Atypical employment and incomes in Europe: macro- and microanalysis.

Purpose

The aim of this communication is to compare the connections between atypical employment and incomes at an individual level and at a societal level.

Since the 1980s, atypical employment has grown in Europe. Atypical employment encompasses two dimensions: instability of work contracts (such as fixed-term contracts, temporary contracts or the risk of losing one’s job) and / or part-time jobs. Measuring instability of employment through the duration of the work contract is important. Indeed, workers with a temporary or a fixed-term contract are more likely to become unemployed. But this indicator is problematic for cross-national comparison: the meaning and consequences of fixed-term contracts differ according to countries and time (Supiot, 1994). Therefore, we will complete this indicator by the constancy of the job: people having switched from a job to another during the year will be considered as being on unstable employment. The other dimension of atypical employment – part-time contract – is also problematic (O’Reilly & Fagan, 1998). Part-time contract can be considered as a way of integrating the labour market or as exclusion and inferiorisation on the labour market. Moreover, the relevance of the notion of full time employment depends on the country. But, the study of the relation between income and part-time contract can be a way of exploring the integrating or inferiorising nature of part-time employment.

This increase of atypical employment has been associated with growing income and wage inequalities. For example, atypical employment may cause monetary poverty (Paugam, 1995). The opposite relation is also possible: the concept of flexicurity (that leads European employment policies since 2007) would combine some forms of atypical employment (due to flexibility) and stability of income (the security). High incomes may encourage people to work less or to choose a more flexible job. In Denmark, for instance, the incomes provided by the welfare state enable the important turnover between statuses on the labour market (Bekker et al., 2008).

To describe relations between atypical employment and income, we need to take into account both gender and age. On the one hand, depending on the country, part time work has a significantly gendered dimension. Women’s employment constitutes a fundamental element in the study of welfare states (Sainsbury, 2000). Therefore, we will take into account the women employment rate in the study of part-time employment, especially at the societal level. Moreover other contextual elements, such as the distribution of employment into the sectors – employing more or less part-timers – have to be considered. Likewise, age influences the rates of unstable work contracts and part-time: some people may use atypical employment to enter or exit the labour market. Therefore, the various distributions of employment types according to age and gender may affect the relations between employment and income.

These relations between atypical employment and incomes according to age and gender can be studied at two levels: the individual level and the societal level. At the individual level, we can link people’s type of employment to their incomes. For example, we can use a linear regression analysis to compute the impact of atypical employment on income. This kind of analysis takes place at the individual level because we study (and connect) the characteristics of individuals (their type of employment and their income). At the societal level, we link the importance of atypical employment
in a country to the distribution of incomes in this country. For example, we can test the hypothesis that when countries have a larger rate of atypical employment among their active population their income inequalities increase. This kind of analysis takes place at the societal level because we study the characteristics of countries – and not individuals directly. Comparing the relation between atypical employment and income at both individual and societal level is rarely done but important. First, those levels are complementary rather than contradictory. The studies at one level may refine the conclusion from the other one. Second, most of studies focus only on the individual level, not on the macro level and less often on the interaction between the two scales. Exploring the relations at the societal level is an original point of this communication.

The distinction between micro and macro level should be applied to the relation between atypical employment and income. We can hence divide this relation into two levels: what is, for an individual, the consequence of atypical employment on income (and vice-versa)? and, what is, for a country, the consequence of having a large population in atypical employment on the income distribution (and vice-versa)?

**Method**

As our perspective is clearly a quantitative cross-national comparison – and not a typological or a case-study comparative approach –, we are planning to compare all EU-27 countries. We will perform our analysis on the active populations. We exclude inactive persons from our analysis. But unemployed are included because, being on the labour market, they can be considered as the most “atypical workers”. Concerning income, we will use disposable income – not only wages – for individuals. Indeed, income from social benefits may enable atypical employment or may be a substitution for wages. We will refine our analysis through a decomposition of income into wages and social benefits.

In our analysis, at the societal level, we will construct indicators of income inequality and importance of atypical employment by country. We will thus be able to situate the countries along those two dimensions, and test for correlations between those factors at the societal level. We will use SILC (for income) and LFS (for atypical employment) databases. We will control the effects of age and gender. At the individual level, we will relate individual variables on income and atypical employment (using SILC database). We will then describe each country by the importance and nature of the link between atypical employment and income.

**Bibliography**


