

Title: The changing demographic risk of temporary employment: A comparative study of European countries

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Short abstract:

We seek to examine the changing demographic risk of temporary employment in Europe using panel data from the European Union Statistics on Income and Living Conditions (EU-SILC). Our exploration rests on two empirical facts that are established by the literature. First, the incidence and demographic distribution of temporary employment, defined by fixed-term contracts (FTC), are stable across the EU, even if there are differences in degree across countries. Second, the demographic distribution is concentrated among those individuals belonging to groups whose labor market position is relatively weak, especially those with low-levels of education, migration background, etc. However, such evidence is almost exclusively based on cross-sectional data, which does not take into account the changing risk of experiencing temporary employment over multiple periods of time. In contrast, by using panel data, we expect to reveal changes in the level and demographic distribution of temporary employment.

Extended abstract:

The labor market in European countries have gone through a profound process of restructuring since the 1970s ([Esping-Andersen & Regini, 2000](#)), but especially after various welfare reforms of the 1990s and 2000s ([Kalleberg, 2018](#)). One critical consequence is a movement away from a more traditional, ‘standard’ employment relationship (SER) and toward a more flexible, ‘non-standard’ employment relationship (NSER). While there is no single definition, if the SER is characterized by permanent and continuous employment with a single employer as well as the receipt of unemployment insurance, health, and pension benefits,

then the NSER is the absence of those characteristics (Kalleberg, 2000). Here, we focus on a particular component of the NSER, temporary employment, specifically a fixed-term contract (FTC) in order to compare similar NSERs across countries.

Despite the large scale nature of the changes, levels of temporary employment have remained virtually unchanged in most European countries since 2000, averaging around 10% (OECD, 2018, Table J). Further, research examining the demographic distribution of temporary employment over time and across countries has suggested little change (Gebel & Giesecke, 2009; Allmendinger et al., 2013). However, previous research on the trend and demographic distribution of temporary employment has relied on cross-sectional data, which overlooks potential changes in the risk of experiencing temporary employment over multiple periods time that are only visible in panel data.

Our research question is: how is the demographic distribution or risk of temporary employment changing over time? Drawing from the field of poverty dynamics, we argue that temporary employment is better understood as part of a dynamic history of income and employment, one in which many people are at risk within a given period of time, but fewer are at risk at a single point in time within a given period of time. Previous research on the demographic distribution of temporary employment has not distinguished the risk of one as distinct from the other.

Despite stagnating level and distribution of temporary employment in a given country, there are multiple, intertwined, and sometimes offsetting empirical and theoretical reasons to expect changes in the risk of experiencing temporary employment over the life course. Empirical work has largely focused on the consequences of de-unionization, financialization, globalization, and technological change, which expects that the risk of employment precariousness is rising (Kalleberg & Vallas, 2017).

Hypothesis 1: The risk of experiencing temporary employment at a single point in time is stable, but the risk of experiencing temporary employment within a

given study period is rising.

There are two theoretical expectations regarding who experiences this newfound risk. On the one hand, there is a reason to believe that the power and resources available to high social positions have channeled rising levels of risk on to already disadvantaged populations (Goldthorpe, 2002), specifically, young individuals, women (especially, married with children), with low-levels of education, migration background, etc. (i.e. traditional groups).

Hypothesis 2a: The risk of experiencing temporary employment in a given study period is growing less heterogeneous over time. Not only is the absolute risk higher among traditional groups, but the relative risk is rising faster.

On the other hand, broad, structural changes in the labor market have happened so quickly that the ability of high social positions to protect themselves has diminished, which broadens the distribution of risk (Beck, 2000), especially among ‘prime age’ individuals (35-45), men, with high-levels of education, no migration background, etc. (i.e. non-traditional groups).

Hypothesis 2b: The risk of experiencing temporary employment in a given study period is growing more heterogeneous over time and is rising among non-traditional groups. Even if the absolute risk is lower compared to traditional groups, the relative risk is rising faster.

Finally, with respect to cross-national differences, the shift toward non-standard employment is a global phenomenon that affects all advanced, industrialized economies because they all face similar macro-level challenges. At the same time, different countries within distinct welfare state regimes ought to have distinct levels of non-standard employment (Soskice & Hall, 2001; Esping-Andersen, 1990). However, despite clear differences in levels, most research has overlooked the similarity of trends (Streeck, 2014).

Hypothesis 3: While there will be differences in the level across countries, the trends in the above hypotheses will be similar.

Data from three panel windows (2005-2008, 2009-2012, and 2013-2018) of the European Union Statistics on Income and Living Conditions (EU-SILC) will be used to examine changing demographic trends over time. While four-year panel windows cannot capture changing risk of temporary employment over the life course, they are more informative than cross-sectional data. Further, the ability to examine changing demographic patterns in multiple countries is a unique advantage offered by the EU-SILC. In order to reduce complexity and make the results more interpretable, we rely on data from five countries, France, Italy, United Kingdom, Spain, and Sweden. The countries selected not only represent some of the largest economies in Europe, but also distinct welfare state models and labor market regimes, as measured by levels of employment protection legislation for permanent and temporary employment contracts.

Separate analysis will be conducted for each panel window. Within each panel window, we will test hypothesis 1 using descriptive statistics by examining the proportion of the sample who experience a FTC in a given year as distinct from a given panel window. We will test hypothesis 2a and 2b using an econometric model. Our dependent variable (y_{it}) is a binary indicator of having a FTC as opposed to a permanent contract for a given individual (i) in a given panel window (t), conditional on employment. Our independent variable ($\beta_k x_{it}$) is a $K \times 1$ vector of variables for age, gender, education, and migration background. We estimate β with a logistic regression of the dependent variable on our independent variables. We will test hypothesis 3 by examining the degree to which the marginal effect of the independent variables are changing over time across the five countries. Results will be shown in graphical form to facilitate interpretation.

A description of preliminary findings is not yet available because our application to access the data is currently under review.

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