workers, and 21.5 percent of other nonstandard workers remained in these work arrangements two years later. Table 9.8 also shows whether women in nonstandard work arrangements moved to regular full-time jobs, to other nonstandard jobs, or out of the labor market entirely. Nearly one-third of women working part-time had moved to regular full-time jobs within two years. Relatively few women moved from part-time jobs to temporary, contract, or other nonstandard jobs. Most temporary workers who exited temporary work moved into regular full-time employment, but 14 percent of women who were in temporary work at the beginning of the two-year period were without a job at the end of the two-year period—a higher percentage than any other type of work arrangement (except for those who were not employed at the outset). Contract workers were most likely to exit contract employment and shift to full-time work within two years, but slightly more than one-fifth moved to part-time jobs, and nontrivial proportions ended up in temporary or other nonstandard jobs or without a job entirely. In general, women in nonstandard work arrangements at the beginning of the two-year time period were more likely than women in full-time jobs to end up without a job two years later. Finally, women who moved from

Table 9.8 Transition Patterns across Work Arrangements for All U.S. Women (%)

Time <i>t</i>	Time <i>t</i> + 1	Regular full-time	Regular part-time	Temporary	Contract	Other nonstandard	No job	As a percentage of all women at time <i>t</i>
Regular full-time		83.3	10.2	1.5	0.9	1.6	2.5	56.9
Regular part-time		30.6	57.0	2.8	2.0	2.7	4.8	20.0
Temporary		42.3	22.1	19.2	1.4	0.5	14.1	2.6
Contract		35.5	22.6	4.8	22.6	8.9	8.1	1.5
Other nonstandard		35.0	28.5	1.9	5.1	21.5	7.5	2.6
No job		14.4	14.1	2.7	0.8	1.9	66.0	16.4
As a percentage of all women at time <i>t</i> + 1		58.5	21.1	2.5	1.5	2.5	13.9	100.0

N = 8,085.

SOURCE: National Longitudinal Survey of Youth, 1994–98, weighted.

nonemployment to employment were somewhat more likely to move into a nonstandard work arrangement rather than directly into full-time jobs. Although 14.4 percent of nonemployed women moved into full-time jobs, 14.1 percent moved into part-time jobs, 2.7 percent moved into temporary jobs, and 2.7 percent moved into contract or other nonstandard jobs.

The greater likelihood of exiting the labor force or moving to other nonstandard work arrangements among nonstandard rather than regular full-time workers may stem from events in women's lives, such as childbirth, marriage, or divorce. Alternatively, women may leave the workforce discouraged by a lack of desirable opportunities, or they may move from nonstandard job to nonstandard job because they are unable to find other employment. Although the NLSY does not provide data on workers' reasons for shifting work arrangements, examining work transitions separately for women by skill levels and by whether they experienced major life transitions may shed light on the effects of employment opportunities, childbirth, marriage, and divorce on women's employment transitions.

Skill Levels

Differences in job stability across work arrangements may depend partly on skill level. Nonstandard workers work in occupations requiring fewer skills than regular full-time workers, and low-skill work is characterized by higher rates of turnover as workers seek more interesting and challenging work. Nevertheless, nonstandard work arrangements vary in their skill levels, and workers may be more receptive to nonstandard arrangements and less likely to quit if employers offer high-quality nonstandard jobs. Moreover, workers with high levels of skill may be better able to negotiate favorable nonstandard work arrangements and conditions than workers with fewer skills and, thus, may be more likely to stay in nonstandard jobs for longer periods of time. To evaluate how skill levels affect women's job stability and transitions across work arrangements, I summarized transition patterns separately for less-skilled women (defined as those with a high school education or less) and skilled women (those with more than a high school education).

A comparison of the two panels in Table 9.9 shows nearly equal rates of stability in regular full-time jobs for low- and high-skilled workers, but considerably lower rates of stability for low-skilled workers in part-time and temporary jobs. For example, just 15 percent of low-skilled temporary workers remained in temporary positions two years later, compared with 25 percent of higher-skilled temporary workers. Low-skilled workers in every type of nonstandard work were more likely than their high-skilled counterparts to move into regular full-time jobs by the end of a two-year period. However, low-skilled workers were also slightly more likely than high-skilled workers to move out of the workforce from full-time, part-time, and other nonstandard jobs. The overall distributions of women across work arrangements (see last column or row of panels) indicate a smaller percentage of low-skilled than high-skilled workers in regular, full-time work and larger percentages in temporary work or without a job. In sum, the patterns suggest that low-skilled workers are less likely to work in regular, full-time jobs than high-skilled workers, and that when low-skilled workers work in nonstandard jobs, they are less likely than their high-skilled counterparts to stay in them, perhaps because they are less able than higher skilled workers to negotiate favorable terms and conditions for nonstandard work or because low-skill jobs are inherently more unstable than skilled jobs.

Childbirth

Women may use nonstandard work arrangements to reduce or vary work commitments in conjunction with childbearing and increasing demands associated with the presence of a new family member. Women who had a child showed slightly lower rates of stability in full-time employment and higher rates of stability in nonstandard employment than women who did not give birth within each two-year period. Among women who bore a child, three-fourths of those in full-time jobs at the beginning of the two-year period remained in full-time jobs two years later. This rate is lower than the 84 percent of full-time women who did not bear a child; however, for both groups, there is considerable stability in full-time jobs (see Table 9.10). Women who exited from full-time jobs were more likely to move to part-time work or out of the labor force entirely if they gave birth than if they did not.

Table 9.9 Transition Patterns across Work Arrangements for Women by Education (%)

Time <i>t</i>	Time <i>t</i> + 1	Regular full-time	Regular part-time	Temporary	Contract	Other nonstandard	No job	As a percentage of all women at time <i>t</i>
With a high school education or less								
Regular full-time		82.6	10.1	2.0	0.7	1.8	2.9	53.2
Regular part-time		36.6	53.1	2.2	1.2	2.0	5.1	20.6
Temporary		45.5	25.6	14.9	0.8	0.0	12.4	2.9
Contract		40.0	23.3	10.0	26.7	0.0	6.7	0.7
Other nonstandard		37.2	29.2	1.8	1.8	17.7	11.5	2.7
No job		16.5	14.7	2.7	0.4	2.6	63.0	19.9
As a percentage of all women at time <i>t</i> + 1		57.3	20.9	2.6	0.9	2.4	15.8	100.0
<i>N</i> = 4,112								
With more than a high school education								
Regular full-time		83.9	10.2	1.1	1.1	1.5	2.2	60.8
Regular part-time		24.2	61.6	3.3	3.0	3.5	4.8	19.3
Temporary		38.0	18.5	25.0	2.2	1.1	16.3	2.3
Contract		36.7	22.4	4.1	24.5	6.1	8.2	1.2
Other nonstandard		33.1	25.5	2.1	11.7	24.1	4.8	3.7
No job		11.1	12.9	3.0	1.6	1.0	70.8	12.7
As a percentage of all women at time <i>t</i> + 1		59.6	21.4	2.3	2.1	2.6	11.9	100.0
<i>N</i> = 3,971								

SOURCE: National Longitudinal Survey of Youth, 1994–98, weighted.

Stability in part-time, temporary, and contract employment was higher among women who bore a child than those who did not. For example, nearly half of part-time workers who had not had a child in a two-year period had moved on to other work arrangements, typically to full-time work. In contrast, just one-quarter of those who gave birth had moved out of part-time employment. Temporary workers were twice as likely to retain temporary jobs if they had a child than if they did not. However, because workers in most other work arrangements were much less likely to move into temporary jobs after the birth of a child, the rate of temporary employment among childbearing women dropped after childbirth, from 3 percent to 1.4 percent (see Table 9.10).

Childbirth also had the effect of increasing the rate of part-time employment and nonemployment among women, and decreasing full-time employment. As a result, the work arrangements of childbearing and nonchildbearing women looked quite similar at the beginning of a time period (compare the last columns of each panel, Table 9.10), but had diverged by the end of the time period as some women who gave birth exited full-time employment, increased their rates of part-time employment, and dropped out of the labor force (compare the last rows of each panel, Table 9.10). Thus, childbearing apparently has a moderate effect on women's employment patterns and their use of nonstandard work arrangements, with women gravitating to part-time employment in particular and away from temporary employment. Access to part-time work may enable women to maintain labor force participation after childbirth rather than dropping out of the labor force. Indeed, although some women exited the labor force after childbirth, the vast majority—80 percent—did not. It is also important to note that although part-time employment increased as women bore children, it remained more common for childbearing women to work full-time than to work part-time.

Marriage and Divorce

To assess the effects of marriage and divorce on women's patterns of standard and nonstandard employment, I categorized women into four mutually exclusive groups: those who remained single throughout a two-year period, those who remained married throughout a two-year period, those who entered marriage within a two-year period, and those

Table 9.10 Transition Patterns across Work Arrangements for Women by Childbirth Status (%)

Time <i>t</i>	Time <i>t</i> + 1	Regular full-time	Regular part-time	Temporary	Contract	Other nonstandard	No job	As a percentage of all women at time <i>t</i>
Who gave birth between time <i>t</i> and time <i>t</i> + 1								
Regular full-time		74.2	16.8	0.2	0.7	2.1	6.0	56.2
Regular part-time		14.0	74.1	0.0	2.8	3.5	4.9	18.5
Temporary		26.1	17.4	34.8	0.0	4.3	13.0	3.0
Contract		5.9	23.5	11.8	23.5	11.8	11.8	2.2
Other nonstandard		19.2	38.5	0.0	0.0	30.8	19.2	3.4
No job		2.3	3.9	0.8	0.8	1.6	89.1	16.7
As a percentage of all women at time <i>t</i> + 1		46.2	26.3	1.4	1.7	3.4	20.6	100.0
<i>N</i> = 772								
Who did not give birth between time <i>t</i> and time <i>t</i> + 1								
Regular full-time		84.2	9.5	1.7	0.9	1.0	2.2	57.0
Regular part-time		32.3	55.3	3.1	1.8	2.6	4.8	20.1
Temporary		44.7	22.1	16.8	1.6	0.0	14.2	2.6
Contract		33.2	17.1	3.1	18.6	7.0	20.9	1.5
Other nonstandard		38.0	27.3	2.1	5.9	20.3	5.9	2.6
No job		15.8	15.1	3.0	0.8	1.9	63.5	16.3
As a percentage of all women at time <i>t</i> + 1		59.8	20.6	2.6	1.5	2.4	13.5	100.0
<i>N</i> = 7,312								

SOURCE: National Longitudinal Survey of Youth, 1994–98, weighted.

who divorced within a two-year period. I averaged their work patterns across the two-year periods for a single summary matrix for each of the four groups. A comparison of the matrices for stably single and stably married women (Table 9.11) shows higher labor force participation rates overall for single women (11.5 percent of single women were not in the labor force at time $t + 1$ compared with 16 percent of married women; Table 9.11), with higher rates of full-time and temporary employment and lower rates of part-time and contract employment among single than married women. Single and married women had similar rates of stability in regular full-time jobs, but single women were much more likely than married women to move to regular full-time employment from nonstandard jobs, and they were much less likely to move to part-time or contract work from other work arrangements. Thus, married women appear to be much more likely to move to, and stay in, nonstandard jobs—at least part-time and contract jobs—than single women.

The distribution across work arrangements of women who divorced during a two-year period was very similar at time t to that of women who were continuously married (see Table 9.11). This pattern is not surprising given that women in this category were still married at time t . By time $t + 1$, the work arrangements and labor force participation rates of women who went through a divorce were more similar to those of single women. Divorced women were more likely than women in any other marital status group to move out of regular part-time work, with most moving to regular full-time jobs. They were also more likely to move from nonemployment into the labor force, resulting in a decline in the average nonemployment rate of 14 percent before divorce to just 8.8 percent afterward. Very few moved from nonemployment into nonstandard jobs. However, the small sample size (just 308 of the 4,114 women experienced a divorce between 1994 and 1998) precludes strong conclusions about the relationship between divorce and work patterns for work arrangements other than regular full-time and part-time jobs.

Women who married during a two-year period had the lowest rates of nonemployment and the highest rates of full-time employment of all the marital status groups (see Table 9.11). They showed relatively high rates of stability in both full-time and part-time jobs. (The small sample size for this group hinders strong interpretations of the transition rates

Table 9.11 Transition Patterns across Work Arrangements for Women by Marital Status (%)

Time t	Time $t + 1$	Regular full-time	Regular part-time	Temporary	Contract	Other nonstandard	No job	As a percentage of all women at time t
Who remained single								
Regular full-time		84.9	9.2	2.2	0.6	1.2	1.9	64.8
Regular part-time		46.2	43.7	4.0	1.5	2.4	2.1	13.3
Temporary		46.6	19.2	21.9	1.4	1.4	9.6	3.0
Contract		46.4	7.1	10.7	10.7	10.7	7.1	1.1
Other nonstandard		48.1	14.8	1.9	1.9	27.8	7.4	2.2
No job		20.8	13.5	3.1	0.3	1.8	60.2	15.6
As a percentage of all women at time $t + 1$		67.4	14.8	3.3	0.9	2.1	11.5	100.0
$N = 2,460$								
Who remained married								
Regular full-time		81.6	11.3	1.2	0.9	1.9	3.1	51.7
Regular part-time		24.8	62.0	2.6	2.2	2.6	5.8	23.6
Temporary		37.4	22.8	18.7	1.6	0.0	18.7	2.5
Contract		33.3	25.6	2.2	24.4	6.7	7.8	1.8
Other nonstandard		29.9	32.7	1.4	6.1	21.1	8.2	3.0
No job		9.7	14.5	2.7	1.1	2.2	70.1	17.4
As a percentage of all women at time $t + 1$		52.1	25.0	2.3	1.8	2.7	16.0	100.0
$N = 4,921$								

(continued)

Table 9.11 (continued)

Time <i>t</i>	Time <i>t</i> + 1	Regular full-time	Regular part-time	Temporary	Contract	Other nonstandard	No job	As a percentage of all women at time <i>t</i>
Who divorced								
Regular full-time		87.2	4.7	0.6	1.2	2.9	2.9	55.8
Regular part-time		50.0	36.8	2.6	2.6	2.6	5.3	24.7
Temporary		50.0	33.3	0.0	0.0	0.0	0.0	1.9
Contract		0.0	25.0	0.0	25.0	50.0	0.0	1.3
Other nonstandard		33.3	16.7	16.7	0.0	0.0	0.0	1.9
No job		39.5	14.0	2.3	0.0	2.3	41.9	14.0
As a percentage of all women at time <i>t</i> + 1		68.8	15.6	1.6	1.6	2.9	8.8	100.0
<i>N</i> = 308								
Who married								
Regular full-time		86.9	9.0	0.7	2.1	0.3	1.4	73.7
Regular part-time		37.0	58.7	2.2	0.0	4.3	0.0	11.7
Temporary		54.5	27.3	18.2	0.0	0.0	0.0	2.8
Contract		0.0	0.0	0.0	100.0	0.0	0.0	0.5
Other nonstandard		57.1	42.9	0.0	0.0	0.0	14.3	1.8
No job		25.7	11.4	2.9	0.0	0.0	65.7	8.9
As a percentage of all women at time <i>t</i> + 1		73.2	15.8	1.5	2.3	1.0	6.9	100.0
<i>N</i> = 392								

SOURCE: National Longitudinal Survey of Youth, 1994–98, weighted.

from less prevalent nonstandard work arrangements.) The findings suggest that marriage has little effect on women's work patterns, perhaps because women who marry in their 30s may be a self-selected group whose commitment to the labor market affects both their marital and their work patterns. (Of course, this group of women includes those who delayed marriage until their 30s as well as those who are not marrying for the first time; although the effects of marriage on work patterns may differ for these two subgroups of women, the sample size is too small to allow reliable comparisons.)

Presence of Children

Finally, I present transition patterns separately for women by parental and marital status. In general, single and married women without children are less likely to work in nonstandard jobs than mothers, and single mothers are less likely than married mothers to work in nonstandard jobs (see last columns or rows of Table 9.12). However, although parental status may affect women's rates of full-time work, the stability rates of those in regular full-time jobs were similar for women in every family type. Turnover in nonstandard jobs did, however, vary somewhat across family type. The stability rates for childless single women show that nearly half remained in part-time jobs two years later—slightly higher than the rates of single mothers or childless married women, but much lower than married mothers. A considerable minority of childless single women remained in temporary, contract, and other nonstandard jobs two years later, and their stability rates in these types of jobs were substantially higher than those of married women. However, childless single women who did not remain in the same nonstandard arrangement two years later were more likely than women in any other group to shift to a regular, full-time job. Childless married women also showed higher rates of stability in temporary, contract, and other nonstandard jobs than mothers, but they differed from childless single women in that fewer of those who left a nonstandard arrangement moved to full-time jobs, while more shifted to regular part-time jobs (see Table 9.12).

The presence of children clearly affects women's transition patterns, but the patterns depend on whether mothers are single or married. Single mothers have lower rates of stability in all nonstandard

Table 9.12 Transition Patterns across Work Arrangements by Parental and Marital Status (%)

Time t	Time $t + 1$	Regular full-time	Regular part-time	Temporary	Contract	Other nonstandard	No job	As a percentage of all women at time t
Single women with no children								
Regular full-time		86.7	8.5	1.8	1.1	1.3	0.7	74.3
Regular part-time		40.1	48.9	2.2	0.7	7.3	2.2	11.6
Temporary		51.7	10.3	31.0	0.0	3.4	3.4	2.4
Contract		54.5	0.0	0.0	27.3	9.1	0.0	0.9
Other nonstandard		55.6	8.3	0.0	0.0	27.8	5.6	3.0
No job		15.2	14.1	2.2	0.0	2.2	66.3	7.8
As a percentage of all women at time $t + 1$		73.7	13.6	2.4	1.3	3.0	6.2	100.0
$N = 1,185$								
Single women with children								
Regular full-time		83.8	9.8	2.2	0.4	1.0	2.6	60.2
Regular part-time		47.9	43.7	4.6	1.7	0.8	1.7	14.3
Temporary		44.6	25.0	16.1	1.8	0.0	10.7	3.4
Contract		36.8	10.5	15.8	10.5	10.5	10.5	1.1
Other nonstandard		34.6	26.9	26.9	11.5	19.2	7.7	1.6
No job		22.9	13.1	11.0	0.3	0.9	59.0	19.6
As a percentage of all women at time $t + 1$		64.3	16.1	3.4	0.8	1.3	14.1	100.0
$N = 1,666$								

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Married women with no children							
Regular full-time	83.3	11.0	0.3	1.0	2.4	2.2	74.8
Regular part-time	43.3	44.3	2.1	1.0	3.1	5.2	12.2
Temporary	14.3	28.6	42.9	0.0	0.0	0.0	0.9
Contract	25.0	37.5	0.0	18.8	6.3	6.3	2.0
Other nonstandard	22.7	4.5	9.1	4.5	50.0	0.0	2.8
No job	17.2	5.2	1.7	1.7	3.4	69.0	7.3
As a percentage of all women at time $t + 1$	70.4	15.1	1.5	1.8	4.0	7.6	100.0
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$N = 793$							
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Married women with children							
Regular full-time	81.6	10.9	1.4	0.9	1.9	3.3	47.8
Regular part-time	24.9	62.0	2.6	2.2	2.5	5.8	25.7
Temporary	39.7	23.1	17.4	1.7	0.0	19.0	2.7
Contract	33.3	24.4	2.6	24.4	9.0	7.7	1.8
Other nonstandard	31.3	36.6	0.8	5.3	14.5	9.2	3.0
No job	10.8	15.1	2.7	0.8	2.1	68.6	19.0
As a percentage of all women at time $t + 1$	50.1	26.1	2.4	1.5	2.5	17.0	100.0
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$N = 4,436$							
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SOURCE: National Longitudinal Survey of Youth, 1994–98, weighted.

work arrangements than married mothers, and when they exit non-standard work arrangements, they are more likely to move into full-time jobs (see Table 9.12). However, a higher percentage of single mothers appear to land in temporary jobs; a considerable proportion of those who held part-time, contract, or other nonstandard jobs at the beginning of the two-year period were working in temporary jobs by the end of the period. Not surprisingly then, the rate of temporary employment among single mothers at 3.4 percent is higher than that of women in any other family type. Because data on reasons for nonstandard employment are not available in the NLSY, it is impossible to determine with certainty whether these single mothers want temporary jobs, but the fact that they are more likely to leave temporary jobs (only 16.1 percent are still in temporary jobs by time $t + 1$) than any other group suggests that they do not choose these jobs voluntarily. Moreover, the CPS data show that nearly 70 percent of single mothers in temporary jobs would prefer permanent positions (see Table 9.4).

Together, the matrices of women's employment patterns suggest that women who are stably married, those who are married and have children, and those who recently had a child are most likely to use non-standard work arrangements and to stay in them—particularly in part-time jobs. Very few women hold temporary, contract, or other non-standard jobs for long durations of time. Workers in these types of arrangements most commonly move into full-time positions, although they are also much more likely than regular full-time workers to be without a job by the subsequent survey date. Given the ready availability of temporary and contract jobs, women's high transition rates from these jobs suggest that women typically do not find these work arrangements suitable for their long-term needs. Although this comes as no surprise for temporary work, which is not stable by definition and which researchers agree is typically a marginal form of employment, it does suggest that workers do not view contract jobs on par with regular full-time work, despite the similarities of these two work arrangements, at least in terms of pay, benefits, and work characteristics (e.g., Kalleberg et al. 1997; Kalleberg, Reskin, and Hudson 2000).

CONCLUSION

One-third of women workers in the United States currently work in nonstandard work arrangements. A much larger percentage have worked or will work in nonstandard jobs over their work history. As the data from the NLSY show, nearly half of all working women born between 1957 and 1965 reported nonstandard employment in at least one of three surveys between 1994 and 1998. Consequently, it is of great importance to understand the promise of such jobs for meeting women's employment and economic needs as well as their family needs. Evidence to date provides a mixed view of nonstandard work arrangements. Part-time, temporary agency, and on-call jobs tend to be clustered in occupations that offer few opportunities to exercise challenging and complex skills and are characterized by routine, repetitive tasks, while direct-hire and contract jobs are similar to full-time jobs in their skill characteristics. Part-time, temporary, and on-call workers earn considerably less on average than similar regular full-time workers, are less likely to receive health insurance or retirement benefits, and are more likely to live in families with incomes near or below the poverty line (Kalleberg et al. 1997; Kalleberg, Reskin, and Hudson 2000; Houseman and Osawa, in this volume). Contract workers earn hourly wages that are as much or more than their regular full-time counterparts but receive fewer benefits (Kalleberg, Reskin, and Hudson 2000; Houseman and Osawa, in this volume), and many do not work full-time. The majority of women who work in temporary, on-call, and contract jobs would prefer regular employment and work in these jobs primarily because they were unable to find regular work or because they hoped their position would become a regular position. Most women in these arrangements do not stay in them for long periods of time, and although many move from their nonstandard jobs into full-time jobs, a substantial minority end up in other types of nonstandard work or without a job altogether.

Nevertheless, nonstandard jobs are not universally bad, nor do all workers desire regular employment. In part-time work especially, the majority of women do not prefer regular, full-time work. In addition, almost 30 percent of temporary workers, 40 percent of contract workers, and 47 percent of on-call workers would not prefer a regular job.

Women voluntarily work in nonstandard jobs for a variety of reasons; some to continue working while tending to other family or personal needs and interests, others to pursue schooling or training, and yet others because they want flexible or short-term employment. Women also differ in the education, skills, and experience they bring to the labor market, and more skilled and educated women may be more successful than others in parlaying their advantages into nonstandard work arrangements that meet their needs and preferences. For example, Tilly (1996) found that although most part-time jobs are located in the secondary labor market and are characterized by little skill and low wages, a minority of women obtain “retention” part-time jobs, which offer high wages and challenging work. Variation in the skills, characteristics, and consequences of work within each type of nonstandard work arrangement draws attention to the importance of recognizing the heterogeneity of nonstandard jobs in addition to the typical characteristics of such jobs that have been the focus of most research (but see Polivka 1996; Blank 1998; and Cohany 1998). Clearly, some workers are in nonstandard arrangements that fit their preferences and needs and offer them the type of work they desire.

It is women with family responsibilities in particular who are thought to benefit from the availability and growth of nonstandard work (e.g., Schwartz 1989; Blossfeld 1997; Hakim 1997). How important are workers’ family arrangements for understanding women’s participation in nonstandard work? The data suggest workers’ family arrangements do affect their participation in and patterns of nonstandard work. Married women are more likely than single women to move into and stay in some types of nonstandard jobs, particularly part-time and on-call arrangements. Married women with children are most likely to work in nonstandard jobs compared with childless married women or single women with or without children. They are somewhat less likely to report a preference for regular employment than childless single women, although for the most part, differences in work preferences across family type were not significant. Married women who have children are more likely than women in any other family type to work in nonstandard jobs. Some researchers have argued that the overrepresentation of married women in part-time and on-call work may be less reflective of women’s voluntary choices and preferences and more reflective of the structural constraints on women’s choices, such as the

availability of child care (see O'Reilly and Fagan 1998). This is a valid point but difficult to test given the data presented in this chapter. A rare piece of evidence for this argument is the finding that, among the women who reported a preference for part-time work, 5 percent cited child care problems as their reason for working part-time. Nonetheless, with this caution in mind, the findings are consistent with the argument that some women use nonstandard work arrangements, primarily regular part-time jobs, to balance work and family.

That nonstandard work accommodates the needs of some women, however, does not mean that family responsibilities or other interests are the primary explanation for women's participation in nonstandard jobs, nor does it imply that such jobs are entirely unproblematic even for those who voluntarily work in them. Instead, while women's family responsibilities appear to be related to their use of part-time jobs, they are not strongly linked with any other type of nonstandard work arrangement. Married women were no more likely than single women to work in contract jobs, and were less likely than single women to work in agency or direct-hire temporary jobs. Of the married women who did work in nonstandard arrangements other than regular part-time jobs, the majority would have preferred regular employment. Moreover, even if nonstandard work does fit the needs and preferences of some women, the argument that nonstandard jobs undermine women's economic security also finds support in findings that nonstandard jobs typically provide inferior opportunities for skill development, and they offer less pay and fewer benefits than regular full-time employment.

Attention to the economic consequences for women in nonstandard jobs is particularly critical for single mothers, given the recent (1996) reforms in welfare programs in the United States mandating work in exchange for cash assistance benefits. Requirements that welfare recipients find employment may push women to accept temporary and other nonstandard work arrangements that enable them to meet employment requirements but not necessarily gain economic security. The NLSY data show that rates of temporary employment are higher among single mothers than women in any other family type. Single mothers rarely report a preference for temporary over regular employment, and those who work in temporary jobs show high exit rates within two years. However, single mothers are more likely than women in any other fam-

ily type to end up in temporary jobs after working in other nonstandard jobs or full-time jobs, or after periods of nonemployment. As single mothers approach time limits on welfare assistance (another welfare reform stipulation) the economic security of these families will be in greater jeopardy.

The inferior pay, benefits, and quality that are typical of nonstandard work arrangements are cause for concern for women in every family type. Considerable growth in nonstandard jobs over the past several decades (Abraham 1990; Gonos 1997) and the overrepresentation of women in such jobs mean that large percentages of women are employed on a nonstandard basis for some proportion of their work lives. Further research must assess the long-term consequences of nonstandard employment for women, their families, and for society. Understanding the conditions under which nonstandard arrangements work well for women and families, as well as the conditions under which such arrangements constrain women's workplace opportunities, individual and family earnings, and health and pension benefits over the long term, is critical for constructing work arrangements and family and employment policies that protect the economic security of women and their families.

Notes

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1. This paper does not consider the nearly 9 percent of women who worked in independent contracting or self-employment arrangements.
2. Some workers hold full-time jobs and are on-call after regular work hours. I did not include these workers in the on-call category.
3. Estimates of part-time work in other studies are generally higher because they include nonstandard workers who work part-time hours.
4. Data on occupational skill complexity come from the *Dictionary of Occupational Titles*. Values range from 0 to 8 for people skills, 0 to 6 for data skills, and 0 to 7 on skills with things; variables are coded so that higher values reflect greater skill complexity. *People skills* involve tasks such as taking instruction and serving (low complexity) to negotiating and mentoring (high complexity). *Skills with data* range from comparing and copying data (low complexity) to coordinating and

synthesizing data (high complexity). *Skills with things* entail tasks such as handling, feeding, or tending machinery (low complexity) to precision working and setting up (high complexity). *Repetitive process* measures the percentage of workers in the occupation that must perform repetitive work or continuously perform the same work following set procedures, sequences, or speeds. *Routinized work* measures the percentage of workers in jobs requiring a preference for routine, concrete, organized tasks. *Specific vocational preparation* is the amount of training required to achieve average performance on the job.

5. In fact, the percentage who held a temporary job during this time period is likely to be even higher than this figure. The estimates reported here are based on workers' responses about their current main job at the time of the survey. However, the surveys are conducted two years apart, and some workers are likely to have held temporary jobs in the two-year interim but not during the survey weeks which would not be reflected in these estimates.

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10

In Search of a New Framework for Flexibility

Reregulation of Nonstandard Employment in the European Union

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THE ROLE OF LAW

Developing regulations for nonstandard employment remains an important feature of labor law and labor market practice at the European, national, sectoral, and firm levels in European countries. Standard employment contracts and nonstandard employment regulations are closely linked. The evolution of one form of employment contract has repercussions for the other. Regulation of nonstandard employment has combined a concern for employment flexibility for the firm and job security for the employee.

Nonstandard employment has been strictly regulated in Europe because it has been viewed as a way to circumvent employment protection legislation in standard employment relationships. Nonstandard employment is sometimes also called “atypical” or “precarious” employment, in contrast to open-ended and full-time employment contracts. The regulations are designed to protect workers in nonstandard employment against discrimination in the workplace. Without regulation, the use of atypical work could lower personnel costs of employers by lessening legal protection of workers.

Dismissal protection, which is generally greater in Europe than in the United States or Japan, is an example of the advantage to employers of easing regulations. In Europe, there are, on average, longer

notice periods in cases of dismissals, high redundancy payments in certain cases, the right to participate in training programs financed by the firm, and the right to be employed in another firm of the group if there are suitable vacancies. Similarly, standard employment contracts in Europe provide for generally higher levels of social protection (e.g., paid leave, paid overtime, paid sick leave, protection from unfair dismissal), and they are financed through higher social security contributions. The legal regulation of nonstandard employment tends to guarantee nonstandard workers the same rights *pro rata temporis* (in time equivalents) that permanent workers have; that is, rights to social protection, dismissal protection, the right to be counted as staff for the election of workers' representatives, and to participate in work councils.

However, in the 1980s, nonstandard employment was seen as a possible tool to better tackle the unemployment crisis in Europe and, therefore, the legal corset of regulations was loosened, with more flexibility given to nonstandard arrangements. This trend led to the increase of nonstandard work contracts in most European countries, but also to the development of new forms of work contracts. One of the effects of this deregulation was to increase the precariousness of certain employment situations (with, e.g., the introduction of frequent renewal of short-duration work contracts, the possible cessation of the work contract with no notice period and redundancy payments, or the nonpayment of social benefits in short-tenure jobs).

In the late 1990s, nonstandard employment became much more accepted; its necessity was acknowledged in the existing economic and political context. This new trend re-regulates nonstandard employment in a way that harmonizes employer flexibility with the job flexibility of employees (to better address professional and personal issues), while developing notions of social protection compatible with new forms of employment. The main function of labor law is no longer to simply restrict, but to facilitate, the use of nonstandard employment.

In this respect, two different legal theories (Schömann, Rogowski, and Kruppe 1998) have been advanced to explain the new role of laws, and even changes to laws. On the one hand, the legal theory of the "standard employment relationship" aims to shape an employment relationship or employment status as a right to a minimum of social protection, independent of the employment contract. The aim of this

legal doctrine is to rectify socially unequal relationships between the partners in an employment contract, in which the forms of employment express the employers' demands. Nonstandard employment is recognized as a different form of normal employment, and as an expression of a general trend of deregulation and changes in lifestyles, with social protections safeguarded.

Another legal theory, the theory of reflexive labor law (Rogowski and Wilthagen 1994), emphasizes that legal innovations are reactions to social or legal consequences of previous legal regulations (Schömann, Rogowski, and Kruppe 1998), such that internal factors related to the legal system itself influence the development of law. External changes (political, economic, or social) influence legal construction only if they are recognized as a problem within the legal discourse. When applied to nonstandard employment, this theory tends to view regulation (and deregulation) as a reaction to the difficulties created by employment protection measures themselves. Furthermore the re-regulation of nonstandard employment can be interpreted as a reaction to the abuses of nonstandard employment in circumventing standard employment relationships.

Both theories highlight the need to take into account the internal and external factors in legal regulation to better understand how the regulation of nonstandard work developed. These legal theories add complementary perspectives to the understanding of legal changes to nonstandard employment. In this respect, a particularly interesting issue is the legal modifications at both the European and national levels regarding nonstandard work. A cross-section of the various legal frameworks of nonstandard employment in selected European members states enables us to investigate in more depth the role of and changes to laws binding nonstandard work, as well as to evaluate country-specific approaches to employment protection.

The chapter is structured as follows. The next section provides a legal definition of various forms of nonstandard employment. The supranational European legal framework is outlined in the third section, followed by a country-specific review of the variety within the European framework in the fourth section. The fifth section compares regulation and practice across European Union (EU) countries. The final section reviews the legal changes and provides some conclusions

on the role of trade unions and employers' organizations in the process of regulation.

LEGAL DEFINITION OF NONSTANDARD EMPLOYMENT

The definition of legal nonstandard employment focuses on part-time work, fixed-term employment, employment in temporary agencies, and self-employment. A major element of the classification of the individual labor contract is the term of the contract, that is, the duration. Nonstandard employment is usually defined with reference to standard employment, which is a legal, permanent, full-time work contract under the subordination of an employer. A standard employment contract secures a range of social protections (e.g., social benefits, measures against unfair dismissal) based on seniority in a firm. In contrast, nonstandard employment embraces a vast range of employment contracts that do not fit the former definition of standard employment because of the duration of work (not permanent work or full-time) or because of lack of subordination.

Generally, there are four categories of nonstandard employment: fixed-term employment, part-time work, temporary agency work, and self-employment. Each of these categories provides very specific legal and contractual conditions. Subcategories, such as independent contractors or workers provided by contract firms as well as on-call workers, enhance the diversity and complexity of nonstandard employment, with a range of regulation details and evolution in each national legal system.

Fixed-Term Contracts

A comparison of fixed-term contracts across the EU member states enables some general conclusions about their regulations (Schömann, Rogowski, and Kruppe 1998). In the majority of EU countries, fixed-term contracts are regulated by law, except for the Nordic countries, where such forms of employment are governed by collective agreement. Legal provision is frequently complemented by collective agreements at national, sectoral, and company levels. Legislation rarely

contains a clear definition of fixed-term contract work, using, on the one hand, a negative definition (referring to an open-ended employment relationship), and on the other hand, stating conditions of use of fixed-term contracts. In most EU countries, fixed-term employees must be supplied with legal provisions, and obligatory provisions must be clearly specified. A common legal sanction for breaching legal requirements is to convert the fixed-term contract to a contract of unlimited duration.

There are no clear trends in the EU on duration, renewals, and “objective/serious reasons” for using fixed-term employment. Most European countries give fixed-term workers access to certain rights (e.g., claims for unfair dismissal, redundancy pay, social security rights, limited access to training opportunities, no right to information about vacant posts in the firm, no right to participate in strike actions, or to stand for or vote for employees’ representative bodies, such as works councils). The exercise of those rights is enabled through, for example, employee representative bodies (information, counseling, and in some cases, as in France, the ability to support employees in labor courts).

The contractual job security implied in a fixed-term contract, in which the worker cannot be dismissed before the end of the term, provides less security than the statutory regulations of permanent contracts, which offer comprehensive legal protection against unfair dismissals. This regulation does not, in general, apply to fixed-term contracts.

Part-Time Work

Part-time work can be defined as an employment relationship characterized by daily, weekly, or monthly working hours that are appreciably fewer than the standard working hours laid down by law or collective bargaining.¹ In many countries, laws allow employees to choose part-time work to better balance a private life and professional career (such as in northern European countries). A well-established legal provision in labor law guarantees equal treatment for part-time employees in most EU member states. This provision, however, does not eliminate the practical problems associated with part-time work (such as the right to overtime, or [gender] discrimination concerning

lower pay or other social benefits). The International Labor Organization (ILO) definition of part-time work specifies that working hours be distributed throughout the week (horizontal) or concentrated only in certain days (vertical) or periods of the month or the year. The latter part of the definition reflects the close connection to fixed-term employment even in attempts to arrive at a general definition. The combination of fixed-term and part-time employment is, in fact, commonly combined within nonstandard employment. For statistical purposes and country comparisons, the Organization for Economic Cooperation and Development (OECD) defines part-time work as usual working hours that are fewer than 30 hours per week.

Temporary Agency Work

Temporary agency work is a “triangular” employment relationship that involves a worker, a company acting as temporary work agency, and a user company. The agency employs the worker and places him or her at the disposition of the user company. Beyond this basic definition, the reality of temporary agency work differs widely across EU member states (Michon 1999a). For example, in Denmark and in the United Kingdom, temporary agency work is not regulated as a separate type of employment. Moreover, some countries focus on the relationship between the agency, the user, and the worker, such as in Germany, Spain, and Sweden, and in other countries, namely France and Italy, a specific status for temporary agency workers is legally defined.

The majority of countries have at least a relatively comprehensive set of legislation governing temporary agency work. In terms of regulation, two distinct groups of countries emerge: those with extensive regulation (such as France, Germany, Italy, and Spain), and those with minimal or nonexistent regulation (such as Denmark, Sweden, and the United Kingdom).

Self-Employment

Self-employment can be defined as a form of employment in which a person assumes responsibility as a business owner, with no superiors, to develop and operate a business (Pfeiffer 1994). Different categories of self-employment exist, including operating as dependent

employees, family workers, and the self-employed in the original sense of the term (Kruppe, Oschmiansky, and Schömann 1999). Differences stemming from the nature of the employment relationship (compared with dependent work) determine the social and fiscal treatment of the person affected. Social, individual, and collective rights of a dependent employment relationship do not exist. Moreover, social and fiscal obligations that offer social protection depend on the willingness of the owner and the health of the business.

Two trends can be distinguished in the European community regarding self-employment regulations. One is the move to view this form of employment as a bridge from unemployment to employment. Self-employment is understood as a labor market policy (like start-up grants and start-up support programs) whereby private initiatives can create employment opportunities. The second trend is the legal attitude that views self-employment as more restrictive, aiming to reduce its use to avoid abuses of social protection rights and evasion of social security contributions.

Intermittent Work

A long legal tradition exists in most countries surrounding the treatment of intermittent work, especially in the agricultural or construction sectors. Intermittent work, sometimes also called seasonal work, is defined as work in which periods of activity alternate with periods of inactivity. It gives rise either to a succession of fixed-term contracts, whose lawfulness is sometimes contested, or to a single contract, of fixed-term or indefinite duration, in which provision is made for the intermittent nature of work. This latter form has led to special regulations that treat intermittent work as a form of part-time work organized on an annual basis. The laws allow for alternating periods of work and nonwork within a single contract of indefinite duration. The laws, however, make this arrangement subject to certain conditions, including a collective agreement.

This broad overview of the major forms of nonstandard employment across Europe reflects the large scope, and country-specific treatment, of these issues. The agricultural, industrial, or service-sector employment structure in a country determines, to a large extent, the regulatory climate. National legislation in Europe demonstrates the

broad range of legal possibilities in tackling nonstandard employment. The analytical framework we present facilitates an understanding of the recent legal evolution of nonstandard employment in selected European countries. Because European directives on employment-related issues have had a direct impact on national law and, above all, on recent national regulations, we first present the European legal framework of nonstandard employment before turning to country-specific regulations.

THE EUROPEAN LEGAL FRAMEWORK FOR NONSTANDARD EMPLOYMENT

As nonstandard forms of employment became more common in the 1980s and the 1990s, both the European Commission and the European labor movement (ETUC, European Trade Union Confederation) pushed to create a European legal framework to protect the rights of workers in nonstandard employment contracts. Successive draft directives proposed by the commission failed to gain approval of the Council of Ministers,² leading the European Commission in September 1995 to initiate consultations with social partners (e.g., workers' representatives, mainly trade unions and elected workers' representatives) at the European level to implement the "Community Charter of Fundamental Social Rights of Workers," signed in Strasbourg in December 1989 (Blanpain 1998).

On December 15, 1997, the draft directive on part-time work was issued to implement the framework agreement reached in June 1997 by the European social partners of the Union of Industrial and Employers' Confederation of Europe (UNICE), the European Center of Enterprises with Public Participation and of the Enterprises of General Economic Interest (CEEP), and the ETUC. This agreement and directive aim to institute the principle of nondiscrimination for part-time workers and to facilitate the development of part-time work on a voluntary basis, contributing to the flexible organization of work while accounting for the needs of employers and workers.

Faced with the reluctance of the UNICE to enter the deal on fixed-term contracts, the social partners led negotiations in 1996 under the

procedure set out in protocol 14 on social policy annexed to the Maastricht Treaty on the European Union (signed February 7, 1992). This mechanism (art. 4 §§ 1 and 2) allows management and labor to negotiate and eventually conclude agreements at the community level on employment issues, leading to implementation, either directly through practices specific to the member states or at the joint request of the signatory parties, by a European Council decision on a proposal from the European Commission.

This mechanism led to a framework agreement on fixed-term contract work signed in June 1997, and following further negotiations, agreement with UNICE was reached March 18, 1999 (at a major conference on social dialogue and enlargement in Warsaw). On the basis of article 4 § 2 of the social policy agreement, the commission adopted on May 1, 1999, the proposal for a council directive concerning the framework agreement on fixed-term contracts concluded by UNICE, CEEP, and ETUC. At the same time, the Amsterdam Treaty was instituted May 1, 1999, and protocol 14 on social policy was incorporated into the body of the European Commission Treaty as Articles 136–139, which then gave the draft directive the legal basis of Article 139 § 2.

The same procedure was followed with the draft directive on temporary agency work, beginning with negotiations between UNICE and ETUC on May 3, 2000. An accord among the social partners and a subsequent directive completed the legislation on atypical work, which was initiated in 1996 by the European Commission. The commission supports the consultation procedure of the social partners at the European level.

We now turn to the content of the draft directive on fixed-term employees (to be implemented in each member state within two years). The aims of the social partners are to improve the quality of fixed-term work by ensuring nondiscrimination, and to establish a framework to prevent abuse arising from the use of successive fixed-term employment contracts (Vigneau 1999). The directive defines minimum requirements, recognizing that their detailed application must take account of different national and specific organizational needs of industrial sectors. In this respect, members states or social partners can maintain or introduce more favorable provisions.

The main features of the directive concern:

- 1) A general principle of nondiscrimination in employment conditions of fixed-term workers (such as requiring no additional length of service for access to particular conditions and benefits than those offered in open-ended contracts, except for those that can be justified on objective grounds).
- 2) Minimal legal provisions to prevent abuses (member states shall introduce one or more of the following three measures: 1) objective reasons justifying the renewal of fixed-term contracts; 2) a maximum duration in the succession of fixed-term employment relationships; 3) the number of renewals).
- 3) The obligation of the employer to inform fixed-term workers of vacancies in the enterprise.
- 4) Guarantee of representative rights. For the purpose of employee representation, fixed-term contract workers must be considered when calculating workforce size thresholds, and they must be given appropriate information on workers' representative bodies.

For most member states, this directive creates no need for legislative action, given that it sets only minimum levels of regulation. For example, the fourth feature is currently covered in legislative provisions in at least nine of the 15 member states. The remaining six countries, however, must proceed to a more restrictive legislation within two years of implementing the directive.

In the broad field of self-employment, no action has been taken by the social partners or the European Commission to restrict the evasion of social security contributions in member states. However, since the late 1990s, the EU member states, as well as the European institutions, have taken into account the need to promote flexibility while guaranteeing security for the workforce. The European political leaders, meeting in Luxembourg on November 20–21, 1997, for a special employment summit, agreed to a package of measures and employment guidelines that aim to improve employability, support entrepreneurship, increase adaptability, and strengthen equal opportunities. To date, the focus has been on promoting self-employment with little attention paid to the potential for self-employment to be used as a way

to circumvent social security contributions for persons who are solely dependent on one enterprise as their client.

The European legislation constitutes only a framework legislation, which must be translated into the national legislative texts and legal procedures. This is far from certain, given that national majorities in favor of such legal changes must be found, which will entail broad political discussions. Although a comparison of this implementation procedure for each of the above-mentioned topics is beyond the scope of this chapter, we review country-specific regulations, which will reveal to some extent the discrepancy between member states in implementing the European directives.

COUNTRY-SPECIFIC REGULATIONS OF NONSTANDARD EMPLOYMENT

The most comprehensive legislation is found in France, Germany, Spain, and Italy. In these countries, nonstandard arrangements are strictly regulated, and special attention is given to ensuring nondiscrimination for nonstandard workers. Less restrictive regulation is found in Denmark, Sweden, and the Netherlands. In these countries, nonstandard employment has a long history. Finally, in the United Kingdom, steps have been recently taken to regulate abuse in nonstandard employment arrangements, and initiated mainly by the European directives. A common feature throughout Europe is the important role that the national social partners play in lawmaking—its formulation as well as its implementation—and as initiator of collective bargaining at different levels. We use the general term of social partners to include the various forms of workers' representatives, mainly trade unions and elected workers' representatives.

The French Legal Framework of Nonstandard Employment

In France, regulations on nonstandard employment date back to 1972 (quite early compared with other European countries). Several changes in regulations were made at the end of the 1970s, followed by deregulation in the mid 1980s and reregulation in the mid 1990s. Nev-

ertheless, France remains one of the strictest regulators in Europe. Regulations focus on 1) promoting alternative ways to organize work schedules to provide more flexibility to firms, and 2) ensuring greater security for nonstandard workers by reinforcing equality in the workplace, especially through more stringent regulation of part-time work.

Fixed-term contracts

A main feature of the French legislation is the close link between the regulation of fixed-term contracts and temporary agency work, both regulated similarly until late 1990. Comprehensive provisions contained in the labor code still defined fixed-term contracts as an exception. The use and renewal of fixed-term contracts remained strictly delimited, and the uses of such a contract were clearly defined. Abuses led to the automatic transformation into an open-ended contract, whereby ordinary dismissals during the fixed term were prohibited, except in case of gross misconduct. Some specific fixed-term contracts coupled with training periods, called *contrats aides*, were introduced into law in 1993, 1995, and 1998 to create incentives to look for employment, gain experience, and return to the labor market.

Temporary agency work

A specific legal definition and regulation of temporary agency work (*contrat d'intérim*) has existed since 1972, creating a special status for temporary agency workers (as in Italy). It is defined as work performed by employees hired by an employer (employment contract) and placed temporarily at the disposal of another user enterprise (*contrat de mission*). The employer's sole occupation must be the hiring-out of labor, and he or she must hire employees under fixed-term contracts covering the period during which they will be assigned to work in the user enterprise. Hence, only temporary employment agencies are authorized to hire out workers on a for-profit basis.

This approach is complemented to a large extent by collective agreements at the national and intersectoral levels and by specific collective agreements at the sectoral level. Other sectoral agreements also cover the field of temporary agency work (as in Italy and Spain). The social partners have played prominent roles in improving regulation in this sector, as the intersectoral agreement of 1990 reveals. Provisions are very detailed in three key aspects of the regulation, such as the

maximum length of a contract or the restrictions on the use of the temporary agency employment. An important provision regulates the parity between permanent workers and temporary agency workers and the representation rights they may exercise in the temporary agency. Employees' representatives have information and consultation rights in temporary agency work.

Part-time work

Part-time employment legislation has undergone recent changes with the regulation of a 35-hour work week (Bilous 2000) adopted in June 1998 and January 2000. These changes concern the definition and organization of part-time work (Defache et al. 2000). Part-time workers were formerly defined as employees whose weekly work hours were at least 20 percent lower than the statutory work week or whose hours were fixed by a sector-level agreement. This definition was changed with the EU directive on part-time work in December 1997. Henceforth, part-time workers are those who work fewer than the statutory (35) hours a week, or, if statutory hours are lower, a duration fixed by a sector-level agreement or company work schedule.

Furthermore, part-time work requires a prior collective agreement (at the sectoral or company level). As a default, the comments (consultation) of the works council or employees' representatives can be substituted; the labor inspector must be notified of such consultation or, in absence of any representative institution in the company, the employer must inform the labor inspector of his or her intention to use part-time work. The part-time work must be specified in the individual employment contract. Any modification (e.g., concerning overtime) must be approved by the part-time worker (at least three days prior to the change), and a refusal cannot lead to a dismissal or be considered misconduct.

Reaction to this legislation focuses on two elements. Boyer (1999) recommends a complete reversal of the logic behind current government financial assistance schemes to promote part-time employment. He suggests that aid be allocated not to the companies, but to workers themselves, giving them more freedom of choice. Freysinnet (1999) stresses the "legal fiction" of an individual employment contract in contrast to full-time work, which is governed by collectively agreed or statutory standards. This latter view adds weight to the argument that

collective bargaining should be promoted in part-time work to provide more leverage in individual choices (Michon 1999b).

The German Legal Framework of Nonstandard Employment

German regulation of nonstandard employment dates back to the early 1970s, one of the first countries in Europe to regulate such work. German regulation has more recently moved toward deregulation and re-regulation.

Fixed-term contracts

Legal provisions of fixed-term contracts were amended with the Employment Promotion Act (*Beschäftigungsförderungsgesetz*) of April 1985. The act introduced a degree of deregulation, viewing fixed-term contracts as a method of lowering unemployment. Justification for using fixed-term contracts is no longer required, and provisions allow such contracts to be implemented for a longer period of time, and permit more renewals than previously allowed. The act has been twice renewed and was valid until the end of 2000. Because parallel legislation, largely developed by labor courts, has coexisted, the partial abolition of the Employment Promotion Act means a return to the need to specify reasons why a job is of limited duration for most practical cases.

Temporary agency work

Regulation of temporary agency work dates from the 1970s and has been amended recently to allow greater flexibility. A characteristic of the German regulation is its focus on the relationship between the agency, the user, and the worker. Moreover, legal dispositions closely regulate the status of temporary agencies, owing to the role of the federal employment office as a job placement office. The German case is interesting for its lack of sector-specific bargaining for temporary agency work. It is noteworthy that in Germany, where sectoral bargaining is the norm, the temporary agency is not yet covered by such an agreement (a former agreement covering clerical workers belonging to the DAG union was terminated in 1989). However, agreements at the company level have been reported. In this respect, a rather innovative agreement has been reached between a bargaining cartel of six trade

unions and a temporary employment agency (Adecco) to cover the agency workers who worked at the World Expo 2000 exhibition. This agreement may point the way to a multiemployer agreement for temporary agency work, as well as provide a gateway for further bargaining in this sector.

Legal provisions are less extensive concerning flexibility. For example, there are few restrictions on the use of temporary agencies, and no provisions dealing with parity in the workplace. However, legal provisions guarantee the exercise of workers' rights; temporary workers can use work council consultation hours, attend staff meetings, and exercise individual rights at the user company. Moreover, employee or union representatives have information and consultation rights relating to the use of temporary agency work.

Part-time work

Part-time work in Germany is defined as an arrangement whereby the normal working week is shorter than that of full-time employees (Improvement of Employment Opportunities Act). Discriminatory treatment of part-time employment is prohibited; part-time workers enjoy the same entitlements as other workers (in proportion to the shorter working hours). Part-time work, moreover, should be voluntary. If individual employees want to change to a part-time job, the employer must inform them of any vacancies in the firm. There is no entitlement, however, to a corresponding transfer. The introduction of part-time work is subject to the co-determination right of the works councils.

Self-employment

The boundaries between self-employment and employment under subordination were often unclear in practice, leading to difficulties in applying social protection provisions and fiscal regulations. Recent changes in the German legislation better clarify such differences and make it easier to apply social protection laws. The Correction Law of Social Provisions to Secure Workers' Rights was implemented in January 1999. It aims to reduce cases of "fictitious self-employment," where subordination in the employment relationship is clearly indicated. The fictitious self-employment (*Scheinselbständigkeit*) is an employment relationship that appears as an independent one ("ficti-

tious” freedom in the organization and completion of the work and with no other dependent employees present), but in practice correlates more with subordinated work. If this dependency is hidden successfully, contributions by both parties to social protection are evaded. The new legal provisions under the Correction Law of Social Provision restrict such a practice by providing a detailed definition of self-employment as well as an additional list of criteria to better define the employment relationship. Four selected criteria determine the nature of the employment relationship: 1) no employees other than family members, 2) the business serves only one customer, 3) the business operates under no special professional qualifications or tasks, and 4) there is no professional contact with the clients. The fulfillment of two criteria permits the transformation of a “fictitious” self-employment into a subordinated employment relationship.

Beginning in early 1999, the new federal coalition government initiated labor reforms in all major fields. Following the approval by the *Bundesrat* (the upper chamber of the German parliament), the Interim Law (*Vorschaltgesetz*, second law amending the third book of the Social Law Code) came into force on August 1, 1999. It aims to render labor market policy instruments more efficient in advance of the planned, more comprehensive reform of labor promotion legislation. The enacted changes are: 1) The elimination of short-term employment as an obstacle to training support; short periods of employment (up to three months) with the same employer as that providing training no longer constitute grounds for precluding support for training measures in the company; and 2) the ability to use employee assistance from the employment offices to promote fixed-term employment relationships. The experimentation clause expires at the end of 2002 (European Employment Observatory, 1999). These recent re-regulation changes reflect the impact of the EU directives on German labor law in recent years.

The Spanish Legal Framework of Nonstandard Employment

Spanish legislation of nonstandard employment is of a recent vintage. As with most of the other EU member states, regulations on temporary agency work and fixed-term contracts date from 1994 and 1999. However, contrary to the deregulation trend in the EU, Spanish regula-

tions tend to tighten rules and introduce more rights for “atypical” workers. In this respect, the recent evolution of the Spanish legal framework can be considered re-regulation (Miguélez 1999).

Fixed-term contracts

Legal provisions concerning fixed-term contracts are addressed in the Employees’ Statute of March 24, 1995. The statute defines objective factors or elements of fixed-term contracts. The norm in Spanish labor law remains an employment relationship of an indefinite duration, such that all contracts illegally limited are deemed to be for an indefinite period of time. Furthermore, the general legal acceptance of the indefinite duration rule has been anticipated by a long line of court decisions regarding renewals or continuation of fixed-term contracts as cause for requalifying the relationship in an employment contract of indefinite duration (Olea and Rodriguez-Sanudo 1996).

Temporary agency work

A relatively recent innovation in Spanish labor law was the introduction of temporary agency work by Act no. 14, on June 1, 1994. Provisions regulate, on the one hand, the status of agencies, requiring an authorization of the Ministry of Labor or of an administrative organ of the Autonomous Region, as well as financial guarantees to ensure the payment of salaries and social security contributions. On the other hand, provisions stipulate the nature of the different contracts. The relationship between the agency and the worker is defined as an employment contract in which the agency is the only employer, whereas the contract between the agency and the user is a *sui generis* contract. In most other EU member states, the *sui generis* contract regulates the relationship between the user and the worker. Should the work be prolonged in the user firm, the temporary agency worker is considered to be an employee of the user firm for an indefinite period of time.

As in most EU countries, collective bargaining plays an important role in the overall regulation of nonstandard work. In Spain, there is specific sectoral bargaining involving trade unions and employers’ associations of temporary agency work with a bargaining mandate. This is also the case in France, Italy, and in the Netherlands. Furthermore, collective agreements in other sectors cover aspects of tempo-

rary agency work, and the role of company-level bargaining in this field is increasing. Evidence in Spain (as in the Netherlands and in the United Kingdom) suggests that unions are now paying greater attention to temporary agency work and the protection of workers against abuse of temporary recruitment (that is, hiring workers on the basis of temporary work in order to counter legal protection measures and avoid personnel costs). The latter remains the largest problem of the employment crisis in Spain. Some of the 1997 reforms to reduce temporary employment have failed, and new rounds of consultations between the government and the social partners are under way to further improve this issue.

Part-time work

The Interconfederal Agreement on employment stability was reached between the leading Spanish trade union and employer organizations in April 1997, and with it the regulation of part-time work was strengthened. The aim of the changes was to balance a need for greater flexibility by employers in order to remain competitive with the need to ensure fixed-term contract workers adequate solidarity and social protection. These efforts were an attempt to address Spain's high level of insecure employment, with few open-ended employment contracts being signed and temporary employment at very high levels by EU standards (32.5 percent, on average, and 22 percentage points higher than other EU countries).

An agreement on stable part-time work was reached on November 13, 1998, between the Spanish government and the trade union organizations, *Union General de Trabajadores* (UGT) and the *Comisiones Obreras* (CCOO). The agreement was incorporated into Spanish law November 27, 1998, by virtue of Royal Decree-Law 15/1998, on urgent measures to improve the labor market with respect to part-time work and the promotion of its stability. This regulation signals a willingness to reorient labor market policy and marks a step toward a larger distribution of work among employees. Part-time workers enjoy the same rights as full-time workers. Pay and social security rights and obligations are calculated on a pro rata basis.

Self-employment

Similar to Italy, Spanish trade unions have also tackled the issue of the unionization of the self-employed, who form a large part of the country's active work population. The Union of Professionals and Self-Employed Workers, within the general workers' union (the UGT), was formed in January 2000, and it is likely to instigate further regulation of the self-employed in the next few years.

The Italian Legal Framework of Nonstandard Employment

Fixed-term contracts

Beginning with Act no. 230 of 1962, a labor contract is assumed to be for an indefinite period. The parties can resort to a contract for a fixed term only in exceptional cases and under conditions strictly defined by law. More recently, high levels of unemployment for women and the young have led parties to consider easing provisions on fixed-term contracts. In fact, since 1978, there has been a gradual decline in the restrictive regulations. A first reversal, in 1978, expanded the use of fixed-term contracts in commerce and in the tourist industry, and in 1983 this relaxation was extended to all sectors of the economy.

Act no. 56 of February 28, 1987, introduced major changes to legislation on fixed-term employment. The act enables collective bargaining to expand the opportunities to use nonstandard employment to better address unemployment among targeted groups, such as youth. An intersectoral agreement was signed between *Cofindustria* and the trade union confederations in December 1988. Act no. 196 of 1997 introduced less strict sanctions in two categories. The sanction of automatically converting an open-ended contract remains for renewals of fixed-term contracts beyond 20 or 30 days from the job's end date. In other cases, the employer is only required to pay the worker an increase for each day of continuation. This trend of deregulation has, however, been countered somewhat by an increase in control by public authorities (inspector of labor) or trade unions.

Temporary agency work

Italy has traditionally prohibited temporary work, which was forbidden in any form by Act no. 264 of 1949. Recent legislation in June

1994, with amendments in June 1997 (Act no. 196), introduced temporary agencies on an experimental basis for particular sectors. Furthermore, a national intersectoral agreement in 1998 regulated some aspects of temporary agency work not covered by the law (such as the duration and renewal of contracts).

The regulations stipulate a specific status for temporary agency workers, similar to that in France, in which the employment contract regulates the relationship between the employer (i.e., the agency) and the employee. Moreover, provisions specify situations in which temporary agency work is prohibited, for example, to replace workers on strike, by firms that have resorted to collective dismissals in the last 12 months, or for dangerous work. Legal provisions guarantee, in principle, the same individual and collective rights that regular employees enjoy (wages and accessories; social contributions, for which both the agency and the hirer are responsible). Furthermore, legal provisions ensure a comprehensive role of the social partners in the further regulation of temporary agency work, such that the use of temporary agencies will consequently depend significantly on collective bargaining (Treu 1998).

Temporary agency work is recognized as a sector-specific bargaining field involving trade unions and employers' associations of temporary agencies. This focus has led to sectoral agreements, such as the 1999 amendments that acknowledge the interactions between and complementary nature of the government and the social partners in regulating temporary agency work. Collective agreements in other sectors also cover aspects of temporary agency work. Moreover, Italian trade unions have created specific organizations for "atypical" workers, the only such instance in Europe.

Consequently, the Italian legal and bargaining framework of temporary agency work is one of the more comprehensive and regulated among the EU member states (similar again to that in France). Moreover, the Italian legal system guarantees comprehensive rights to trade unions to represent temporary agency workers. Workers' rights are exercised mainly in the agency, but they have some entitlements within the user company, and as such may engage in trade union activity and attend workplace meetings at the user company. They are also counted in workforce size calculations for health and safety representation.

Part-time work

Part-time work in Italy is not regarded as a special labor contract, and general principles and regulations of standard employment contracts apply to part-time workers. The adaptations owing to the reduced working hours and the role of the provincial labor inspector are addressed in Act no. 863 of 1984, and amended in Act no. 196 of 1997. The most substantive regulations adapt social security contributions and benefits to the reduced number of working hours. Act no. 196 reinforces incentives built into a prior act, no. 549 of 1995, which included monetary incentives to firms adopting more flexible work schedules, especially part-time work. The later Act no. 196 added specific incentives in the form of social security reductions to promote part-time work among young, unemployed workers in economically depressed areas.

Collective agreements are a key source of regulation of part-time work. Although trade unions first rejected a shift to part-time work (because of the discriminatory use of part-time work favoring women and young workers), a recent, more flexible, attitude is emerging toward controlled use of part-time work. This new attitude is tied to the trend, supported by unions, of reducing working hours as a means of fighting unemployment. Collective agreements at national and company levels regulate common issues, such as wages, moving from part-time to full-time work, and vice versa, and in some cases, quotas of part-timers, employment conditions, and prohibition of overtime. In January 2000, new regulations on part-time work were introduced, following EU directive 97/81/EC. Among the most important innovations are a more flexible use of part-time work and the introduction of overtime for part-time workers. These legal provisions should help create approximately 100,000 new jobs, according to official estimates.

Self-employment

In 1997, the Italian government emphasized the lack of legal protection in new employment relationships that fell midway between dependent work and self-employment. As a result, a new job statute was introduced based on a proposal by the Minister of Labor to guarantee protection when working without permanent contracts under dependent employers. Moreover, the Italian trade union confederations

created several organizations to provide representation for workers in these new employment relationships, such as temporary agency workers or those in consultancy and coordinated freelance work.

The above countries share a long tradition of limiting the proliferation of nonstandard employment. We now turn to countries in the EU that have engaged in less regulation of nonstandard employment.

The Danish Legal Framework of Nonstandard Employment

Nonstandard employment, widespread in Denmark, even among highly qualified individuals, is not considered a separate form of employment, and, therefore, the government pays little special attention to it (Jorgensen 2000).

Fixed-term contracts

Danish law does not specify any legal definition of the labor contract nor the concept of a labor contract (Jacobsen and Hasselbalch 1998). The classification of a contract as a labor contract does not imply the use of a special set of legal provisions. Rather, how the contract is interpreted depends on the special nature of the contract and the parties involved. Consequently, there are no general Danish provisions regulating the duration of a labor contract. Only a few provisions concern fixed-term employment contracts in the public services. The parties are free to define the length of the relationship and the reason for its termination, although parties should expressly agree on these elements of a contract.

Seniority, legally guaranteed in collective agreements, determines worker rights, such as the length of notice and compensation in the case of dismissal. Consequently, should a fixed-term contract be prolonged beyond the original intent, it is assumed that the parties tacitly agreed on the indefinite duration. Should no formal agreement between the parties be reached, and in absence of general legal provisions, the Labor Court and the industrial arbitration courts intervene to counter attempts to evade or breach stipulations of collective agreements.

Temporary agency work

As in the United Kingdom, specific regulation of temporary agency work in Denmark is scarce, given that nonstandard employ-

ment is not considered to be a separate type of employment relationship. Regulations on temporary agency work were deregulated in 1990, and temporary agency work, in terms of pay and parity, is covered by the existing collective agreements within employment sectors (e.g., commercial and clerical sector, health and social services). As in the Netherlands and in Germany, company-level bargaining with unions and works councils is common.

Self-employment

A study carried out in March 2000 by Technological Institute deals with self-employment among the highly qualified. Two groups can be distinguished among the nearly one-third (32 percent) of those with higher educational backgrounds who work in nonstandard employment. The first group is the more-educated individuals who choose nonpermanent jobs to gain a higher degree of control over their working life. This group (about two-thirds of all academically qualified people) is defined as a “nonexposed” group because their income is secure. On the other hand, there is a group of highly educated persons (36 percent of the academically qualified workers) who must combine atypical employment with other supplementary unemployment. This “exposed” group of workers is found among architects and those with a master’s of arts, for example. The decisive factor between the two groups, therefore, is the degree of security in their labor market attachment.

The Swedish Legal Framework of Nonstandard Employment

The Swedish approach to nonstandard employment is quite different from the Danish approach, although in both countries the use of nonstandard employment is rather limited. Nonstandard employment received little attention in Sweden until recently because its numbers among overall employment levels were low, except for a short period during deregulation. The situation, however, has been reversed in recent years under the EU directives.

Fixed-term employment

Closely linked to new legislation on unfair dismissal (Employment Protection Act of 1974 and 1982) are legal provisions restricting the use

of fixed-term contracts. The purpose of the restrictions is to counter unfair dismissals. In fact, the employer of fixed-term employees does not have to give notice for the termination of the contract (contrary to the employment contract of indefinite duration, whereby the employer must notify a just cause of dismissal). An agreement in the employment contract must determine the purpose for which the duration of the contract is definite and must pass one of the six cases legally named (§ 5). Since an amendment to the Employment Protection Act of 1996, fixed-term contracts can be agreed to for indefinite purposes for a period between 12 and 18 months, distributed over a period of three years, in order to give incentives to employers of small firms to increase their number of employees. Furthermore the Labor Court plays an important role in determining whether an agreement satisfies the requirement of the act (Adlercreutz 1997).

Temporary agency work

A feature of the Swedish legal system of nonstandard employment is that temporary work agencies are grouped into a sector-specific bargaining unit that initializes and concludes collective agreements. Specific legislation (since 1991) laid down only a few basic conditions of temporary agency work, and they were deregulated in 1993. For example, only certain provisions require an agreement by the employee's representative for using temporary agency work. Most issues of temporary agency work apply to tertiary sectors (in services, transport, and nursing) with a mainly (90 percent) female workforce. New collective bargaining involving temporary agency work led to a collective agreement in February 2000 that enhances the working conditions of temporary workers; the conditions are already of a high level compared with the EU average. Three main improvements have been reached: 1) the guaranteed wage after 10 months of employment has been increased from 75 percent to 85 percent of the full-time monthly wage, 2) the institution of a minimum salary system ensuring temporary workers a stable income every month, and 3) the ability to participate in training during paid working hours.

Self-employed, start-up grants

One of the more successful Swedish labor policies is the start-up grant, aimed at those wishing to start their own business. More than

three-fourths (78 percent) are still in business four years after entering the program. This grant was created in the early 1980s and expanded in 1992 and 1998. The grant covers living costs during a six-month start-up period and is equal to the unemployment benefit. Targeted groups are job-seekers, persons at risk of unemployment, and individuals living in regional development areas, whose application and project was selected by the employment service. An innovative feature of the program is the ability to plan the enterprise in the context of employment training and entrepreneurship training. A potential drawback, however, is the creation of a large group of casual laborers with no employment protection. Acknowledging changes in the labor market features, and especially the growth of self-employment, more trade unions in the 1990s turned their attention to the entrepreneurs to better inform and support these individuals, and, more generally, to prevent future unemployment by offering retraining measures.

The Dutch Legal Framework of Nonstandard Employment

Nonstandard employment has played an important role in the “Dutch Miracle.” The main focus, however, has been on the development of part-time work, and much less attention has been paid to other forms of nonstandard employment. We shall give only a brief overview of regulations in this field. (See also Gustafsson, Kenjoh, and Wetzels this volume.)

Fixed-term contract

Until recently, provisions regulating fixed-term contracts secured workers against early dismissal, that is, before the contract expired. In January 1999, amendments introduced important modifications and flexibility to the dismissal regulations. For example, a fixed-term contract can legally be renewed for up to 36 months, or with two subsequent fixed-term contracts, without changing the contract to an indefinite one, as was previously required. The termination of a renewed fixed-term contract occurs automatically. This change in dismissal law is viewed as favorable to workers, so that only parties to a collective agreement can depart from this rule to the workers’ disadvantage (Rood 1999). A more flexible dismissal law encourages employers to give work to fixed-term workers who otherwise would be

unemployed. Furthermore, more flexibility can give employees more freedom in their private and professional lives.

Temporary agency work

Temporary agency work existed prior to World War II, and increased considerably during the 1950s, especially in shipbuilding and engineering. Temporary workers were often paid higher wages than the standard workforce (owing to wage regulations). This discrepancy led to great instability and even strikes in the workforce. This phenomenon encouraged the government to regulate temporary agency work in the 1960s. Legal provisions required agencies to have a license from the Ministry of Social Affairs with conditions attached regarding the use of temporary agency work. The law was reversed in the 1990s, influenced by a general movement to make industrial and labor conditions more flexible.

In 1998, a license was no longer required, and hiring conditions were removed. Since 1999, Dutch legal provisions recognize temporary agency work as a regular employment form. In 1996, a collective agreement on flexibility and security was reached within the Dutch Foundation of Labor, and union federations recognized that temporary employment agencies have a legitimate function. Based on this agreement the Flexicurity Act came into effect on January 1, 1999. This reform of temporary agency work is twofold: first the act abolishes the permit requirement for temporary employment agencies and the maximum period for temporary worker placement. Second, it classifies the relationship between a temporary work agency and a temporary worker as a "regular" employment contract, with the specification that both parties may agree that the contract of employment will end without notice when there is no more work. This rule does not apply when the duration of the employment contract exceeds 26 weeks. Thereafter, the relationship between employer and worker remains as before, a *sui generis* contract (Rood 1999). Additional improvements in worker protection were negotiated and are to be found in collective agreements such as entitlement to pensions, training, and a permanent contract once workers have gained enough tenure. Legal provisions and collective agreements have, therefore, given to temporary agency work another dimension, combining flexibility for the agency as well as security for temporary workers. However, there is no regulation of the

duration and renewals of temporary agency work contracts, nor is there regulation covering the circumstances in which companies may use temporary agency work. The parity with permanent workers, however, is guaranteed. Further, representative rights exist for temporary workers in the agency, and those who have been employed in the same user company for two years are considered employees of the user company for representative purposes. This represents one of the most comprehensive legal provisions in the EU.

Specific sectoral agreements complement legislation and build on extensive legislative provisions. At the company level, unions play an important role in concluding agreements through works councils with individual agencies (which is the case also in Denmark and Germany). The consensus between the social partners and the bipartite Labor Foundation creates an assumption that temporary agency work plays a legitimate role and tends to become a standard form of employment.

Part-time work

Social partners today pay more attention to reaching agreements on part-time employment than in the past. The Foundation of Labor (STAR, the top-level platform of the social partners) has made important recommendations to the social partners on this issue. The Labor Inspectorate Report (*Deeltijdarbeid in Collectieve Arbeidsovereenkomst's-CAO* [collective agreements]) sent to the parliament by the State Secretary of Social Affairs and Employment (SZW) spans approximately 3.8 million employees and investigates 1) whether stipulations have been added in CAOs that promote part-time employment or the extension of an individual employee's working time, and 2) whether the social partners distinguish between full-time and part-time workers. There are, however, still recognizable differences in the treatment of different forms of part-time jobs, including:

- 1) Exclusion from the CAO of those who work fewer than 13 hours per week. Often these part-time workers are excluded fully or partially from the CAO, and especially in relation to certain terms of employment (e.g., bonuses, extra legal benefits, and early retirement schemes).
- 2) Lower income supplements. Although one-fourth of the CAOs offer income (specific) supplements for part-time workers, the

supplements are lower for part-time workers than for full-time employees, again leading to discrimination. These differences are not regarded as discriminatory measures because collective bargaining parties are allowed to deviate from agreements on the terms of employment so long as these deviations can be justified on objective grounds.

Self-employment

The Netherlands, like Spain and Italy, has seen a recent trend toward unionizing the self-employed. Since 1999, the number of interest groups representing the self-employed has rapidly grown, stemming from the buoyant economy and the perceived greater opportunities in self-employment. Some trade unions affiliated with the FNV confederation specifically target the self-employed for recruitment.

The United Kingdom Legal Framework of Nonstandard Employment

In the United Kingdom, nonstandard employment is not subject to a special legal framework. Moreover, there is a general lack of specific definitions and regulations of temporary agency work and fixed-term contracts as a separate type of employment relationship, with the exception of laws on the activities of agencies (Employment Agency Act of 1973). Existing provisions were deregulated in the United Kingdom in 1994. However, the U.K. government intends to expand employment protections to agency workers (Grimshaw and Ward 1999). During 1997–1998, the U.K. government advocated industrial relations partnerships as a means of reconciling labor flexibility with employment security, with consultation proceeding in 1999.

Temporary agency work

Temporary agency workers in the United Kingdom do not enjoy a special legal protection, and the legal nature of this relationship remains ambiguous (Hepple and Fredman 1992) because the contract between the agency and the worker is held, not as an employment contract, but as a *sui generis* contract. A temporary agency worker does not have a contract of any kind with the hirer. The agency is responsi-

ble for deducting social security contributions, and the hirer is responsible, under health and safety legislation, for work accidents.

Part-time work

There is no statutory definition of part-time work in the United Kingdom, but many employment protection rights are related to the number of hours worked per week. For example, working a minimum of eight hours per week guarantees worker protection rights, such as redundancy, unfair dismissal, guarantee pay, maternity pay, and the right to return to work after confinement. There is no legal limit for working hours. In official statistics, part-time work applies to those who work fewer than 30 hours a week, and a growing number of part-timers work between 8 and 16 hours a week. For female workers, an indirect method of countering discrimination is to bring sex and race discrimination suits to the Labor Courts under existing nondiscrimination acts, in which hours of work are irrelevant to protection rights (Hepple and Fredman 1992).

The Employment Regulation Act of 1999 brought into force a new provision concerning part-time work and fixed-term contracts. The act outlawed the use of waiver clauses in fixed-term contracts, under which employees agree to forgo the right to claim unfair dismissal at the end of the term. Moreover, the act gives the trade and industry secretary power to make regulations and to issue codes of practice, and it is through this act that protection against discrimination in part-time work came into effect. The act also facilitated the development of flexible working arrangements and provided opportunities for part-time work, including provisions to implement the EU directive on part-time work.

In January 2000, the U.K. government proposed a draft of Part-Time Employees Regulations 2000 (Prevention of Less Favorable Treatment) aimed at restraining discrimination between full-time and part-time workers in matters of pay, sick pay, maternity and parental leaves, pension schemes, training, and redundancy. However, these provisions do not cover casual workers (who are not considered as employees in the legal sense). At present, unions have no bargaining role in the regulation of nonstandard employment. However, at the company level, several union recognition agreements have been concluded with temporary work agencies, typically with large agencies

that regularly supply temporary workers to organizations with high levels of union membership among their permanent staff.

Self-employment

We know of no specific legislation regulating self-employment in the United Kingdom. A survey of workplaces in the major industrial regions shows that the use of nonstandard employment and outsourcing is more widespread in the West Midlands than initiatives to increase the flexibility of work organization and working time. However, it is the use of these internal forms of flexibility that seems to gain more importance. Self-employment through outsourcing is providing additional external flexibility to firms. However, transition rates (Meager and Bates 2002) and survival analyses suggest the insecurity and risks of poverty for some of the new self-employed.

A COMPARISON OF NONSTANDARD EMPLOYMENT IN EUROPE

The legal framework surrounding nonstandard employment in Europe varies greatly. It has its roots in the historical, political, and economic development of a country's employment system and has changed with political majorities, with time, and with economic cycles. However, some similarities in nonstandard employment regulations are evident. Looking at two forms of nonstandard employment—temporary agency work and fixed-term employment—we compare national approaches and legal forms of incorporating these nonstandard types of employment into the general legal framework, as well as compare their status in the legal framework of the employment relationship.

The first legal regulations covering temporary work agencies date from 1970 in France and Germany, and 1990 in Sweden and Spain, and only very recently in Italy. Another way to address this form of atypical employment has been to “moralize” the activities of the temporary agency, that is, to strictly regulate the solvency, licensing, and registration of the agency as a way to reduce abuses in the merchandising of manpower. This is the case in the United Kingdom. Some countries, such as Denmark and the Netherlands, see no need for special legal

regulations, mainly because of the integration of so-called atypical forms of employment into a standard employment status. Moreover, a code of fair behavior has been established by employers' organizations, while collective bargaining guarantees nondiscrimination between temporary agency workers and full-time workers (Kessler 2000).

Collective bargaining plays an important role, and complements the law, in most of the European member states. In France and Italy, national intersectoral agreements complete the legal provisions on temporary agency work. In France, Italy, the Netherlands, and Spain, specific agreements regulate temporary agency work. On the contrary, there is no such intervention in Sweden or in the United Kingdom, which leads to less social protection of temporary workers, especially when most of the legal labor provisions depend on seniority, a criterion that temporary workers do not generally enjoy. In Germany, recent collective negotiations attempt to develop a specific collective bargaining field.

This great diversity among the European member states does not allow us to group national legal frameworks together or to discern similar tendencies in their orientations. For this reason, a European-level regulation would help member states to complete and harmonize their legal framework, and would grant temporary workers a minimum of social and employment protection rights. This possibility has been studied by the European trade unions and employers' associations.

Fixed-term employment reveals a different trend, mainly because of the recent influence of legislation at the EU level through the council directive on fixed-term contracts, which was adopted in May 1999. The European legal framework, which must be implemented at national levels within two years, guarantees the principle of nondiscrimination and aims to prevent abuse arising from the use of successive fixed-term employment contracts. Most national labor legislation already covers fixed-term employment, ensuring fixed-term workers a minimum of protection rights. For example, representative rights for fixed-term workers exist in nine of the 15 member states. The purpose of the directive is to harmonize the labor legislation of the 15 member states while simultaneously complementing any national legislative frameworks that do not provide a minimum of protection rights for workers.

There are some shared orientations among fixed-term legislation in the EU. The first is regulation on the use and renewal of fixed-term contracts, and includes the prohibition against using those contracts to avoid abuse. Fixed-term contracts remain an exception in legal terms compared with open-ended contracts (in France, Germany, Spain, and Italy). In cases of abuse, another common orientation is the automatic transformation of a fixed-term contract into an open-ended contract (in France and Italy, e.g.). Another common regulation is prohibiting the dismissal of a fixed-term worker during the duration of the contract, and the application of standard social protections of ordinary dismissal in cases of gross misconduct, or “*force majeure*,” to fixed-term contracts.

Less common is the use of fixed-term contracts coupled with training to enable workers to gain experience while studying or to undergo training without leaving the labor market. In these specific cases, fixed-term employment is seen as an instrument of labor policy to reduce unemployment (as in France and Germany). Collective bargaining, as well as labor courts (in Germany and Spain), coexist in the further, parallel regulation of fixed-term employment in most EU member states. For example, in Italy, collective bargaining uses this kind of nonstandard employment to better address unemployment among target groups, such as youth and ethnic minorities. In cases of deregulation, an increase of control by public authorities (Inspector of Labor) or trade unions is notable (as in Denmark and Sweden). The deregulation of fixed-term employment, and even more so of part-time employment, stems from the need for more flexibility by employers and for more freedom in organizing private and professional lives among employees. In this perspective, changes in part-time regulation, as in the Netherlands, are considered to favor employees because of the greater ability to better balance work and private life, such as family, training, and social activities.

Legal regulation of part-time work—the third pillar of nonstandard employment—reveals wide divergence in legislation across the EU, despite an EU directive in December 1997. Legislation ranges from considering part-time work to be just another form of employment (as in the Netherlands), although female-dominated, to considering such work as a nonstandard form of employment (as in France) with a high risk of discrimination against employees. Especially for those who

work shorter hours, there is greater risk of marginal attachment to the firm.

CONCLUSION

Key regulation to prevent abuse in nonstandard employment in EU countries has largely been negotiated at either the European level, between the top-level associations of the social partners, or within sectoral or intersectoral collective bargaining. This was evident in the directive adopted by the European Council. The EU directive must be implemented in the national legislation within two years by way of legal provision or by collective agreement having the force of law. Recent European legislation (under the procedures set forth in protocol 14 on social policy annexed to the Maastricht Treaty) enables social partners to negotiate and eventually conclude agreements on employment issues at the community level. The implementation of such an agreement follows practices of member states or, at the joint request of the signatory parties, by a European Council decision on a proposal from the European Commission (directive).

Much of the nonstandard employment—part-time, fixed-term, and temporary agency work—was deregulated during the late 1980s and the first half of the 1990s. The expected gains in labor market flexibility or lower unemployment, however, have not been achieved through these legislative means of deregulation. However, the deregulation of nonstandard employment has led to a counter reaction, with collective bargaining addressing the issue of nonstandard contracts. Sectors in which social partners are firmly rooted and have a strong influence have rapidly incorporated these forms in their collective bargaining. In nonunionized sectors of the economy, these deregulation attempts have been more successful, but at the cost of widening the gap between different segments of the labor market.

In fact, it is difficult to derive a common trend within the legal frameworks for nonstandard employment in European countries. Each country's legal system is based on a different understanding of the role of the labor law. In northern European countries, legal regulation is not welcomed owing to the important role played by social partners. In

other European countries, nonstandard employment is a common form of work contracts (as in the Netherlands). However, in other parts of Europe, regulation of nonstandard employment is seen as necessary, as in France and Germany, owing to fears of discrimination and abuses in nonstandard forms of employment. The latter countries have regulated these contracts in more detail, thereby limiting their spread.

Collective bargaining is always largely determined by the economic well-being of the firm, the sector, and, to some extent, the country. These features have a nonnegligible impact on the agreements reached concerning wages in standard and nonstandard employment. Given that these factors can change rapidly, the factors that determine the use of nonstandard contracts have also changed, albeit less rapidly. For the moment, Europe is in a relatively stable period of economic growth, with forecasts of declining unemployment. With the coexistence of still high unemployment in some European countries with skill shortages in some sectors, deregulation versus re-regulation debates have calmed down somewhat. The major focus in the EU set now is to avoid discriminatory practices in all forms of employment contracts. It is in this feature that we likely find the most important transatlantic feature across standard and nonstandard forms of employment.

According to the theory of reflexive labor law, outlined briefly in the introduction of this chapter, there is a reflexive relationship between strict dismissal protection in standard employment relationships and the proliferation of nonstandard forms of employment. Largely unobserved is reflexivity within the shadow economy or “black market” activities. Stricter regulation of nonstandard forms of employment might lead to tacit, undeclared private contracts evading social contributions by both parties of the contract.

Another interesting legal approach to the development of atypical employment lies in the tendency to unify workers’ status (suppressing the differences between white- and blue-collar workers, e.g., or between specific categories of workers) and the parallel development of new sources of fragmentation of the labor relationship in nonstandard employment. Fragmentation across employment contracts is directly linked to the issue, on the one hand, of flexibility and, on the other hand, to the unification of workers’ status (Supiot 1994).

The response of labor law to more flexibility in the employment relationship, while guaranteeing a minimum of social rights, is likely to

be found in the advancement of well-defined and negotiated forms of nonstandard employment. However, it remains to be seen if the distinction between standard and nonstandard employment relationships remains pertinent in the coming years. Constituent notions of the standard employment contract, such as subordination to the decisions of an employer, undergo fundamental changes not only in the more advanced sectors of the economy. Trends such as the blurring of the differences between dependent employees and the self-employed will provide the next challenge to labor law, regulation, and collective negotiation of employment relationships.

Notes

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1. There are, of course, exceptions to the rule, such as when a part-time employee works overtime. Legal treatment of such exceptional cases through labor courts could constitute a paper of its own.
2. The directives included a proposal for a directive on voluntary part-time work, a proposal for a directive on the supply of workers by temporary employment businesses and fixed-duration contracts of employment. A main reason for the failure was the restriction on the use of atypical work. The later attitude of the commission toward greater flexibility resulted in the understanding that these forms of employment, on the one hand, were viewed as opportunities for creating employment. On the other hand, they responded to the will of both employers and employees for greater flexibility in the workplace (Blanpain 1998). A proposal resulted in one directive on safety and health issues for temporary workers and fixed-term workers, adopted by the council in 1991.

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11

Nonstandard Work Arrangements in Japan and the United States

A Legal Perspective

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When the framework of the Japanese employment and labor laws was established after World War II, Japan was still under the control of the Allied powers, including the United States. Major Japanese labor statutes—the Trade Union Act (enforced in 1945, amended completely in 1949); the Labor Relations Adjustment Act (enforced in 1946); and the Labor Standards Act (enforced in 1947), which together are called the “Three Major Labor Acts,” were imported, in part, from the United States. For example, unfair labor practices under the Trade Union Act were a replica of the U.S. system.

Some provisions of the Employment Security Act governing the Japanese labor market (enforced in 1947) were also influenced by American labor law, which has, for example, introduced a license system for the fee-charged job placement business. However, the act had the character of a controlled-economy legislation formed prior to World War II under national general mobilization; it did not allow private organizations an intermediary role in the labor market, given that public employment services fulfilled this role. Fee-charged job-placement services were allowed only for the jobs that were not easily handled by the public employment service (11 jobs in the beginning, later extended to 29 jobs). Even job-placement services free of charge and commissioning of recruitment had substantially been restricted under the license system. Thus, those who supply workers for a third-party employer are engaged in the labor supply business prohibited under Article 44 of the Employment Security Act (except when trade unions provide the service free of charge [Article 45]). The labor supply business has been prohibited for the reason it could establish subordinate

relationships between a supplier and a worker, which could lead to forced labor and wage skimming, a situation that existed before World War II.

The Temporary Help Business Act (which was enacted in 1985, and took effect in 1986) greatly relaxed restrictions on the temporary-help business by excluding the prohibited labor supply clause.¹ It should be noted, however, that the prohibition (Article 44) has never been deleted. In other words, the temporary help business has been an exception to the provision.

On the contrary, in the United States only recently have a few states regulated the temporary-help business via a notification or registration system; no federal law yet controls the business. Later in this chapter, the differences between the United States and Japan in the temporary-help business will be described in greater detail. Regarding some other nonstandard arrangements, broad common points are evident in that neither country has ever strictly regulated part-time work and fixed-term contract work.

In the following sections, we introduce the current Japanese law on nonstandard work arrangements, describe the U.S. system, and focus on the regulations of so-called “temp-to-hire” arrangements to highlight the peculiarity of the Japanese law.

NONSTANDARD WORK ARRANGEMENTS IN JAPAN

Coverage of Labor Law

The Japanese labor law can be characterized by its wide coverage; labor law is applied to any establishment with one or more employee(s), with few exceptions.² The feature is grounded on “equality in the eye of the law,” which is quite different from the labor law systems of the United States and European countries.

Employers are obliged to bargain with any trade unions regardless of the number of members. When employers refuse to bargain with a trade union without good reason, it is deemed an unfair labor practice and subject to remedies by the Labor Relations Commission.³ It may appear a peculiarity of the Japanese law that it attaches greater impor-

tance to equality between trade unions than to the efficiency of collective bargaining.

As for employment law, the coverage varies depending on each act,⁴ and the law shall be applied to anyone who meets the requirements of each act, regardless of working hours or fixed-term employment contract. Exceptions include 1) employees whose working hours are less than the prescribed hours, for whom the days of annual paid leave are reduced proportionally according to their actual working hours, and 2) employees with a fixed-term employment contract, who are excluded from the system of child and family care leave under the Child and Family Care Leave Act.⁵

On the other hand, the Employees Pension Plan Act and the Employees Medical Insurance Act limit coverage by tenure or working hours, which causes lower coverage rates for part-time workers and temporary agency workers.⁶ However, we should note that under the universal pension and insurance system, even those who are ineligible for social insurance are supposed to join the National Pension Plan and National Medical Insurance plan, and the majority of part-time workers and temporary agency workers are covered as dependents.⁷

Companies have legal responsibilities as employers under employment and labor laws only when employees have an “employment relationship” with the companies. Under this “employment relationship,” the following applies:

- 1) The form of employment contract shall not be considered. The employment relationship shall be determined realistically. Thus, even though the contract says “contract with an independent contractor” or “contract of commission,” employment and labor laws may be applied when these workers are in reality employees. The Labor Standards Act⁸ offers a guideline to determine whether a person is an employee (Table 11.1). The guideline is similar to the American “right to control” test (see note 25).
- 2) Even though employers do not have an employment relationship with a person, they may be legally responsible as the employer. A recent Supreme Court decision expansively interpreted the definition of “employers,” who are liable for unfair labor practices under Article 7 of the Trade Union Act. The Supreme

Court ruled that when the client company was in a position to specifically command and control the basic working conditions of leased workers in the same way as a leasing company, the client company was assumed to be an employer under Article 7 of the Trade Union Act, and the employer cannot refuse to bargain collectively with any union without good reason (the case of *Asahi Broadcasting Co.*, February 28, 1995). Thus, the client companies in some cases must accept a request of collective bargaining from the trade unions of temporary agency workers even though those workers are not their employees.

As for temporary agency workers, client companies are liable for some stipulations of the Labor Standards Act, the Occupational Safety

Table 11.1 Test to Determine Employee Status under the Labor Standards Act, Japan

-
1. The employer's degree of control
 - A. Type of employer control
 - i. whether the individual is required to follow the employers instructions
 - ii. whether the employer gives control and direction on the work and method, or whether the individual is required to follow the employer's instructions or orders beyond the usual work
 - iii. the degree of restriction (where to work, when to work)
 - iv. whether the individual's work can be substituted
 - B. Compensation for work performed: whether the compensation is for the work performed for the working hours under the control by the employer
 2. Factors that reinforce the decision of an employee's status
 - A. Whether the employee is an independent contractor (i.e., whether the individual provides equipment or tools; the amount of compensation; other factors such as responsibility for any damage or use of his own trade name)
 - B. Degree of exclusiveness
 - i. whether the individual is restricted from working for other companies
 - ii. how much the individual depends on the compensation by the employer
 - iii. other factors such as hiring process, withholding tax, or application of labor insurance

SOURCE: The Ministry of Labor, "The Report on the Labor Standards Act Meeting" (1985).

and Health Act, and the Employment Opportunities Equality Act to the extent provided under the Temporary Help Business Act (Table 11.2). In 1997, the Equal Employment Opportunities Act added a major amendment. The provisions include 1) recruitment and hiring, 2) assignment and promotion, 3) fringe benefits, 4) compulsory retirement age, retirement, and dismissal. Different from Title VII in the United States, this act applies to any establishment regardless of size. It also applies to part-time workers and workers with fixed-term contracts, but temporary help agencies shall be liable as an employer for temporary agency workers.

Table 11.2 Employers' Responsibilities for Temporary Agency Workers, Japan

Hiring company (temporary agency)	Client company
The Labor Standards Act	
Equal treatment	Equal Treatment
Equal pay for men and women	
Prohibition of forced labor	Prohibition of forced labor
	Voting rights
Contract of employment	
Wages	
	Working hours, break, holidays
Agreement of overtime work	
Paid annual leave	
Maternity leave	Maternity leave
	Nursing hours
Compensation for accidents	
Rules of employment	
The Occupational Safety and Health Act	
Responsibilities to maintain:	Responsibilities to maintain:
Occupational safety and health at workplace	Occupational safety and health at workplace
	Appointment of safety manager
Periodic basic health check	Health check for specific occupations (e.g., VDT)
Act of Equal Employment Opportunities	
Prevention of sexual harassment	Prevention of sexual harassment

SOURCE: Authors' compilation from the Labor Standards Sct.

Employment and Labor Policy for Part-Time Workers—The Administration and the Judiciary Take the Lead

According to the Survey of Diversification of Work Styles conducted by the Ministry of Labor in September 1999, 27.5 percent of the total employed were nonstandard workers (including transferred workers).⁹ Of this percentage, the largest group was part-time workers (20.3 percent), followed by contract workers (2.3 percent), casual workers (1.8 percent), and temporary agency workers (1.1 percent).¹⁰ Thus, most nonstandard workers in Japan are part-time employees, and the number of temporary agency workers is only one-twentieth in comparison. The Survey of Part-Time Workers in 1995, conducted by the Ministry of Labor, also showed that approximately 40 percent of part-time workers were based on a fixed-term employment contract, and some consider part-time employment to be the typical nonstandard working style.

Table 11.3 shows the monthly average wage rate of nonstandard workers. The wage rate of part-time workers is relatively low, and the gap between part-time and regular workers is large. These are the biggest issues concerning part-time workers. Despite arguments over legislative solutions, no bill has passed to limit fixed-term contracts or determine comparable worth that would redress the differential wages

Table 11.3 Average Monthly Wages of Nonstandard Workers, United States and Japan

Type of employment	Yen ^a	US\$
Total	140,800	1,341
Contract workers	237,900	2,266
Casual workers	109,800	1,046
Part-time workers (short hours)	89,700	854
Part-time workers (others)	152,800	1,455
Temporary agency workers	209,300	1,993

NOTE: Part-time workers (short hours) are those who work fewer hours than regular full-time workers.

^a Calculation is based on the exchange rate US\$1 = 105 yen.

SOURCE: Ministry of Labor, "The Survey of Diversification of Work Styles" (1999).

between full-time and part-time workers; however, this does not mean that Japan has done nothing to solve the problem, and in fact it has come up with positive results by administrative and judicial efforts.

Employment security

The Civil Code of Japan stipulates that any employment contract without a fixed term can be terminated at any time, and it shall expire two weeks after a party requests termination of the employment contract (Article 627[1]). The code clearly states that employment contracts with no fixed term can be terminated with two weeks' notice,¹¹ and the Labor Standards Act provides, based on this article, that employers shall provide at least 30 days' prior notice.¹² On the other hand, the Japanese courts introduced the "principle of abuse of right to dismissal" after World War II, which is based on Article 1(3) of the Civil Code. According to judicial precedent, an employer's right to dismissal is null and void when a dismissal cannot be socially and generally approved without good reason.

On the other hand, part-time workers often enter into a fixed-term contract with their employer. Fixed-term contracts end with the expiration of the contract. It is possible to renew the contract for an extended term based on Article 14 of the Labor Standards Act, and refusal to renew the contract shall not be treated as a dismissal. Yet, it is notable that the administration issued a notice that employers should provide 30 days' prior notice to part-time workers when they choose not to renew the fixed-term contract, just as in cases of dismissal. For instance, a guideline issued by the Ministry of Labor concerning employment contracts with a fixed term (grounded in Article 8 of the Part-Time Work Act [which was enacted in June 1993, and took effect in December 1993]) states:

- a) If an employer has been hiring a part-time worker on a series of fixed-term contracts for a year or more, when the contract comes up for renewal the worker must be offered a contract for the maximum allowable duration, which is one year. The exception is for workers who are 60 years of age and older. For them, fixed-term contracts may last up to three years. If the employer is not renewing the contract, advance notice must be given to the worker.
- b) In the case where an employer has continuously employed a part-time worker for more than one year by renewing a fixed-term

employment contract, and has not renewed said contract, the employer shall endeavor to provide advance notice of at least thirty days to the part-time worker.¹³

Moreover, the courts have taken the position to apply the principle of the abuse of right to dismissal to the cases of refusal to renew fixed-term employment contracts when one of the following three conditions is met:

- 1) An employment contract has become identical to a contract with no set term because the fixed-term contract has been renewed repeatedly and routinely (the case of *Toshiba Yanagimachi Plant*, the Supreme Court, July 22, 1974);
- 2) An employment contract has been renewed with an expectation that the employment relationship would continue indefinitely, and the job was not a casual one (the case of *Hitachi Medico*, the Supreme Court, December 4, 1986);
- 3) An employment contract was concluded on the premise that it shall be renewed as a matter of course, with special conditions to continue the employment.

Indeed, hiring part-time workers or casual workers is comparatively simple, which differs from hiring regular employees; thus, the Japanese legal system has deemed it acceptable to treat regular workers differently since they enter into an employment contract with no set term and with an expectation of lifetime or long-term employment, as the Supreme Court affirmed (the case of *Hitachi Medico*, aforementioned).¹⁴ However, it cannot be construed that an employment contract shall automatically expire when the term expires, even for casual workers. Courts have argued that the status of nonstandard workers should not be unreasonably precarious, even though it might be less stable than that of regular employees.¹⁵

Differential wages

It is not the purpose of this section to analyze why part-time workers earn lower wages (Houseman and Osawa, this volume; Nagase, this volume). However, it should be noted that wages are not designed for each individual, but for a household, as well as taxation and social insurance in Japan. This system greatly influences the work style of

part-time employees, especially married women. Part-time workers within a certain range of annual income are exempted from income taxes and social insurance premiums, and they are also paid family allowances.¹⁶ As a result, some part-time workers try to limit their working hours from the beginning or take leaves at year's end to control their annual income. According to the Survey of Part-Time Workers in 1995, 37.6 percent of female part-time workers have adjusted their annual working hours not to exceed the tax-exempt line. This has resulted in a low valuation of part-time workers.¹⁷

Thus, in order to lessen the wage differences between part-time and full-time workers, the taxation and social insurance systems need to be redesigned. However, that redesign would be difficult because many part-time workers have taken their vested rights for granted. Further, the principle of "comparable worth" may not be broadly accepted in Japan, because traditionally wages have been calculated based on the age, tenure, and number of dependents of an employee rather than job evaluation. Nevertheless, Article 3 of the Part-Time Workers Act provided that employers shall endeavor to promote effective utilization of part-time workers, and the Ministry of Labor has also clarified its view on part-time employment (Table 11.4) from a perspective of equivalence with full-time employees (Meeting on Employment Management of Part-Time Workers, April 2000). Administrative measures have been taken to redress the differential wages between part-time and full-time workers, although these have met with some resistance.¹⁸

The Temporary Help Business Act—Emphasizing the Regulation of Business

The Temporary Help Business Act took effect in July 1986 (promulgated in July 1985). As mentioned earlier, the labor-supply business had been prohibited by the Employment Security Act until the temporary-help business was permitted as an exception when a temporary agency worker has an employment relationship with a temporary help agency, not with a client company.¹⁹ There are two types of temporary help businesses in Japan: one is fixed-term employment called general temporary help business (enrolled temp), and the other is a non-fixed-term employment type, in which all temporaries are regular

Table 11.4 Japan Ministry of Labor Guidelines on Part-Time Employment (for part-time workers who perform the same duties as full-time regular workers)

Treatment and working conditions:

- a. The determining method of treatment and working conditions for part-time workers should be same as that of full-time workers; different treatment must be justified with good reason.
- b. Employers should try to balance the working conditions between part-time and full-time workers.
- c. Part-time employees who perform the same duties as full-time employees should be treated equally in bonus and retirement pay.
- d. When there is a difference in treatment or working conditions between part-time employees and full-time employees, it is necessary to clarify the situations, explain the reasons, and prepare a grievance system to satisfy them.

Preparation for various working styles

It is important to establish a system for part-time workers to become full-time employees; to raise their morale, enhance their satisfaction, and improve their ability.

SOURCE: The Ministry of Labor. "A Report on Part-Time Workers" (2002).

workers of the agency, and is called specified temporary help business (regular temp). The former requires a license from the Ministry of Labor, while the latter only needs a registration. The act maintains its characteristics in emphasizing the regulation of the business.

At the time it took effect in 1986, only 13 jobs were permitted, which expanded to 26 jobs in 1996. For those substituting for child and family care leaves and workers older than 60, all jobs were allowed except port labor, construction, security guard, and manufacturing (older workers only), with a limitation of the working period to one year.

Article 2[4](a) of the Private Employment Agencies Convention (adopted by the General Meeting of the International Labor Organization in 1997 as Convention no. 181) prohibits private employment agencies, including temporary help agencies, only from "certain categories of workers or branches of economic activity." Japan was thus

compelled to adopt a “negative listing” for jobs that were not permitted, since it planned to ratify the convention (see Table 11.5).²⁰ Accordingly, the Amendment Act was enacted with two major features: a negative listing and limitations on the duration of temporary help service up to one year for newly permitted jobs (promulgated in July 1999, enforced in December 1999). One of the main features of the Amendment Act is this shift from a positive listing (of permitted jobs) to a negative listing. The jobs relating to manufacturing are not yet permitted, which is often in contention and is quite unusual compared with other advanced countries’ regulations.

Limitation on the duration of temporary work

The second major feature of the Amendment Act is the limitation on the duration of temporary work. Client companies may not receive the service of temporary help businesses for more than one year for the same job at the same establishment, with some exceptions.

Table 11.5 Jobs Not Permitted under Temporary Work in the Japanese Amendment Act

Jobs not permitted

1. Port labor
2. Construction
3. Security guard
4. Medical-related jobs (by a government ordinance, including doctors, dentists, nurses, pharmacists, dieticians, and X-ray technicians)
5. Production line work in manufacturing (for the time being),^a provided that substitutes for maternity leave (up to 2 years) and family care leave (up to 1 year) shall not be applied in this case
6. Other jobs
 - a. relating to personnel management, and collective bargaining at the client’s worksite
 - b. attorneys, solicitors handling foreign laws, judicial scriveners, real estate appraisers, tax accountants, certified public accountants, patent attorneys, social insurance specialists, and public notaries

^a The Diet is currently reviewing an amendment to the Temporary Help Business Act that would lift such bans.

SOURCE: Authors’ compilation from the Temporary Help Business Act..

Previously, temporary work through an agency was never viewed as a temporary or casual work style in Japan. For instance, there was no limitation on the duration of temporary help contract jobs in sanitation, infrastructure maintenance, parking-lot management, or telemarketing. In addition, although the contract term for other jobs on the positive list was limited to one year or less, companies could renew the contract through the Ministry of Labor for up to three years.²¹ By more strictly limiting the duration of temporary help contracts, the amendment recognizes temporary work through an agency as a temporary or casual work style.

The purpose of the limitation is to prevent temporary agency workers from substituting for regular employees.²² Nonetheless, the limitation may not benefit temporary agency employees. Many agency temporaries prefer to work longer with the same client, as Table 11.6 shows. According to a survey by the Osaka Prefecture (1998), 64.2 percent of temporary agency workers prefer to continue to work as a temp. Thus, some argue that the Amendment Act does not meet this desire of temporaries.²³

NONSTANDARD WORK ARRANGEMENTS IN THE UNITED STATES

The U.S. labor market is widely viewed as “flexible” and “dynamic” and it appears that the recent economic boom has been supported with nonstandard work arrangements. It may be true that employers can use the workforce effectively and efficiently with less cost under nonstandard work arrangements. On the other hand, some concerns have been expressed over the rights of nonstandard workers. We will discuss the legal issues in nonstandard work arrangements in the United States, focusing particularly on independent contractors, temporary agencies, and leased employees.²⁴

Independent Contractors

Workers can be classified in one of two basic legal categories: employees or independent contractors. Such distinction is crucial

because an employee is protected under employment and labor laws and an independent contractor is not. Employees are covered under the Fair Labor Standards Act (FLSA), Title VII, and other antidiscrimination laws, the National Labor Relations Act (NLRA), the Family Medical Leave Act (FMLA), unemployment insurance laws, and workers compensation laws. Corporations, therefore, must undertake responsibilities and liabilities as an employer, and they are obliged to obey these laws whenever they hire regular employees. Some employers prefer hiring independent contractors to employees when they need people with expertise or technique for specialized projects or when they need flexibility in hiring. However, some employers use independent contractors to avoid paying taxes, avoid paying workers benefits, or to circumvent other labor regulations.

It is not easy to determine whether a worker is an employee or independent contractor, and employers often misclassify some of their employees as independent contractors. Courts and agencies are trying to distinguish the two by using various tests such as the common law test,²⁵ the Internal Revenue Service (IRS) test,²⁶ or the economic realities test.²⁷ See Table 11.7 for the tests applied under various statutes. In a recent case in U.S. District Court for the Southern District of New York (*S.D.N.Y. 98 Civ. 7589*), the U.S. Department of Labor sued Time Warner in October 1998 for allegedly misclassifying hundreds of

Table 11.6 Japanese Worker Preference on Length of Temporary Employment (%)

	Regular temp (Specified temporary help business)	Enrolled temp (General temporary help business)	Total temp (%)
1 year or less	10.3	27.8	21.1
3 months or less	1.3	1.2	1.2
3–6 months	1.9	7.8	5.7
6+ months	7.1	18.8	14.1
Longer than 1 year	76.9	62.9	68.2
1–2 years	14.1	26.1	21.3
2–3 years	9.0	13.9	11.9
3+ years	53.8	22.9	35.0
Other or n/a	12.8	9.4	10.7

SOURCE: Osaka Prefecture, “Report of Temporary Work Business and Working Conditions of Temporary Workers” (1998).

full-time employees as temporaries or independent contractors and thereby denying them health insurance and pension benefits. The government sought a court order appointing an independent fiduciary to audit Time Inc., and identify all employees who were potentially misclassified and denied the opportunity to participate in nine benefit plans, including health, savings, and stock ownership programs. The Secretary of Labor stated in a press release that “employers must deliver promised benefits to all eligible employees, and we believe some misclassified Time Inc. employees did not receive benefits they were entitled to” (U.S. Department of Labor 1998). The implications

Table 11.7 Tests Used to Distinguish an Employee from an Independent Contractor, United States

Statute	Test used to determine employee status	Potential liability for mischaracterization
Federal taxes	IRS control test	Liability for unpaid taxes Penalty Interest
Fair Labor Standards Act (covers overtime, minimum wages)	Economic realities test	Liability for unpaid overtime or minimum wage Liquidated damages Fines Criminal sanctions
Federal Employment Discrimination Statutes (Title VII, ADEA, ADA)	Economic realities test (sometimes economic realities combined with common law/IRS control test)	Back pay Front pay Equitable relief Attorney’s fees
National Labor Relations Act	Common law; IRS control test	Reinstatement Back pay New bargaining unit election and expenses Cease and desist orders; other equitable relief
Employee Retirement Income Security Act (covers employee pension, welfare benefits)	Common law; IRS control test	Liability for benefits not received Equitable relief Attorney’s fees and costs

NOTE: See notes 25 and 27 for description of IRS control test and economic realities test. SOURCE: Authors’ compilation based on the Internal Revenue Code; the Fair Labor Standards Act; the Civil Rights Act of 1964; the Age Discrimination in Employment Act of 1967; the Americans with Disabilities Act of 1990; the National Labor Relations Act; and the Employment Retirement Income Security Act of 1974.

of the Labor Department's action are far-reaching for the growing practice of nonstandard work arrangements in the United States (Lurie 1999). Because of the high visibility of the contestants, it is likely to focus public attention and the attention of Congress on the nagging issue of worker misclassification.

In another case, *Vizcaino vs. Microsoft Corp.*,²⁸ the Ninth U.S. Circuit Court of Appeals ruled that Microsoft Corp. could not exclude freelance workers, hired before 1990, from its employee benefit plans (including the stock purchase plan and savings purchase plan), even though the company had called them "independent contractors," and even though the workers had signed contracts that specifically stated that the workers were independent contractors (freelancers) and that they would not be provided with employee benefits. In 1989 and 1990, the IRS examined Microsoft's employment records and concluded that Microsoft's freelancers were not independent contractors, but employees for federal withholding and employment tax purposes. Microsoft was required to pay millions of dollars in back taxes, penalties, and overtime pay to the misclassified workers. After learning of the IRS rulings, the plaintiffs sought various benefits, including those under the company's savings purchase plan and the employee stock purchase plan. Although the federal district court in Washington State granted summary judgment for Microsoft, on the appeal, the U.S. Circuit Court twice overturned the judgment of the district court and held that the workers were entitled to the benefits. This favors some temporary agency workers employed by temporary help agencies. Microsoft currently has agreements requiring that temporary agency workers agree that Microsoft will not provide benefits regardless of how their legal status may be characterized, and they expressly waive any right to benefits attributable to services performed after signing the agreement.²⁹ Moreover, under a new policy, Microsoft will do business only with staffing firms providing a certain level of employee benefits to temporaries.³⁰ In December 2000, Microsoft agreed to pay \$96.9 million to settle the case (American Staffing Association 2000).

These cases suggest to employers that using independent contractors or temporary workers could cost them a large sum of money if the workers file a suit against them for misclassification. Thus, just like Microsoft, employers using temporary agency workers ensure that

temporary help agencies take responsibility for the benefits of the workers.³¹

Temporary Agency Workers

More than 2 million temporary agency workers are currently employed in the United States. Many employers of all sizes increasingly rely on temporary agency workers to fill staffing needs, reduce employment costs, escape legal liabilities, fill in for absent employees, or to accommodate a seasonal or temporary necessity in workload (see Houseman and Osawa, this volume; and Carré, this volume). From a worker's perspective, temporary work is beneficial in gaining work experience, accessing training, or maximizing their employability. Irrespective of company or worker interests, many legal issues surround their relationships. We now examine some of the main concerns.

Joint employer relationship

Joint employment liability is emerging as an important area of concern for employers who use temporary agency workers. The key issue for temporary workers is to determine which parties are responsible for ensuring that they are granted the benefits and protection to which they are entitled, and which parties are responsible for remedying violations of those rights. There are two potentially responsible parties, the host employer and the temporary help agency. In many cases, more than one party will supervise or control various aspects of the individual's work or pay. Treatment of the "joint employer" relationship differs substantially among the various employment and labor statutes.

FLSA

Under the Fair Labor Standards Act (FLSA), the term *employer* is expansive. The Department of Labor (DOL) has issued regulations that a determination of joint employment "depends upon all the facts in the particular case," but where there is an "arrangement between the employers to share the employee's services," a joint employment will generally be found.³² For temporary agency workers, temporary help agencies usually have primary responsibility for keeping records on hours worked and for paying overtime. The DOL, however, held that temporary workers assigned to work for various clients were typically

employed jointly by the temporary help agency and its clients, and clients may be held jointly responsible for overtime and minimum wage obligations (U.S. Department of Labor 1968). According to case law, the nature and structure of the employment relationship are the keys in determining whether the economic realities are such that a joint employment relationship should be found.³³

Antidiscrimination laws

A client company of temporary help agencies can be held liable for violations of Title VII of the Civil Rights Act of 1964. At least one court has ruled that the temporary agency worker shall be an employee of both the temporary help firm and the client should the employer–employee relationship be substantial enough to support a Title VII claim against the client, particularly when the employee is subject to the direction of the client in his or her work assignments, hours of service, and other typical aspects of an employer–employee relationship.³⁴

The Americans with Disabilities Act (ADA) has specific provisions dealing with the obligations of staffing contractors and their clients.³⁵ Although these duties are not specifically expressed in terms of joint employment, clients should assume that their legal obligations are similar to those arising under Title VII.

FMLA

The Family and Medical Leave Act (FMLA) states that where two or more businesses exercise some control over the work or working conditions of an employee, the businesses may be joint employers under FMLA. The FMLA applies to employers with 50 or more employees per day for 20 or more weeks in the current or preceding calendar year. For individual employees to be eligible for FMLA leave, they must have worked at least 1,250 hours in the preceding 12 months. To comply with the FMLA, workers jointly employed by two employers must be counted by both employers, whether or not maintained on one of the employer's payrolls. Thus, an employer who employs 15 workers from a staffing service and 40 of its own permanent workers is covered by the FMLA. The employer, however, is only responsible for providing FMLA leave to its 40 permanent employees. This means that only the primary employer is responsible for giving

required notices to its employees, providing leave, and maintaining health benefits during leave. Temporary help agencies generally are the primary employers for their temporary workers (29 C.F.R. §825.106 (1993)).

OSH Act and OSHA

The federal Occupational Safety and Health Act (OSH Act) and state workplace safety laws require employers to maintain a safe and healthy workplace. Offices of the Occupational Safety and Health Administration (OSHA) have been advised that when temporary agency workers are used, the party in direct control of the workplace and the actions of the employees should be cited.³⁶ Under these determinations, a temporary help agency generally will be cited only if necessary to correct the violation or if it knew or should have known of an unsafe condition (Lenz 1997).

Employee benefit plans

The federal and state laws (except those of Hawaii) do not require employers to provide any health or pension benefits. The Employee Retirement Income and Security Act (ERISA) states, however, that an employer who offers a pension plan for any of its employees must cover 70 percent of all non-highly-compensated individuals who work 1,000 or more hours in a year (1,000 hour rules) to qualify for preferential tax treatment. The rule applies to the direct employers. Thus, where temporary help agencies offer any pension plans for employees, those who meet the qualifications mentioned above should be able to participate in such plans.³⁷

Under the Internal Revenue Code, leased employees³⁸ can be treated as the recipient's employees. Article 414(n) of the code defines a leased employee as any person furnishing services to a recipient if the following conditions are met: the person's services are performed under an agreement between the recipient employer and the leasing organization; the person's services are performed under the primary direction and control of the recipient; and the person has performed services on a substantially full-time basis for one year.

Under IRS guidance, this test is met if during a 12-month period one of the following conditions is met: The employee performs at least

1,500 hours of service for the client (or related entities), or the employee performs a number of hours of service for the client (or related entities) that is equal to at least 75 percent of the average number of hours customarily worked by the client's own employees performing similar services.

There is an exception to the rule that leased employees are considered employees of the recipient.³⁹ Unless the exception applies, the recipient must count its leased employees as employees when determining whether its own tax-qualified plans satisfy the tax law requirements.

Labor law

A temporary help agency and its client may be considered joint employers for purposes of unfair labor practice cases. The key to determining whether the two parties are joint employers is whether the client is substantially involved in determining the terms and conditions of employment of the temporary help company's employees.⁴⁰ In such cases, clients may have joint employer obligations with respect to a temporary help agency's employees.

The National Labor Relations Board (NLRB) and a federal court have held that where there is a sufficient connection between temporary agency workers and the client, the temporary agency workers may be included in the client's collective bargaining unit.⁴¹ Reviewing the case law, for temporary agency workers to be included in the client's bargaining unit, they must clear three hurdles:⁴² 1) the temporary help agency and its client are found to be joint employers; 2) the temporary agency workers and the client's full-time employees have sufficient "community of interest"; and 3) all joint employers have expressly conferred on a joint bargaining agent the power to bind them in negotiations (the consent principle).

As a practical matter, satisfying joint-employer status in the context of supplier and user companies is not difficult. Under NLRB case law, employers are joint if they "share or co-determine matters governing essential terms and conditions of employment."⁴³ If two employers have the authority to affect matters of the temporary workers, such as hiring, firing, discipline, supervision, and direction, then they are joint employers. If joint-employer status exists, the board will decide

whether the temporary agency workers share a community of interest with the client company's regular employees. Community of interest means there is a "mutuality of interests" in wages, hours, and working conditions. However, if the temporary employees are performing the same work as the employees of the user company and if they interact with one another and share facilities such as break rooms, parking lots, and restrooms, then more likely than not the board will find a community of interest and will grant representational rights.⁴⁴

A community of interest also applies in determining whether temporary agency workers who have been hired directly by an employer without the involvement of a supplier company or an agency are eligible for inclusion in a bargaining unit. In such situations, temporary employees who are employed as of the eligibility date for a union election, but whose tenure remains uncertain, can vote if they otherwise share a community of interest with eligible employees. To make this determination, the NLRB considers two factors: a reasonable expectation of further employment and, more important, a contract expiration date. Generally, if temporary workers do not have a reasonable expectation of further employment or their job is to end on a "certain date," they are ineligible to vote.⁴⁵

The NLRB held in August 2000 that employees obtained from a labor supplier may be included in the same bargaining unit as the permanent employees of the employer to which they are assigned when the supplied employees are jointly employed by both employers.⁴⁶ The board overruled *Lee Hospital*,⁴⁷ which held that bargaining units including jointly employed employees together with the employees of the user employer are multiemployer bargaining units and require the consent of the employers. When combined units are employer units under the statute, the board will apply its traditional community of interest analysis to determine their appropriateness on a case-by-case basis.

Employee Leasing

The employee leasing business emerged during the 1970s and has grown since (KRA Corporation 1996). Employee leasing firms are neither temporary help services nor payroll services. Employee leasing firms provide work arrangements that help small business cut human

resource management costs.⁴⁸ According to the National Association of Professional Employer Organizations (NAPEO), professional employer organizations assume responsibility and liability for the business of employment by establishing an employment relationship with the worker and thereby enabling the client to focus on the business of business.⁴⁹ More specifically, clients fire all employees (or most of them), put them on the payroll of an employee leasing firm, and then lease the employees back to the same workplaces (Willey 1993). Employees who are leased back to the client's worksite experience no change in their jobs because they work for the same employer, under the same boss, at the same workplaces, and with the same pay. The only difference is that they are paid by the employing leasing firm, not the client employer.

Some employers had used employee leasing arrangements to circumvent pension laws, which caused a major amendment to tax law.⁵⁰ Today, some employers use the arrangements to control rising benefit costs and to avoid navigating the increasing complexity of government regulation and reporting requirements. With the employee leasing arrangement, employers need not stay informed about regulatory and reporting changes or maintain the staff to complete paperwork.

There is no federal law or definition concerning employee leasing. Many states, however, regulate the business, either through state statutes that require general licensing or registration of employee leasing organizations, or state regulations that deal specifically with Workers' Compensation and unemployment insurance.⁵¹ Fourteen states have enacted licensing statutes, three states have registration statutes, 24 states have workers' compensation statutes, and 31 states have unemployment insurance statutes (Fujikawa 1999).

The term "employee leasing" is misleading when used as a generic term to describe all forms of service arrangements involving the furnishing of labor.⁵² At the same time, it is not very easy to distinguish the employee leasing business from the temporary help business. In practice, however, it is apparent that the employee leasing business is quite distinct. Leased employees work for only one client, while temporary agency workers work for various clients; leased employees work for a much longer period of time, while temporary agency workers usually work for shorter periods (Hammond 1994).

The primary advantage of using a leasing arrangement is that the employers' burdens can be alleviated because leasing firms assume legal and administrative liabilities as the employer of leased employees who work for their clients (Houseman 1999). Employee leasing firms become joint employers with their clients in most cases (Fujikawa 1998). Thus, leasing firms are subject to the joint employer doctrine.

Part-Time Workers

It is often beneficial for companies to use nonstandard work arrangements to reduce employment costs and provide flexibility in the competitive global marketplace. Many workers also enjoy these arrangements given the flexibility to adjust work to their daily lives and needs.

On the other hand, some workers have faced difficulties with nonstandard employment. For example, some receive lower wages than regular employees, and no medical insurance or other benefits (see Houseman and Osawa, in this volume). According to the Bureau of Labor Statistics report, *Contingent and Alternative Employment Arrangements*, published in February 1999, only 41 percent of temporary agency workers were provided health insurance, compared with 82.8 percent of regular employees, 73.3 percent of independent contractors, 79.9 percent of contract company workers, and 67.3 percent of on-call workers. This is one of the biggest issues facing nonstandard workers in the United States.

Another area of concern is the legal treatment of part-time employees.⁵³ Generally speaking, state and federal laws make no differentiation between a full-time and part-time employee. For instance, if a company has more than 15 employees, it is required to follow a range of antidiscrimination laws. However, the current laws do not require companies to provide fringe benefits, such as health insurance, to part-time workers, even if they provide them to full-time employees. According to a Hewitt Associates survey of 350 large companies conducted in 1997,⁵⁴ 78 percent of respondents provided part-time workers with health and dental coverage, compared with 73 percent in 1995. The survey also found that 91 percent of the companies offered part-time workers paid vacation days, 77 percent offered sick days, and 57 percent provided short- and long-term disability coverage. It seems

that when the economy is strong, part-time workers gain more benefits at large companies.

FEATURES OF JAPANESE TEMP-TO-HIRE ARRANGEMENTS

In December 2000, one year from the enactment of the Amendment Act in Japan, it became permissible to arrange so-called “temp to hire positions.” Such arrangements entail sending temporary agency employees to client companies with an expectation that they will be hired by the client companies after they work as a temporary for several months. It is similar to temp-to-permanent or temp-to-hire arrangements in the United States and Europe.

The Japanese version of temp-to-hire arrangements, however, has unique regulations. Temporary help agencies are not allowed to perform job placement services for temporary agency workers during their tenure as a temporary employee. The current situation in Japan and the lifting of the ban on the Japanese version of temp-to-hire arrangements reveals the peculiarity of the Japanese regulations, which differ from those in the United States.

Lifting the Ban on Temp-to-Hire Arrangements in Japan

Temp-to-hire arrangements have been prohibited in Japan even after the Temporary Help Business Act took effect in July 1986 because the labor supply business was prohibited by the Employment Security Act (enforced in 1947). Under Article 4(6) of the Employment Security Act, the labor supply business is defined as having employees under the direction and orders of another person based on a supply contract. However, the Temporary Help Business Act specifically exempts this industry from the prohibition of labor supply. Under Article 2(1) of the Temporary Help Business Act the temporary help industry is defined as providing workers employed by one person to another person under the direction of the latter, while maintaining their employment relationship with the former; by this definition, the tempo-

rary help industry excludes cases where the client firm makes an agreement with an agency to hire workers supplied by the agency.

It is possible for a subordinate relationship between the worker and the supplier to exist in the labor supply business when the supplier provides workers for another person. One aim of the Employment Security Act is to prevent forced labor or wage skimming. The Temporary Help Business Act allowed for temporary employment agencies, with a condition that such agencies would be responsible as an employer for temporary agency workers based on an employment contract. The act separated this new business from the prohibited labor supply business. On the other hand, Article 2(1) of the Temporary Help Business Act stipulates that cases in which a client contracts with an agency to employ temporary agency workers shall be deemed a labor supply business and prohibited under Article 4(6) of the Employment Security Act.

The intention of this prohibition is to prevent duplicate employment relationships in the labor supply business, which would make the relationship ambiguous. Informally it was also intended to exclude *shukko* (workers transferred to another company) from the definition of the temporary employment business because *shukko* had been popularly used as a personnel management tool by many corporations. *Shukko* could be deemed a labor supply business, but it is not construed to violate Article 4(4) of the Employment Security Act when it is not done as a business.

Temp-to-hire arrangements by temporary employment agencies, on the contrary, are different from *shukko* and could be deemed a prohibited labor supply business. Thus, to receive both a temporary help business license and job placement business license, a requirement needed to be met by a notice from the Ministry of Labor that an agency did not use the temporary employment business as a means to find jobs for job seekers. This requirement was considered as a basis to ban temp-to-hire arrangements by agencies.

It should be noted that controls had been placed on temporary help agencies and job-placement agencies until the deregulation of the fee-charged job-placement business in April 1997; thus, prior to this time, there was no room for temporary employment agencies to perform job placement in any case. In December 1999, the scope of the jobs arranged by fee-based job-placement agencies and temporary employ-

ment agencies was liberalized with an amendment to the Employment Security Act and the Amendment Act. The acts dramatically expanded the opportunities for any agency to perform job placement for temporary agency employees. Resistance of trade unions and other organizations, however, deferred the lifting of the ban of temp-to-hire arrangements for one year.

Current Regulations on Temp-to-Hire Arrangements in Japan

The temp-to-hire arrangement in Japan is unique in that it is allowed not based on amendments of the Employment Security Act or Temporary Help Business Act, but on amendment of the aforementioned notice from the Ministry of Labor. In other words, the arrangement is allowed only when several requirements are met. One of the requirements is that agencies must offer job placement for temporary agency workers in agreement with the temps and clients, and with confirmation of proper working conditions when they complete the term of temporary help service. Thus, agencies are not allowed to perform job placement until the contract for temporary help service has been completed.

More specifically, clients may not interview temporary agency workers or request résumés until the contract has expired. Under Article 4(6) of the Employment Security Act, job placement is not allowed while the temporary help service contract is in effect because the article deemed such an arrangement to be the (prohibited) labor supply business, not a temporary employment business.⁵⁵ Thus, temp-to-hire arrangements in Japan are only another type of temporary employment service providing job placement after the contract ends.

Although to prohibit job placement during temporary employment service might hinder the smooth operation of the job-placement businesses (as some criticize), it would be very difficult to lift the ban on the labor supply business because it would deprive trade unions of their privilege to provide the labor supply business (trade unions are allowed in this business as an exception to Article 44 of the Employment Security Act).

In Japan, when enactment of a new law or amendment is considered, a committee composed of the government, trade unions, and employers discusses the issues. If either trade unions or employers are

opposed to such enactment or amendment, enactment does not proceed. It can be inferred this is the reason why change does not come easily.

CONCLUSION

The structures and approaches to regulating nonstandard work arrangements in staffing agencies are markedly different in Japan and the United States. Japan has established a statute with the aim of controlling staffing businesses and protecting the rights of temporary agency workers, whereas the United States has relied on existing labor and employment laws and court decisions rather than enacting specific regulations. Japan also limits the occupations and jobs handled by temporary staffing agencies, whereas the United States allows agencies to handle all occupations and jobs. Further, with the Temporary Help Business Act and related ordinances, Japan explicitly limits the contract term of temporary employment so that temporary agency workers may not replace regular employees of client firms, while the United States does not limit the term.

When comparing the laws of Japan and the United States, the Japanese labor and employment laws appear stricter in terms of the entry control of staffing agencies. This may be due to the distinctive histories in labor market developments. Before World War II, unscrupulous labor brokers were rampant in Japan and exploited a great number of workers. Thus, the image of labor intermediaries was quite negative. This image later led to the prohibition of the labor supply business under the Employment Security Act of 1947. At the same time, the lifetime employment system evolved and became widespread after World War II, Japanese industrial relations and labor policies focused on job security and seniority-based wages for full-time workers, and temporary staffing agencies were not relevant to this focus.

Concerns arose in government and union circles that liberalization of the labor supply business would undermine the job security of full-time workers (who could be replaced by temporary agency workers), reduce the bargaining power of labor, and as a result undermine the Japanese employment system. Thus, in post-World War II Japan, regu-

lation of the labor supply business was tight and, until the mid 1980s, the numbers and job categories of temporary agency workers were limited.

On the other hand, the United States has had a less regulated and more flexible labor market for nonstandard employment. A great variety of staffing businesses exist and they have extended their operations to other countries. In a sense, the emergence of these new businesses has helped the economy to expand while lowering the unemployment rate, but not without controversy over some aspects of this growing category of workers.

Different historical backgrounds and employment practices explain some of the differences in the scale and patterns of growth in nonstandard employment. However, similar economic pressures influenced the Japanese labor market to loosen restrictions on this form of employment. Intensified global competition and stronger pressure to reduce labor costs in Japanese firms forced the government to significantly liberalize the labor supply business and open the field for staffing agencies.

Currently, policymakers are considering further deregulation of the labor supply business, such as the duration that temporary agency workers can be hired, the maximum fees companies may charge, and, most important, revision of the Employment Security law as it affects and constrains the labor supply business. Clearly, the trend in Japan is toward greater deregulation as firms try to trim labor costs and become more competitive. Thus, a surge in the number of temporary agency workers is expected.

Notes

1. The Temporary Help Business Act does not recognize as legitimate "temporary help business" situations in which agency workers are hired by the client companies. Thus, placement services are still prohibited under Article 44.
2. The Labor Standards Act provides a few exceptions. For example, employers who employ fewer than 10 employees shall not be obliged to draw up rules of employment (Article 89), and the 40 working hour rule shall not be applied to these small enterprises in commercial and service businesses (Article 40). On the other hand, neither the Trade Union Act, the Equal Employment Opportunities Act, nor the Child and Family Care Leave Act provide exceptions for the size of businesses.

3. Unlike the U.S. majority representation system, small membership shall not be construed as just cause for refusal to bargain. Only employers are obliged to bargain with unions. The Trade Union Act in Japan does not require trade unions to bargain with employers as the National Labor Relations Act does in the United States.
4. For instance, because of the different definitions of an “employee” baseball players are deemed employees under the Trade Union Act but not under the Labor Standards Act. While the Trade Union Act defines an *employee* as “an individual who makes a living depending upon a salary or wages,” the Labor Standards Act specifies an employee as “an individual who is employed by a company or an office, and paid wages.” Based on this definition, baseball players are usually not deemed employees.
5. More specifically, 1) while regular workers who have worked for six months or longer are entitled to 10 days of paid annual leave, and those who have worked for six years and six months are entitled to 20 days, part-time workers who work for four days a week are entitled to seven days for the former employment period, 15 days for the latter employment period (Article 39 of the Labor Standards Act); and 2) workers with a fixed-term employment contract are eligible for maternity leave under the Labor Standards Act. Employers are not obliged to pay wages to workers on maternity leave, the Employees Medical Insurance Act (Article 50, 60 percent of wages) and Unemployment Insurance Act (Article 61[4], 25 percent of wages at present, 40 percent of wages after 2001) provide a certain level of income security.
6. The Employees Pension Plan and the Employees Medical Insurance shall not be applied to workers who are employed with a fixed-term contract shorter than two months and whose working hours are less than 75 percent of those of regular workers. No unemployment insurance shall be applied to workers who work less than 20 hours and who expect to work less than one year.
7. Dependents include those who are a member in the same household as the insured, and who earn less than US\$10,833 annually (1,300,000 yen, US\$1 = 120). Dependents are exempted from the insurance premiums, which may result in lower wages for part-time workers. Moreover, dependents whose annual income is less than US\$8,583 (1,030,000 yen) are exempted from income tax liabilities, and many companies provide family allowances to workers with dependents if they satisfy this requirement.
8. The Labor Standards Act of Japan has 13 chapters whose provisions cover a wider range than the Fair Labor Standards Act of the United States.
9. In most cases, transfers involve a parent company sending its employees to its subsidiary or affiliated companies for the purpose of technical training, restructuring, and so forth. The working conditions of transferred workers are usually unchanged; thus, it is not appropriate to discuss this issue here. Further, the Temporary Help Business Act excludes transfer of workers from the temporary employment business under Article 2.

10. According to the survey, contract workers are those who are employed with a fixed-term contract to be assigned to a specialized job, and casual workers are those who are employed casually or daily with a fixed term of one month or shorter.
11. To terminate a contract with a fixed-term employee could be deemed a breach of contract, and it shall be allowed only when there is an unavoidable reason.
12. The Labor Standards Act prohibits unequal treatment or dismissal by reason of the nationality, creed, or social status of any worker, dismissal during a period of rest for medical treatment with respect to injuries or illnesses suffered in the course of duty or within 30 days thereafter, and dismissal of women during a period of rest before and after childbirth in accordance with the provisions of Article 65 or within 30 days thereafter. The Trade Union Act and the Equal Employment Opportunities Act also have provisions on the ban of dismissal in certain cases. These provisions are applied equally to part-time workers and temporary agency workers.
13. The Ministry of Labor settled on a guideline regarding conclusion, renewal, and refusal of fixed-term employment contracts in December 2000. The guideline mentioned that this idea should be adopted in any fixed-term employment contract, and clarified the standards on renewal and refusal. It also ruled that employers should endeavor to notify workers of the reason for refusal to renew the contract.
14. More specifically, the decision said “it is not unreasonable not to renew the contract of casual workers when there was an unavoidable necessity to reduce personnel, and no way even to transfer the excess personnel to another establishment, accordingly the employer has no choice other than not renewing the contracts with casual workers without a voluntary resignation procedure of regular employees beforehand.”
15. Some argue that because of this ruling, employers limit the number of contracts renewed and nonstandard workers do not expect a continuous employment relationship, which makes their status less stable.
16. See note 7.
17. Moreover, part-time workers who work 20–29 hours to be eligible for unemployment insurance must work more than 10 days per month in 12 consecutive months. Those who do not meet this requirement owing to adjustment of working days are ineligible for unemployment benefit.
18. A lower court has concluded that “female part-timers whose duties were very similar to those of female regular employees of the same establishment should be entitled to wages equivalent to at least 80 percent of the regular employees. The employer who had not paid that rate to the part-timers was liable and deemed to be operating against public interest or the principle of comparable worth. This decision has been disparaged by some labor law scholars as a repugnant idea to the Japanese custom. Consequently, the employer should pay the difference. (See *Maruko Keiho-ki, Nagano Dist. Court, Ueda Chapter, March 15, 1996.*)

19. The original purpose was to distinguish “transfers” from temporary work. Transfers are not construed as the labor supply business and so are not prohibited under Article 44 of the Employment Security Act. In contrast, it is usually deemed to be illegal for client companies to interview temporary agency workers in advance.
20. Japan ratified on July 28, 1999.
21. Although we use the term “temporary work or temporary help” for *Rodosha Haken*, it has traditionally been translated as “dispatched work.”
22. Article 40(2) of the Temporary Help Business Act clarifies that temporary jobs whose duration are not limited are those specified by a government ordinance as jobs that shall not threaten the sound employment stability and the chance to maximize employees’ ability for the entire tenure. Article 4 of the Government Ordinance for the Temporary Help Business Act specifies 26 jobs that were formerly listed on the positive list. It is considered harmless to substitute regular employees in these jobs.
23. For more details of the survey and analysis of the Amendment Act, see, Kojima and Fujikawa 2000.
24. We will not discuss the issues of part-time workers in the United States due to space limitations. In most states, part-time workers are defined as those who are employed in jobs of fewer than 40 hours per week. Compared with temporary agency or leased employees, there are few legal concerns about the employment of part-time workers because they are hired directly by their employers, and are often included in the same bargaining units as regular employees.
25. Also called the “right of control” test. It depends on the following 10 factors, which may indicate independent contractor status (Restatement 2d, Agency, §220 (1958)): 1) the degree of “employer” control over the details of the work; 2) whether the individual’s business is a distinct occupation or business; 3) whether the individual’s occupation usually is done without supervision; 4) whether a high level of skill is required by the occupation; 5) whether the worker provides the supplies, tools, and the place of work; 6) the length of time the services are provided; 7) method of payment, by the job rather than the hour or day; 8) whether the work is part of the regular business of the employer; 9) whether the parties believe they are creating an independent contractor relationship; and 10) whether the hiring entity is not in business. Of these criteria, the right to control the worker in the performance and manner of doing the work is the most decisive test (*Criminal Injuries Compensation Bd. v. Gould*, 331 A.2d 55, 74 (Md. 1975)).
26. The IRS is concerned with determining whether a worker is an independent contractor because employers are required to arrange for three types of employment taxes for employees. These are required under the Federal Insurance Contributions Act governing employer and employee contributions to the Social Security System, the Federal Unemployment Tax Act governing employer contributions to the unemployment fund, and the IRS rules governing employee personal income tax withholding. If the employer classifies independent contractors incorrectly, and the IRS concludes that a worker is in fact an employee, the employer may be liable for penalties as well as any unpaid taxes. An important element often

present in the case law where the courts have found a worker to be an employee, not an independent contractor, is the ability of the employer to dictate not only the result but also the process (or methods) the worker uses to produce his or her result.

27. Also called the FLSA test. The FLSA governs the federal minimum wage and overtime pay obligations of many employers. If the U.S. Department of Labor determines that the workers are employees and not independent contractors, the employer may be subject to substantial penalties, including payment of unpaid overtime premiums to liquidated damages, fines of US\$10,000 and six months' imprisonment for willful violations. The "economic realities" test focuses on whether an individual is economically dependent on the business to which services are provided, thus establishing employee status, or whether the worker effectively is in business for himself or herself.
28. *Vizcaino et al. v. Microsoft Corporation et al.*, 120F.3d 1006 (9th Cir. 1997), 97 F.3d 1187, 1189 (9th Cir. 1996). D.C. No. CV-93-00178-CRD2/13/98, 173 F.3d 713 (9th Cir. 1999), *Vizcaino v. Microsoft Corp.*, U.S., No.99-498, cert. denied 1/10/00.
29. *NATSS Connection* for May 17, 1999.
30. The benefits must include medical and dental insurance, at least half funded by the staffing firm, 13 days of paid leave, training opportunities valued at US\$500 per year, and a 401(k) or other retirement plan in which the staffing firm makes partial matching contributions (see *NATSS Connection* for April 12, 1999).
31. Other problems may be involved such as Workers' Compensation benefits. For example, to obtain greater damages outside of Workers' Compensation benefits, a worker injured on the job may resist the Workers' Compensation Law prohibition of a direct cause of action against the employer for personal injury by claiming that he was not an employee but an independent contractor at the time of the incident.
32. 29 C.F.R. § 791.2 (1961).
33. *Brocks v. Superior Care*, 840 F.2d 1058 (2d Cir. 1988).
34. *Amarare v. Merrill Lynch*, 611 F. Supp. 344 (S.D.N.Y. 1984), *aff'd*, 770 F.wd 157 (2d Cir.1985).
35. 42 U.S.C. §§ 12101 *et seq.*
36. Memorandum to regional administrators from Richard P. Wilson, Deputy Director, Federal Compliance and State Programs, OSHA, Department of Labor (July 5, 1977).
37. 29 C.F.R. § 2350-200b-1(a):1(b) (1992).
38. "Leased employees" means not only employees hired by employee leasing companies, but also temporary agency workers who meet the requirements.
39. There is an exception to the rule that leased employees are considered employees of the recipient. The exception applies if not more than 20 percent of the recipient's non-highly-compensated workforce consists of leased employees, and if the leased employees are covered by a safe harbor retirement plan with a guaranteed employer contribution rate of at least 10 percent of compensation. It must provide

for immediate full vesting and for participation by all employees of the leasing organization for the plan year and each of the preceding four plan years.

40. *Boire v. Greyhound Corp.*, 376 U.S. 473 (1964).
41. *NLRB v. Western Temporary Services*, 821 F.2d 1258 (7th Cir. 1987). In this case, the court found that the temporary help firm and its client both exercised substantial control over the employees and that both were involved in determining the essential terms and conditions of employment. Thus, the court found that Western and its client were joint employers. Western and its client argued that the temporary workers had insufficient “community of interest” with the client’s full-time workers to warrant including them in the bargaining unit. The court held, however, that the temporaries worked on a “fairly regular basis over a sufficient period of time and thus demonstrated a substantial interest in the unit’s wages, hours and conditions of employment.” Working an average of four hours per week over a six-month period was held to be “fairly regular.”
42. See, for example., *Laerco Trans. & Warehouse*, 269 NLRB 324,325 (1984); *TLI Inc.*, 271 NLRB 798 (1984); and *Lee Hospital*, 300 NLRB 947 (1990).
43. *NLRB v. Browning Ferris Industries*, 691 F.2d 1117, 1123 (3d Cir. 1982).
44. *NLRB v. Western Temporary Services*, and *ibid.*
45. *Ibid.*
46. *M.B. Sturgis, Inc. and Jeffboat Div., American Commercial Marine Service Co.*, 14-RC-11572, 9-UC-406; 331 NLRB No. 173 (2000).
47. 300 NLRB 947 (1990).
48. Minnesota Department of Economic Security (1997).
49. See National Association of Professional Employer Organizations online: <<http://www.napeo.org/index-j.html>>.
50. The Tax Equity and Fiscal Responsibility Act of 1982 provides that leased employees must be counted by the client as employees for the purposes of qualifying retirement plans and certain other fringe benefits if the workers have provided these services “on a substantially full-time basis for at least a year” and the client primarily controls or directs the work of the leased or temporary employees. See Houseman (1999).
51. See note 37.
52. See note 37.
53. See, for details, Houseman and Osawa, this volume.
54. A survey conducted by Hewitt Associates in 1997; accessed online at: <<http://www.hewitt.com/hewitt/resource/newsroom>>.
55. In Japan, a client company is prohibited by administrative notice to interview a temporary agency worker before the contract begins. This is because such action might contravene the Employment Security Act prohibiting the labor supply business. The Amendment Act stipulates that client companies endeavor not to specify a temporary agency worker when concluding a contract of temporary help service, and a guideline also prohibits client companies from interviewing a temporary agency worker in advance or requesting his or her résumé as such actions would specify a temporary agency worker.

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12

Work Attitudes and Nonstandard Work Arrangements in the United States, Japan, and Europe

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Debates about the desirability and disadvantages of nonstandard work arrangements often make assumptions about the motivations and attitudes of individuals who work in these arrangements, as well as the quality of jobs associated with them. For example, temporary workers—and some part-time workers—are usually thought to work in their jobs involuntarily and to have jobs with less security, lower earnings, and fewer other job rewards. Consequently, temporary and part-time workers are usually believed to be dissatisfied with their jobs and to engage in fewer organizational citizenship behaviors. Although these assumptions provide the basis for much of our thinking about nonstandard work arrangements and for our policy recommendations related to them, these beliefs are often untested.

To the extent that studies have examined the correlates of nonstandard work arrangements at all, they have generally focused on their economic rewards (usually wages, and sometimes fringe benefits). We know much less about the meanings that nonstandard workers attach to their work, such as the extent to which they regard work as a central life interest, the importance they place on various job characteristics, and whether they choose nonstandard work voluntarily. It is commonly assumed, for example, that part-time workers are more concerned than full-time workers with nonwork aspects of life, such as family and leisure, and that part-time and temporary workers are less concerned than

full-time workers with career advancement. Moreover, we know relatively little about the noneconomic benefits and utilities that nonstandard workers obtain from their jobs, such as their degree of job security, perceived opportunities for promotion, and assessments of the intrinsic rewards (i.e., the degree to which jobs are interesting, meaningful, and challenging). Finally, there is little empirical evidence available on how regular full-time workers and nonstandard workers differ in measures of well-being, such as job satisfaction and work-related stress, and outcomes, such as organizational commitment, work effort, and absenteeism.

In this chapter, we seek to fill in some of these gaps by examining the extent to which workers in nonstandard arrangements differ from full-time workers in their work values, job rewards, work attitudes (job satisfaction, work-related stress, and organizational commitment) and work behaviors (such as reported absenteeism). Our analysis is based on a cross-national survey data set, the 1997 International Social Survey Program (ISSP) module on “work orientations” (see Appendix A for a description of the data). This data set permits us to examine the work attitudes and job rewards associated with various nonstandard work arrangements in the United States, Japan, and a number of European countries.

We first discuss how we measure nonstandard work arrangements in this data set. We then summarize how our measures of work values, job rewards, and worker attitudes and behaviors differ among the various work arrangements and countries. Finally, we indicate implications of our findings for future research on nonstandard work arrangements.

NONSTANDARD WORK ARRANGEMENTS

Types of Nonstandard Work Arrangements

Nonstandard work arrangements between an employer and worker may differ in one or more ways from standard (i.e., full-time, open-ended) work arrangements. First, nonstandard work arrangements might be part-time and involve fewer hours per week than full-time work. Second, they might be temporary, such as in fixed-term arrange-

ments, where the employment relation is closed- rather than open-ended. Third, the nonstandard work arrangement might not be an employment relationship at all, but might constitute a contracting relationship between an employer and a self-employed contractor. We will examine these three common types of nonstandard work arrangements in this chapter.

Measuring Work Arrangements

We restricted the sample to those working for pay and then coded respondents into four mutually exclusive types of work arrangements. Respondents who indicated that they were self-employed were coded as such regardless of their full- or part-time status. We identified as “fixed-term temporaries” those who said that their job is for a fixed term lasting either “less than 12 months” or “for one year or more.”¹ The remaining respondents were then classified as being either full-time or part-time based on a work status variable coded by the ISSP researchers.²

Table 12.1 presents estimates of the prevalence of part-time, fixed-term temporary, and self-employed work arrangements in the ISSP data for the 11 countries we examine.³ In the remainder of the chapter, we examine how these four categories of work arrangements differ with regard to their work values, job rewards, and work attitudes and behaviors. Appendix Table 12.B1 describes how we measured each of these dependent variables in the ISSP data set.

WORK VALUES

By *work values*, we mean the motivations that people have for working and the importance they place on work in general and on specific facets of their jobs. Work values consist of three sets of concepts: 1) the extent to which people are involved in work, or the centrality of work to their lives; 2) the importance people place on various job facets, or their “conceptions of the desirable” with regard to their work activity; and 3) the extent to which people work in the particular arrangement voluntarily or involuntarily.

Table 12.1 Persons in Nonstandard Work Arrangements, by Country (%)

Country	Part-time	Fixed-term (temp)	Self-employed
United States	15	10	14
Japan	9	24	27
West Germany	11	9	11
Great Britain	15	12	15
Netherlands	35	22	NA
France	12	11	5
Italy	5	8	30
Spain	11	25	4
Denmark	14	11	7
Sweden	19	8	11
Norway	10	12	11

SOURCE: 1997 ISSP data.

Table 12.2 presents descriptive statistics (means or percentages) on these three sets of variables for each of the four work arrangements in each of the 11 countries. Table 12.3 presents results for regression models that estimate differences in these measures of work values between full-time workers, on the one hand, and part-time, fixed-term, and self-employed persons, on the other, controlling for gender, age, education, and three dichotomous variables representing occupational groups (i.e., managerial, professional, and other white-collar occupations). These regression coefficients were obtained from the following equation, which we estimated for each work value.

$$(1) \quad Y = a + b_1\text{PT} + b_2\text{FIXED-TERM} + b_3\text{SELF-EMPLOYED} \\ + b_4\text{CONTROLS} + e$$

Centrality of Work

Part-time workers do not differ much from full-time workers in the extent to which they regard work as a central life interest. This result is consistent with analyses of U.S. data from earlier time periods (Kalle-

Table 12.2 Mean Work Values by Job Status and Country

Importance of . . .	Work	Job security	High earnings	Oppty. for promotion	Interest-ing work	Flexible hours	Percent involuntary
United States							
Full-time	2.6	4.6	4.0	4.2	4.4	3.6	28.1
Part-time	2.5	4.4	3.8	4.2	4.5	3.7	43.2
Fixed-term	2.6	4.5	4.1	4.1	4.6	3.6	22.2
Self-employed	2.8	4.3	4.0	4.2	4.5	3.8	32.7
Total	2.6	4.5	4.0	4.2	4.5	3.6	30.3
Japan							
Full-time	3.7	4.0	4.0	2.8	4.0	3.4	15.4
Part-time	4.1	3.9	3.7	2.6	3.9	3.6	22.6
Fixed-term	3.8	4.2	3.8	2.8	3.9	3.3	16.9
Self-employed	4.4	4.1	4.0	2.9	4.0	3.7	39.5
Total	4.0	4.1	3.9	2.8	4.0	3.5	22.8
West Germany							
Full-time	2.9	4.7	3.9	3.8	4.5	3.3	27.3
Part-time	2.8	4.6	3.7	3.7	4.4	3.5	9.6
Fixed-term	2.7	4.6	3.8	3.9	4.6	3.4	25.8
Self-employed	3.1	4.3	3.5	3.7	4.6	3.6	35.5
Total	2.9	4.6	3.8	3.8	4.5	3.4	26.2
Great Britain							
Full-time	2.5	4.7	3.9	4.0	4.5	3.2	30.9

(continued)

Table 12.2 (continued)

Importance of . . .	Work	Job security	High earnings	Oppty. for promotion	Interest-ing work	Flexible hours	Percent involuntary
Part-time	2.5	4.5	3.7	3.8	4.4	3.5	15.2
Fixed-term	2.6	4.6	3.8	4.0	4.5	3.3	30.2
Self-employed	2.7	4.5	3.8	3.8	4.4	3.5	32.9
Total	2.5	4.6	3.9	3.9	4.4	3.3	28.8
Netherlands							
Full-time	2.8	4.2	3.6	4.0	4.4	3.4	19.3
Part-time	2.7	4.2	3.5	3.8	4.3	3.7	28.0
Fixed-term	2.7	4.2	3.5	3.9	4.4	3.6	22.5
Self-employed	NA	NA	NA	NA	NA	NA	NA
Total	2.8	4.2	3.6	3.9	4.4	3.6	23.0
France							
Full-time	3.0	4.5	3.9	3.8	4.7	3.6	52.7
Part-time	3.1	4.6	3.8	3.5	4.6	4.0	22.1
Fixed-term	3.2	4.5	3.8	3.6	4.6	3.6	33.3
Self-employed	3.5	4.2	3.8	3.6	4.7	3.9	58.3
Total	3.1	4.5	3.9	3.8	4.7	3.7	47.1
Italy							
Full-time	3.0	4.6	4.1	3.9	4.4	3.8	34.4
Part-time	2.9	4.3	3.8	3.9	4.5	3.9	30.8
Fixed-term	3.4	4.7	4.1	3.9	4.5	3.6	39.5

Self-employed	3.2	4.4	4.0	3.9	4.6	4.2	38.2
Total	3.1	4.6	4.1	3.9	4.5	3.9	35.8
<hr/>							
Spain							
Full-time	3.5	4.7	4.3	4.2	4.3	3.6	11.9
Part-time	2.9	4.5	4.3	4.1	4.1	3.9	50.0
Fixed-term	3.3	4.6	4.3	4.1	4.3	3.7	23.0
Self-employed	3.1	4.9	4.5	4.4	4.4	4.1	57.1
Total	3.4	4.6	4.3	4.2	4.3	3.6	20.3
<hr/>							
Denmark							
Full-time	3.1	4.1	3.5	3.2	4.6	3.4	27.0
Part-time	3.0	4.1	3.4	3.2	4.5	3.5	24.7
Fixed-term	2.9	3.7	3.5	3.3	4.6	3.4	29.7
Self-employed	3.6	3.6	3.4	3.1	4.7	4.2	26.7
Total	3.1	4.0	3.5	3.2	4.6	3.4	27.0
<hr/>							
Sweden							
Full-time	3.1	4.5	3.9	3.4	4.5	3.7	37.9
Part-time	3.3	4.5	3.7	3.3	4.4	3.7	26.7
Fixed-term	2.7	4.2	3.7	3.3	4.5	3.8	43.1
Self-employed	3.6	3.9	3.5	3.3	4.4	3.9	44.8
Total	3.1	4.4	3.8	3.4	4.5	3.8	37.0
<hr/>							
Norway							
Full-time	3.1	4.5	3.8	3.5	4.5	3.5	31.1
Part-time	3.1	4.6	3.6	3.3	4.4	3.6	18.2

(continued)

Table 12.2 (continued)

Importance of . . .	Work	Job security	High earnings	Oppty. for promotion	Interest-ing work	Flexible hours	Percent involuntary
Fixed-term	3.1	4.3	3.6	3.5	4.6	3.4	19.4
Self-employed	3.5	4.2	3.6	3.2	4.4	3.7	52.9
Total	3.2	4.5	3.7	3.4	4.5	3.5	30.8

SOURCE: 1997 ISSP data.

berg 1995). The mean levels of work involvement are higher for part-time than for full-time workers in Sweden, Japan, and France (Table 12.2), although this difference is statistically significant only in Sweden when we control for the background demographic variables and occupational differences (Table 12.3). Only in Spain are part-time workers significantly less likely than full-time workers to regard work as a central life interest once we control for demographic and occupational differences.

Self-employed persons are more likely than full-time employees to regard work as a central life interest (except in Spain; Table 12.2), but this gap is statistically significant only in Sweden and (at $p < 0.10$) in Norway and Italy (Table 12.3).

Fixed-term workers in Italy, France, and Norway are significantly more likely than full-time workers to regard work as a central life interest (Table 12.2). Fixed-term employees in West Germany, the Netherlands, Spain, Denmark, and Sweden are less likely to be involved in work than full-time workers (Table 12.2), but these differences are not statistically significant when demographic and occupational variables are controlled for (Table 12.3).

Importance of Job Facets

Individuals value different things about their work. Some persons place primary importance on money, or extrinsic rewards. Others find more meaning in jobs that are intrinsically satisfying. Still others see a job as a stepping-stone to other, more highly rewarding jobs. This section examines whether employees in nonstandard work arrangements value different aspects of their jobs differently than full-time workers.

Job security

Part-time workers are significantly less likely to place high importance on job security than full-time workers in the United States, West Germany, Great Britain, Italy, and Spain; part-time workers are more likely than full-time workers in the Netherlands to value job security (Table 12.3). Self-employed persons are significantly less likely to value job security than are regular full-time employees in all countries except Great Britain, Spain, and Japan (Table 12.3). Fixed-term employees are significantly less likely than regular full-time workers in

Table 12.3 Regressions of Work Values on Job Status^a

Dependent variable = Importance of . . .	Work	Job security	High earnings	Oppty. for promotion	Interesting work	Flexible hours	Involuntary ^b
United States							
Part-time	-0.13	-0.17**	-0.21***	-0.04	0.08	0.05	1.92***
Fixed-term	0.00	-0.07	0.12	-0.07	0.10	0.01	0.68
Self-employed	0.11	-0.27***	0.01	-0.05	0.10	0.29***	1.24
<i>N</i> =	817	808	806	801	806	800	816
Adj. <i>R</i> ² =	0.011	0.023	0.022	0.035	0.013	0.021	0.059
Japan							
Part-time	0.18	-0.07	-0.20*	0.02	0.00	0.18	2.67**
Fixed-term	0.06	0.14*	-0.12	-0.07	-0.05	-0.09	1.28
Self-employed	0.19	0.08	0.00	0.16	0.10	0.28**	5.85***
<i>N</i> =	724	714	723	708	725	721	672
Adj. <i>R</i> ² =	0.109	0.019	0.024	0.025	0.015	0.028	0.121
West Germany							
Part-time	-0.18	-0.15*	-0.14	-0.01	0.08**	0.19	0.12***
Fixed-term	0.01	-0.10	-0.14	0.12	0.08	-0.01	0.95
Self-employed	0.06	-0.28***	-0.39***	-0.02	0.07*	0.33**	1.35
<i>N</i> =	603	627	620	611	624	607	629
Adj. <i>R</i> ² =	0.057	0.036	0.027	0.001	0.051	0.015	0.156
Great Britain							
Part-time	0.04	-0.25***	-0.16	-0.03	-0.01	0.19	0.19***
Fixed-term	0.21	-0.11	-0.06	0.05	0.08	-0.02	0.65
Self-employed	0.12	-0.10	-0.12	-0.12	0.02	0.32***	1.15

Table 12.2 Mean Work Values by Job Status and Country

Importance of . . .	Work	Job security	High earnings	Oppty. for promotion	Interest-ing work	Flexible hours	Percent involuntary
United States							
Full-time	2.6	4.6	4.0	4.2	4.4	3.6	28.1
Part-time	2.5	4.4	3.8	4.2	4.5	3.7	43.2
Fixed-term	2.6	4.5	4.1	4.1	4.6	3.6	22.2
Self-employed	2.8	4.3	4.0	4.2	4.5	3.8	32.7
Total	2.6	4.5	4.0	4.2	4.5	3.6	30.3
Japan							
Full-time	3.7	4.0	4.0	2.8	4.0	3.4	15.4
Part-time	4.1	3.9	3.7	2.6	3.9	3.6	22.6
Fixed-term	3.8	4.2	3.8	2.8	3.9	3.3	16.9
Self-employed	4.4	4.1	4.0	2.9	4.0	3.7	39.5
Total	4.0	4.1	3.9	2.8	4.0	3.5	22.8
West Germany							
Full-time	2.9	4.7	3.9	3.8	4.5	3.3	27.3
Part-time	2.8	4.6	3.7	3.7	4.4	3.5	9.6
Fixed-term	2.7	4.6	3.8	3.9	4.6	3.4	25.8
Self-employed	3.1	4.3	3.5	3.7	4.6	3.6	35.5
Total	2.9	4.6	3.8	3.8	4.5	3.4	26.2
Great Britain							
Full-time	2.5	4.7	3.9	4.0	4.5	3.2	30.9

(continued)

Table 12.2 (continued)

Importance of . . .	Work	Job security	High earnings	Oppty. for promotion	Interest-ing work	Flexible hours	Percent involuntary
Part-time	2.5	4.5	3.7	3.8	4.4	3.5	15.2
Fixed-term	2.6	4.6	3.8	4.0	4.5	3.3	30.2
Self-employed	2.7	4.5	3.8	3.8	4.4	3.5	32.9
Total	2.5	4.6	3.9	3.9	4.4	3.3	28.8
Netherlands							
Full-time	2.8	4.2	3.6	4.0	4.4	3.4	19.3
Part-time	2.7	4.2	3.5	3.8	4.3	3.7	28.0
Fixed-term	2.7	4.2	3.5	3.9	4.4	3.6	22.5
Self-employed	NA	NA	NA	NA	NA	NA	NA
Total	2.8	4.2	3.6	3.9	4.4	3.6	23.0
France							
Full-time	3.0	4.5	3.9	3.8	4.7	3.6	52.7
Part-time	3.1	4.6	3.8	3.5	4.6	4.0	22.1
Fixed-term	3.2	4.5	3.8	3.6	4.6	3.6	33.3
Self-employed	3.5	4.2	3.8	3.6	4.7	3.9	58.3
Total	3.1	4.5	3.9	3.8	4.7	3.7	47.1
Italy							
Full-time	3.0	4.6	4.1	3.9	4.4	3.8	34.4
Part-time	2.9	4.3	3.8	3.9	4.5	3.9	30.8
Fixed-term	3.4	4.7	4.1	3.9	4.5	3.6	39.5

Self-employed	3.2	4.4	4.0	3.9	4.6	4.2	38.2
Total	3.1	4.6	4.1	3.9	4.5	3.9	35.8
<hr/>							
Spain							
Full-time	3.5	4.7	4.3	4.2	4.3	3.6	11.9
Part-time	2.9	4.5	4.3	4.1	4.1	3.9	50.0
Fixed-term	3.3	4.6	4.3	4.1	4.3	3.7	23.0
Self-employed	3.1	4.9	4.5	4.4	4.4	4.1	57.1
Total	3.4	4.6	4.3	4.2	4.3	3.6	20.3
<hr/>							
Denmark							
Full-time	3.1	4.1	3.5	3.2	4.6	3.4	27.0
Part-time	3.0	4.1	3.4	3.2	4.5	3.5	24.7
Fixed-term	2.9	3.7	3.5	3.3	4.6	3.4	29.7
Self-employed	3.6	3.6	3.4	3.1	4.7	4.2	26.7
Total	3.1	4.0	3.5	3.2	4.6	3.4	27.0
<hr/>							
Sweden							
Full-time	3.1	4.5	3.9	3.4	4.5	3.7	37.9
Part-time	3.3	4.5	3.7	3.3	4.4	3.7	26.7
Fixed-term	2.7	4.2	3.7	3.3	4.5	3.8	43.1
Self-employed	3.6	3.9	3.5	3.3	4.4	3.9	44.8
Total	3.1	4.4	3.8	3.4	4.5	3.8	37.0
<hr/>							
Norway							
Full-time	3.1	4.5	3.8	3.5	4.5	3.5	31.1
Part-time	3.1	4.6	3.6	3.3	4.4	3.6	18.2

(continued)

Table 12.2 (continued)

Importance of . . .	Work	Job security	High earnings	Oppty. for promotion	Interest-ing work	Flexible hours	Percent involuntary
Fixed-term	3.1	4.3	3.6	3.5	4.6	3.4	19.4
Self-employed	3.5	4.2	3.6	3.2	4.4	3.7	52.9
Total	3.2	4.5	3.7	3.4	4.5	3.5	30.8

SOURCE: 1997 ISSP data.

Table 12.3 Regressions of Work Values on Job Status^a

Dependent variable = Importance of . . .	Work	Job security	High earnings	Oppty. for promotion	Interesting work	Flexible hours	Involuntary ^b
United States							
Part-time	-0.13	-0.17**	-0.21***	-0.04	0.08	0.05	1.92***
Fixed-term	0.00	-0.07	0.12	-0.07	0.10	0.01	0.68
Self-employed	0.11	-0.27***	0.01	-0.05	0.10	0.29***	1.24
<i>N</i> =	817	808	806	801	806	800	816
Adj. <i>R</i> ² =	0.011	0.023	0.022	0.035	0.013	0.021	0.059
Japan							
Part-time	0.18	-0.07	-0.20*	0.02	0.00	0.18	2.67**
Fixed-term	0.06	0.14*	-0.12	-0.07	-0.05	-0.09	1.28
Self-employed	0.19	0.08	0.00	0.16	0.10	0.28**	5.85***
<i>N</i> =	724	714	723	708	725	721	672
Adj. <i>R</i> ² =	0.109	0.019	0.024	0.025	0.015	0.028	0.121
West Germany							
Part-time	-0.18	-0.15*	-0.14	-0.01	0.08**	0.19	0.12***
Fixed-term	0.01	-0.10	-0.14	0.12	0.08	-0.01	0.95
Self-employed	0.06	-0.28***	-0.39***	-0.02	0.07*	0.33**	1.35
<i>N</i> =	603	627	620	611	624	607	629
Adj. <i>R</i> ² =	0.057	0.036	0.027	0.001	0.051	0.015	0.156
Great Britain							
Part-time	0.04	-0.25***	-0.16	-0.03	-0.01	0.19	0.19***
Fixed-term	0.21	-0.11	-0.06	0.05	0.08	-0.02	0.65
Self-employed	0.12	-0.10	-0.12	-0.12	0.02	0.32***	1.15

<i>N</i> =	523	539	535	535	535	534	540
Adj. <i>R</i> ² =	0.015	0.013	0.026	0.024	0.046	0.030	0.120
Netherlands							
Part-time	-0.03	0.12*	-0.05	-0.03	0.06	0.17*	1.95***
Fixed-term	-0.06	0.09	-0.08	-0.03	0.05	0.05	1.27
Self-employed	NA	NA	NA	NA	NA	NA	NA
<i>N</i> =	1204	662	651	646	381	1146	1063
Adj. <i>R</i> ² =	0.036	0.042	0.039	0.031	0.049	0.028	0.034
France							
Part-time	0.08	-0.09	-0.12	-0.32***	-0.03	0.23	0.17***
Fixed-term	0.32**	-0.15*	-0.23**	-0.26**	-0.01	-0.11	0.37***
Self-employed	0.36	-0.37***	-0.17	-0.29*	0.04	0.29	1.69
<i>N</i> =	687	689	679	676	686	673	693
Adj. <i>R</i> ² =	0.080	0.085	0.012	0.031	0.015	0.024	0.129
Italy							
Part-time	0.17	-0.30**	-0.31*	-0.02	0.06	0.00	0.48
Fixed-term	0.50**	0.12	-0.05	0.03	0.09	-0.26	0.97
Self-employed	0.25*	-0.22***	-0.11	0.01	0.16***	0.34***	1.10
<i>N</i> =	476	475	475	473	476	473	474
Adj. <i>R</i> ² =	0.041	0.071	0.032	0.021	0.046	0.047	0.085
Spain							
Part-time	-0.616***	-0.19*	0.16	-0.11	-0.05	0.47**	6.65***
Fixed-term	-0.128	-0.06	0.02	-0.10	0.04	0.19	1.69
Self-employed	-0.522	0.15	0.25	0.16	0.15	0.54*	13.75***
<i>N</i> =	388	392	391	391	391	387	392
Adj. <i>R</i> ² =	0.044	0.003	0.005	-0.012	0.051	0.018	0.200

(continued)

<i>N</i> =	523	539	535	535	535	534	540
Adj. <i>R</i> ² =	0.015	0.013	0.026	0.024	0.046	0.030	0.120
Netherlands							
Part-time	-0.03	0.12*	-0.05	-0.03	0.06	0.17*	1.95***
Fixed-term	-0.06	0.09	-0.08	-0.03	0.05	0.05	1.27
Self-employed	NA	NA	NA	NA	NA	NA	NA
<i>N</i> =	1204	662	651	646	381	1146	1063
Adj. <i>R</i> ² =	0.036	0.042	0.039	0.031	0.049	0.028	0.034
France							
Part-time	0.08	-0.09	-0.12	-0.32***	-0.03	0.23	0.17***
Fixed-term	0.32**	-0.15*	-0.23**	-0.26**	-0.01	-0.11	0.37***
Self-employed	0.36	-0.37***	-0.17	-0.29*	0.04	0.29	1.69
<i>N</i> =	687	689	679	676	686	673	693
Adj. <i>R</i> ² =	0.080	0.085	0.012	0.031	0.015	0.024	0.129
Italy							
Part-time	0.17	-0.30**	-0.31*	-0.02	0.06	0.00	0.48
Fixed-term	0.50**	0.12	-0.05	0.03	0.09	-0.26	0.97
Self-employed	0.25*	-0.22***	-0.11	0.01	0.16***	0.34***	1.10
<i>N</i> =	476	475	475	473	476	473	474
Adj. <i>R</i> ² =	0.041	0.071	0.032	0.021	0.046	0.047	0.085
Spain							
Part-time	-0.616***	-0.19*	0.16	-0.11	-0.05	0.47**	6.65***
Fixed-term	-0.128	-0.06	0.02	-0.10	0.04	0.19	1.69
Self-employed	-0.522	0.15	0.25	0.16	0.15	0.54*	13.75***
<i>N</i> =	388	392	391	391	391	387	392
Adj. <i>R</i> ² =	0.044	0.003	0.005	-0.012	0.051	0.018	0.200

(continued)

Dependent variable = Importance of . . .	Work	Job security	High earnings	Oppty. for promotion	Interesting work	Flexible hours	Involuntary ^b
Denmark							
Part-time	-0.053	-0.09	-0.08	0.06	-0.10	0.01	0.60*
Fixed-term	0.017	-0.40***	0.00	0.13	0.01	0.10	1.51
Self-employed	0.358	-0.50***	-0.24	-0.17	0.15	0.92***	1.08
<i>N</i> =	625	623	625	625	625	623	625
Adj. <i>R</i> ² =	0.062	0.064	0.008	0.057	0.041	0.049	0.053
Sweden							
Part-time	0.24**	-0.11	-0.19*	-0.12	-0.14**	0.03	0.38***
Fixed-term	-0.20	-0.28***	-0.28***	-0.26**	-0.07	-0.01	1.02
Self-employed	0.32**	-0.63***	-0.32***	-0.12	0.00	0.14	1.63**
<i>N</i> =	750	773	769	765	772	769	786
Adj. <i>R</i> ² =	0.114	0.157	0.034	0.046	0.073	0.030	0.072
Norway							
Part-time	0.003	-0.09	-0.15**	-0.13	-0.04	0.06	0.21***
Fixed-term	0.000**	-0.22***	-0.14**	-0.01	0.09**	-0.17**	0.39***
Self-employed	0.000*	-0.34***	-0.26***	-0.24***	-0.03	0.30***	3.42***
<i>N</i> =	1406	1433	1425	1413	1427	1423	1432
Adj. <i>R</i> ² =	0.079	0.085	0.023	0.045	0.038	0.032	0.192

* $p \leq 0.10$; ** $p \leq 0.05$; *** $p \leq 0.01$.

^a Unstandardized coefficients are presented.

^b The last column reports odds ratios from logistic regressions and the Nagelkerke R^2 . All the other coefficients are unstandardized OLS estimates. All models control for sex, age, education, and occupation (except the model for the Netherlands, which does not include variables for occupation). The Nagelkerke R^2 is a measure of the strength of association in a logistic regression model (see N.J.D. Nagelkerke, 1991. "A Note on a General Definition of the Coefficient of Determination." *Biometrika* 78(3): 691-692. There is, however, no widely accepted direct analog to OLS regression's R^2 in a logistic regression. SOURCE: 1997 ISSP data.

Denmark, Norway, Sweden, and France, to value job security, but they are more likely to value job security in Japan (Table 12.3).

Earnings

Full-time workers are more likely to place greater importance on high income than part-time workers in all countries except Spain (Table 12.2). The differences between part- and full-time workers remain statistically significant in the United States, Japan, Italy, Sweden, and Norway once we control for demographic characteristics and occupational differences (Table 12.3).

Fixed-term employees in France, Sweden, and Norway are significantly less likely to value high income; only in West Germany, Sweden, and Norway are self-employed persons significantly less likely than full-time employees to value high income (Table 12.3).

Opportunities for promotion

Individuals in the four work arrangements do not appear to differ much in the importance they place on opportunities for promotion. Part-time workers place less value on opportunities for promotion than full-time workers in Japan, West Germany, Great Britain, the Netherlands, France, Spain, Sweden, and Norway (Table 12.2), although only in France are these differences statistically significant once we control for demographic characteristics and occupational groups (Table 12.3). In addition only in France and Sweden do fixed-term employees place significantly less importance than full-time workers on opportunities for promotion (Table 12.3).

Interesting work

There are also relatively few differences among workers in terms of the importance placed on interesting work. Part-time workers value interesting work significantly more than full-time workers only in West Germany and they value it less only in Sweden. Self-employed persons in West Germany and Italy are significantly more likely to value interesting work. Fixed-term and full-time employees differ in the importance they place on having interesting work only in Norway (fixed-term workers value this more; Table 12.3).

Flexible hours

Part-time workers are more likely than full-time workers to value flexible hours in all countries except Sweden (Table 12.2), but only in the Netherlands, France, and Spain is this difference statistically significant once we control for demographic characteristics and occupation (Table 12.3). Self-employed persons value flexible work more highly than regular full-time workers in all countries (Table 12.2); this difference remains statistically significant after controlling for the background demographic variables and occupation in all countries except France and Sweden (Table 12.3). This pattern is consistent with the view that workers (especially women with children) often become self-employed to have greater flexibility in their schedules (Boden 1999). Full-time and fixed-term employees do not differ significantly in the importance they place on flexible hours except in Norway (where fixed-term employees value flexible hours less; Table 12.3).

Working Voluntarily versus Involuntarily

Individuals may choose or be constrained to work in the various types of work arrangements. Research on this issue, of course, is hampered by the ambiguity of what is meant by “voluntary” behavior.

We coded respondents as working voluntarily or involuntarily differently in the various work arrangements. Self-employed persons were coded as involuntary if they said that they would rather work for someone else as opposed to being self-employed. Full-time workers were coded as involuntary if they said that they would rather work part-time, while part-time workers were coded as involuntary if they said that they preferred to work full-time. Unfortunately, we do not have a measure of whether fixed-term workers chose temporary work arrangements involuntarily. Thus, for fixed-term employees, we created a measure of involuntary status based on their part-time/full-time status. The resulting estimates for fixed-term employees are somewhat lower than we would expect based on a conventional understanding of involuntary employment given that most fixed-term employees do not likely choose fixed-term work. For example, data from the Current Population Surveys (CPS) in the United States indicate that people tend to work in temporary jobs involuntarily in the sense that they would prefer to work in standard work arrangements.⁴

Workers in the United States are especially likely to say they are working part-time involuntarily. Our results suggest that 43.2 percent of part-time workers in the United States are involuntary, a little higher than estimates based on data from the Bureau of Labor Statistics (BLS), which indicate that about one-third of part-time workers in 1993 preferred a full-time job. Our estimate of involuntary full-time employment in the United States (28.1 percent) is also higher than the estimate from BLS data of the full-time workers who prefer part-time jobs (about 10 percent in 1985; see Tilly 1996). Fifty percent of the part-time workers in Spain and 30.8 percent of part-time workers in Italy also say that they would prefer a full-time job (Table 12.2). Relatively few part-time workers in West Germany (9.6 percent) and Great Britain (15.2 percent) say they would prefer a full-time job. On the other hand, more than half the full-time employees in France say they would prefer a part-time job. Part-time workers in the United States, Japan, the Netherlands, and Spain are significantly more likely to desire a change in work status than full-time employees. In Italy, part-time workers and full-time workers are equally likely to desire a change in work status. In all the other countries, workers seem to prefer part-time work: a larger percentage of full-time workers desire part-time work than vice versa (Table 12.3).

More than one-quarter of self-employed persons in each country say that they would prefer to work for someone else (Table 12.2); the highest percentages (more than half of such persons) are in Spain, Norway, and France. Approximately 40 percent of self-employed persons in Sweden and Japan say they would rather work for someone else. In some cases, these relatively high rates of involuntary self-employment may reflect poor economic conditions. For example, in Japan, a significant portion of unemployment is likely to be disguised as self-employment. Given the prolonged recession in that country, the Japanese have a tendency to dismiss (retire) older workers and hire them back as low-paid consultants.

JOB REWARDS

Job rewards refers to the benefits and utilities that people obtain from their jobs. Most research on nonstandard work and job rewards focuses on earnings and has shown that part-time workers and temporaries generally earn less than regular full-time workers and they receive fewer fringe benefits. However, workers may also seek other, noneconomic benefits from their jobs. These include intrinsic rewards obtained from jobs that are interesting, meaningful, and challenging; opportunities for promotion and career advancement; job security; and flexibility in setting one's own hours.

Table 12.4 presents mean levels of job rewards for each work arrangement in each of the 11 countries. Table 12.5 presents results for regression models that estimate differences in these measures of job rewards between full-time workers, on the one hand, and part-time, fixed-term, and self-employed persons, on the other, controlling for the importance the person places on the reward, along with his or her gender, age, education, and occupation (similar to Equation 1).

Perception of pay

Full-time employees perceive that their pay is high compared with part-time workers in each country (Table 12.4), although the gap is statistically significant only in West Germany, the Netherlands, Spain, and Sweden (Table 12.5). Full-time workers are more likely than fixed-term employees to perceive that their pay is good in all countries, except Japan (Tables 12.4 and 12.5) and Norway (Table 12.5). Full-time employees are significantly more likely than self-employed persons in Japan, West Germany, and Sweden to perceive that their pay is high (Table 12.5).

Job security

The differences between part-time and full-time employees in their perceived job security are not large. Part-time workers are less likely than full-time workers in Japan, West Germany, the Netherlands, Italy, Spain, Sweden, and Norway to report that their job security is good (Table 12.4), but only in Italy is this difference statistically significant once we control for the background demographic variables and occu-

Table 12.4 Mean Reported Level of Job Rewards by Job Status and Country

Reported level of . . .	Fear of losing job	Job security	Earnings	Opportunity for promotion	Interesting job	Ability to set hours
United States						
Full-time	1.7	3.8	2.8	2.9	3.8	1.5
Part-time	1.5	3.8	2.5	2.7	3.7	1.6
Fixed-term	1.9	3.5	2.5	2.8	3.8	1.4
Self-employed	1.5	3.8	3.0	3.2	4.2	2.3
Total	1.6	3.8	2.7	2.9	3.8	1.6
Japan						
Full-time	1.7	3.8	2.5	2.2	3.5	1.3
Part-time	1.5	3.7	2.3	1.3	3.4	1.3
Fixed-term	1.6	3.9	2.7	2.2	3.6	1.3
Self-employed	1.6	4.1	2.6	2.1	3.9	2.3
Total	1.6	3.9	2.6	2.1	3.6	1.6
West Germany						
Full-time	2.0	4.0	3.0	2.6	4.0	1.5
Part-time	1.7	3.9	2.4	2.0	3.8	1.7
Fixed-term	2.7	2.5	2.3	2.5	4.1	1.4
Self-employed	1.9	3.6	2.8	2.6	4.4	2.5
Total	2.0	3.8	2.8	2.5	4.1	1.6
Great Britain						
Full-time	2.0	3.4	2.6	2.7	3.7	1.5
Part-time	1.7	3.6	2.2	2.4	3.7	1.5

(continued)

Table 12.4 (continued)

Reported level of . . .	Fear of losing job	Job security	Earnings	Opportunity for promotion	Interesting job	Ability to set hours
Fixed-term	2.1	3.2	2.1	2.5	3.7	1.4
Self-employed	1.9	3.0	2.6	2.5	4.0	2.2
Total	2.0	3.3	2.5	2.6	3.7	1.6
Netherlands						
Full-time	1.5	3.8	3.0	2.9	3.9	1.6
Part-time	1.5	3.7	2.6	2.5	3.7	1.6
Fixed-term	1.6	3.5	2.7	2.8	3.8	1.5
Self-employed	NA	NA	NA	NA	NA	NA
Total	1.5	3.7	2.8	2.7	3.8	1.6
France						
Full-time	1.9	3.4	2.6	2.4	4.0	1.6
Part-time	1.9	3.5	2.3	2.1	3.8	1.6
Fixed-term	2.5	2.4	2.1	2.1	3.9	1.4
Self-employed	2.0	3.0	2.7	2.4	4.3	2.4
Total	2.0	3.3	2.5	2.3	3.9	1.6
Italy						
Full-time	1.8	4.0	2.9	2.5	3.7	1.4
Part-time	1.8	2.7	2.4	2.3	3.6	1.8
Fixed-term	2.3	3.2	2.5	2.1	3.4	1.3
Self-employed	1.9	3.3	2.9	2.7	4.2	2.3
Total	1.9	3.6	2.8	2.5	3.8	1.7
Spain						
Full-time	2.4	3.8	2.7	2.5	3.7	1.5

Part-time	2.6	3.4	2.0	1.6	3.3	1.6
Fixed-term	3.0	2.8	2.3	2.4	3.4	1.2
Self-employed	2.8	3.1	2.5	2.0	4.1	2.5
Total	2.6	3.5	2.5	2.4	3.6	1.5
<hr/>						
Denmark						
Full-time	1.5	4.2	3.2	2.5	4.4	1.6
Part-time	1.5	4.4	2.8	2.3	4.3	1.5
Fixed-term	1.6	3.5	2.6	2.4	4.4	1.6
Self-employed	1.6	4.3	3.4	2.5	4.8	2.6
Total	1.5	4.2	3.1	2.5	4.4	1.7
<hr/>						
Sweden						
Full-time	1.8	3.7	2.7	2.7	3.9	1.7
Part-time	1.9	3.5	2.1	2.3	3.7	1.7
Fixed-term	2.1	2.2	2.2	2.5	3.8	1.7
Self-employed	1.6	3.1	2.6	2.9	4.2	2.5
Total	1.8	3.5	2.5	2.7	3.9	1.8
<hr/>						
Norway						
Full-time	1.4	3.9	2.6	2.5	3.9	1.5
Part-time	1.5	3.8	2.1	2.0	3.6	1.4
Fixed-term	1.7	3.3	2.3	2.5	3.9	1.4
Self-employed	1.5	3.5	2.6	2.3	4.1	2.4
Total	1.5	3.8	2.5	2.5	3.9	1.6

SOURCE: 1997 ISSP data.

pational differences (Table 12.5). Part-time workers are significantly more likely than full-time workers in Great Britain and Denmark to perceive that their job security is good (at $p \leq 0.10$; Table 12.5). Part-time workers are significantly less likely than full-time employees in the United States, West Germany, and Great Britain to worry about the possibility of losing their jobs (Table 12.5).

Fixed-term employees perceive that they have significantly less job security than regular full-time workers in the United States, West Germany, the Netherlands, France, Italy, Spain, Denmark, Sweden, and Norway (Table 12.5). In Japan, the mean of perceived job security is slightly higher for fixed-term relative to full-time employees (Table 12.4), but this difference is not statistically significant (Table 12.5). Fixed-term employees are also significantly more likely than regular full-time workers in West Germany, France, Italy, Spain, Sweden, and Norway to worry about the possibility of losing their jobs (Table 12.5).

Self-employed persons perceive that they have significantly less job security than full-time workers in West Germany, Great Britain, Italy, Spain, Sweden, and Norway. In Japan, self-employed persons perceive that they have more job security—and are less likely to worry about losing their jobs—than full-time workers (Table 12.5).

Opportunities for promotion

Part-time workers are significantly less likely than full-time workers in the United States, Japan, West Germany, the Netherlands, Spain, Sweden, and Norway to perceive that they have good opportunities for advancement within their organizations (Table 12.5). Fixed-term employees perceive that they have lower promotion possibilities than full-time employees in West Germany, France, Italy, and Sweden (Table 12.5). Self-employed persons perceive that they have significantly better opportunities for promotion than full-time workers only in the United States and Sweden, and they report lower opportunities for promotion in Japan, Spain, and Norway (Table 12.5), though the meaning of promotion is somewhat ambiguous for self-employed persons.

Interesting work

In all countries except Spain, self-employed persons are more likely than regular full-time workers to believe that their jobs are interesting (Table 12.5). This undoubtedly reflects the greater control over work

Table 12.5 OLS Regressions of Job Rewards on Job Status and Work Values^a

Dependent variable = Self-reported . . .	Fear of losing job	Job security	Earnings	Oppty. for promotion	Interesting job	Ability to set hours
United States						
Part-time	-0.17*	-0.03	-0.16	-0.19*	-0.03	0.14**
Fixed-term	0.17	-0.34***	-0.37***	-0.16	-0.11	-0.13*
Self-employed	-0.14	0.01	0.08	0.28***	0.43***	0.78***
Valuation of reward	0.03	0.10*	0.15***	0.15***	0.18***	0.00
<i>N</i> =	792	780	780	772	782	782
Adj. <i>R</i> ² =	0.007	0.010	0.078	0.079	0.083	0.233
Japan						
Part-time	-0.10	-0.20	-0.31	-0.47***	0.05	0.28***
Fixed-term	-0.06	0.06	0.10	-0.01	0.05	0.04
Self-employed	-0.26**	0.42**	-0.50***	-0.28**	0.40**	1.21***
Valuation of reward	-0.03	0.14**	0.03	0.25***	0.43***	0.10***
<i>N</i> =	714	685	661	669	715	713
Adj. <i>R</i> ² =	0.040	0.027	0.045	0.181	0.112	0.383
West Germany						
Part-time	-0.29**	0.03	-0.32**	-0.26*	0.12	0.21***
Fixed-term	0.72***	-1.35***	-0.52***	-0.31*	0.12	-0.08
Self-employed	-0.14	-0.35**	-0.31**	0.02	0.11*	0.83***
Valuation of reward	0.04	0.10	0.14***	0.38***	0.06***	0.09***
<i>N</i> =	600	602	604	586	615	601
Adj. <i>R</i> ² =	0.062	0.133	0.193	0.207	0.149	0.286

Great Britain						
Part-time	-0.34**	0.30*	-0.08	0.02	0.03	0.10
Fixed-term	0.07	-0.17	-0.43***	-0.05	-0.02	-0.01
Self-employed	-0.13	-0.40***	0.02	-0.02	0.35***	0.73***
Valuation of reward	0.03	0.11	0.10*	0.23***	0.23***	0.10***
<i>N</i> =	520	531	527	516	527	528
Adj. <i>R</i> ² =	0.006	0.044	0.090	0.114	0.096	0.228
Netherlands						
Part-time	-0.06	-0.09	-0.26***	-0.24***	-0.14**	0.03
Fixed-term	0.09	-0.18**	-0.15*	-0.10	-0.06	-0.12**
Self-employed	NA	NA	NA	NA	NA	NA
Valuation of reward	-0.01	0.01	0.06	0.12***	0.30***	0.05***
<i>N</i> =	1056	1026	1034	1034	1049	1058
Adj. <i>R</i> ² =	0.003	0.006	0.070	0.069	0.064	0.047
France						
Part-time	-0.14	0.04	-0.14	-0.06	-0.14	0.07
Fixed-term	0.54***	-1.05***	-0.43***	-0.26**	-0.03	-0.12
Self-employed	-0.03	-0.18	0.10	0.10	0.42***	0.76***
Valuation of reward	0.01	0.16**	-0.06	0.09**	0.27***	0.02
<i>N</i> =	670	677	669	656	679	667
Adj. <i>R</i> ² =	0.099	0.120	0.152	0.115	0.113	0.178

Table 12.5 (continued)

Dependent variable = Self-reported . . .	Fear of losing job	Job security	Earnings	Oppty. for promotion	Interesting job	Ability to set hours
Italy						
Part-time	0.05	-1.11***	-0.22	-0.12	0.02	0.39***
Fixed-term	0.44**	-0.77***	-0.28*	-0.34*	-0.32*	-0.07
Self-employed	0.01	-0.64***	0.08	0.17	0.60***	0.96***
Valuation of reward	-0.01	0.24***	0.08	0.16**	0.19**	0.05*
<i>N</i> =	459	471	474	468	476	472
Adj. <i>R</i> ² =	0.055	0.145	0.068	0.076	0.141	0.416
Spain						
Part-time	0.18	0.02	-0.50***	-0.56***	-0.09	0.16
Fixed-term	0.49***	-0.77***	-0.30**	-0.04	-0.23*	-0.25***
Self-employed	0.43	-0.85**	-0.18	-0.49*	0.39	0.84***
Valuation of reward	0.00	0.08	0.03	-0.07	0.10	0.10***
<i>N</i> =	378	388	388	382	389	386
Adj. <i>R</i> ² =	0.064	0.186	0.102	0.110	0.122	0.162
Denmark						
Part-time	0.07	0.23*	-0.06	-0.17	0.00	-0.07
Fixed-term	0.08	-0.80***	-0.46***	-0.11	0.10	0.02
Self-employed	0.08	0.10	0.02	0.30	0.29**	0.77***
Valuation of reward	-0.01	0.15***	0.20***	0.33***	0.38***	0.13***
<i>N</i> =	622	617	625	622	625	623
Adj. <i>R</i> ² =	0.005	0.063	0.115	0.183	0.189	0.249

Sweden						
Part-time	0.04	-0.14	-0.30***	-0.25**	-0.18**	-0.01
Fixed-term	0.42***	-1.46***	-0.50***	-0.25**	-0.08	-0.08
Self-employed	-0.16	-0.68***	-0.20*	0.31***	0.40***	0.77***
Valuation of reward	0.02	-0.03	-0.07	0.18***	0.21***	0.08***
<i>N</i> =	748	751	760	741	766	765
Adj. <i>R</i> ² =	0.034	0.137	0.174	0.132	0.148	0.234
Norway						
Part-time	0.07	-0.07	-0.15	-0.22*	-0.21***	0.03
Fixed-term	0.29***	-0.67***	-0.11	0.01	0.04	-0.03
Self-employed	-0.04	-0.23**	-0.08	-0.15*	0.28***	0.79***
Valuation of reward	0.04**	0.19***	0.07**	0.19***	0.31***	0.11***
<i>N</i> =	1363	1399	1419	1379	1416	1413
Adj. <i>R</i> ² =	0.043	0.089	0.117	0.153	0.143	0.287

* $p \leq 0.10$; ** $p \leq 0.05$; *** $p \leq 0.01$.

^a The data are unstandardized coefficients from equations that control for sex, age, education, and occupation. The models for the Netherlands do not control for occupation.

SOURCE: 1997 ISSP data.

and “being the boss” that accompanies self-employment. Only in the Netherlands, Sweden, and Norway are part-time workers significantly less likely than full-time workers to perceive that their jobs are interesting (Table 12.5). Only in Italy and Spain are fixed-term employees less likely than regular full-time workers to believe that their jobs are interesting (at $p \leq 0.10$; Table 12.5).

Control over work schedule

Part-time workers are significantly more likely than full-time workers in the United States, Japan, West Germany, and Italy to believe that they can decide when they start and finish work (Table 12.5).⁵ In contrast, fixed-term employees believe that they have significantly less control over their schedule than full-time workers (Table 12.4), but this gap is statistically significant only in the United States, the Netherlands, and Spain (Table 12.5). Self-employed persons perceive that they have significantly more control over their work schedules than full-time workers in all the countries, again reflecting the greater control over work in general that is enjoyed by the self-employed (Table 12.5).

The regression analyses reported in Table 12.5 included as a regressor the degree of importance the respondent placed on the reward. Thus, any differences between full-time workers and the various categories of nonstandard work are not because of differences in the valuation of these job rewards.⁶ Valuation of a particular reward was significantly (positively) related to the job reward in 41 of 66 regressions. This suggests that workers tend to have jobs that correspond to their values, although the exact mechanism by which this occurs is ambiguous; this could occur, for example, if people select (or are otherwise sorted into) jobs that have characteristics that they believe are important, or if people tend to value what they are already receiving.

WORK ATTITUDES AND BEHAVIORS

We examine two kinds of outcomes. First, we study work attitudes that reflect the worker’s overall affective evaluation of the job (job sat-

isfaction) and the degree of perceived stress in the job. A large research literature has established that both of these work-related attitudes are linked to a wide variety of nonwork outcomes, such as psychological and physical well-being. Second, we examine work attitudes and behaviors that are important for the organization and its performance: the degree to which the worker is committed to the organization (defined as identifying with the organization's goals, intending to remain with the organization, and willingness to work hard in the organization's behalf); and the extent to which the worker is absent from work (self-reported). Table 12.6 presents the means of each of these dependent variables, separately by work arrangement and country.

To examine differences among work arrangements in these outcomes, we estimate two models. First, we estimate a slightly modified version of Equation 1 that also controls for involuntary status (Equation 2). This determines whether there are differences in these worker outcomes among the various types of nonstandard work arrangements after controlling for 1) whether the person works in the particular work status involuntarily, and 2) demographic background and occupational variables. Second, we estimate Equation 3, which determines the extent to which there are net differences among work arrangements, controlling for work values and job rewards.⁷

$$(2) \quad Y = a + b_1\text{PT} + b_2\text{FIXED-TERM} + b_3\text{SELF-EMPLOYED} \\ + b_4\text{INVOL} + b_5\text{CONTROLS} + e$$

$$(3) \quad Y = a + b_1\text{PT} + b_2\text{FIXED-TERM} + b_3\text{SELF-EMPLOYED} \\ + b_4\text{INVOL} + b_5\text{WORK VALUES} + b_6\text{JOB REWARDS} \\ + b_7\text{CONTROLS} + e$$

Job Satisfaction

The results for job satisfaction are presented in the first set of columns in Table 12.7. The first set of columns in Table 12.6 presents estimates of overall mean differences in job satisfaction among the various work arrangements. Part-time workers are more satisfied with their jobs than are full-time workers in the United States, Japan, West Germany, Great Britain, and the Netherlands, but part-time workers are less satisfied than full-time workers in Italy, Spain, and Sweden (Table

Table 12.6 Mean Reported Levels of Worker Outcomes, Organizational Commitment, and Absenteeism by Job Status and Country

Reported . . .	Job satisfaction	Work-related stress	Organizational commitment	Effort	Days absent in last 6 months
United States					
Full-time	5.3	3.3	3.5	3.9	0.8
Part-time	5.5	2.9	3.4	3.9	1.1
Fixed-term	5.3	3.4	3.4	4.0	0.9
Self-employed	5.6	3.3	3.9	4.1	0.7
Total	5.4	3.3	3.5	3.9	0.9
Japan					
Full-time	4.7	3.3	3.3	3.5	1.2
Part-time	5.0	2.8	3.3	3.1	1.5
Fixed-term	4.8	3.4	3.4	3.6	1.4
Self-employed	5.2	3.0	3.8	4.0	1.1
Total	4.9	3.2	3.5	3.6	1.3
West Germany					
Full-time	5.1	3.3	3.2	3.5	0.8
Part-time	5.3	2.9	3.2	3.2	0.8
Fixed-term	5.3	3.1	3.0	3.4	1.0
Self-employed	5.6	3.1	3.5	3.8	0.6
Total	5.2	3.2	3.2	3.5	0.8
Great Britain					
Full-time	5.0	3.3	3.2	3.6	0.8

(continued)

Table 12.6 (continued)

Reported . . .	Job satisfaction	Work-related stress	Organizational commitment	Effort	Days absent in last 6 months
Part-time	5.4	2.6	3.4	3.6	0.6
Fixed-term	5.1	3.2	3.2	3.6	0.8
Self-employed	5.4	3.1	3.4	3.8	0.5
Total	5.1	3.2	3.3	3.6	0.7
Netherlands					
Full-time	5.4	3.2	3.4	3.7	0.9
Part-time	5.5	2.6	3.2	3.5	0.9
Fixed-term	5.4	2.9	3.3	3.6	1.0
Self-employed	NA	NA	NA	NA	NA
Total	5.4	2.9	3.3	3.6	0.9
France					
Full-time	5.1	3.5	2.9	2.8	0.5
Part-time	5.1	3.3	2.8	2.8	0.5
Fixed-term	5.0	3.1	2.9	2.7	0.5
Self-employed	5.5	3.5	3.4	3.1	0.2
Total	5.1	3.4	2.9	2.8	0.5
Italy					
Full-time	5.1	3.2	2.9	2.8	0.7
Part-time	4.6	2.7	3.1	3.2	0.8
Fixed-term	4.9	2.9	2.9	3.0	0.5

Self-employed	5.5	3.2	3.5	3.3	0.6
Total	5.2	3.1	3.1	3.0	0.7
<hr/>					
Spain					
Full-time	5.5	3.1	3.3	3.4	0.6
Part-time	5.1	2.6	3.0	3.1	0.3
Fixed-term	5.2	2.7	3.0	3.1	0.5
Self-employed	5.7	3.5	4.0	4.5	0.5
Total	5.4	2.9	3.2	3.3	0.5
<hr/>					
Denmark					
Full-time	5.7	3.1	3.3	3.6	0.8
Part-time	5.7	2.9	3.5	3.7	1.1
Fixed-term	5.7	2.9	3.4	3.6	0.7
Self-employed	5.8	2.7	4.3	4.5	0.4
Total	5.7	3.1	3.4	3.6	0.8
<hr/>					
Sweden					
Full-time	5.3	3.4	3.2	3.4	0.8
Part-time	5.0	3.5	3.0	3.0	1.3
Fixed-term	5.1	3.4	2.9	3.1	0.9
Self-employed	5.7	3.3	3.9	4.1	0.7
Total	5.3	3.4	3.2	3.4	0.9
<hr/>					
Norway					
Full-time	5.2	3.3	3.3	3.6	0.7
Part-time	5.2	3.3	3.2	3.5	0.8

(continued)

Table 12.6 (continued)

Reported . . .	Job satisfaction	Work-related stress	Organizational commitment	Effort	Days absent in last 6 months
Fixed-term	5.3	3.2	3.3	3.5	0.6
Self-employed	5.4	3.2	3.7	3.9	0.6
Total	5.2	3.3	3.3	3.6	0.7

SOURCE: 1997 ISSP data.

12.6). Only part-time workers in the United States are more satisfied with their jobs than full-time workers after controlling for the demographic and occupational variables and measures of involuntary employment (Table 12.7, column 1), as well as for all measures of work values and job rewards (Table 12.7, column 2). Part-time workers in West Germany, the Netherlands, and Norway are significantly more satisfied than full-time workers once we control for work values and job rewards (column 2). Part-time workers in West Germany and the Netherlands tend to have jobs that respondents perceive as paying less and having fewer opportunities for promotion (see Table 12.5), and part-time workers in Norway perceive fewer opportunities for promotion and fewer intrinsic rewards (as do part-time workers in the Netherlands). Thus, controlling for job rewards in these countries reveals the positive direct effects of part-time work on satisfaction. By contrast, part-time workers in Italy and Sweden remain more dissatisfied than full-time workers after controlling for our measures of work values and job rewards.

Self-employed persons are more satisfied with their jobs than regular full-time workers in all countries (Table 12.6). This appears to be mainly due to the job rewards associated with self-employment (especially intrinsic rewards; see Tables 12.4 and 12.5), because controlling for values and rewards explains the gap between self-employed and full-time workers in all countries except Sweden and West Germany (where the gap does not disappear but is reduced substantially and is significant only at $p \leq 0.10$).

Fixed-term temporaries generally do not differ from full-time workers in their job satisfaction (Table 12.7, column 1). This is consistent with data from studies comparing contingent workers and more secure employees (Pearce 1998; see also Futagami 1999). The only countries in which the differences are significant when all the other variables are controlled for are West Germany and Norway (Table 12.7, column 2). In part, this reflects the disadvantages associated with fixed-term employment in these countries (especially in West Germany; see Table 12.5). Controlling for job rewards reveals the positive direct effect of fixed-term employment on job satisfaction.

Respondents who indicated that they were in their particular work arrangement involuntarily were significantly more dissatisfied in all countries,⁸ except Spain and the Netherlands (where the negative coef-

Table 12.7 OLS Regressions of Worker Outcomes by Job Status and Country^a

Dependent variable = Self reported . . .	Job satisfaction		Work-related stress	
	1	2	1	2
	United States			
Part-time	0.23*	0.24**	-0.39***	-0.36***
Fixed-term	-0.02	0.16	0.01	-0.06
Self-employed	0.31**	-0.09	-0.06	0.05
Involuntary	-0.27***	-0.12	0.10	0.10
<i>N</i> =	804	724	799	731
Adj. <i>R</i> ² =	0.025	0.357	0.041	0.049
Japan				
Part-time	0.13	0.03	-0.62***	-0.49**
Fixed-term	0.02	0.01	0.03	0.03
Self-employed	0.38**	0.22	-0.44***	-0.29
Involuntary	-0.21*	0.00	0.05	0.00
<i>N</i> =	665	573	799	573
Adj. <i>R</i> ² =	0.084	0.339	0.066	0.086
West Germany				
Part-time	0.14	0.38***	-0.40***	-0.31**
Fixed-term	0.11	0.34**	-0.24*	-0.34**
Self-employed	0.40***	0.26*	-0.42***	-0.28**
Involuntary	-0.26***	-0.11	0.02	0.12
<i>N</i> =	621	521	620	522

Adj. R^2 =	0.038	0.314	0.041	0.111
<hr/>				
Great Britain				
Part-time	0.21	-0.05	-0.67***	-0.64***
Fixed-term	0.03	0.02	-0.12	-0.12
Self-employed	0.36**	0.02	-0.14	-0.09
Involuntary	-0.25**	-0.24**	0.03	-0.04
N =	535	480	533	480
Adj. R^2 =	0.037	0.398	0.099	0.126
<hr/>				
Netherlands				
Part-time	0.06	0.16**	-0.47***	-0.39***
Fixed-term	-0.06	0.01	-0.24***	-0.30***
Self-employed	NA	NA	NA	NA
Involuntary	-0.08	-0.08	0.09	0.06
N =	1058	945	1058	944
Adj. R^2 =	0.014	0.283	0.065	0.109
<hr/>				
France				
Part-time	-0.10	0.10	-0.20	-0.07
Fixed-term	-0.09	0.21	-0.40***	-0.49***
Self-employed	0.54**	0.15	0.02	0.02
Involuntary	-0.28***	-0.10	-0.01	0.05
N =	688	588	690	589
Adj. R^2 =	0.033	0.416	0.020	0.061
<hr/>				

(continued)

Table 12.7 (continued)

Dependent variable = Self reported . . .	Job satisfaction		Work-related stress	
	1	2	1	2
	Italy			
Part-time	-0.62**	-0.67***	-0.48**	-0.39
Fixed-term	-0.23	-0.02	-0.38**	-0.45**
Self-employed	0.37***	-0.04	-0.06	-0.09
Involuntary	-0.51***	-0.35***	0.31***	0.32***
<i>N</i> =	473	440	474	441
Adj. <i>R</i> ² =	0.094	0.325	0.022	0.044
Spain				
Part-time	-0.23	-0.13	-0.28	-0.27
Fixed-term	-0.18	-0.08	-0.26*	-0.19
Self-employed	0.18	0.11	0.44	0.35
Involuntary	-0.05	0.02	-0.10	-0.09
<i>N</i> =	389	364	390	365
Adj. <i>R</i> ² =	0.033	0.188	0.015	-0.005
Denmark				
Part-time	-0.03	0.01	-0.22**	-0.21**
Fixed-term	0.01	0.05	-0.11	-0.17
Self-employed	0.10	-0.14	-0.36**	-0.27*
Involuntary	-0.24**	-0.13	0.13	0.11

<i>N</i> =	625	610	625	610
Adj. <i>R</i> ² =	0.015	0.244	0.084	0.117
Sweden				
Part-time	-0.39***	-0.23**	-0.08	-0.09
Fixed-term	-0.18	0.07	-0.10	-0.06
Self-employed	0.43***	0.23*	-0.04	0.05
Involuntary	-0.31***	-0.11	0.01	0.00
<i>N</i> =	784	685	780	684
Adj. <i>R</i> ² =	0.056	0.348	0.019	0.023
Norway				
Part-time	0.03	0.22**	-0.04	-0.05
Fixed-term	0.12	0.21***	-0.16***	-0.13*
Self-employed	0.31***	0.15	-0.17***	-0.05
Involuntary	-0.25***	-0.09	0.19***	0.20***
<i>N</i> =	1425	1258	1419	1257
Adj. <i>R</i> ² =	0.033	0.307	0.029	0.053

p* ≤ 0.10; *p* ≤ 0.05; ****p* ≤ 0.01.

^a Unstandardized coefficients are presented. The first equation for each dependent variable controls for sex, age, education, occupation, and involuntary status. The second equation includes the controls in the first model as well as the work values and job rewards listed in Tables 12.2 and 12.4. (Note: None of the models for the Netherlands includes variables for occupation.)

SOURCE: 1997 ISSP data.

ficients for involuntary status were not significant). This pervasive negative effect of involuntary work status appears linked in most countries to the mediating role of work values and job rewards (compare columns 1 and 2, Table 12.7); only in Great Britain and Italy does the coefficient of “involuntary” remain significant after we control for values and rewards (column 2), and this coefficient is markedly reduced in column 2 in all countries except Great Britain.

Work-Related Stress

Our results for stress are reported in the second set of columns in Table 12.7. We find that part-time workers report they have significantly less stress than full-time workers in all countries except France, Spain, Sweden, and Norway (see column 1). Adding measures of work values and job rewards to the equations (see column 2) generally reduces these differences only slightly, and the gaps in the United States, Japan, West Germany, Great Britain, the Netherlands, and Denmark remain statistically significant. The direct, negative effect of part-time work on stress may reflect that part-time workers are simply working fewer hours and have fewer responsibilities than full-time workers. It may also reflect, in part, the greater control that part-time workers in some countries say they have over the scheduling (see Table 12.5).

Self-employed persons report lower levels of work-related stress in Japan, West Germany, Denmark, and Norway, although this difference appears to be due largely to work values and job rewards (columns 1 and 2, Table 12.7). Fixed-term employees report lower levels of stress than full-time workers in West Germany, the Netherlands, France, Italy, and Norway. The lower stress levels reported by fixed-term employees in these countries do not appear to be explained by our measures of work values and job rewards (columns 1 and 2, Table 12.7). Finally, respondents who indicate that they worked involuntarily in their work arrangement reported significantly higher levels of stress only in Italy and Norway (Table 12.7).

Organizational Commitment and Effort

The results for organizational commitment are presented in the first two columns in Table 12.8. Although “effort” is one of the three items in the organizational commitment scale, we examine this variable separately because this is the dimension of commitment that is most strongly related to job performance (Kalleberg and Marsden 1995).

Part-time workers appear to be less committed overall to their organizations than full-time workers only in Sweden and France, and this gap is explained by differences in work values and job rewards (columns 1 and 2; Table 12.8). Part-time workers appear to be more committed than full-time workers in Great Britain to their organizations, although this difference also becomes nonsignificant when we control for values and rewards.⁹ The finding of no difference in commitment between part-time and full-time employees in the United States is consistent with analyses of data from the early 1990s (Kalleberg 1995).¹⁰ With regard to the measure of whether the employee is willing to work harder to help the company succeed, part-time workers are less likely than full-time workers in West Germany and Sweden to say they are willing to work harder, and these differences are only partially explained by work values and job rewards. Part-time workers in Italy say they are willing to work harder than full-time workers, although this difference becomes nonsignificant when we control for values and rewards (columns 1 and 2, Table 12.8).

Self-employed persons are more committed to their organizations than regular full-time workers in all 10 of the countries for which we have data on self-employment, and this gap remains significant except in Great Britain, Japan, and West Germany once we control for work values and job rewards. Self-employed persons are significantly more likely than regular full-time workers in the United States, Japan, West Germany, Italy, Spain, Denmark, Sweden, and Norway to say that they are willing to work harder than they have to; a substantial portion of this difference is accounted for by work values and job rewards, although only in the United States, West Germany, and Italy does the effect of self-employment on effort become nonsignificant.

Fixed-term employees are less committed to their organizations than full-time workers only in West Germany, Spain, and Sweden,

Table 12.8 OLS Regressions of Organizational Commitment and Absenteeism on Job Status^a

Dependent variable = Self-reported . . .	Organizational commitment		Effort		Days absent in last 6 months	
	1	2	1	2	1	2
United States						
Part-time	0.00	0.05	0.05	0.12	0.18*	0.20*
Fixed-term	-0.05	0.02	0.08	0.10	0.05	-0.08
Self-employed	0.36***	0.23***	0.15*	0.14	-0.13	-0.09
Involuntary	0.00	0.08	0.03	0.11*	0.30***	0.27***
<i>N</i> =	788	719	781	712	780	713
Adj. <i>R</i> ² =	0.055	0.295	0.026	0.135	0.031	0.049
Japan						
Part-time	-0.02	0.13	-0.05	-0.01	0.23	0.28
Fixed-term	0.03	0.00	-0.02	-0.01	0.14	0.16
Self-employed	0.23*	0.21	0.41**	0.40**	0.01	-0.02
Involuntary	-0.24***	-0.16*	-0.27**	-0.16	0.01	0.12
<i>N</i> =	662	570	781	564	452	405
Adj. <i>R</i> ² =	0.125	0.310	0.098	0.183	0.015	0.034
West Germany						
Part-time	-0.05	0.12	-0.43***	-0.25*	-0.32	0.04
Fixed-term	-0.21*	-0.12	-0.25*	-0.12	-0.12	-0.05
Self-employed	0.27***	0.11	0.22*	0.21	-0.26	0.02
Involuntary	-0.23***	-0.11	-0.46***	-0.32***	-0.03	0.08
<i>N</i> =	616	519	589	504	614	513
Adj. <i>R</i> ² =	0.077	0.276	0.082	0.222	0.013	0.036

Great Britain						
Part-time	0.22**	0.10	-0.07	-0.19	-0.32**	-0.31*
Fixed-term	0.08	0.08	-0.06	-0.02	-0.12	-0.11
Self-employed	0.23**	0.10	0.14	-0.04	-0.26**	-0.32**
Involuntary	0.02	0.00	0.03	0.00	-0.03	-0.01
<i>N</i> =	519	467	506	456	523	467
Adj. <i>R</i> ² =	0.077	0.360	0.049	0.207	0.040	0.050
Netherlands						
Part-time	-0.08	-0.04	-0.05	0.00	-0.14	-0.10
Fixed-term	-0.05	0.04	-0.01	0.05	-0.02	-0.03
Self-employed	NA	NA	NA	NA	NA	NA
Involuntary	-0.03	-0.01	-0.05	-0.03	0.01	-0.03
<i>N</i> =	1055	941	1041	936	1033	926
Adj. <i>R</i> ² =	0.007	0.247	0.008	0.103	0.003	0.029
France						
Part-time	-0.17*	-0.03	-0.03	0.09	0.05	-0.01
Fixed-term	-0.02	0.08	0.01	-0.01	-0.03	-0.05
Self-employed	0.49***	0.33**	0.27	0.15	-0.19	-0.18
Involuntary	-0.23***	-0.07	-0.22**	-0.01	0.09	0.11
<i>N</i> =	671	579	644	560	681	585
Adj. <i>R</i> ² =	0.066	0.297	0.029	0.113	-0.003	-0.001
Italy						
Part-time	0.23	0.19	0.49**	0.37	-0.10	-0.02
Fixed-term	0.02	0.17	0.24	0.30	-0.24	-0.22

(continued)

Table 12.8 (continued)						
Dependent variable = Self reported ...	Organizational commitment		Effort		Days absent in last 6 months	
	1	2	1	2	1	2
Self-employed	0.53***	0.21*	0.52***	0.19	-0.13	0.06
Involuntary	-0.22***	-0.07	-0.10	-0.02	0.01	0.00
<i>N</i> =	473	440	468	436	468	436
Adj. <i>R</i> ² =	0.112	0.289	0.071	0.165	0.009	0.007
Spain						
Part-time	-0.13	0.06	-0.03	0.16	-0.12	-0.20
Fixed-term	-0.22**	-0.08	-0.20	-0.03	-0.02	-0.17
Self-employed	0.67***	0.60**	0.99***	0.74**	-0.06	-0.09
Involuntary	-0.03	-0.01	0.01	-0.01	-0.21	-0.21
<i>N</i> =	387	363	376	354	384	361
Adj. <i>R</i> ² =	0.069	0.217	0.073	0.176	-0.006	0.013
Denmark						
Part-time	0.10	0.11	0.11	0.12	0.35***	0.34***
Fixed-term	0.06	0.06	-0.14	-0.16	-0.21	-0.23
Self-employed	1.01***	0.65***	0.95***	0.58**	-0.16	0.01
Involuntary	-0.26***	-0.15**	-0.42***	-0.30***	0.28***	0.31***
<i>N</i> =	624	609	617	604	622	607
Adj. <i>R</i> ² =	0.096	0.273	0.060	0.144	0.085	0.092
Sweden						
Part-time	-0.18**	-0.09	-0.31***	-0.23**	0.39***	0.40***
Fixed-term	-0.29***	-0.17*	-0.29**	-0.24*	-0.07	-0.01

Self-employed	0.72***	0.50***	0.66***	0.47***	-0.16	0.10
Involuntary	-0.21***	-0.09*	-0.23***	-0.12*	0.24***	0.23***
<i>N</i> =	773	677	757	665	772	677
Adj. <i>R</i> ² =	0.153	0.354	0.139	0.232	0.083	0.084
Norway						
Part-time	-0.09	0.02	-0.01	0.05	0.01	0.03
Fixed-term	0.03	0.09*	-0.04	-0.01	-0.10	-0.07
Self-employed	0.40***	0.27***	0.36***	0.21**	-0.25***	-0.13
Involuntary	-0.11**	0.01	-0.22***	-0.13**	0.21***	0.22***
<i>N</i> =	1415	1253	1382	1226	1412	1247
Adj. <i>R</i> ² =	0.068	0.332	0.055	0.151	0.026	0.022

* $p \leq 0.10$; ** $p \leq 0.05$; *** $p \leq 0.01$.

^a Unstandardized coefficients are presented. The first equation for each dependent variable controls for sex, age, education, occupation, and involuntary status. The second equation includes the controls in the first model as well as the work values and job rewards listed in Tables 12.2 and 12.4. (None of the models for the Netherlands includes variables for occupation.)

SOURCE: 1997 ISSP data.

although only in Sweden does this gap remain significant (at $p \leq 0.10$) after controlling for work values and job rewards. The lack of difference in commitment (and other organizational citizenship behaviors) between fixed-term and full-time employees reinforces studies discussed by Pearce (1998).¹¹ In addition, fixed-term employees are less likely than full-time workers only in West Germany and Sweden to say that they are willing to work hard, but this gap is largely explained by differences in work values and job rewards (columns 1 and 2, Table 12.8).

Respondents in Japan, West Germany, France, Italy, Denmark, Sweden, and Norway who were in their work arrangement involuntarily were significantly less committed to their organizations. In each country except Japan, Denmark, and Sweden, these differences in involuntary status appeared to be due to work values and job rewards (columns 2 and 3).

Persons who said they were working involuntarily in their work arrangement were less likely to say that they would work harder than they had to in Japan, West Germany, France, Denmark, Sweden, and Norway. Controlling for work values and job rewards did not explain these differences in West Germany, Denmark, Sweden, or Norway (although values and rewards reduced the effects of involuntary status in these countries also). In the United States, persons who said they were working involuntarily were willing to work harder after controlling for work values and job rewards.

Absenteeism

Part-time workers were more likely than full-time workers to report that they were absent in the last six months only in the United States, Denmark, and Sweden (Table 12.8, column 1), and these differences remained strong and significant even after we controlled for work values and job rewards (column 2). In contrast, part-time workers in Great Britain were less likely than full-time workers to report that they were absent, even controlling for involuntary status and the work values and job rewards.

Self-employed persons were less likely than full-time workers in Great Britain and Norway to report absences, although this difference remains significant only in Great Britain after controlling for values

and rewards. Respondents in their work arrangement involuntarily reported that they were more often absent only in the United States, Denmark, Sweden, and Norway. These differences remained, moreover, even after we controlled for work values and job rewards (column 2).

CONCLUSION

In this chapter, we have examined differences between full-time, open-ended employment relations and three types of nonstandard work arrangements—part-time, fixed-term temporary, and self-employment—in work values, job rewards, and work attitudes. The types of work arrangements, attitudes, and job rewards, and the countries that we have analyzed are extremely varied. Accordingly, our results are complex and belie easy generalizations; nevertheless, they suggest three main conclusions.

First, part-time workers appear generally to have work attitudes and behaviors that are at least as positive, if not more so, than full-time workers. Part-time workers are equally or more satisfied with their jobs than full-time employees in most countries. Part-time workers tend also to be no less committed to their organizations than full-time workers and equally likely to say that they are willing to work harder than they have to in order to help their companies succeed. Moreover, part-time workers generally say that they experience less stress at work and do not report being absent from their jobs more often than full-time workers.

One reason for why part-time workers have generally positive work attitudes relative to full-time employees is that, in many countries, their work values appear to correspond fairly well to their job rewards. Although part-time workers and full-time workers may differ in the rewards they obtain from their jobs, these differences correspond to variations in what these two groups want from their jobs. Thus, part-time workers are generally less likely than full-time workers to perceive that their pay is high, but part-time workers are also less likely than full-time workers to value a high income. The differences between part-time workers and full-time workers in perceived job security are

not that large, but in the countries in which full-time workers have greater perceived job security, the part-time workers also tend to value security less. Part-time workers are less likely than full-time workers to feel that they have good opportunities for advancement, but part-time workers also generally place less importance on such opportunities. On the other hand, part-time workers value flexible hours more than full-time workers in a number of countries, and part-time workers are as or more likely to believe that they can control their schedules. These results are consistent with our finding that individuals in most countries tend to work part-time voluntarily: more full-time workers desire part-time work than vice versa.

Sweden appears to be an exception to this pattern. Part-time workers in Sweden are less satisfied with their jobs than full-time workers. Swedish part-time workers are also less committed to their organizations overall and less likely to say that they would work harder than they have to in order to help their companies succeed. In Sweden, part-time workers also reported that they were absent from their jobs more often than full-time workers. Economic conditions in Sweden may explain some of these results. Sweden went through a very deep recession in the mid-1990s, and a considerable number of part-time workers worked involuntarily, preferring more hours. Their inability to secure full-time employment may have contributed to their unhappiness with their part-time status. The negative attitudes displayed by part-time workers in Sweden may also reflect the higher expectations that Swedes have with regard to part-time work. For example, Sweden is the only country in which part-time workers were significantly more likely than full-time workers to regard work as a central life interest. These gaps between part-time workers and full-time workers in Sweden may also reflect, in part, differences in job rewards. Swedish part-time workers are less likely than full-time workers to believe that their jobs are interesting, offer good opportunities for promotion, are secure, or pay well.

A second conclusion is that fixed-term employees generally do not display more negative work attitudes and behaviors than full-time employees. Consistent with most prior research, fixed-term temporaries do not differ much from full-time workers in their job satisfaction, organizational commitment, reported effort, and absenteeism. Some of these similarities may reflect the desire of fixed-term employees to dis-

play positive work attitudes and behaviors in the hope of obtaining permanent positions with the employer. It may also reflect the perception in some countries that fixed-term employment is a normal step on a career progression toward full-time employment. Hence, fixed-term employees may not display more negative attitudes despite being less likely than full-time workers to perceive that their pay is high and that they have good job security, to worry more about losing their jobs, and to believe that they have less control over their schedules.

Despite these differences in perceived job rewards, fixed-term and full-time employees generally do not differ much in their work values among the various countries (with the possible exceptions of the valuation of job security and high earnings, on which fixed-term employees place lower importance than full-time workers in four and three countries, respectively). The lack of differences in the importance placed on various aspects of jobs between full-time and fixed-term employees is consistent with the view that the growth in nonstandard work in some countries, especially with regard to temporary employment, is not primarily due to shifts in workers' preferences for temporary work but rather reflects a demand-side phenomenon accompanying employers' search for flexibility in employment relations.

Third, self-employed persons generally display more positive work attitudes and reported behaviors than persons who are employed full-time. The self-employed are more satisfied with their jobs and are usually more committed to their organizations. Self-employed workers report lower levels of stress and fewer absences in some countries, but generally do not differ from full-time employees once work values and job rewards are controlled for. The more positive work attitudes on the part of self-employed persons largely reflect the greater control over their work; self-employed persons in every country were more likely than full-time employees to believe that they had more control over their schedules, and in almost all countries they were more likely to report that their jobs were interesting (a job reward that is closely related to the amount of autonomy that one has). Moreover, self-employed persons were more likely than full-time employees to report that they valued flexible work, which they are able to attain by virtue of their greater control over schedules. Otherwise, there were few systematic and significant differences in the work motivations between self-employed persons and full-time employees.

Our analyses of the relationships between types of work arrangements and work values, job rewards, and worker attitudes and reported behaviors were not ideal. We would have liked to distinguish between fixed-term temporaries and those who are employed by a temporary help agency, as well as to differentiate between groups such as independent contractors and the self-employed. By emphasizing differences between regular full-time employees and the various nonstandard work arrangements, we have also glossed over differences within part-time (a particularly heterogeneous category), temporary, and self-employed persons (as well as differences among full-time employees). We could also have introduced much more complexity into our analyses of worker attitudes. For example, we did not examine potential interactions by gender, age, education, or occupation, in an effort to focus on the overall patterns within each country. Nor did we assess the likely simultaneous relationships between variables such as work status and effort. These matters constitute important topics on the agenda for future research on the correlates and consequences of nonstandard work arrangements within and among countries.

Our results, finally, suggest a number of country differences in the relationships between nonstandard work arrangements, on one hand, and work values, job rewards, and work attitudes, on the other. We have speculated about some possible explanations of these country differences but have not sought to account for them systematically. However, accounting for these country differences constitutes another important agenda item for research on nonstandard work arrangements. Future cross-national research should use more refined measures of nonstandard work arrangements to better differentiate between types of part-time workers (i.e., fixed-term temporaries, on-call workers, and temporary help agency employees) and independent contractors and other self-employed persons. Accounting for cross-national sources of variation in nonstandard work arrangements and work attitudes is important for understanding institutional and cultural differences in employment relations and their consequences for workers.

Notes

1. These data do not permit us to distinguish direct-hire temporaries from employees of temporary help agencies. We also cannot differentiate between independent contractors and other self-employed persons.
2. For simplicity and because of sample size restrictions, we constructed our measures of the four work arrangements to be mutually exclusive. In reality, combinations of the work statuses may occur (e.g., fixed-term or self-employed persons can work either full-time or part-time).
3. We present unweighted results in all tables. Approximately half of the countries do not supply weights: the data from France, Denmark, Great Britain, Italy, Spain, and Sweden come with weights, but the data from the United States, Japan, Germany, the Netherlands, and Norway do not.
4. We can obtain a sense of whether fixed-term workers are working in this arrangement involuntarily from responses to the question about the importance of job security. We find that 88 percent of fixed-term temporaries in Japan, 95 percent in the United States, 90 percent in France, 95 percent in Great Britain, 97 percent in West Germany, 83 percent in Sweden, and 100 percent in Italy report that having job security is “important” or “very important” to them. This suggests that the vast majority of fixed-term temporaries are working in this arrangement involuntarily.
5. The results for part-time workers versus full-time workers in the United States are consistent with those obtained by Golden (2001) in his analysis of the May 1997 Current Population Survey data.
6. We also estimated the models reported in Table 12.5 with measures of work values omitted. The results were nearly identical to those presented in Table 12.5. In only 9 of 192 cases did the coefficient of a job status variable change from nonsignificant to significant (or vice versa), and in 7 of 9 of these cases, this involved a change from $p \leq 0.10$ to nonsignificance (or vice versa). The results of this supplemental analysis are available on request from the authors.
7. Equation 3 estimates the impact of work values and job rewards separately. This model produces the same estimates of the job status parameters as one that controls for each job reward as well as the difference between the job reward and the respondent’s valuation of the reward.
8. See the discussion of “volition” as an important determinant of work-related attitudes in Krausz, Brandwein, and Fox (1995). Feldman, Doeringhaus, and Turnley’s (1995) survey of 186 temporary agency employees in the southeast region of the United States also found that involuntary temporary workers are less satisfied on a variety of dimensions (and less committed) than temporary workers who work voluntarily. See also Aeppel (1997) and Ellingson, Gruys, and Sackett (1998).
9. Similarly, Coyle-Shapiro and Kessler (1999) found a great deal of similarity between part-time workers and full-time workers with regard to organizational

commitment and organizational citizenship behaviors in a number of public service occupations in Britain.

10. See also the review by Van Dyne and Ang (1998), which cites a number of studies that found no evidence that contingent workers in the United States had less positive work attitudes than regular employees. They did, however, find that contingent (temporary or on-call) workers in Singapore were less committed and engaged in fewer organizational citizenship behaviors than regular employees in Singapore. They explain this by arguing that contingent workers in Singapore work in these jobs voluntarily (due to very tight labor markets) and so expect less of their employers (and vice versa). By contrast, contingent workers in the United States often work in temporary jobs involuntarily, and so may display positive attitudes in their attempts to obtain regular employment.
11. Futagami (1999) found that, in Japan, temporary agency employees (not fixed-term temporaries, as analyzed here) were less committed to their organizations than regular full-time employees, although temporary workers were also found to have a relatively high level of organizational commitment.

Appendix A

ISSP Data

The International Social Survey Program (ISSP) is an annual program of cross-national collaboration among mostly academic survey organizations that compile comparable cross-national data on social attitudes and values (see Davis and Jowell 1989). Founded in 1984, the ISSP has grown to include 37 nations. In 1997, 27 countries participated in collecting data on “work orientations” (ASEP 1999). The merging of the data into a cross-national data set was performed by the Zentralarchiv für Empirische Sozialforschung, University of Cologne, in collaboration with the Análisis Sociológicos Económicos y Políticos in Spain.

In the ISSP, efforts are made to ask questions in the same way in each country, thus producing a high-quality, cross-culturally comparable data set. The annual topics for ISSP are developed over several years by a subcommittee and pretested in various countries. The annual plenary meeting of ISSP adopts the final questionnaire. The ISSP researchers concentrate on developing questions that are 1) meaningful and relevant to all countries, and 2) can be expressed in an equivalent manner in all relevant languages. The questionnaire is originally drafted in British English and translated to other languages using standard back-translation procedures. The collaboration between organizations in the ISSP is not special or intermittent, but routine and continual.

ISSP rules require that all surveys be representative probability samples of the adult population of each country. Checks are made against census and other gold standards in each country to ensure that the samples obtained are representative. Descriptions of the samples are included in the codebook for each country. In some countries (e.g., United States, Great Britain, and sometimes Germany), the ISSP is a module on a larger survey (General Social Survey; British Social Attitudes Survey; and the Allgemeinen Bevölkerungsumfragen der Sozialwissenschaften [ALLBUS]), but in most countries, it is either part of a larger omnibus survey or a stand-alone survey. Further information on the ISSP is available on two Web sites: Zentralarchiv für Empirische Sozialforschung, University of Cologne: <http://www.za.uni-koeln.de/en/issp/> and ISSP Secretariat: <http://www.issp.org/>.

Additional information on the ISSP is available from the ISSP secretariat: Tom W. Smith, NORC, 1155 East 60th St., Chicago, IL 60637; phone: (773) 256-6288; fax: (773) 753-7866; e-mail: smitht@norcmail.uchicago.edu. See also Smith 2000.

Appendix B

Table 12B.1 Descriptive Statistics for Variables Used in the Analysis

Variable name	Description	Coding
Work values		
Work	Please tick one box for each statement below to show how much you agree or disagree with it, thinking of work in general: work is a person's most important activity.	1 = strongly disagree to 5 = strongly agree
From the following list, please tick one box for each item to show how important you personally think it is in a job:		
Job security	Job security	1 = strongly disagree to 5 = strongly agree
High earnings	High income	1 = strongly disagree to 5 = strongly agree
Opportunity for promotion	Good opportunities for advancement	1 = strongly disagree to 5 = strongly agree
Interesting work	An interesting job	1 = strongly disagree to 5 = strongly agree
Flexible hours	A job that allows someone to decide their times or days of work	1 = strongly disagree to 5 = strongly agree
Involuntary	For persons who are not self-employed, this variable is coded "1" if the person works full-time but would rather work part-time and vice versa. For self-employed persons, this variable is coded as "1" if the person says that he/she would rather work for someone else.	1 = Involuntary; 0 = Voluntary
Job rewards		
Fear of losing job	To what extent, if at all, do you worry about the possibility of losing your job?	1 = I do not worry at all to 4 = I worry a great deal
For each of these statements about your (main) job, please tick one box to show how much you agree or disagree that it applies to your job.		
High earnings	My income is high	1 = strongly disagree to 5 = strongly agree
Job security	My job is secure	1 = strongly disagree to 5 = strongly agree

Opportunity for promotion	My opportunities for advancement are high	1 = strongly disagree to 5 = strongly agree
Interesting work	My job is interesting	1 = strongly disagree to 5 = strongly agree
Flexible hours	Which of the following statements best describes how your working hours are decided? (By working hours, we mean the times you start and finish work and not the total hours you work per week or month.)	1 = starting and finishing times are decided by my employer and I cannot change them on my own. 2 = I can decide the time I start and finish work, within limits. 3 = I am entirely free to decide when I start and finish work.
Worker outcomes		
Job satisfaction	How satisfied are you in your (main) job?	1 = completely dissatisfied to 7 = completely satisfied
Stress at work	How often do you find your work stressful?	1 = never to 5 = always
Organizational commitment and absenteeism		
Organizational commitment scale	Scale computed as the average score on three variables: <i>hlporgr1r</i> : I am willing to work harder than I have to in order to help the firm or organization succeed. <i>pridorgr</i> : I am proud to be working for my firm or organization. <i>styorg3r</i> : I would turn down another job that offered quite a bit more pay in order to stay with this organization.	For each of the three items and the scale 1 = strongly disagree to 5 = strongly agree Cronbach's alpha = 0.63
Effort	To what extent do you agree or disagree with the following statement: I am willing to work harder than I have to in order to help the firm or organization succeed.	1 = strongly disagree to 5 = strongly agree
Days absent in last 6 months	About how many days have you been absent from work in the last 6 months (not counting vacation)?	0 = none 1 = 1-5 2 = 6-10 3 = 11-20 4 > 20

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